

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Adjustment of Union)	
Electric Company d/b/a Ameren Missouri's)	<u>File No. ER-2023-0031</u>
Fuel Adjustment Clause for the 40 th)	Tariff No. YE-2023-0023
Accumulation Period)	

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

1. **COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation to Approve Tariff Sheet* states as follows:

2. On July 29, 2022, Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, bearing a proposed effective date of October 1, 2022 and cancelling the MO. P.S.C. Schedule No. 6, 6th Revised Sheet 71.15. On August 12, 2022, Ameren Missouri filed a substitute tariff sheet to correct an error on line 4.1, more specifically to reflect a \$2,000 interest correction. Therefore the Company submitted a substitute tariff sheet that shows the correct figure on line 4.1 of \$674,231. The 1st Revised Sheet No. 71.31, as substituted on August 12, 2022, revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 40 ("AP40"), which ended on May 31, 2022. Staff recommends that the Missouri Public Service Commission ("Commission") approve MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, as substituted on August 12, 2022.

3. On August 22, 2022, Staff requested the Commission extend Staff's deadline from August 22, 2022 to August 26, 2022. And the Commission granted Staff's request on August 23, 2022.

4. Commission Rule 20 CSR 4240-20.090(8)(F) states “Within thirty (30) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the staff shall submit a recommendation regarding its examination and analysis to the commission . . .”

5. Ameren Missouri timely filed its proposed MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, on July 29, 2022, as substituted on August 12, 2022, and based on Staff’s review, Staff determined that Ameren Missouri is in compliance with Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements) and Ameren Missouri’s FAC in its tariff.

6. Ameren Missouri requested that MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, filed July 29, 2022, as substituted on August 12, 2022, become effective on October 1, 2022. Thus, the proposed tariff sheet was filed with 60 days’ notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on July 29, 2022, as substituted on August 12, 2022, to become effective on October 1, 2022, subject to true-up and prudence reviews:

MO.P.S.C. Schedule No. 6

1st Revised Sheet No. 71.31, as substituted on August 12, 2022, Cancelling 6th Revised Sheet No. 71.15.

WHEREFORE, Staff recommends the Commission issue an order approving the following proposed tariff sheet, to become effective on October 1, 2022, as requested by Ameren Missouri, subject to both true-up and prudence reviews.

MO.P.S.C. Schedule No. 6

1st Revised Sheet No. 71.31, as substituted on August 12, 2022, Cancelling 6th Revised Sheet No. 71.15.

Respectfully submitted,

/s/ Eric Vandergriff

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Attorney for the Staff of the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record on this 26th day of August, 2022.

/s/ Eric Vandergriff

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2023-0031, Tariff Tracking No. YE-2023-0023
Union Electric Company, d/b/a Ameren Missouri

FROM: Amanda C. Conner, Utility Regulatory Auditor

DATE: /s/ Amanda C. Conner 08/26/2022 /s/ Eric Vandergriff 08/26/2022
Energy Resources Department/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related
to Ameren Missouri's Fuel Adjustment Clause for the 40th Accumulation Period

DATE: August 26, 2022

On July 29, 2022, Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, bearing a proposed effective date of October 1, 2022 and cancelling the MO. P.S.C. Schedule No. 6, 6th Revised Sheet 71.15. On August 12, 2022¹, Ameren Missouri filed a substitute tariff sheet to correct an error on line 4.1, more specifically to reflect a \$2,000 interest correction. Therefore the Company submitted a substitute tariff sheet that shows the correct figure on line 4.1 of \$674,231. The 1st Revised Sheet No. 71.31, as substituted on August 12, 2022, revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 40 ("AP40"), which ended on May 31, 2022. Staff recommends that the Missouri Public Service Commission ("Commission") approve MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, as substituted on August 12, 2022.

Ameren Missouri's July 29, 2022, filing includes the testimony of J. Neil Graser, Manager of Power and Fuels Accounting at Ameren Services Company, and associated work papers. The testimony and work papers include information and data that supports Ameren Missouri's calculation of its Fuel and Purchased Power Adjustment ("FPA"). That dollar amount ("FPA Amount") is \$62,171,589 and is reflected on line 5 of 1st Revised Sheet No. 71.31, as substituted on August 12, 2022. This FPA Amount results in a FAR₄₀² of \$0.00303 per kWh, which when added to the FAR₃₉³ of \$(0.00047) per kWh, results in a proposed FAR⁴ of \$0.00256

¹ Except as otherwise stated, all references herein to the tariff sheet in Tariff Tracking No. YE-2023-0023 shall be to the substitute proposed tariff sheet that Ameren Missouri filed on August 12, 2022.

