

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

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Purchased Gas) **Case No. GR-2023-0392**
Adjustment Tariff Filing)

RESPONSE TO STAFF RECOMMENDATION

Pursuant to the *Order Directing Response* issued by the Missouri Public Service Commission (“Commission”) on December 16, 2024, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”) responds to the *Staff Recommendation Regarding Ameren Missouri’s 2022-2023 Actual Cost Adjustment Filing* and its attached Memorandum, (collectively, “Staff Recommendation”).

I. Introduction

1. The Staff Recommendation was filed on December 13, 2024, and included a request for the Commission to order the Company to establish specific ACA account balances as of August 31, 2023. Staff recommended a \$5,262.54 reduction in the ACA account balance and requested the Commission order Ameren Missouri to respond to Staff’s comments, concerns and recommendations as set forth in the Billed Revenue, Actual Gas Cost, Reliability Analysis and Gas Supply Planning, and Hedging Sections, and summarized in the recommendation section of the Staff Recommendation within thirty days. On December 16, 2024, the Commission issued its *Order Directing Filing* (“Order”), directing Ameren Missouri to respond to the Staff Recommendation no later than January 15, 2025. In compliance with the Commission's *Order*, Ameren Missouri is responding to the comments, concerns and recommendations in the Staff Recommendation as set forth in the corresponding sections.

II. Reliability Analysis and Gas Supply Planning

A. Reserve Margin—MoGas Pipeline – Rolla Region

2. Staff recommends Ameren Missouri to evaluate its capacity need for the Rolla region on an annual basis.

3. Ameren Missouri will continue to evaluate its capacity needs for the region on an annual basis. The Company continues to monitor customer additions and monitor capacity availability for the Rolla region.

B. Panhandle Eastern Pipeline Company Reserve Margins – Columbia System

4. Staff recommends Ameren Missouri to evaluate its capacity needs for the Columbia region on an annual basis based on contracted peak day supply.

5. Ameren Missouri has constantly analyzed both the cost and benefit of holding its own firm upstream capacity to serve its customers on a peak day and through Winter 2023-2024 relied on delivered gas supply from other firm shippers on Rockies Express Pipeline or PEPL to fill this gap. While delivered supply has proven to be a reliable alternative, beginning Winter 2024-2025 Ameren was able to secure discounted, Winter-only firm capacity to provide access from the supply basin on Rockies Express Pipeline. We will continue to analyze our capacity needs and consider the possibility of additional interconnects and upstream capacity for further diversity and reliability.

III. Billed Revenue and Actual Gas Costs

6. The Staff Recommendation states "Ameren included an adjustment to the ACA balance of (\$2,282) in March 2023 reflecting an adjustment made in GR-2021-0291 (2020-2021 ACA period); however, this adjustment is not needed and was reversed

increasing the firm ACA balance \$2,282." Ameren Missouri is not opposed to Staff's recommendation to increase the firm ACA balance by \$2,282.

7. Staff recommends Ameren Missouri use CCFs, as noted in the volume description on the Revenue tab of the ACA workbook rather than BTUs or other measurement options given the billed CCFs are used to allocate expenditures, refunds, etc. in calculating the ending ACA balance.

8. Ameren Missouri acknowledges that the label of the volumes used in the report could create confusion and agrees to change the identification of the volumes with the correct description going forward. However, as noted in the review by staff, there is no material difference in the CCF vs BTU rates. For this rate calculation process Ameren has historically assumed a 1:1 regarding CCF and BTU and we will continue to calculate rates under this current practice.

9. Staff recommends that only actual incurred (not estimated) natural gas costs as supported by an actual paid invoice are included in natural gas costs. With an adjustment of \$221.36 to the firm customer class and \$(489.87) to interruptible customers.

10. Ameren Missouri utilizes accrual accounting which records expenses as incurred. Additionally, Ameren has procedures in place to ensure that actual natural gas costs are included in our gas costs and will continue to reconcile gas costs with that intention moving forward. This \$268.50 correction was recorded in March 2024.

11. Staff noted an interest rate adjustment of \$7276.04 divided among Firm and Interruptible customers for the interest rate calculation, stating that the prime rate published in the Wall Street Journal for February 1st was 7.5% rather than the 7.75% used by Ameren.

12. Ameren Missouri disagrees with the adjustment and maintains that the correct prime rate published by the Wall Street Journal on February 1st of 7.75% was used in the calculation

as required by Ameren Missouri's PGA clause for the month of January 2023. Ameren Missouri has included a screenshot taken of the rates at the time of the rate change in 2023 supporting Ameren Missouri's decision to use 7.75% in its calculation.

Date of Rate Change	Rate (%)
June 15, 2022	4.75
July 27, 2022	5.50
September 21, 2022	6.25
November 2, 2022	7.0
December 14, 2022	7.50
February 1, 2023	7.75 (The Current U.S. Prime Rate)

February 1, 2023: The FOMC has voted to raise the target range for the fed funds rate to 4.50% - 4.75%. Therefore, the United States Prime Rate is now 7.75%

IV. Hedging

13. Staff had no dollar adjustments related to hedging. However, Staff recommended that the Company:

- Evaluate its hedging strategy in response to changing market dynamics as to how much the existing strategy actually benefits its customers while balancing market price risk.
- Evaluate more cost-effective financial instruments with the appropriate volumes when the market prices become relatively less volatile.
- Evaluate its current strategy of ** [REDACTED]

[REDACTED] **

• ** [REDACTED]

[REDACTED] **

14. ** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] **

WHEREFORE, Ameren Missouri requests the Commission accept this *Response to Staff Recommendation* and issue an order consistent with the responses provided herein.

Respectfully submitted,
/s/Jennifer L. Hernandez
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COMPANY d/b/a AMEREN MISSOURI**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed to the parties of record on this 15th day of January 2025.

/s/ Jennifer L. Hernandez