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.	)))	**File No. ER-2024-0319**

STAFF'S STATEMENT OF POSITIONS

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and, as directed by the Commission's *Order Granting Motion to Modify Order Setting Procedural Schedule* of February 27, 2025, hereby tenders this *Statement of Positions:*

1. How should any rate increase be allocated to the customer classes?

Staff's Position:

No changes in class revenue responsibility should be made in this case. In the alternative, a modest $500,000 revenue responsibility shift from the Lighting class proportionately to the LGS, SPS, and LPS classes is supported by the evidence in this case and would also be reasonable.

Staff's Class Cost of Service Study results indicate that the Large General Service (LGS), Small Primary Service (SPS), and Large Primary Service (LPS), classes are under-contributing to the Ameren Missouri rate of return by greater than 5%, and that the Lighting class is overcontributing by more than 4%, however, due to the difficulty in accurately representing the capacity requirements of lighting and because company-owned lighting schedules did not receive increases in File No. ER-2022-0337, it is reasonable to forgo a revenue responsibility shift from the Lighting class in this case.[1]

[1] Sarah Lange Surrebuttal pages 2-3.

A result of no changes to class revenue requirements is also supported by the Ameren Missouri and Derivative studies once those study results are adjusted for blatant errors and the significant reduction in revenue in sales of energy from Ameren Missouri's generation into the market which was recognized in Ameren Missouri's rebuttal and true-up testimonies.[2] The change in Ameren Missouri's position increases the revenue requirement allocated on energy in the Ameren Missouri (and derivative) studies by approximately $115,000,000.[3]

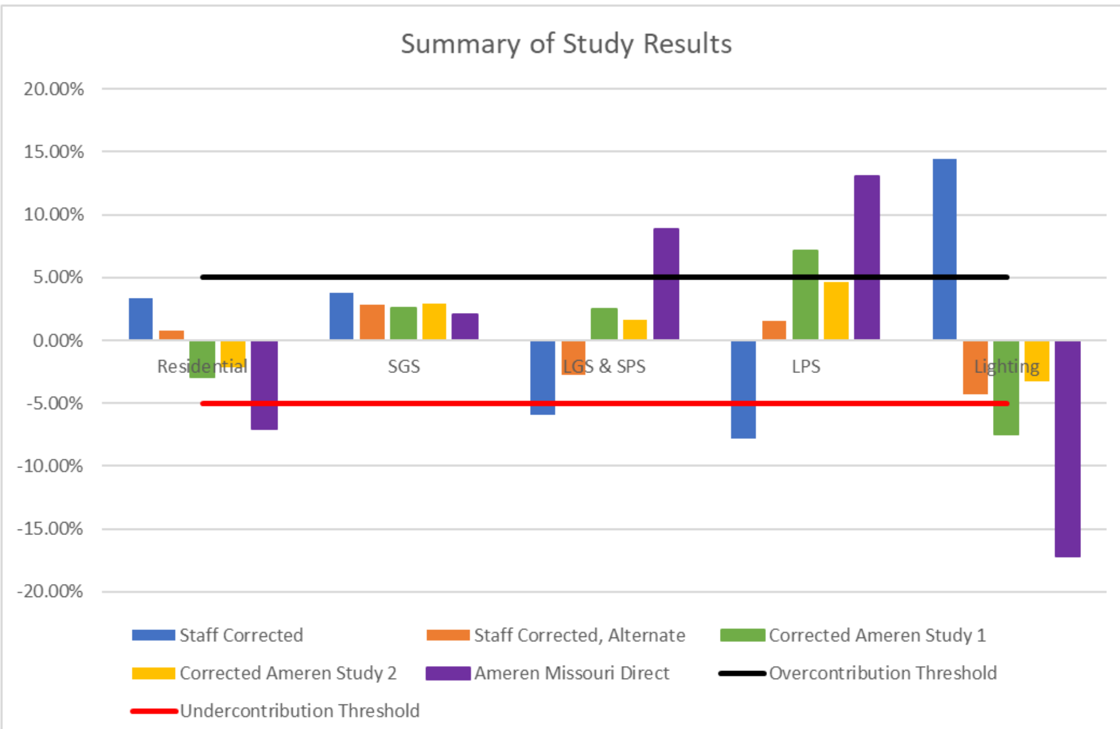

Chart provided at page 4 of Sarah Lange Surrebuttal.

