

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GR-2025-0101, Union Electric Company, d/b/a Ameren Missouri

FROM: David Buttig, PE, Senior Professional Engineer
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Procurement Analysis Department, Financial and Business Analysis Division

/s/ David M. Sommerer 12/10/25
Project Coordinator / Date

SUBJECT: Staff Recommendation in Case No. GR-2025-0101, Union Electric Company,
d/b/a Ameren Missouri 2023-2024 Actual Cost Adjustment Filing

DATE: December 10, 2025

EXECUTIVE SUMMARY

On October 17, 2024, Union Electric Company, d/b/a Ameren Missouri (“Ameren” or “Company”) filed its Actual Cost Adjustment (“ACA”) for the 2023-2024 period for rates to become effective on and after November 1, 2024. This filing revised the ACA rates based upon the Company’s calculations of the ACA balance for the 2023-2024 period. The Commission approved those rates on an interim subject to refund basis, with an effective date of November 1, 2024.

The Procurement Analysis Department Staff (“Staff”) of the Missouri Public Service Commission has reviewed the Company’s ACA filing. Staff’s analysis consisted of:

1. A review and evaluation of the Company’s billed revenues and its natural gas costs for the twelve-month period of September 1, 2023, to August 31, 2024;
2. A reliability analysis of the Company’s estimated peak day requirements and the capacity levels to meet those requirements;
3. An examination of the Company’s gas purchasing practices to determine the prudence of the Company’s purchasing decisions; and,

**** Denotes Confidential Information ****

4. A hedging review to evaluate the reasonableness of the Company's hedging practices for this ACA period.

Based on Staff's review, Staff recommends adjustments to the Company's filed ACA balances as explained in the Billed Revenue and Actual Gas Cost of this Memorandum. Additionally, Staff recommends the Commission order the Company to respond to the Staff Recommendation Memorandum within 30 days.

STAFF'S TECHNICAL DISCUSSION AND ANALYSIS

Staff's discussion of its findings is organized into the following five sections, which explain Staff's concerns and recommendations:

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I. OVERVIEW

Ameren's natural gas operations are served by the following interstate pipelines: Panhandle Eastern Pipe Line Company, LP ("PEPL"), Trunkline Gas Company (upstream, or prior to, PEPL), Texas Eastern Transmission, LP ("Texas Eastern" or "TETCO"), Natural Gas Pipeline Company of America, LLC ("NGPL"), Southern Star Central Gas Pipeline, Inc ("SSC"), MoGas Pipeline ("MoGas"), Spire STL Pipeline, LLC ("STL," upstream to MoGas) and Rockies Express Pipeline, LLC ("REX," upstream to MoGas). PEPL and SSC serve an average of 112,700 customers in the Jefferson City/Columbia area. TETCO serves an average of 18,571 customers in the Cape Girardeau area. NGPL serves an average of 1,537 customers in the Marble Hill area. MoGas serves approximately 3,948 customers in the Rolla, Salem, and Owensville area. Combined, Ameren served an average of 136,756 natural gas customers this ACA period.

II. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

As a regulated gas corporation providing natural gas services to Missouri customers, a local distribution company (“LDC”), such as Ameren, is responsible for conducting reasonable long-range supply planning and implementing the decisions resulting from that planning. A purpose of the ACA process is to review whether the LDC’s planning for gas supply, transportation, and storage meets its customers’ needs. For this analysis, Staff reviewed Ameren’s plans and decisions regarding estimated peak day requirements and the capacity levels to meet those requirements, peak day reserve margin and the rationale for this margin, and natural gas supply plans for various weather conditions.

Staff has no proposed financial adjustments for the 2023-2024 ACA period related to reliability analysis and gas supply planning. Staff’s other comments and recommendations are discussed in this section.

Reserve Margin

When reviewing the reserve margins for Ameren, Staff compared the contracted capacity to the 95% Confidence Interval peak day for each service area. Reserve margin is calculated by subtracting the supply demand from the contracted supply capacity and then dividing that value by the supply demand. The calculated reserve margins and the inputs for calculation are included in the table on the following page.

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The calculated reserve margins for each of the regions is within the range that Staff considers to be reasonable. ** [REDACTED]

[REDACTED].**

Staff encourages Ameren to continue to evaluate its capacity needs for each of its regions on an annual basis based on contracted peak day supply.

