

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter Union Electric Company)	
d/b/a Ameren Missouri's Tariffs to Adjust)	<u>File No. GR-2024-0369</u>
Its Revenues for Natural Gas Service)	Tracking No. JG-2025-0045

**STAFF'S RESPONSE TO AMEREN MISSOURI'S MOTION FOR
RECONSIDERATION TO ALLOW PARTIES TO MAKE DISCRETE ADJUSTMENTS
BEYOND THE TRUE-UP DATE BUT BEFORE FINAL RATES GO INTO EFFECT**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and reiterates its opposition to Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") request to use discrete adjustments and requests the Commission deny Ameren Missouri's Motion for Reconsideration. Staff states in support as follows:

1. On September 30, 2024, Ameren Missouri filed tariffs to increase its revenues along with a separate *Motion to Establish its Test Year, True-Up Date, and to Allow Parties to Make Discrete Adjustments Beyond the True-Up Date* ("Motion").

2. In its Motion, Ameren Missouri proposed a historical test year of the twelve months ending March 31, 2024, with a true-up of significant items through December 31, 2024. Ameren Missouri also requested inclusion of a pro forma discrete adjustment that goes beyond the true-up date of December 31, 2024.

3. On October 2, 2024, the Commission issued an *Order Setting a Deadline to Respond to Ameren Missouri's Test Year*, wherein, it ordered any responses to Ameren Missouri's test year must be filed no later than October 27, 2024.

4. On October 27, 2024, Staff filed its Response to Ameren Missouri's Motion to Establish Test Year and to Make Discrete Adjustments Beyond the True-Up Date. Staff did not oppose the Test Year and True-Up dates; however, Staff did oppose

Ameren Missouri's request to include pro forma discrete adjustments beyond the true-up date and requested the Commission to deny Ameren Missouri's request.

5. On October 27, 2024, the Office of Public Counsel ("OPC"), filed a response to Ameren Missouri's Motion to Make a Discrete Adjustment; wherein, the OPC agreed with Staff's position and also requested the Commission to deny Ameren Missouri's request.

6. On October 30, 2024, Ameren Missouri filed responses to both Staff and OPC's responsive motions. On the same date, the Commission issued an Order Setting Procedural Schedule ("Order") and within said Order, the Commission denied Ameren Missouri's request to make discrete adjustments beyond the true-up date.

7. On November 12, 2024, Ameren Missouri filed its *Motion for Reconsideration to Allow Parties to Make Discrete Adjustments Beyond the True-Up Date but Before Final Rates Go into Effect* ("Motion for Reconsideration"); wherein it again requested the Commission grant its request to used discrete adjustments.

8. Staff's position is the same as was reflected in it October 27, 2024, Response and is reiterated below as follows:

A. Ameren Missouri is also requesting inclusion of a pro forma discrete adjustment that goes beyond the true-up date of December 31, 2024. Ameren Missouri proposes to include in the revenue requirement the second phase of the Northeast Territory project, Highway 161 to Silex ("Northeast Territory Phase 2"), that is allegedly expected to go into service during July 2025.

B. Ameren Missouri has included an approximate \$50.1 million pro forma adjustment to plant in service in their cost of service. This represents an

isolated adjustment because Ameren Missouri is attempting to include, in the revenue requirement increase, estimated plant through July 2025, which is seven months past the true-up cutoff of December 31, 2024. Not only is the adjustment isolated with no consideration of growth or offsetting amounts past the true-up in their case, but the amount of the project is not known and measurable and will not be known until after evidentiary hearings in this case, unless the project were completed early. Ameren Missouri is essentially asking for preapproval of inclusion of an isolated adjustment and then asking to include an estimate of investment in customer rates.

C. Isolated adjustments are included in the cost of service sparingly, as they technically violate the matching principle. Staff does not oppose allowing parties to present the use of discrete adjustments; however, Staff does not agree to any isolated adjustment prior to an audit being performed as Staff does not know the entire situation surrounding the request. Ameren Missouri's proposal to include estimated plant beyond the true-up date would not only violate the known and measurable standard¹ and the matching principle,² but would also violate the used and useful standard³ and §393.270.4, RSMo, which provides that in setting rates, the Commission must consider all relevant factors, including "a reasonable average return upon capital actually expended." Moreover, the prudence of costs related to construction is dealt with in rate cases after a project is used and useful. Here, Ameren Missouri is asking for estimated costs to be included in rates prior to the project being completed; wherein, customers would be

¹ The known and measurable standard requires rates to be based upon known and measurable costs.

² The matching principle states that a utility's revenues, expenses, rate base, and rate of return are analyzed over a common period of time.

³ "The property upon which a rate of return can be earned must be utilized to provide service to its customers. That is, it must be used and useful. This used and useful concept provides a well-defined standard for determining what properties of a utility can be included in rate base." *State ex el. Union Electric v. Public Service Commission*, 765 S.W.2d 618, 622 (Mo. App. W.D.1988).

paying for a rate increase prior to receiving a benefit from such. Therefore, Staff does not agree or accept inclusion of an isolated adjustment for purposes of setting rates at this time, especially regarding the Northeast Territory Phase 2 project that is or will be under construction.

WHEREFORE, Staff respectfully requests the Commission to deny Ameren Missouri's Motion for Reconsideration and deny the use of isolated adjustments for purposes of setting rates; and for such other relief that is just and reasonable under the circumstances.

Respectfully submitted,

/s/ J. Scott Stacey

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**Attorney for the Staff of the
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 5th day of December, 2024.

/s/ J. Scott Stacey