[2] Sarah Lange Surrebuttal, pages 4-6.
[3] Sarah Lange Surrebuttal, page 7.

	Residential	SGS	LGS & SPS	LPS	Lighting
Staff Corrected	3.39%	3.76%	-5.95%	-7.82%	14.41%
Staff Corrected, Alternate	0.80%	2.82%	-2.72%	1.58%	-4.29%
Corrected Ameren Study 1	-2.89%	2.59%	2.53%	7.10%	-7.45%
Corrected Ameren Study 2	-2.17%	2.88%	1.60%	4.62%	-3.29%
Ameren Missouri Direct	-7.03%	2.05%	8.89%	13.04%	-17.14%

Table provided at page 6 of Sarah Lange Surrebuttal.

Although the Corrected Staff Study and the Corrected Ameren Missouri (and derivative) studies support the same result of no changes in class revenue requirements in this case, there were significant differences between the allocation of (1) Production, Transmission, and Market Energy Costs, Expenses, and Revenues, (2) Distribution Infrastructure and Expenses, and (3) Administrative, General, and Overhead Costs and Expenses. The Commission should acknowledge if it is relying on any particular submitted study in its order, but should not limit the range of study approaches or methods available to the parties as circumstances and data availability vary case to case. Staff's study reasonably allocates the costs and revenues of Ameren Missouri's generation assets and the cost of energy to serve load. Staff's study, to the extent possible, classifies distribution costs using methods that recognize the demand-serving ability of the customer-classified distribution system for the overhead system. Staff's study does overallocate the cost of the underground distribution system to classes taking service at secondary voltage, and does overallocate customer-specific substation, transmission, and distribution costs to classes taking service at secondary voltage, namely Residential, SGS, LGS, and Lighting. However, the Ameren Missouri and derivative studies make no attempt to account for customer-specific costs, demand-serving capability of customer-classified plant, and over-classifies customer-classified plant.[4] Further, the Ameren Missouri and derivative studies do not take the integrated energy market or resource adequacy requirements into consideration when allocating production plant, fail to reasonably allocate renewable resource costs consistent with the Missouri Renewable Energy Standard (RES) or cost causation, and result in a fundamentally unfair relationship between the allocated costs of renewable energy and the allocation of the revenues and Renewable Energy Credits (RECs) proceeding from that renewable energy.[5]

Class Cost of Service (CCoS) Study results should only be used as a guide in setting rates. Before any deviations from the CCoS results for any policy considerations, the limitations of the precision of CCoS results in alignment of cost causation and revenue responsibility must be recognized. Staff recommends that CCoS Studies be viewed as accurate to a precision of +/-5% of calculated under- and over-contribution at current system average rate of return. This recognizes that CCoS Studies are of a snapshot in time and are not fully updated to final revenue requirements. Calculation of the tolerance band on over/under contribution eliminates the impact of a parties' recommended rate of return from the study.[6]

2. How should the rate increase be implemented within certain classes?

To resolve that issue, the following issues should be addressed:

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[4] Sarah Lange Surrebuttal pages 62-64.

[5] Discussion of the cost-causation of recent renewable additions is provided in Sarah Lange Rebuttal testimony at pages 5-13. Developments related to the cost causation and revenue flow of generation resources is provided in Sarah Lange Surrebuttal testimony at pages 11-34. Staff's allocation of production, transmission, and market energy costs, expenses, and revenues is explained in Sarah Lange Direct testimony at pages 12-20, and in Sarah Lange Surrebuttal testimony at pages 34-42.

[6] Sarah Lange Surrebuttal pages 62-64.

<u>Staff's Position</u>:

Except as noted below and as addressed in the pending Stipulation and Agreement, all other rate elements should be increased by the same percentage within a class.[7]

A. Should the demand rates of the 3M and 4M classes be increased by a greater amount with a corresponding decrease to the energy charges, as proposed by MECG?