III. BILLED REVENUE AND ACTUAL GAS COSTS

ACA Balances

ACA balances are cumulative such that the ending balance of one period becomes the beginning balance of the next period. Due to the timing of this ACA filing, October 17, 2024, Ameren did not have the ability to reflect the prior period ending ACA balances approved by the Commission

on June 11, 2025. Therefore, Staff proposes adjustments to reduce gas costs by (\$4,397.49) for firm customers and (\$590.11) for interruptible customers related to the prior ACA period.¹

Billed Revenue

The billed revenue usage was reported in Ccfs² rather than Therms³ which is a carryover issue from the prior ACA Case No. GR-2023-0392. In the 2022/2023 ACA period, Ameren agreed to provide Staff its revenue usage in Ccf volumes on a going forward basis. Since the current ACA filing was made before the Commission's approval of the settlement agreement in the prior ACA case, Ameren did not include the terms of the settlement agreement in the current ACA filing. Consistent with the settlement agreement from the prior ACA case, Staff recommends correcting the billed revenue usage to Ccfs in the ACA calculation, which resulted in a reallocation of billed revenues and natural gas costs between firm and interruptible customer classes. While this recommendation does not change the total PGA/ACA revenue dollar amount, it does affect natural gas costs and ACA interest/carrying costs by shifting costs from interruptible customers to firm customers.

Natural Gas Costs

Ameren submitted invoices for all natural gas purchases made during the review period. Staff compared each natural gas invoice to Ameren's ACA filing by pipeline. Staff also reconciled storage balances, injections/withdrawals, and weighted average cost of gas ("WACOG"). On a test basis, Staff also verified that the pipeline transportation rates and natural gas supply prices charged to Ameren agreed with its contracts. Based on this testing, Staff proposes no adjustments.

As explained in the Billed Revenue section above, Staff's correction of billed revenue usage to Ccf resulted in a reallocation of gas costs between firm and interruptible customers. This is because billed revenue usage/consumption is used to allocate gas costs between firm and interruptible

¹ Case No. GR-2023-0392

² Ccf is a natural gas measurement meaning 100 cubic feet.

³ Therm is a heat measurement that equals 100,000 British thermal units (Btu).

customers. Staff proposes an increase to in firm customers gas costs by \$648.20 and decrease interruptible customers by (\$649.88). Staff's proposed adjustment includes the impact on ACA interest/carrying costs.

Imbalance/Cash Outs

Ameren's transportation tariff contains a cash out provision which reconciles a transportation customer's imbalance by requiring Ameren to either buy (shown as a billing credit) or sell (shown as a billing charge) gas to the transportation customer equal to the customer's monthly imbalance.⁴ A billing credit increases gas costs (for PGA customers) whereas a billing charge reduces gas costs (for PGA customers). Staff reviewed imbalances and cash out calculations, on a test basis, and compared the imbalance charges/credits to transportation customer invoices and the ACA filing. Based on its testing, Staff proposes no adjustments.

IV. HEDGING

Staff reviewed Ameren's hedging program. The Company's goal is to hedge prices to reduce market price volatility for its customers. In particular, Ameren's stated objective is to create a forward gas supply portfolio and to dollar-cost-average gas supply prices to mitigate price volatility for the PGA sales customers, among other objectives. The current planning horizon for gas supply purchases and price hedging is thirteen seasons or six and one-half years. Gas supply transactions and price hedges for this period are phased in, based on factors including current futures prices, availability of gas supply, as well as general market conditions.

Ameren receives regular natural gas market reports from energy and financial firms and regular market reports and assessments. Staff reviewed Ameren's hedging practices for the winter months, November 2023 through March 2024. Ameren's hedging implementation plan is to protect approximately ** [REDACTED] ** percent of normal winter demand requirements against market price

⁴ "Balancing" by a transportation customer or a pool of transportation customers means that the amount of gas put into Ameren's system (receipts) is made equal to the amount used or taken out of Ameren's system (deliveries). When a transportation customer puts more or less gas into Ameren's system than it uses, this is referred to as an "imbalance."