² FAR_{RP} is defined in Original Sheet No. 71.23 as "FAR Recovery Period rate component calculated to recover under- or over-collection during the Accumulation Period that ended immediately prior to the applicable filing." Since this filing followed Accumulation Period 40, FAR_{RP} in this recommendation is referred to as FAR₄₀.

³ FAR_(RP-1) is defined in Original Sheet No. 71.23 as "FAR Recovery Period rate component for the under- or over-collection during the Accumulation Period immediately preceding the Accumulation Period that ended immediately prior to the application filing for FAR_(RP)." Since this filing followed Accumulation Period 40, FAR_(RP-1) in this recommendation is referred to as FAR₃₉.

⁴ FAR is defined in Original Sheet No. 71.23 as "Fuel Adjustment Rate applied to retail customer usage on a per kWh basis starting with the applicable Recovery Period following the FAR filing." Therefore, FAR = FAR_(RP) + FAR_(RP-1).

per kWh. The proposed AP40 FAR of \$0.00256 per kWh on line 11⁵ of 1st Revised Sheet No. 71.31, as substituted on August 12, 2022, is \$0.00217 per kWh more than the AP39 FAR of \$0.00039 per kWh on line 11 of the 6th Revised Sheet No. 71.15.

Calculation of Total Company Fuel and Purchased Power Difference

Ameren Missouri’s work papers for AP40 show the following:

Actual Net Energy Costs (“ANEC”) ⁶	\$183,367,025
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The Net Base Energy Costs calculation is shown below as Sales multiplied by the Base Factor:

Sales in kWh	10,048,517,275
Base Factor (“BF”) per kWh	\$0.01185
Net Base Energy Costs (“B”) ⁷	\$119,105,336

The total Company Fuel and Purchased Power Difference calculation is shown below as Net Base Energy Costs subtracted from Actual Net Energy Costs:

ANEC	\$183,367,025
B	\$119,105,336
Fuel and Purchased Power Difference	\$64,261,689

Calculation of FPA Amount

Ameren Missouri’s work papers and 1st Revised Sheet No. 71.31, as substituted August 12, 2022 show the FPA Amount⁸ of \$62,171,589 to be the sum of:

⁵ Since the Preliminary Fuel Adjustment Rate (“PFAR”) on line 9 did not change after the PISA calculations Rate Adjustment Cap (“RAC”) on Line 10, line 9 is carried to line 11.

⁶ ANEC = fuel costs (FC), plus purchased power costs (PP), plus net emission allowances (E), plus or minus net insurance recoveries (R), minus off-system sales revenues (OSSR), as reflected on line 1 of 1st Revised Sheet No. 71.31, as substituted on August 12, 2022.

⁷ B = Base Factor multiplied by the accumulation period sales as reflected on lines 2, 2.1 and 2.2 of 1st Revised Sheet No. 71.31, as substituted on August 12, 2022. The actual Base Factor defined on tariff sheet 71.22 for winter months is \$0.01192/kWh, but is not reflected on this tariff sheet because the new approved tariff sheets from the most recent rate case ER-2021-0240 were in the middle of this AP, therefore the Base Factor on line 2.1 reflects a weighted average Base Factor.

⁸ 1st Revised Sheet No. 71.31, as substituted on August 12, 2022, lines 1 through 5 include the complete calculation of the FPA Amount of \$62,171,589.

1. Fuel and purchased power amount to be recovered from customers for AP40 of 61,048,605⁹ (line 4 on proposed 1st Revised Sheet No. 71.31, as substituted on August 12, 2022); plus,
2. Interest of \$674,231, which is \$66,029 for AP40 plus \$608,202 for Recovery Period 37 (“RP37”) (line 4.1 of proposed 1st Revised Sheet No. 71.31, as substituted on August 12, 2022); plus,
3. The true-up amount, without interest, of \$448,753 (line 4.2 of proposed 1st Revised Sheet No. 71.31, as substituted on August 12, 2022). This amount is pending Commission approval in File No. EO-2023-0032.

Calculation of FAR₄₀

FAR₄₀ of \$0.00303 per kWh is equal to the FPA Amount of \$62,171,589, divided by the Estimated Recovery Period Sales of 20,493,905,390 kWh, according to Ameren Missouri’s commercial pricing node.¹⁰ FAR₄₀ will apply during Recovery Period 40 (“RP40”), which is Ameren Missouri’s billing months of October 2022 through April 2023.