<u>Staff's Position</u>:

No. The customer non-coincident monthly peak (NCP) – which is the determinant for the 3M (LGS) and 4M (SPS) demand charge is not the determinant for MISO resource adequacy requirements nor for stand-alone utility resource planning. The customer NCP is not a reasonable measure of a customer's causation of production, transmission, or distribution capacity. Productive work is occurring in the rate modernization space to develop on-peak demand charges which better align cost causation with revenue responsibility. Finally, the cost study on which MECG and MIEC rely to support conclusions that the demand-charge underrecovers are not reliable.[8]

B. Should the Rider B rates be adjusted?

<u>Staff's Position</u>:

Not at this time. In the Report and Order issued in Case No. ER-2022-0337, at page 43 the Commission found that there was insufficient information to adjust Rider B values and directed the study of those values in the rate modernization working docket.[9] That study

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[7] Sarah Lange Surrebuttal, page 62.
[8] Sarah Lange Rebuttal pages 50-52.
[9] "Likewise the Commission does not find it appropriate to adjust the Rider C factor or alter the Rider B values due to absent sufficient information to do so. All of these issues involve the non-residential classes. The Commission

is not yet completed, and there is not sufficient information in this case to adjust Rider B. As noted in the "Notice Regarding Status of Issues" filed in ER-2022-0337 on June 14, 2024 (Attached as Schedule SLKL-d3), Ameren Missouri and Staff have discussed how Ameren Missouri anticipates restructuring its non-residential rates by removing Rider B in a rate case subsequent to ER-2024-0319 and implementing charges within applicable rate classes to reflect the voltage of service received by customers. Ameren Missouri and Staff have further discussed how the end result of this restructuring would likely include discrete rate components for customers served at (1) transmission voltages, (2) subtransmission voltages, and (3) primary voltages. Given these discussions, Ameren Missouri and Staff agree that implementing such restructuring in a rate case subsequent to ER-2024-0319, with the goals of the restructuring to include alignment of revenue responsibility and cost causation while considering customer impacts in the timing and implementation of a restructuring, would reasonably address the Rider B sub-issue.[10]

C. Should the time-of-day adjustments for non-residential customers in classes 3M, 4M and 11M be modified or held constant?

Staff's Position:

Optimizing these adjustments is contingent on final ordered rate design. Given that the rate modernization path appears to be headed toward removing these adjustments in favor of significant changes to the overall rate structures of the non-residential classes,

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finds these sub-issues appropriate to address in the non-residential working docket ordered in File No. ER-2021-0240." R&O page 43, Case No. ER-2022-0337.

[10] Sarah Lange Direct, pages 50-51.

so long as the overall resulting rate design is not unreasonable, Staff is not opposed to use of Ameren Missouri's requested adjustments.[11]

D. Should the Commission authorize a new end-use rate schedule for EV charging as proposed by MECG?

Staff's Position:

No. The proposal is not cost-based, and is unduly discriminatory. Work is underway in the rate modernization docket to better align cost causation with revenue recovery, and changes to rate design of this nature should wait until that work is completed to implement modernized rate structures. It is likely that any customer with a high demand and low load factor, such as welding shops, smelters, grain dryers, millers and other customers currently served on the SGS, LGS, SPS, and LPS rate schedules would prefer to avoid the demand charges that EV charging customers seek to avoid. However, the solution is not the creation of a multitude of specialty end-use rates, rather the solution is rate schedule modernization to align cost causation with revenue responsibility based on the actual time of energy consumption and the level of infrastructure required for customers, regardless of whether that energy is used to charge an electric vehicle battery, to run refrigeration units, to operate a computer server, or any other purpose. Also, the absence of billing demand charge revenues at this time would significantly undershoot the accretive earnings assumed to justify ratepayer funding of the Ameren Missouri Charge Ahead portfolio of subsidies to EV-charging customers.[12]

[11] Sarah Lange Rebuttal, page 59.
[12] Sarah Lange rebuttal, pages 52-54.

3. Should the Commission order a progress report on the non-residential rate design working docket EW-2023-0031 as proposed by MECG??

<u>Staff's Position</u>:

Staff is not opposed to keeping the Commission informed of progress in the working docket.[13]

WHEREFORE, Staff respectfully submits its *Statement of Positions* in satisfaction of the Commission's *Order Granting Motion to Modify Order Setting Procedural Schedule* of February 27, 2025.

Respectfully submitted,

s/ Mark Johnson
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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed or mailed, postage prepaid, to the parties of record as listed in the Service List maintained for this case by the Commission's Data Center, on this **10th day of March, 2025**.

/s/ Mark Johnson

[13] Sarah Lange surrebuttal, page 64.