## 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 Tariffs to Adjust Its | ) | **Case No. ER-2021-0240** |
| Revenues for Electric Service | ) | |

# STAFF'S INITIAL POST-HEARING BRIEF

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**COMES NOW** the Staff of the Missouri Public Service Commission (Staff), by and through undersigned counsel, and for its *Initial Post-Hearing Brief*, states the following:

## Introduction

Union Electric Company, d/b/a Ameren Missouri, Missouri's largest regulated utility, filed this general rate case on March 31, 2021.[1] The Commission sets "just and reasonable" rates, which involves a balancing investor and consumer interests.[2] In addition, rates must not be discriminatory.[3]

The burden of proof is squarely on Ameren Missouri.[4] In setting rates, the Commission must consider all relevant factors.[5]

Ameren Missouri, Staff, and other parties entered into a non-unanimous stipulation and agreement, filed with the Commission on November 24, 2021.[6] Ameren Missouri, Staff, and other parties entered into a second unanimous stipulation and agreement, filed

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[1] Counsel Filing Letter (EFIS No. 2).
[2] §§ 393.130, 393.140, RSMo (2016); *State ex rel. Office of Pub. Counsel v. Pub. Serv. Comm'n*, 367 S.W.3d 91, 108 (Mo. App. S.D. 2012) (citing *Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 602-03 (1944)).
[3] § 393.130.3, RSMo (2016); *State ex rel. Joplin v. Pub. Serv. Comm'n*, 186 S.W.3d 290, 295-96 (Mo. App. W.D. 2005).
[4] § 393.150.2, RSMo (2016).
[5] § 393.270, RSMo (2016); *State ex rel. Mo. Water Co. v. Pub. Serv. Comm'n*, 308 S.W.2d 704, 718-19 (Mo. 1957).
[6] EFIS No. 191 (Stipulation and Agreement).

with the Commission on December 6, 2021.[7] On December 22, 2021, the Commission issued its Order approving both Stipulations.[8]

As a result of that order, only the following nine sub-issues, stemming from two issues originally identified for hearing, are left for the Commission's decision.[9]

## Issue 17 Sub-Issue

**I. The Commission should order the Company to retain the residential rate schedule names reflected in its currently effective tariffs, or in the alternative to retain the "Daytime/Overnight" and "Basic Service" rate schedule names and change the names of its advanced Time of Use (ToU) rate schedules so that the names describe and inform, rather than promote, ToU rate schedule options in a way that objectively indicates not only the opportunities for savings, but also the risks of bill increases if customers do not shift their usage. (Issue 17 A).**

Ameren Missouri's currently-promulgated tariff includes five rate schedules for residential service: 1) Basic Service, 2) Daytime/Overnight Service, 3) Smart Saver Service, 4) Time-Of-Use Service, and 5) Ultimate Saver Service.[10] Without updating its tariff, and without requesting permission from the Commission, Ameren Missouri began using the names "Anytime Service" instead of "Basic Service;" "Evening/Morning Saver" instead of "Daytime/Overnight," and "Overnight Saver" instead of "Time-of-Use" in its customer communications.[11] Ameren Missouri expressed no concerns of customer confusion at the time it unilaterally decided to use residential Time of Use (ToU) rate

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[7] Second Stipulation and Agreement, EFIS No. 205 (as amended by Motion to Amend by Interlineation filed Dec. 16, 2021, EFIS No. 222).
[8] Order Approving Stipulations and Agreements, EFIS No. 278.
[9] Order Approving Stipulations and Agreements, EFIS No. 278.
[10] MO P.S.C. No. 6, 3rd Revised Sheet NO. 53, 54, 54.4, 54.7, 54.10, and 54.13. A grandfathered Time of Day (ToD) pilot that is no longer offered for new enrollees is at MO P.S.C. No. 6, 2nd Revised Sheet No. 54.3.
[11] Exhibit 205 at 53:5-11 (Staff Class Cost of Service Report).

schedule names in customer communications that were not reflected in its active residential tariffs. Ameren Missouri's direct testimony in this case did not acknowledge that it was seeking to update the rate schedule names in its tariffs, and it provided no testimony in support of its proposed changes to its residential ToU rate schedule names. Only in response to Staff concerns did Ameren first address this issue, in Rebuttal testimony.[12]

Staff recommends, if Ameren Missouri does update its tariffed rate schedule names, that Ameren Missouri should adopt more objective or informative names for its more advanced residential ToU rate schedules in a way that accurately reflects not just the savings opportunities but also the risks involved, and retain the existing "Basic Service" and "Daytime/Overnight Service" names, or implement appropriate objective names.[13] Residential customers must understand the risk of higher electric bills if they do not shift their usage patterns, or they will see surprisingly high bills.[14]

In general, the names Ameren Missouri proposes to include in its tariffs, with the words like "Smart" and "Ultimate," portray ToU rate schedules as money-saving opportunities without indicating the risks of bill increases.[15] In addition, Ameren Missouri's customer education materials do not necessarily convey the risk associated with ToU plan names like "Ultimate Savers."[16] For example, Ameren Missouri's website does not convey that the demand charge associated with the "Ultimate Savers" rate schedule

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[12] *E.g.*, Exhibit 18 at 46 (Wills Rebuttal).
[13] Exhibit 205 at 53:-11 (Staff Class Cost of Service Report).
[14] Tr. 275:19-276:20 (Staff Witness Kliethermes).
[15] Exhibit 205 at 53:6-9 (Staff Class Cost of Service Report)
[16] Tr. 275-276 (Staff Witness Kliethermes).

varies with kilowatt (kW) demand in any given month.[17] Instead of explaining the relatively new concept of demand charges for residential customers, Ameren Missouri's bill comparison tool merely gives an estimate based on average demand, which can be misleading and result in surprisingly high bills.[18]

In addition, implementing objective rate schedule names in marketing materials now would affect fewer residential customers than updating those names later. Ameren Missouri has over one million residential customers.[19] As of December 9, 2021, only 548 of those residential customers were on the advanced ToU rate schedules of Overnight Savers (248), Smart Savers (157) and Ultimate Savers (143).[20] By comparison, 201,474 customers were on the default "Daytime/Overnight" (a/k/a "Evening/Morning Savers") rate schedule.[21]

In this case, Ameren Missouri is already seeking to change the ToU rate schedule names reflected in its tariffs. Ameren Missouri previously changed the rate schedule names in its customer communications. Those changes were made without formal Commission approval, and there is nothing in the record in this case that showed Ameren Missouri was concerned about customer confusion when it changed its customer communications to reflect residential rate schedule names that were not reflected in its tariffs. Given this sequence of events, the Commission should disregard Ameren Missouri's argument that changing residential rate schedule names with Commission approval would cause customer confusion.