Calculation of FAR Without Voltage Level Adjustments

Line 9 of Ameren Missouri’s proposed 1st Revised Sheet No. 71.31, as substituted on August 12, 2022 reflects a FAR of \$0.00256 per kWh which is the sum of: (1) FAR₄₀ of \$0.00303 per kWh and (2) FAR₃₉ of (\$0.00047) per kWh.

	Proposed AP40 FAR 1st Revised Sheet No. 71.31, as substituted on August 12, 2022	Current AP39 FAR 6th Revised Sheet No. 71.15
Line 7. Current Period Fuel Adjustment Rate (FAR _{RP})	\$0.00303/kWh	(\$ 0.00047)/kWh
Line 8. Prior Period Fuel Adjustment Rate (FAR _{RP-1})	(\$ 0.00047)/kWh	\$ 0.00086/kWh
Line 9. Fuel Adjustment Rate (FAR)	\$ 0.00256/kWh	\$ 0.00039/kWh

⁹ Fuel and purchased power amount to be recovered from customers for AP40 is equal to ninety-five percent (95%) of \$64,261,689 (the difference between ANEC and B during AP40).

¹⁰ MISO’s Market Settlements Business Settlements Practice Manual, BPM-005 Effective Date: June 6, 2022. The CPNode represents the next hierarchical level in the Commercial Model and consists of one or more EPNodes. All energy transactions, both physical and financial, are financially settled at the CPNode level. Operating Reserve supply is financially settled at the Resource CPNode level based on the appropriate CPNode MCPs. All Market Settlement activity is performed at a CPNode and is the level where LMPs and MCPs are publicly available.

Voltage Level FARs

Because of a difference in line losses,¹¹ there are different FARs for service taken at the Secondary, Primary, High Voltage, and Transmission voltage levels, reflected on lines 13, 15, 18, and 21 of proposed 1st Revised Sheet No. 71.31, as substituted on August 12, 2022. The proposed FARs include weighting factors, which were approved in the most recent rate case, ER-2021-0240. The FAC tariff page 71.24 describes the LPS weighting factors as follows: “The Weighting Factors are the ratios between each voltage’s annual kWh and total annual LPS kWh. The above Combined Initial Rate Component is developed for the purposes of determining if the statutory RAC_{LPS} has been exceeded, and if it has, calculating the FAR Shortfall Adder to be applied across all non-LPS service classifications in the immediately concluded AP.” To clarify, rate adjustment caps shall apply provided for by Section 393.1655, RSMo., if the class average overall rate of 2.00% compound annual growth rate is in effect. Once the rate adjustment cap has exceeded the 2.00% compound annual growth rate, then the weighting factors are applied, to calculate a rate for all Non-LPS and LPS customers by voltage level.

The AP40 FARs are in the table below:

Service	Proposed AP40 FAR	Line on 1st Revised Sheet No. 71.31
Secondary	\$0.00270/kWh	30
Primary	\$0.00262/kWh	31
High Voltage	\$0.00258/kWh	32
Transmission	\$0.00254/kWh	33

Listed below are the proposed AP40 FARs, the current AP39 FARs, and the difference between them for Secondary and Primary service:

Service	Proposed AP40 FAR	Current AP39 FAR	Difference
Secondary	\$0.00270	\$0.00041	\$0.00229 Increase
Primary	\$0.00262	\$0.00040	\$0.00222 Increase
High Voltage	\$0.00258	**	
Transmission	\$0.00254	** ¹²	

¹¹ Secondary and Primary Voltage Adjustment Factors are shown on lines 12 and 14, respectively, on Ameren Missouri’s proposed 1st Revised Sheet No. 71.31, as substituted August 12, 2022.

¹² New voltage factors added effective February 28, 2022.

Based on a monthly usage of 1,000 kWh, the proposed change to the Secondary FAR would increase the Fuel Adjustment Charge of an Ameren Missouri residential customer's monthly bill by \$2.29, from \$.41 to \$2.70 per month.

In his filed testimony, Company witness J. Neil Graser explains the FAR's increase:

The primary factors driving this change in the FAR were higher fuel and purchased power costs for load and less accidental outage insurance proceeds received in Accumulation Period 40 as compared to Accumulation Period 38 and the net base energy costs applicable to each period. Increases in the fuel and purchased power costs for load during Accumulation Period 40 as compared to Accumulation Period 38 and the net base energy costs applicable to each period is primarily due to the increased energy costs during Accumulation Period 40.¹³

Staff has verified all remaining amounts for insurance recoveries related to recent unplanned Callaway outage have been received during this AP40. Ameren Missouri claimed approximately \$88.6 million¹⁴ in accidental outage insurance. However, data request 0001 states, "As stated in our response to DR 462.3 in ER-2021-0240, we originally had calculated the proceeds to include August 4, which is when the unit was coming back online. However, as part of subsequent discussions with the insurance company, they indicated our policy language ends the outage period the day before the unit came back online, which makes August 3 the final reimbursable outage day. Therefore, August 4 fell off the reimbursement period, which at the maximum of \$4.5M per week comes to the \$642,857 difference between the estimated and actual proceeds. We do not expect to receive any additional insurance recoveries under the Accidental Outage policy." Therefore, the full amount of insurance recoveries is \$87,950,480, and have all been received during AP37, AP38, and AP40.

