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Issue(s):	Fuel Adjustment Clause
Witness:	Andrew Meyer
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Sponsoring Party:	Union Electric Company
File No.:	ER-2024-0319
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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2024-0319

REBUTTAL TESTIMONY

OF

ANDREW MEYER

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

St. Louis, Missouri
January, 2025

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REBUTTAL TESTIMONY

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I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name and business address.

A. My name is Andrew Meyer. My business address is One Ameren Plaza, 1901 Chouteau Ave., St. Louis, Missouri.

Q. Are you the same Andrew Meyer that submitted direct testimony in this case?

A. Yes, I am.

Q. To what testimony or issues are you responding?

A. I am responding to Fuel Adjustment Clause ("FAC") recommendations made by Staff witnesses Justin Tevie, Lisa Ferguson, Alan Bax, and Teresa Denney. I specifically respond to Justin Tevie's recommendation for the wholesale market prices to be used for calculating variable fuel and purchased power cost components (and off-system sales components) of Net Base Energy Costs ("NBEC"), to Alan Bax's recommended Voltage Adjustment Factors ("VAF") for use in the FAC tariff, and to Lisa Ferguson's determination of capacity revenues and expenses. I am also responding to Teresa Denney's recommendations for additional FAC reporting requirements.

II. STAFF MARKET PRICE NORMALIZATION

Q. Following past rate review practices, what wholesale market prices would be used for fuel modeling purposes?

A. To minimize impacts due to weather, new market operation, or economic swings, the wholesale power price data set should reflect a 36-month average, calculated for peak and off-peak, ending in June 2024 for the model. This value should ultimately be subject to true-up for the 36-months ending December 2024.

Q. What adjustments did Staff make to normalize this data set of market prices?

A. For the reasons provided in their direct testimony, Staff decided to exclude 2022 wholesale pricing and will replace those prices with values from 2021, but also excluding prices from February 2021, which was also considered an outlier due to Winter Storm Uri. Market prices from 2022 were deemed to be abnormally high due to geopolitical events and supply chain concerns impacting almost the entirety of the commodity markets.

Q. Does the Company agree with this normalization?

A. Yes. This normalization should reasonably be expected to produce fuel-cost model results more likely to represent actual future costs. I also agree that this same normalization should occur with respect to variable fuel prices. The need for this normalization also serves to highlight the volatility in wholesale energy and fuel prices and is a strong reminder of why the Fuel Adjustment Clause is a critical tool for both utilities and customers (magnitude, volatility, uncertainty).

III. STAFF CAPACITY REVENUES AND EXPENSES

Q. Did Staff normalize capacity prices?

A. No. To calculate capacity revenues and expenses, Staff witness Lisa Ferguson used the current year's (June 2024 – May 2025) MISO Planning Reserve Auction ("PRA") results, as they were published, by season, in April 2024. Both Staff and Company also included the pricing impacts of any bilateral capacity transactions as well as Zonal Deliverability Benefit and Historical Use Consideration revenues.

Q. How does this differ from the Company's approach?

A. The Company utilized an average, by season, of the two seasonal PRAs that MISO has administered: 2023-24 and 2024-25. This was done for similar reasons as to why Staff witness Tevie excluded 2022 from the wholesale market prices – to not skew future results by relying on clearing prices that are not typical. The 2024-25 PRA results included results in which Zone 5, which includes the Ameren Missouri service territory, failed to satisfy the Local Clearing Requirement (LCR) and therefore the Zone 5 Auction Clearing Price ("ACP") was administratively set to a seasonally-adjusted Cost of New Entry ("CONE") rate. Since CONE is an annual expense of $131,725 for Zone 5, and since the Zone failed to satisfy the LCR in only two seasons – a total of 183 days, the ACP was administratively set to $719.81 per MW-Day for Fall 2024 and Spring 2025.

Q. Is it likely that Zone 5 will fail to satisfy the LCR in future periods when rates established in this case are in effect?

A. That is uncertain and difficult to assess as there are several variables impacting the result. MISO published the Planning Year 2025-2026 Loss of Load Expectation Study

Report[1] on 11/22/24. Comparing the results of that report, with the Planning Year 24/25 values[2], we know that Capacity Import Limits for Zone 5, which were one of the drivers of the 2024-25 administrative pricing, have improved in all seasons since the last planning year. Another indicator that CONE pricing may be avoided in the 2025-26 PRA is that Planning Reserve Margins have been reduced for Summer, Winter, and Spring since last Planning Year. However, there are several other variables such as individual generator accreditation, load forecast changes, and Market Participant bidding behavior that may have offsetting impacts.

Q. What does the Company recommend?

A. The Company proposed and continues to propose using an average of two years in which one year, 2023-24, satisfied LCR and one year partially did not, 2024-25. These are also the only two MISO PRA results that include the seasonal pricing format. To some extent utilizing the elevated 2024-25 PRA pricing will be offset by capacity purchases and sales, but the pricing impact on any future excess capacity revenues, as well as elevated zonal deliverability benefits, may overstate the capacity revenues.

Q. Were there any other capacity revenue normalizations that impact the results?

A. Yes. In our direct filing, the Company removed capacity revenues for Rush Island and added normalized revenues for Boomtown and Cass County in the determination of capacity revenues included in NBEC. We segregated capacity revenues for Atchison County, High Prairie and Huck Finn for inclusion in the RESRAM.

[1] https://cdn.misoenergy.org/PY%202025-2026%20LOLE%20Study%20Report662942.pdf 5/15/16

[2] https://cdn.misoenergy.org/2024%20PRA%20Results%20Posting%2020240425632665.pdf

A review of Staff's testimony indicates that they also excluded Rush Island capacity revenues from the NBEC and segregated Atchison County and High Prairie capacity revenues in the RESRAM. They did not include capacity revenues for Boomtown, Cass County or Huck Finn as the units were not yet in service, but indicated that they would, once the in-service criteria were met.

Q. Have the in-service criteria been met for the three renewable energy centers?

A. Yes. As addressed in Mr. Arora's rebuttal testimony, all three of these solar facilities met their in-service criteria and were commercially operable in December 2024. As such, my understanding of Staff's testimony is that their treatment in the NBEC and RESRAM will be consistent with the Company's.

IV. STAFF VOLTAGE ADJUSTMENT FACTORS

Q. Staff witness Alan Bax provides VAFs that are applied to the four different voltages at which customers take service. Those VAFs are somewhat different than those included in the FAC tariff filed as part of the Company's direct case. Does the Company agree with Mr. Bax's calculated VAFs?

A. Yes. Mr. Bax used the results of the Line Loss Study performed on the Company's distribution system as required by the FAC rules but then applied updated MISO transmission loss data with respect to service at transmission voltages. We agree with that approach and the resulting VAFs calculated by Mr. Bax.

V. STAFF FAC REPORTING REQUIREMENTS

Q. Staff witness Teresa Denney recommends continuation of the FAC with certain recommendations. Does the Company accept these recommendations?

A. The Company agrees to continue the existing reporting requirements listed on Page 2 of Witness Denney's testimony. The Company also agrees to the additional recommendations on pages 3 and 4 of witness Tenney's testimony.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust Its Revenues for Electric Service.	)))	Case No. ER-2024-0319

AFFIDAVIT OF ANDREW MEYER

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Andrew Meyer, being first duly sworn states:

My name is Andrew Meyer, and on my oath declare that I am of sound mind and lawful age; that I have prepared the foregoing *Rebuttal Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

/s/ Andrew Meyer
Andrew Meyer

Sworn to me this 14th day of January, 2025.