BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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In the Matter of Union Electric Company d/b/a Ameren Missouri's Purchased Gas Adjustment Tariff Filing

Case No. GR-2023-0392

STAFF'S REPLY AND RECOMMENDATION APPROVING UNION ELECTRIC D/B/A AMEREN MISSOURI'S 2022-2023 ACTUAL COST ADJUSTMENT BALANCES

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, hereby submits *Staff's Reply and Recommendation Approving Union Electric d/b/a Ameren Missouri's ("Ameren Missouri")* 2022-2023 Actual Cost Adjustment ("ACA") Balances, and further states as follows:

1. On December 13, 2024, Staff filed its recommendation regarding Ameren Missouri's ACA filing.

2. On December 16, 2024, the Commission issued an *Order Directing Response* to Ameren Missouri; wherein, ordering Ameren Missouri to respond to Staff's Recommendation no later than January 15, 2025.

3. On January 15, 2025, Ameren Missouri filed its *Response to Commission Order*; wherein, Ameren Missouri accepted Staff's analysis and recommendations with the exception of Staff's proposed ACA balances, including natural gas adjustments and carrying cost adjustments. Ameren Missouri indicated it utilizes accrual accounting and has procedures in place to ensure only actual natural gas costs are included in its gas costs, and no adjustment should be made. Ameren Missouri further stated it utilized the correct prime rate of 7.75%, and with that, no adjustment should be made. 4. On January 16, 2025, the Commission issued an *Order Directing Responses* and ordered Staff to respond to Ameren Missouri's response no later than January 30, 2025.

5. Staff has reviewed Ameren Missouri's Response to Commission Order

and documentation provided by Ameren Missouri, and Staff sets forth its response to

Ameren Missouri's items six – twelve as follows:

6. The adjustment of \$2,282 originated in GR-2021-0291 (2020-2021 ACA case), which in the 2021-2022 ACA GR-2022-0351 case would have reversed; therefore, it does not appear that a further adjustment is needed in this case (GR-2023-0392, 2022-2023 ACA case).

7-8. Billed revenues are based on volumes of consumed natural gas measured in CCF multiplied by the Commission approved PGA/ACA rates per CCF. While assuming a 1:1 ratio regarding CCF and BTU is acceptable in some situations, such as in estimating unbilled revenues, using BTU and CCF interchangeably when they are, in fact, not a 1:1 equivalent when presenting actual revenue information lead to calculated rates that were not approved by the Commission. Staff's comment regarding materiality was made with respect to the reclassifications or shifts seen in expenditures between customer classes and allocations between PGA v. ACA revenues once Staff corrected the revenue summary with the CCF volumes. All reports and summaries that quantify actual revenues should reflect the volumes those revenues are based upon.

9-10. The ACA ending balance reflects actual revenues less actual expenses. The invoice in question was booked in April of 2023 but was never invoiced by the supplier; and hence, was not supported and should be excluded from the ending ACA balance.

11 – 12. The screenshot provided seems to indicate that on February 1st, the Federal Open Market Committee voted to raise the rates; not that the rate was in effect on February 1st. It should also be noted that the <u>rates published</u> in the Wall Street Journal ("WSJ"), generally on page B7 of the WSJ, reflect the rate in effect for the prior day. Also supporting Staff's adjustment, below are the prime rates pulled from the Federal Reserve Bank of St. Louis.

The Staff adjustment used the prime rate of 7.5% in calculating January carrying costs for all Missouri LDCs.

FRED Graph Observation	ıs						
Federal Reserve Econom	nic Data						
Link: https://fred.stlouisf	ed.org						
Help: https://fredhelp.stlo	ouisfed.org						
Economic Research Divi	sion						
Federal Reserve Bank of	St. Louis						
DPRIME	Bank Prime Loan Rate, Percent, Daily, Not Seasonally Adjusted						
Frequency: Daily							
observation_date	DPRIME						
2023-01-27	7.50						
2023-01-30	7.50						
2023-01-31	7.50						
2023-02-01	7.50						
2023-02-02	7.75						
2023-02-03	7.75						
2023-02-06	7.75						
2023-02-07	7.75						
2023-02-08	7.75						
2023-02-09	7.75						
2023-02-10	7.75						

6. All recommended adjustments were supported by audit evidence, and as such, Staff recommends the Commission issue an order requiring Ameren Missouri to (as reflected in Staff's Recommendation filed on December 13, 2024):

A. Adjust the balances in its next ACA filing to reflect Staff's

recommended ending (over)/under recovery ACA balances per the following table:

August 31, 2023 Ending ACA Balances								
Customer Class		Reported	А	djustments	Stat	ff Recommended		
Firm	\$	7,687,599.77	\$	(4,669.48)		7,682,930.29		
Interruptible	\$	104,694.80	\$	(593.06)	\$	104,101.74		

A positive ACA balance indicates an under-recovery that must be collected from customers. A negative ACA balance indicates an over-recovery that must be returned to customers. B. Use CCFs in all reports and summaries that quantify actual revenues to avoid confusion.

WHEREFORE, Staff submits its Staff Reply and Recommendation to Approve ACA Balances, and for the reasons stated above Staff respectfully recommends the Commission issue an order approving Ameren Missouri's ACA balances as set forth in paragraph 6 above; and for any other relief as is just and reasonable under the circumstances.

Respectfully submitted,

/s/ J. Scott Stacey

J. Scott Stacey Deputy Counsel Missouri Bar No. 59027 Missouri Public Service Commission P.O. Box 360 Jefferson City, MO 65102 573-522-6279 573-751-9285 (Fax) <u>scott.stacey@psc.mo.gov</u>

ATTORNEY FOR STAFF OF THE PUBLIC SERVICE COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 30th day of January, 2025.

/s/ J. Scott Stacey

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AFFIDAVIT OF KIMBERLY K. TONES, CPA, CIA

STATE OF MISSOURI)) ss. COUNTY OF COLE)

COMES NOW KIMBERLY K. TONES, CPA, CIA and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Reply and Recommendation*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

KIMBERLY K. TONÈS, CPA, CIA

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 29 day of January 2025.

Dianza' L. Vaurt Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377