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**

SIGNATORIES' RESPONSE TO ORDER DIRECTING RESPONSE

COMES NOW Union Electric Company d/b/a Ameren Missouri, by and through counsel, on behalf of the "Signatories" to the March 14, 2025, Stipulation and Agreement ("Revenue Requirement Stipulation") and March 20, 2025, Stipulation and Agreement ("Rate Design Stipulation"),[1] and for the Signatories'[2] response to the Commission's April 10, 2025, *Order Directing Response* ("Order"), states as follows:

1. The Order requires that the Signatories jointly answer three enumerated questions and expresses a preference that the Signatories jointly answer three additional enumerated questions.

2. The Signatories have conferred and provide the following answers/responses to the Order's six questions, as follows:

Question No. 1: What is the total revenue requirement? Is the revenue requirement contained in testimony or schedules? If so, where?

Answer: The retail[3] revenue requirement produced by the agreed upon $355 million increase as compared to present rates is $3,220,359,618. Because the $355 million increase is a negotiated number, a revenue requirement reflecting that exact level of increase and thus the total revenue requirement based on that increase is not reflected in testimony or schedules. However, pre-filed testimony of record supports the total revenue requirement

[1] Collectively, the two Stipulations also contain certain agreements that resolve other issues in this case that do not directly impact revenue requirement or rates.
[2] The Signatories to the Revenue Requirement and Rate Design Stipulations are identical, except that the Office of the Public Counsel is not a signatory to the Rate Design Stipulation. Please note that as of the time of this filing, Staff, OPC, Metropolitan United Congregations, Renew Missouri, and MECG have agreed upon this filing. The undersigned has not received a response from the other Signatories.
[3] The "total" revenue requirement includes off-system sales and other revenues and is not the revenue requirement used to set retail rates.

stated above (i.e., would support a higher retail revenue requirement than agreed upon in the Revenue Requirement Stipulation). Specifically, the True-Up Direct Testimony of Staff witness Lisa Ferguson supported a revenue requirement increase of $383,839,359.[4] Company witness Stephen Hipkiss' True-Up Direct Testimony supported a revenue requirement increase of $486,591,000.[5] The table below shows the details of the retail revenue requirements supported by the record:[6]

(table below in thousands)

Company		
Total Revenue Requirement	4,010,739	SCHEDULE SJH-TUD16 Line 8
Other Revenues	(89,621)	SCHEDULE SJH-TUD10 Line 3
Off-system Sales - Energy	(186,851)	SCHEDULE SJH-TUD10 Line 6
Off-system Sales - Capacity	(386,772)	SCHEDULE SJH-TUD10 Line 7
Retail Revenue Requirement	**3,347,495**	
Staff		
Total Operating Expense	3,280,142	Accounting Schedule 9 p. 7 ll. 252 col. K
Current Income Tax Available	(2,664)	Accounting Schedule 9 p. 7 ll. 255 col. K
Deferred Income Tax Available	(90,815)	Accounting Schedule 9 p. 7 ll. 260 col. K
Net Operating Income Requirement	988,705	Accounting Schedule 1 p. 1 ll. 3 col. C
Additional Current Tax Required	91,730	Accounting Schedule 1 p. 1 ll. 9 col. C
Other Revenues	(87,890)	Accounting Schedule 9 p. 1 ll. REV-5 through REV-11 col. K
Off-system Sales - Energy	(171,180)	Accounting Schedule 9 p. 1 ll. REV-12 col. K
Off-system Sales - Capacity	(751,717)	Accounting Schedule 9 p. 1 ll. REV-13 col. K
Retail Revenue Requirement	**3,256,311**	

Question No. 2: Is the revenue requirement reflected in the table attached to the March 20, 2025, *Stipulation and Agreement*?

Answer: The billing units in Exhibit A to the *March 14, 2025,* Stipulation (the Revenue Requirement Stipulation), multiplied by the rates reflected in the table attached to the March 20, 2025, Stipulation (the Rate Design Stipulation), adjusted for applicable Rider EDI discounts, produce the $3,220,359,618 reflected in the answer to Question No. 1 above.

Question No. 3: Why do the rates contained in Exhibit A to the March 20, 2025, *Stipulation and Agreement* not result in a $355 million increase when compared to similar information contained in Exhibit A to the Stipulation and Agreement approved in the Commission's Report and Order issued June 14, 2023, in File No. ER-2022-0337?

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[4] Ferguson True-Up Direct p. 11, ll. 21-23, EFIS Item No. 209.
[5] Hipkiss True-Up Direct p. 2, ll. 8 – 16, EFIS Item No. 199.
[6] See EFIS Item No. 199, supra, for the referenced Schedules SJH-TUD; See EFIS Item No. 235 (Staff True-Up Direct Accounting Schedules), for the referenced accounting schedules.

Answer: Exhibit A to the March 20, 2025, Stipulation (the Rate Design Stipulation) reflect *retail rates* designed to produce the retail revenue requirement in this case whereas Exhibit A to the File No. ER-2022-0337 Stipulation and Agreement reflects billing units in that case at the rates determined from the prior case, ER-2021-0240. There is no tie between Exhibit A in the March 20, 2025, Stipulation in this case and Exhibit A to what was a revenue requirement stipulation (because rate design was litigated in ER-2022-0337) in the File No. ER-2022-0337 Stipulation and Agreement.[7]

Question No. 4: What is the cost of capital, if different from the 7 percent weighted average cost of capital contained in the March 14, 2025, *Stipulation and Agreement*?

Answer: The agreed upon revenue requirement increase does not reflect a specific or agreed upon cost of capital. The pre-filed testimony in the case reflects material disagreements regarding two of the three components necessary to determine cost of capital, that is, what the proper return on equity for ratemaking purposes should be and what the proper capital structure for ratemaking purposes should be. Thus, Signatories did not agree on resolution of those disputed issues in agreeing on the revenue requirement increase. Consequently, the Signatories state that there is no weighted average cost of capital that underlies the agreed upon revenue requirement. The 7 percent weighted average cost of capital was agreed upon for the limited purpose of use in calculations that must be performed on an ongoing basis for purposes of recording AFUDC and RESRAM and PISA entries on Ameren Missouri's books.

Question No. 5: What is the rate of return?

Answer: The Signatories understand "cost of capital" and "rate of return" to be synonymous. However, if "rate of return" is intended to refer to the components necessary to determine cost of capital, as noted in the Response to Question No. 4, there is no agreement on those components.

Question No. 6: What is the return on equity?

Answer: A return on equity cannot be stated, because there is no agreement on what the return on equity for purposes of setting the agreed upon revenue requirement is. By agreeing upon a revenue requirement, different Signatories can, and almost certainly did, make judgments about how various contested issues in the case would have been resolved had the case been resolved via a contested hearing in deciding to agree upon the revenue requirement reflected in the Revenue Requirement Stipulation.

WHEREFORE, Ameren Missouri, on behalf of the Signatories, submits this Response to the Order.

[7] Further, Ameren Missouri has experienced revenue growth between rate cases.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing have been e-mailed to the attorneys of record for all parties to this case as specified on the certified service list for this case in EFIS, on this 14th day of April, 2025.

/s/ James Lowery
James Lowery