[17] Tr. at 275:5-276:20 (Staff Witness Kliethermes).
[18] Tr. 275:19-276:20 (Staff Witness Kliethermes).
[19] Tr. 295:18-20 (Wills testimony).
[20] Tr. 295:3-9 (Wills testimony).
[21] Tr. 295:13-17 (Wills testimony).

Changing the ToU rate schedule names and retaining the existing “Basic Service” and “Daytime/Overnight Service” names would not cause widespread customer confusion because only 548 residential customers are on any non-default ToU rate schedule.[22] Moreover, changing ToU rate schedule names now means that all remaining residential customers will not have to grapple with the complexity of updated ToU rate schedule names at the same time that Ameren Missouri intends to introduce even more complicated modifications to its ToU rate schedules like “Critical Peak Pricing (‘CPP’), Variable Peak Pricing (‘VPP’), [] Peak Time Rebates (‘PTR’),” and “Real Time Pricing, or other more advanced demand side management programs….”[23]

Staff is concerned that the ToU marketing schedule names it seeks to adopt in its residential tariffs risks an outcome like that seen in Arizona, where the Arizona Commission punished the Arizona Public Service Company (APS) in 2020 for “misguide[ing] thousands of customers about their cheapest energy rate plan [to] credit those people $25 for their trouble, plus whatever they overpaid for choosing the recommended plan.”[24] APS, like Ameren Missouri here, used “attractive” rate names like “Saver Choice” and “Saver Choice Plus.”[25] Dr. Faruqui’s testimony focuses on APS’s ability to achieve “the largest percentage of customers (above 60%) on TOU rates of any large electric utility of which [he is] aware”[26] without acknowledging the problems

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[22] Tr. 295:3-9 (Wills testimony).
[23] Exhibit 17 at 16 (Wills Direct).
[24] Exhibit 403 31-32 (Marke Surrebuttal)
[25] Exhibit 73 at 6:8 (Faruqui Rebuttal).
[26] Exhibit 73 at 6:6-7 (Faruqui Rebuttal).

associated with APS's ToU implementation.[27] The Arizona Commission hired a third party to evaluate APS's customer education plan, including the names of its TOU rate schedules.[28] That third party discussed the problems with APS's ToU implementation, including the lack of research support for APS's ToU rate schedule names.[29]

The Commission should not be persuaded by Ameren Missouri's other ToU rate schedule witness, Steve Wills. Mr. Wills talks about "robust customer research" that purportedly underlies the rate schedule names, but Mr. Wills does not cite to, attach, or discuss that research in his testimony.[30] The "explanations" of the research Mr. Wills references in his rebuttal and surrebuttal are mostly not in the record in this case either.[31] The only part of Ameren Missouri's focus group research that made it into the record in this case is that "customers don't like being told that their bill is going to go up."[32] Even if that research were in the record, there is no indication of its scope or validity. APS also relied on customer research in adopting its rate schedule names, and the problems with that research are discussed by the third-party evaluation of APS's customer education plan.[33] Finally, after conclusory references to Ameren Missouri's unspecified research,

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[27] Exhibit 403 at 31-21 (Marke Surrebuttal).
[28] Exhibit 403 at31-32 and Schedule GM-2 (Marke Surrebuttal).
[29] Exhibit 403 at GM-2 page 30 (Marke Surrebuttal) ("Finally, APS did not conduct any research to determine customer comprehension or understanding of its customer communications and messaging about the new rate plans, their names, or the details of the plan options….").
[30] Exhibit 18 at 50:2-8 (Wills Rebuttal).
[31] Exhibits 18 at 46-47 (Wills Rebuttal); Exhibit 19 at 15-16 (Wills Surrebuttal).
[32] Tr. 282:23-25 (Lange testimony).
[33] Exhibit 403 at GM-2 page 9 and 30-31 (Marke Surrebuttal) ("Of particular concern is that APS renamed all its rate plans AFTER the Education Plan was submitted and has not conducted any customer research on whether the "SAVER" and "PREMIER" rate names are understood by customers or that those names properly reflect the key attributes of the rate plan")("Finally, APS did not conduct any research to determine customer comprehension or understanding of its customer communications and messaging about the new rate plans, their names, or the details of the plan options, after the Settlement Agreement was reached.")

Mr. Wills only "guess[es]" that Staff's proposed rate schedule names would not be as effective at promoting ToU adoption.[34]

In summary, the Commission should order Ameren Missouri to retain its existing ToU rate schedule names (which have already been included in tariffs approved by the Commission once before) or use more objective names, and use those names in its marketing materials to reflect both the potential for savings and the risks associated with ToU rate schedules. Updating the rate schedule names now affects fewer customers than updating rate schedule names later.

## Issue 22 Sub-Issues

### I. The Commission should allocate the rate increase to the classes as an equal percentage increase, based on the results of Staff's Class Cost of Service (CCoS) studies and its expert judgment considering the precision of such studies in general and the shortcoming of these studies in particular. (Issues 22 C, 22 A, 22 B, 22 H)

The Commission has considerable discretion in setting rates because of the inherent complexity involved, and this discretion includes the use of one method over another in setting rates.[35] Generally, the Commission should base rate design decisions on cost of service and should not prejudice or disadvantage any customer.[36] Generally, rates should be set in a manner such that one customer or group of customers is not subsidizing the rates of other customers by paying significantly in excess of their actual

[34] Exhibit 18 at 47:4-5 (Wills Rebuttal).
[35] State ex rel. Pub. Counsel v. Pub. Serv. Comm'n, 274 S.W.3d 569, 585 (Mo. App. W.D. 2009).
[36] *State ex rel. Office of Pub. Counsel v. Pub. Serv. Comm'n*, 367 S.W.3d 91, 106-07 (Mo. App. S.D. 2012) (citing Sections 393.130, 393.140, RSMo).

cost of service.[37] Within those general limits, the Commission has considerable discretion to make "pragmatic adjustments" called for by particular circumstances.[38] Missouri Courts have adopted the United States Supreme Court in deciding allocation of costs:

> [A]llocation of costs is not a matter for the slide-rule. It involves judgment on a myriad of facts. It has no claim to an exact science. Generally, the legislature leaves to the ratesetting agency the choice of methods by which to perform this allocation, although if the statute provides a formula, the agency is bound to follow it.[39]

In allocating a utility's revenue requirement among customer classes, the Commission may make distinctions "with substantially less than mathematical exactitude."[40]

Finally, the Commission is not bound by *stare decisis*.[41] When faced with a choice of multiple theories for allocations of costs, the Commission may choose any theory supported by competent and substantial evidence on the whole record.[42] It is therefore irrelevant what allocation methodologies the Commission may have previously decided were more persuasive under the evidence available to the Commissions in past cases.