volatility for the three Ameren systems, PEPL, TETCO and NGPL. The price protection, including storage, comes from financial natural gas swaps and fixed price contracts for PEPL. Storage and swaps were utilized for TETCO. NGPL used fixed price hedges. The financial/fixed price hedges were placed between June 2020 and October 2023 for the winter heating season of November 2023 through March 2024. These resulted in ** [REDACTED] ** hedged overall for Ameren, based on actual delivered volumes for the winter months, and ** [REDACTED] ** based on normal volumes for the winter months.⁵

Staff reviews the prudence of a Company's decisions based on what the Company knew, or should have reasonably known, at the time it made its hedging decisions. The Company's hedging planning should be flexible enough to incorporate changing market circumstances. The Company should evaluate its hedging strategy in response to changing market dynamics as to how much the existing hedging strategy actually benefits its customers while balancing market price risk.

** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] **. **

V. RECOMMENDATIONS

Staff recommends the Commission issue an order requiring the Company to:

⁵ Although the costs of hedging are spread across the three systems, operational impacts of the hedging may affect each system differently. PEPL, TETCO and NGPL were ** [REDACTED] **, ** [REDACTED] ** and ** [REDACTED] ** hedged, respectively, for November 2023 through March 2024 based on actual delivered gas. PEPL, TETCO and NGPL were ** [REDACTED] **, ** [REDACTED] ** and ** [REDACTED] ** hedged based on normal volumes. Storage was utilized in the past for NGPL but the storage contract expired in March 2015. Since there is one system-wide PGA rate, the specific regional differences are averaged to all systems.

1. Adjust the balances in its next ACA filing to reflect Staff's recommended (over)/under recovery August 31, 2024, ACA balances per the following table:

	Firm Sales	Interruptible Sales
Ameren Filed ACA Balance 8-31-24	\$ 2,676,318.97	\$ 28,635.40
Prior ACA Period Adjustments (2022/2023)	\$ (4,397.49)	\$ (590.11)
Staff Adjustments Current Period	\$ 648.20	\$ (649.88)
Staff Recommended ACA Balance 8-31-2024	\$ 2,672,569.68	\$ 27,395.41

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.

2. Respond to all concerns, comments, and recommendations summarized below within 30 days:

A. Staff recommends Ameren evaluate its capacity needs on an annual basis based on peak day supply needs. (Section II. Reliability Analysis and Gas Supply Planning)

B. Staff recommends Ameren evaluate its hedging strategy in response to changing market dynamics as to how much the existing hedging strategy actually benefits its customers while balancing market price risk and evaluate more cost-effective financial instruments with the appropriate volumes when the market prices become relatively less volatile. (Section IV. Hedging)

C. Staff recommends Ameren continue to evaluate its current strategy **

**. ** (Section IV. Hedging)

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
Adjustment Tariff Filing

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Case No. GR-2025-0101

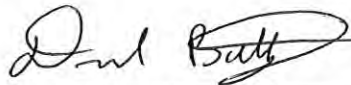
AFFIDAVIT OF DAVID T. BUTTIG, PE

STATE OF MISSOURI)
)
COUNTY OF COLE)

ss.

COMES NOW DAVID T. BUTTIG, PE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation*, in Memorandum form; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

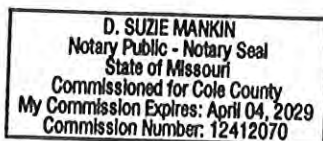
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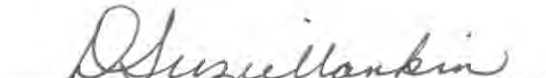


DAVID T. BUTTIG, PE

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 8th day of December 2025.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

Case No. GR-2025-0101

AFFIDAVIT OF KWANG Y. CHOE, PhD

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW KWANG Y. CHOE, PhD, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation*, in Memorandum form; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

KWANG Y. CHOE, PhD

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 8th day of December 2025.



Notary Public

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)
Adjustment Tariff Filing)

Case No. GR-2025-0101

AFFIDAVIT OF ANNE M. CROWE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW ANNE M. CROWE, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation*, in Memorandum form; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

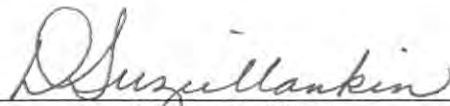
Further the Affiant sayeth not.



ANNE M. CROWE

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 8th day of December 2025.



Notary Public