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[37] *State ex rel. Joplin v. Pub. Serv. Comm'n*, 186 S..3d 290, 296-97 (Mo. App. W.D. 2005) (noting that whether rates are unduly discriminatory is a question of fact).
[38] State ex rel. U.S. Water/Lexington v. Pub. Serv. Comm'n, 795 S.W.d 593, 597 (Mo. App. W.D. 1990).
[39] *Spire Mo., Inc. v. Pub. Serv. Comm'n*, 607 S.W.3d 759, 771 (Mo. App. W.D. 2020)(quoting *Ass'n of Greeting Card Pubs. V. U.S. Postal Serv.*, 462 U.S. 810, 825-27 (1983))(internal quotations omitted).
[40] State ex rel. Midwest Gas Users' Ass'n v. Pub. Serv. Comm'n, 976 S.W.2d 485, 495 (Mo. App. W.D. 1998) (Affirming Commission Order allocating certain expenses where "the Commission agreed that in an ideal world [certain] costs should be borne by only those who were sales customers at the time the costs were incurred, but found that it simply was not practicable to identify who these customers were based on the information presented to the PSC.")..
[41] State ex rel. Aquila, Inc. v. Pub. Serv. Comm'n, 326 S.W.3d 20, 32 (Mo. App. W.D. 2010)
[42] *State ex rel. A.P. Green Refractories, Inc. v. Pub. Serv. Comm'n*, 752 S.W.2d 835, 839-40 (Mo. App. W.D. 1988) (affirming Commission's findings of fact that Staff's Class Cost of Service methods were more persuasive, but remanding for findings of fact on the Commission's decision to phase in Rider B credits where the Commission stated only its conclusion).

There are only two limitations on the Commission's discretion in allocating an electrical corporation's revenue requirement. The first, under Section 393.1620, RSMo, applies to "class cost of study results that allocate the electrical corporation's production plant costs from nuclear and fossil generating units using the average and excess method or one of the methods of assignment or allocation contained within the National Association of Regulatory Utility Commissioners 1992 manual or subsequent manual."[43] The 1992 NARUC manual describes over eighteen different production cost allocation methods, including the Average and Peak method.[44] In the past sixteen years, the Commission has relied on the Average and Peak method, the Average and Excess 4 non-coincident peak method, the Base Intermediate and Peak method, and the Detailed Base Intermediate and Peak method.[45] Staff's Class Cost of Service Report complies with Section 393.1620.2, RSMo, and the Commission therefore is authorized to adopt Staff's proposal.[46]

The second limitation is under Sections 393.1655, RSMo, which limits, under certain circumstances, rate increases that reflect a compound annual growth rate (CAGR) in excess of 2.85% generally or in excess of 2.0% for the large power service (LPS) class specially.[47] Staff's proposal does not trigger the rate increase limits of Section 393.1655.

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[43] § 393.1620.2, RSMo; 2021 Mo. Legis. Serv. H.B. 734 (West). For ease of reference, the remainder of this Brief will refer to the National Association of Regulatory Utility Commissioners 1992 manual as the "1992 NARUC manual."
[44] Tr. at 318:16-21 (Hickman testimony) ("…Staff's approach was that they showed a range of possible outcomes. Within that range, all of the potential outcomes that would have been allowed by virtue of the statute allowing the use of the NARUC Manual were included for consideration.")
[45] Exhibit 25 at 40 (Staff Class Cost of Service Report).
[46] Tr. at 318:16-21 (Hickman Testimony).
[47] § 393.1655.4–6, RSMo (Supp. 2020). If the rate increase to the LPS class would exceed a 2% CAGR, the "reduced revenues arising from limiting the large power service class average overall rate increase" are

### A. The Commission should allocate the rate increase in this case to the classes as an equal percentage increase because no study filed in the case supports introduction of revenue neutral shifts. (Issue 22 C)

In general, Class Cost of Service (CCoS) studies serve only as a guide to setting rate class revenue requirements and should not be exclusively relied upon for establishing each class's revenue requirement.[48] CCoS studies are not precise, and they are not updated for changes from the studied revenue requirement and billing determinants to the ordered revenue requirement and billing determinants.[49] Class revenue recovery and rate design should also take into account policy considerations such as rate continuity, rate stability, revenue stability, minimization of rate shock to any one customer class, meeting of incremental costs, and consideration of promotional practices.[50]

Staff's recommendations are based on each customer class's relative cost-of-service responsibility and yield the total revenue requirement to all classes in a

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"allocated to all the electrical corporations' other customer classes through the application of a uniform percentage adjustment to the revenue requirement responsibility of all the other customer classes." § 393.1655.6, RSMo (Supp. 2020). If the 2.85% CAGR is exceeded, the "electrical corporation shall reduce the rates charged under [the adjustment mechanisms under 386.266 and 393.1030] in an amount sufficient to ensure that" the 2.85% CAGR is not exceeded and the performance penalties under those subsections are not triggered, with the unrecovered sums "deferred to and included in the regulatory asset arising under section 393.1400, and recovered through an amortization in base rates in the same manner as deferrals under that section or order are recovered in base rates." § 393.1655.5, RSMo (Supp. 2020).

[48] Exhibit 205 at 47 (Staff Class Cost of Service Report).

[49] Exhibit 205 at 47 (Staff Class Cost of Service Report). While Staff's Class Cost of Service Report is based on an overall rate increase of just over $221 million (Exhibit 205 at 1:17), which is very close to the rate increase of $220 million in the parties' first Stipulation and Agreement approved by Commission Order on December 22, 2021, that Stipulation is silent as to any particular revenue or costs to be used to calculate that rate increase. (EFIS No. 278). Similarly, the parties agreed to a rate base amount without describing how that amount was calculated. (EFIS No. 278).

[50] Exhibit 205 at 47-48 (Staff Class Cost of Service Report).

fair manner avoiding undue discrimination.[51] In this case, Staff endeavored to provide methods to promote revenue stability and efficiency while reducing the number of customers that switch rates looking for the lowest bill, and mitigating the potential for rate shock.[52] In general, Staff recommends revenue-neutral shifts so that once the rate increase has been applied, a given rate class does not underpay by greater than 5% of its revenue requirement while another rate class or rate classes overpay by greater than 5% of its revenue requirement.[53]

Staff's CCoS studies and its expert judgment support a rate increase allocated to the classes as an equal percentage increase. Staff conducted three studies.[54] Staff then modified each of those three study designs to reflect the allocation of the transmission revenue requirement on the same basis as the generation revenue requirements, as a further reasonableness check.[55] All three studies, as originally designed and as modified, indicate that the lighting rate class appears to be over-contributing to Ameren Missouri's return on investment.[56] Study 2, as originally designed and as modified, indicates that the LPS class may be under-contributing to Ameren Missouri's return on investment.[57]

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[51] Exhibit 205 at 48 (Staff Class Cost of Service Report).
[52] Exhibit 205 at 48 (Staff Class Cost of Service Report).
[53] Exhibit 205 at 48 (Staff Class Cost of Service Report).
[54] Exhibit 205 at 44-46 (Staff Class Cost of Service Report).
[55] Exhibit 205 at 44-46 (Staff Class Cost of Service Report).
[56] Exhibit 205 at 44-46 (Staff Class Cost of Service Report) (Table page 45 showing Lighting Column for Outcome 1, Outcome 2, and Outcome 3 rows under "% Over/Under Contribution @ System Average" reflecting 14.56%, 18.84%, and 13.76%, respectively, with comparable numbers at Table page 46).
[57] Exhibit 205 at 44-46 (Staff Class Cost of Service Report) (Table page 45, LPS Column for Outcome 2 row under "% Over/Under Contribution @ System Average" and Table page 46 LPS Column for Outcome 2a row under "% Over/Under Contribution @ System Average" both reflecting -16.78%).

The parameters of Study 1 are generally more similar to an Assigned Capacity Study.[58] However, Study 1 is not adjusted to allocate plant in excess of current capacity needs in a more reasonable manner.[59] Therefore, Study 1 tends to over-allocate costs to classes with a relatively high portion of peak demand and relatively lower portions of energy consumption.[60]

Both Studies 2 and 3 are energy-weighted, meaning that production plant allocations are highly dependent on class load factor, regardless of the time of day or year that energy is consumed.[61] The parameters of Study 2 tend to allocate less revenue responsibility to classes with above-average load factors.[62] The parameters of Study 3 tend to allocate less revenue responsibility to classes with above-average load factors.[63]

All three studies indicate that most classes are generally within a reasonable range of providing their target contribution to Ameren Missouri's Staff-recommended rate of return upon application of a system average increase to revenue requirement.[64]

The CCoS study performed by Ameren Missouri also indicates that all classes other than customer owned lighting are providing revenues that exceed allocated expenses, and are contributing towards rate of return.[65] Adjusting Ameren Missouri's CCoS study to provide the level of over- and under-contributions at the

[58] Exhibit 205 at 45:8-9 (Staff Class Cost of Service Report).
[59] Exhibit 205 at 45:9-10 (Staff Class Cost of Service Report).
[60] Exhibit 205 at 45:10-11 (Staff Class Cost of Service Report).
[61] Exhibit 205 at 45:3-5 (Staff Class Cost of Service Report).
[62] Exhibit 205 at 45:5-6 (Staff Class Cost of Service Report).
[63] Exhibit 205 at 45:7-8 (Staff Class Cost of Service Report).
[64] Exhibit 205 at 46:7-11 (Staff Class Cost of Service Report). Staff's recommendation is based on an overall rate increase of $221 million, which is extremely close to the overall rate increase of $220 million reflected in the first Stipulation and Agreement. CITE; Exhibit __ at 1:17 (Staff Class Cost of Service Report).
[65] Exhibit 215 at 2:8-10 (Lange Rebuttal).

Staff-recommended rate of return,[66] the over- and under-contributions suggest that no revenue-neutral shifts are necessary.[67] Ameren Missouri's CCoS study therefore supports Staff's recommendation.[68]

No other party performed its own Class Cost of Service Study.[69] The Midwest Industrial Energy Consumers (MIEC) relied on Ameren Missouri's study with slight modifications.[70] The Midwest Energy Consumers Group's (MECG) workpapers were somewhat unclear as to whether they directly relied on Ameren Missouri's study or made slight modifications to production allocation.[71] Other parties relied on policy-based recommendations.[72]

Maurice Brubaker, a witness for the MIEC, criticizes Study 2 performed by Staff, arguing there is a double counting problem in the Average and Peak method.[73] Mr. Brubaker's criticism on that study misses the point. Staff's proposed revenue allocation is not based on the Average and Peak Method alone; a wide range of allocators were chosen to establish bounds of possible outcomes.[74] Staff used the Average and Peak method to establish a range to see if further study was warranted.[75] Staff's

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[66] The Stipulation and Agreement approved by the Commission is silent on the rate of return.
[67] Exhibit 215 at 13-14 (Lange Rebuttal).
[68] Tr. at 371:3-5 (Lange testimony) ("I guess I would preface by saying that even under the Ameren study you get the same results essentially as Staff's study.").
[69] Exhibit 215 at 2:18-3:4 (Lange Rebuttal).
[70] Exhibit 215 at 3:1-2 (Lange Rebuttal).
[71] Exhibit 215 at 3:3-4 (Lange Rebuttal).
[72] Exhibit 215 at 3:3-4 (Lange Rebuttal).
[73] Exhibit 501 at 5-6 (Brubaker Rebuttal); Tr. 348-351 (Brubaker testimony).
[74] Exhibit 205 at 42, 45 (Staff Class Cost of Service Report) (Staff's table at page 42 reflects the multiple allocators used).
[75] Exhibit 205 at 45 (Staff Class Cost of Service Report). Similarly, the cross-examination of Ameren Witness Thomas Hickman at Transcript pages 314 through 316 entirely misses the point. Mr. Hickman's recitation of testimony from a *previous* case was not admitted for the truth of the matters asserted therein.

methodology is fully supported by the 1992 NARUC Manual. As Ameren Missouri's witness Thomas Hickman testified, "I think my understanding of Staff's approach was that they showed a range of possible outcomes. Within that range, all of the potential outcomes that would have been allowed by virtue of the statute allowing the use of the NARUC Manual were included for consideration."[76]

In summary, all of Staff's Class Cost of Service studies indicate that most classes (lighting being the exception) are generally within a reasonable range of providing their target contribution to Ameren Missouri's Staff-recommended rate of return upon application of a system average increase to revenue requirement.[77] As a result, the Commission should adopt Staff's proposal to allocate the rate increase in this case to the classes as an equal percentage increase because no study filed in the case supports introduction of revenue neutral shifts.

### B. The Commission should allocate the rate increase in this case to the classes as an equal percentage increase, and the evidence does not support a revenue-neutral shift based on production cost allocation. (Issues 22 A)

The 1992 NARUC Manual describes over eighteen different production cost allocation methods, many of which have multiple variations.[78] Reasonable cost allocation requires a high level of confidence in the amount of energy consumed in each hour of the

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Therefore, that testimony does not establish in any way that Staff's recommendation in *this* case was based solely on a Peak and Average method. (Tr. 314-316).

[76] Tr. at 318:16-21 (Hickman testimony).

[77] Exhibit 205 at 46:7-11 (Staff Class Cost of Service Report). Staff's recommendation is based on an overall rate increase of $221 million, which is extremely close to the overall rate increase of $220 million reflected in the first Stipulation and Agreement. CITE; Exhibit __ at 1:17 (Staff Class Cost of Service Report).

[78] Exhibit 205 at 40 and Appendix 2 (Staff Class Cost of Service Report).

normalized test year, both at a utility-wide level and at the rate schedule or class level.[79] Problems with data acquisition means there are relatively few data points relied upon in some studies, which undermines the results.[80] Other relevant factors include a utility's relationship with emerging policy issues, advances in the level of detail of customer and class usage information, the shift of resource mixes to non-dispatchable generation, whether a utility's resource mix is optimized for serving its own load or for participation in energy markets, the emergence of net metering customers and other distributed generation, the emergence of dual or winter peaking load characteristics, and required inputs for desired rate design development (e.g., seasons, time of day, or more complex rate designs).[81]

Keokuk, Wind, Landfill Gas, and Solar Generation (other than Community Solar) are used for the generation of renewable energy certificates, which are required based on the energy consumed by each class.[82] These resources are also non-dispatchable.[83] Therefore, Staff allocated the revenue requirement components associated with these plants on class energy consumption.[84] Community Solar costs should be assigned directly to community solar customers.[85] Staff's proposed allocators for Nuclear, Coal, Combustion Turbines, Taum Sauk, and Osage generation facilities follow

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[79] Exhibit 205 at 41:5-7 (Staff Class Cost of Service Report).
[80] Exhibit 205 at 41:10-14 (Staff Class Cost of Service Report). Staff anticipates that deployment of Advanced Metering Infrastructure (AMI), if reasonably implemented, should overcome this data issue in future cases. *Id.* at 41:14-15.
[81] Exhibit 205 at 41:16-23 (Staff Class Cost of Service Report).
[82] Exhibit 205 at 42:8-10 (Staff Class Cost of Service Report).
[83] Exhibit 205 at 42:8-10 (Staff Class Cost of Service Report).
[84] Exhibit 205 at 42:10-11 (Staff Class Cost of Service Report).
[85] Exhibit 205 at 42:11-12 (Staff Class Cost of Service Report).

the 1992 NARUC Manual methodologies as reflected in the table on page 42 of Staff's Class Cost of Service Report.[86]

In addition, the proposed allocation by Ameren Missouri, MIEC, and MECG (utility and industrial) is neither just nor reasonable. Under the utility and industrial approach, LGS/SP and LPS customers would respectively receive approximately 34.7%[87] and 11.2%[88] of the *benefit* of the energy produced by Ameren Missouri's production facilities, including wind farms, through the Fuel Adjustment Clause (FAC).[89] But the utility and industrial proposal also would have the Commission allocate the *costs* of those production facilities, including wind farms, in such a way that LGS/SP and LPS customers pay for only approximately 28%, and 7%, respectively.[90] In short, under the utility and industrial approach, LGS/SP and LPS customers would receive 45.9% of the benefit of the energy produced by Ameren Missouri's wind facilities while paying for only 35% of the cost of those wind

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[86] *Compare* Exhibit 205 at 42:3-7 (Staff Class Cost of Service Report); *to* Exhibit 205 at Appendix 2 (Staff Class Cost of Service Report identified 1992 NARUC Manual methodologies); *see also*, Tr. at 318:16-21 (Hickman testimony) ("("…Staff's approach was that they showed a range of possible outcomes. Within that range, all of the potential outcomes that would have been allowed by virtue of the statute allowing the use of the NARUC Manual were included for consideration.").

[87] Exhibit 750 at SWC-5, line 23 (Chriss Direct, Schedule SWC-5) (11,488,104 divided by 33,073,413 is 34.7%)

[88] Exhibit 750 at SWC-5 (Chriss Direct, Schedule SWC-5)(3,689,239 divided by 33,073,413 is 11.155%).

[89] Tr. 371:3-25 (Lange testimony) ("[Staff] attempted to account at least to some level of customer specific infrastructure that is ignored in the Ameren study and we attempted to just apply some basic logic to the consistency of the treatment of generation plant and the revenues that are received from the market value of that energy that is generated. And where that really comes most to light is wind. Under the winder generation, it's effectively all capacity cost. If you effectively allocate the entire cost of wind using a capacity allocator such as the A&E or any other capacity allocator and you don't really have any energy cost to assign like you would typically have fuel or gas or coal or nuclear fuel with any other type of generating plant, you really are just allocating capacity. If you'r just allocating capacity as capacity but then you allocate revenues on energy, you end up with just patently unreasonable mismatch. So that's what I've sought to avoid.").

[90] Exhibit 750 at SWC-5, lines 33-34 (Chriss Direct, Schedule SWC-5).

farms.[91] Meanwhile, residential and SGS customers would receive the remaining 43%[92] and 10% of those benefits,[93] while paying for 52% and 10% of the costs, respectively.[94] The utility and industrial proposal is a "patently unreasonable mismatch."[95] Staff's approach to allocating wind farm costs is fully supported, and Mr. Brubaker's criticisms of Staff's Studies fail to address the fundamental mismatch created by the utility and industrial approach.

MECG's proposal suffers additional shortcomings. First, Mr. Chriss based his class revenue requirement proposal on the cost of energy net of the revenue associated with Ameren Missouri's energy sales to assume energy costs for LGS of $0.02228/kWh in the summer and $0.01316/kWh in the winter.[96] The values proposed by Mr. Chriss are not reasonable, as they do not reflect the cost of energy to serve load, which for LGS customers is a year-round average of $0.0275/kWh and for SPS customers is a year-round average of $0.0255/kWh. Mr. Chriss's direct testimony failed to address the difference between the cost to obtain energy at wholesale to serve retail load and the amounts Mr. Chriss recommends to be recovered through the energy charge, or to be allocated as the cost of energy.[97]

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[91] Exhibit 750 at SWC-5 (Chriss Direct, Schedule SWC-5).
[92] Exhibit 750 at SWC-5, line 23 (Chriss Direct, Schedule SWC-5) (14,454,222 divided by 33,073,413 is 43.7%).
[93] Exhibit 750 at SWC-5, line 23 (Chriss Direct, Schedule SWC-5) (3,278,306 divided by 33,073,413 is 9.9%).
[94] Exhibit 750 at SWC-5, lines 33-34 (Chriss Direct, Schedule SWC-5).
[95] Tr. at 371:23-24 (Lange testimony).
[96] Exhibit 215 at 7:1-20 (Lange Rebuttal).
[97] Exhibit 215 at 8:8-11 (Lange Rebuttal).

Second, Mr. Chriss's opinions on production capacity planning are not applicable to Ameren Missouri's generation fleet in this case.[98] Ameren Missouri's wind fleet additions were made to enable production of renewable energy credits (REC) to comply with Missouri's Renewable Energy Standard, and not to meet system peak capacity.[99] Ameren Missouri's legacy fleet existed to satisfy peaks established prior to the departure of the significant industrial load that has left its system.[100]

In summary, Staff's Class Cost of Service Study supports Staff's recommendation to allocate the rate increase in this case to the classes as an equal percentage increase. Ameren Missouri's study also supports Staff's recommendation. The proposals by MECG and MIEC to re-allocate production costs would result in a "patently unreasonable mismatch" by granting LGS/SP and LPS customers a windfall by allowing those classes to recover 45.9% of the benefits of the energy produced by Ameren Missouri's wind farms, while requiring those classes to pay for only 35% of the cost of those wind farms. The Commission therefore should not adopt a revenue-neutral shift of production costs toward residential and SGS customers in this case. In the alternative, if the Commission were to make some revenue-neutral shift of costs toward residential and SGS customers, the Commission should not adopt Mr. Chriss's full proposal, which significantly overstates the urgency and extent of any purported inter-class subsidy. As Mr. Chriss's own testimony indicates, the so-called "Rate of Return Index Value," which Mr. Chriss intends to reflect the relationship of the rate of return for a particular class versus the total rate of return,

[98] Exhibit 215215 at 12:8-13 (Lange Rebuttal).
[99] Exhibit 215 at 12:10-11, 12:18-13:2 (Lange Rebuttal).
[100] Exhibit 215 at 12:11-13 (Lange Rebuttal).

"is the lowest it's been since at least 2007."[101] Accordingly, any shift should be minimized to avoid rate shock and keep residential and SGS rate increases as close to an equal percentage increase as possible.

### C. The Commission should allocate the rate increase in this case to the classes as an equal percentage increase, and the evidence does not support a revenue-neutral shift based on non-fuel, non-labor components of production based on the same considerations identified for Issue 22 A above (Issue 22 B).

The Commission should not adopt the proposal by MIEC's witness, Mr. Brubaker, to shift non-fuel, non-labor components of production and operation and maintenance (O&M) expense for the same reasons identified in Sections II, II.A., and II.B. above. First, Staff's Class Cost of Study supports its recommendation to allocate the rate increase in this case to the classes as an equal percentage increase, and Ameren Missouri's study also supports Staff's recommendation.[102]

Additionally, Mr. Brubaker's testimony "misses the bigger point of how much non-labor material is used during each maintenance period, and what causes the need for maintenance in the first place."[103] The extent of maintenance performed is variable in nature, and not just based on the passage of time, because maintenance is related to utilization of the unit, "making the energy-related allocator consistent with cost causation."[104]

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[101] Tr. 395:11-14 (Chriss testimony). Mr. Chriss did not provide data prior to 2007, and notes that prior to 2007, Ameren had not had a general rate case for approximately 20 years. Exhibit 750 (Chriss Direct).
[102] Exhibit 205 at 27-44 (Staff Class Cost of Service Report); Exhibit 215 at 2 (Lange Rebuttal).
[103] Exhibit 31 at 23 (Hickman Rebuttal).
[104] Exhibit 31 at 23-24 (Hickman Rebuttal).

In summary, Staff's Class Cost of Service Study supports Staff's recommendation to allocate the rate increase in this case to the classes as an equal percentage increase. Ameren Missouri's study also supports Staff's recommendation. The testimony by Mr. Brubaker regarding non-fuel and non-labor production and O&M expense does not support a departure from Staff's overall recommendation.

### D. The Commission lacks sufficiently reliable information to make specific adjustments based on distribution costs, and the Commission should adopt Staff's approach to distribution costs at pages 24 through 37 of its Class Cost of Service Report. (Issue 22 H)

Staff prefers to allocate or assign distribution costs among customer classes within a Class Cost of Service Study following several steps.[105] In the absence of information to follow those steps, however, Staff relied upon Ameren Missouri-derived allocators, with modifications as necessary to address errors or shortcomings in Ameren Missouri's calculations.[106]

The Ameren Missouri distribution study relied upon by MIEC and MECG suffers several infirmities.[107] Ameren Missouri made no attempt to assign or allocate the costs of customer-specific distribution lines or equipment serving by those lines and equipment at primary. Ameren Missouri allocated solar infrastructure as though it were distribution system "device." Ameren Missouri also made obvious misrecordings concerning the underground services account, indicating issues with the thoroughness and accuracy of Ameren Missouri's review of the accounts for allocation.[108] These problems consistently

[105] Exhibit 205 at 23-37 (Staff Class Cost of Service Report).
[106] Exhibit 205 at 24-37 (Staff Class Cost of Service Report); *see also* Exhibit 231 at 5-6 (Lange Surrebuttal)
[107] Exhibit 215 at 34 (Lange Rebuttal).
[108] Exhibit 215 at 34 (Lange Rebuttal).

result in over allocation of revenue responsibility to the residential and SGS rate classes, under allocation to the LPS rate class, and to a lesser extent under allocation to the SPS rate class.[109]

Additionally, between January 1, 2021 and May 1, 2021, Ameren Missouri represented to Staff that it placed an additional $190 million of distribution assets into service. These issues complicate developing an accurate class cost of service study for those distribution assets.[110]

Finally, distribution system automation is a hallmark of Ameren Missouri's "Smart Energy Plan."[111] The Smart Energy Plan is premised, at least in part, on *reductions* in operations and labor expense due to distribution system automation.[112] Therefore, in this case the Commission should not rely on the old adage that "expense follows plant" for Ameren Missouri's distribution costs.[113]

Mr. Brubaker's criticism of Staff's approach in this case largely misses the point.[114] Mr. Brubaker's testimony also does not address guidance given in the 1992 NARUC Manual that Staff also relied upon. Specifically, Staff provided a minimum-size distribution study based on Ameren Missouri's own direct-filed allocators, as based on best practices identified in the Regulatory Assistance Project (RAP) Manual and 1992 NARUC Manual.[115] The RAP Manual states that "Direct cost assignment may be appropriate for

[109] Exhibit 215 at 34 (Lange Rebuttal).
[110] Exhibit 205 at 14 (Staff Class Cost of Service Report).
[111] Exhibit 205 at 37 (Staff Class Cost of Service Report).
[112] Exhibit 205 at 37:11-12 (Staff Class Cost of Service Report).
[113] Exhibit 205 at 37 (Staff Class Cost of Service Report).
[114] Exhibit 501 at 12 (Brubaker Rebuttal); *see also*, Tr. at 373:24-374:9 (Lange testimony).
[115] Exhibit 231 at 6-8 (Lange Surrebuttal).

equipment required for particular customers, not shared with other classes, and not double-counted in class allocation of common costs."[116] This approach is consistent with the 1992 NARUC Manual provides that "[a]ssignment" or "exclusive use" costs are assigned directly to the customer class or group which exclusively uses such facilities.[117]

In summary, Staff reiterates that the Commission should order a rate increase allocated to the classes as an equal percentage increase. The information about Ameren Missouri's distribution system suffers too many infirmities to support the adjustments proposed by MIEC and MECG, and all of those infirmities result in over allocation of costs to the residential and SGS rate classes. Therefore, the Commission should adopt Staff's recommendation to order a rate increase allocated to the classes as an equal percentage increase.

**E. The Commission should not adopt MECG's proposal to increase the demand component and decrease the energy component for Large General Service (LGS) and Small Primary Service (SPS) customers. (Issue 22 F)**

The Commission should not adopt MECG's proposal to increase the demand component and decrease the energy component for Large General Service (LGS) and Small Primary Service (SPS). Demand charges for LGS and SPS customers are based on each customers' individual monthly non-coincident peak (NCP). A customer's monthly NCP is the highest demand a customer experienced during a month, typically measures as the highest usage experienced during a 15-minute interval.[118] A customer's monthly

[116] Exhibit 231 at 6-7 (Lange Surrebuttal) (quoting RAP Manual page 156)..
[117] Exhibit 231 at 8 (Lange Surrebuttal) (quoting 1992 NARUC Manual at page 87, footnote 1).
[118] Exhibit 231 at 10:7-10 (Lange Rebuttal).

NCP is not really indicative of that customer's causation of generation, transmission, or distribution infrastructure or expenses.[119] A customer's NCP demand is not relevant to Ameren Missouri's generation capacity or MISO resource adequacy.[120] Monthly NCP drives the hours-use energy charge recovery.[121]

In addition, the energy rate required to recover only the cost of market energy for LGS and SPS customers is a year-round average of $0.0275 per kilowatt-hour (kWh) and $0.0255/kWh, respectively.[122] Mr. Chriss's estimate of cost-based energy charges for LGS of $0.02228/kWh for the summer and $0.01316/kWh for the winter period are reduced by allocated energy revenues and would not recover the marginal cost of energy, and is therefore unreasonable.[123] Mr. Chriss's direct testimony does not explain the difference between the cost to obtain energy at wholesale to serve retail load.[124]

Mr. Chriss's testimony on this issue is inaccurate in several respects.[125] No cost is truly "fixed" in a utility's revenue requirement.[126] Some costs and expenses vary with the amount of energy consumed, number of customers served, or the amount of wholesale energy generated for sale.[127] Other costs and expenses are relatively stable.[128]

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119 Exhibit 231 at 10::11-15 (Lange Rebuttal).
[120] Exhibit 231 at 10:16-19 (Lange Rebuttal).
[121] Exhibit 231 at 10:6 (Lange Rebuttal). More information on the hours-use energy charge is included in Section IV of this Brief below.
[122] Exhibit 231 at 8 (Lange Rebuttal).
[123] Exhibit 231 at 7 (Lange Rebuttal).
[124] Exhibit 231 at 8 (Lange Rebuttal).
[125] Exhibit 231 at 10-11 (Lange Rebuttal).
[126] Exhibit 231 at 11:11 (Lange Rebuttal).
[127] Exhibit 231 at 11:11-13 (Lange Rebuttal).
[128] Exhibit 231 at 11:13-14 (Lange Rebuttal).

Ultimately, moving revenue recovery away from energy charges and into the NCP demand charges would be counter-productive to the goal of moving toward time-based rate structures.[129] And while it is best practice to reflect unbundled cost causation in rates to retain or enhance customer understandability, an NCP demand charge is not an ideal recovery mechanism for the costs identified by Mr. Chriss.[130] Moving revenue recovery into NCP demand charges could exacerbate customer confusion and lack of bill predictability in preparing for the transition to time-based rate structures.[131]

In summary, Staff recommends the Commission not adopt MECG's proposal to increase demand charges and decrease energy charges for LGS and SPS customer classes.

### F. The Commission should adopt MECG's proposal to require Ameren Missouri to present analyses of alternatives to the hours-use rate design by 2025, if not sooner. (Issue 22 G)

Filed tariffs help customers "know prior to purchase what rates are being charged, and []therefore make economic or business plans or adjustments in response."[132]

MECG has asked the Commission to order Ameren Missouri to propose alternatives to the hours-use rate design to help with more understandable bills. Mr. Chriss testified that the "hours-use structure is not the simplest manner as it requires the analyst to have more than a surface level understanding of the rate structure in order

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[129] Exhibit 231 at 11:17-22 (Lange Rebuttal).
[130] Exhibit 231 at 11:14-16 (Lange Rebuttal).
[131] Exhibit 231 at 11:17-22 (Lange Rebuttal).

to understand the interplay of the energy rates and load factor, which is needed to perform bill analyses."[133]

Ameren Missouri agrees that its hours-use rate design is complex.[134] Ameren Missouri is also open to contemplating future rate design changes.[135] Ameren Missouri recommends that future rate design changes "wait until the AMI [Advanced Metering Infrastructure] meter rollout is complete…."[136] Ameren Missouri also recommends that it will be "important to carefully analyze any potential changes … in order to understand the potential bill impacts that they would create for customers and potentially make any transition gradually and thoughtfully."[137]

Staff agrees that the hours-use rate design is not optimal for aligning cost causation and revenue recovery.[138]

The Commission should therefore approve MECG's recommendation to require Ameren Missouri to present analyses of alternatives to the hours-use rate design no later than 2025.[139]

### G. The Commission should apply the same equal percentage increase to Rider B levels as applied to all other rate elements under Staff's recommendation for Issue 22C above, and it should order Ameren Missouri to file a study in its next rate case to support all calculations and assumptions underlying its Rider B credit. (Issues 22 I and 22 J 3).

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[133] Exhibit 750 at 30-31, 41-46 (Chriss Direct).
[134] Exhibit 18 at 59:5 (Wills Rebuttal).
[135] Exhibit 18 at 56:3-4 (Wills Rebuttal).
[136] Exhibit 18 at 56:4-6 (Wills Rebuttal).
[137] Exhibit 18 at 56:6-8 (Wills Rebuttal).
[138] Exhibit 231 at 11:2-3 (Lange Rebuttal).
[139] Exhibit 231 at 11 (Lange Rebuttal).

Generally, rates should be set in a manner such that one customer or group of customers is not subsidizing the rates of other customers by paying significantly in excess of their actual cost of service.[140]

Rider B is a credit given to customers that are billed at primary[141] but own their own substation equipment.[142] Rider B is designed to compensate those customers for the revenue requirement associated with customer-specific substations that Ameren Missouri did not have to build.[143] Rider B levels are reasonable under the assumption that the bills those customers receiving the credit would be charged otherwise reflects the cost of customer-specific substations that the company built and maintains for other primary customers.[144]

**a. The Commission should apply the same equal percentage increase to Rider B levels as applied to all other rate elements under Staff's recommendation for Sub-Issue 22C; otherwise, if shifts are made to reduce the revenue responsibility of customers that receive Rider B credits, then the Commission should hold the Rider B credits constant while the rest of the class receives an increase or in the alternative the Rider B credits should be suspended until a study can be completed to support the level of Rider B credits. (Issue 22 I)**

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[140] *State ez rel. Joplin v. Pub. Serv. Comm'n*, 186 S..3d 290, 296-97 (Mo. App. W.D. 2005) (noting that whether rates are unduly discriminatory is a question of fact).
[141] In other words, customers in rate classes 4(M) and 11(M). Tr. at 308:2-7.
[142] Exhibit 205 at 24 (Staff Class Cost of Service Report).
[143] Exhibit 205 at 24 (Staff Class Cost of Service Report).
[144] Exhibit 205 at 24 (Staff Class Cost of Service Report) ("This treatment assumes that the class revenue requirement has been grossed up to not only reflect the cost of customer-specific substations that have been built, but also customer-specific substations that have not been built.").

Even though Rider B is intended to credit primary customers that own their own substations, Ameren Missouri does not assign to primary customers the cost of substation equipment that is dedicated to primary customers.[145] Instead, absent a specific adjustment, costs for dedicated substation equipment are simply allocated to all customers along with all other substation costs.[146] This means Ameren Missouri is not allocating the cost of customer-specific substations to the customer classes or customers that benefit from those customer-specific substations.[147] Not only are customer-specific costs not allocated to those classes or customers, but the imputed revenue requirement that would justify a Rider B credit is not imputed or allocated, either.[148]

Accordingly, the allocated revenue requirements generated by Ameren Missouri's approach are neither reasonable nor equitable.[149] First, it is obvious that customers and customer classes should not pay for things they are not using.[150] Second, a customer that owns its own equipment should not receive a credit in excess of any amount that customer would not otherwise be paying.[151]

Therefore, if no shifts to revenue responsibility are made between classes, then the Rider B level should receive the equal percentage increase applied to all other rate elements.[152]

If, on the other hand, shifts based on Ameren Missouri's allocation of distribution revenue requirement are made to reduce the revenue responsibility of classes in which

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[145] Exhibit 205 at 53-54 (Staff Class Cost of Service Report).
[146] Exhibit 205 at 54 (Staff Class Cost of Service Report).
[147] Exhibit 231 at 11 (Lange Surrebuttal).
[148] Exhibit 231 at 11 (Lange Surrebuttal).
[149] Exhibit 231 at 11-12 (Lange Surrebuttal) (giving comparable example of a vehicle fleet).
[150] Exhibit 231 at 12 (Lange Surrebuttal).
[151] Exhibit 231 at 13 (Lange Surrebuttal).
[152] Exhibit 205 at 23 (Staff Class Cost of Service Report).

Rider B customers are served, then the Commission should continue with the existing Rider B credit amounts while the rest of the class receives its rate increase. In the alternative, the Commission should suspend Rider B credits until a study is performed that can identify a fair allocation of those distribution costs between customers that are and customers that are not receiving Rider B credits.[153] In summary, Staff's recommendation to freeze or suspend the Rider B credits applies only if something other than an across-the-board increase is ordered.[154]

**b. The Company should fully study the level of investment in customer-specific infrastructure associated with providing substations and related infrastructure to customers that receive service at Primary in order to support Rider B credits (Issue 22 J 3).**

Staff recommends that the Commission order Ameren Missouri to perform a full study of the reasonableness of the calculations and assumptions underlying Rider B to be filed as part of its direct filing in its next general rate case.[155]

Ameren Missouri stated in response to a request for workpapers and historical information supporting the factors and credits applied to Rider B that, "No historical information has been identified."[156] Ameren Missouri's workpapers simply applied the class-average percent adjustment to the Rider B value.[157] Thus, LPS and SPS customer bills include only incidental costs for the cost of primary customer substations, and those

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[153] Tr. 380:11-18; 382:7-22.
[154] Tr. at 377:7-13.
[155] Exhibit 205 at 4 (Staff Class Cost of Service Report).
[156] Exhibit 205 at 53 (Staff Class Cost of Service Report) (quoting Ameren Missouri Response to Staff Data Request 677).
[157] Exhibit 205 at 53 (Staff Class Cost of Service Report).

costs are not included to any greater proportion than the cost of primary customer substation equipment that is included in the bills for residential, SGS, LGS, or lighting customers.[158] Moreover, Ameren Missouri's approach of allocating costs based on the demand that each customer class places on the level of the system at which those substations operate fails to allocate the cost of customer-specific substations to the customer classes or customers that benefit from those customer-specific substations.[159] Not only are customer-specific costs not allocated to those classes or customers, but the imputed revenue requirement that would justify a Rider B credit is not imputed or allocated, either.[160]

Accordingly, the Commission should order Ameren Missouri to perform a full study of the reasonableness of the calculations and assumptions underlying Rider B to be filed as part of its direct filing in its next general rate case.[161] Staff recommends the Commission order this study regardless of the level of Rider B credits issued in this case.[162]

## **Conclusion**

For the reasons stated above, Staff respectfully asks the Commission to issue an order that:

1) Ameren Missouri is to retain the residential rate schedule names reflected in its currently effective tariffs, or in the alternative to retain the "Daytime/Overnight" and "Basic Service" rate schedule names and change

[158] Exhibit 205 at 54 (Staff Class Cost of Service Report).
[159] Exhibit 231 at 11 (Lange Surrebuttal).
[160] Exhibit 231 at 11 (Lange Surrebuttal).
[161] Exhibit 205 at 55 (Staff Class Cost of Service Report).
[162] Tr. at 378:10-13.

the names of its advanced Time of Use (ToU) rate schedules so that the names describe and inform, rather than promote, ToU rate schedule options in a way that objectively indicates not only the opportunities for savings, but also the risks of bill increases if customers do not shift their usage (Issue 17 A);

2) Allocates the rate increase in this case to the classes as an equal percentage increase, or in the alternative minimizes any revenue-neutral shifting of costs so as to keep the rate increase for residential and SGS customers as close to an equal percentage increase as possible (Issues 22 A, 22 B, 22 C, and 22 H);

3) Rejects MECG's proposal to increase the demand component and decrease the energy component for LGS and SPS customer classes (Issue 22 F);

4) Requires Ameren Missouri to present analyses of alternatives to the hours-use rate design no later than 2025, consistent with MECG's proposal (Issue 22 G);

5) Applies the same equal percentage increase to Rider B levels as applied to all other rate elements under Staff's recommendation for Issue 22 C, or in the alternative if shifts are made to reduce the revenue responsibility of customers that receive Rider B credits, then the Rider B credits should either be held constant while the rest of the class received an increase, or in the alternative suspended until a study can be completed to support the level of Rider B credits. (Issue 22 I);

6) Requires Ameren Missouri to fully study the level of investment in customer-specific infrastructure associated with providing substations and related infrastructure to customers that receive service at Primary in order to support Rider B credits (Issue 22 J 3); and

7) Provides any other or further relief the Commission decides results in just and reasonable rates that are not unduly discriminatory or preferential.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I certify that copies of the foregoing have been emailed to all parties and/or counsel of record on this 28th day of December, 2021.

**/s/ Curt Stokes**