Staff reviewed the proposed 1st Revised Sheet No. 71.31, as substituted on August 12, 2022, Mr. Graser's direct testimony, and the work papers in this filing, as well as Ameren Missouri's monthly information submitted in compliance with 20 CSR 4240-20.090(5) for AP40. Staff verified that the actual fuel and purchased power costs and emissions costs, net of off-system sales revenues, match the fuel and purchased power costs and emission costs, net of off-system sales revenues, on line 1 of Ameren Missouri's proposed 1st Revised Sheet No. 71.31, as substituted on August 12, 2022, and Mr. Graser's supporting schedules (along with revised work papers).¹⁵ Staff reviewed Ameren Missouri's monthly reports and verified that the kWh billed, as shown on the monthly reports, matches the accumulation period sales used to calculate the Net Base Energy Cost. Staff reviewed Ameren Missouri's monthly interest rates that are applied to 95% of the over/under Net Base Energy Cost amount and verified that the monthly interest rates and calculations of monthly interest amounts are correct for AP40.

¹³ Ameren Missouri, *Direct Testimony of J. Neil Graser*, ER-2023-0031, page 4, line 12 - 18.

¹⁴ Staff Data Request 462.3 in case no. ER-2021-0240.

¹⁵ Staff has also verified that the actual net energy costs and accumulation period sales kWh excludes the costs and kWh associated with digital currency mining.

The change in the FAC rate resulting from this application will not cause Ameren Missouri to exceed its allowable cumulative annual growth rate cap percentage of 2.85% that it must comply with under state law due to its adoption of plant-in-service accounting.

Attachment A

Attachment A includes three charts, which provide a summary of Ameren Missouri's forty (40) FAC rate adjustment filings. Chart 1 illustrates Ameren Missouri's FAR for each of the forty (40) accumulation periods. Chart 2 illustrates Ameren Missouri's FAC cost summary for Actual Net Base Energy costs and Net Base Energy costs. Chart 3 illustrates Ameren Missouri's FAC cumulative under-recovered amount at the end of each of the forty (40) accumulation periods.

Staff Recommendation

Ameren Missouri timely filed its proposed MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, on July 29, 2022, as substituted on August 12, 2022, and based on Staff's review, Staff determined that Ameren Missouri is in compliance with Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements) and Ameren Missouri's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H) provides, in part:

- (H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—
1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;
 2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or
 3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question.

Ameren Missouri requested that MO.P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.31, filed July 29, 2022, as substituted on August 12, 2022, become effective on October 1, 2022. Thus, the proposed tariff sheet was filed with 60 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on July 29, 2022, as substituted on August 12, 2022, to become effective on October 1, 2022, subject to true-up and prudence reviews:

MO.P.S.C. Schedule No. 6

1st Revised Sheet No. 71.31, as substituted on August 12, 2022, Cancelling 6th Revised Sheet No. 71.15.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2021 Annual Report. Ameren Missouri is current on its submission of its Surveillance Monitoring reports, required in 20 CSR 4240-20.090(6), and its monthly reports, required by 20 CSR 4240-20.090(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing, except File No. EO-2023-0032, as noted herein.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

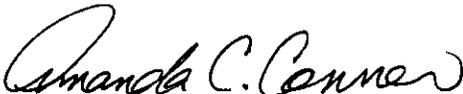
In the Matter of the Adjustment of Union)
Electric Company d/b/a Ameren Missouri's) File No. ER-2023-0031
Fuel Adjustment Clause for the 40th)
Accumulation Period)

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

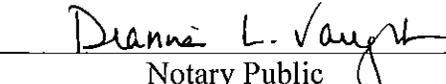
COMES NOW AMANDA C. CONNER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


AMANDA C. CONNER

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 24th day of August, 2022.


Notary Public

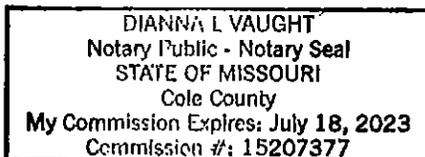


Chart 1: Ameren Missouri Fuel Adjustment Rate

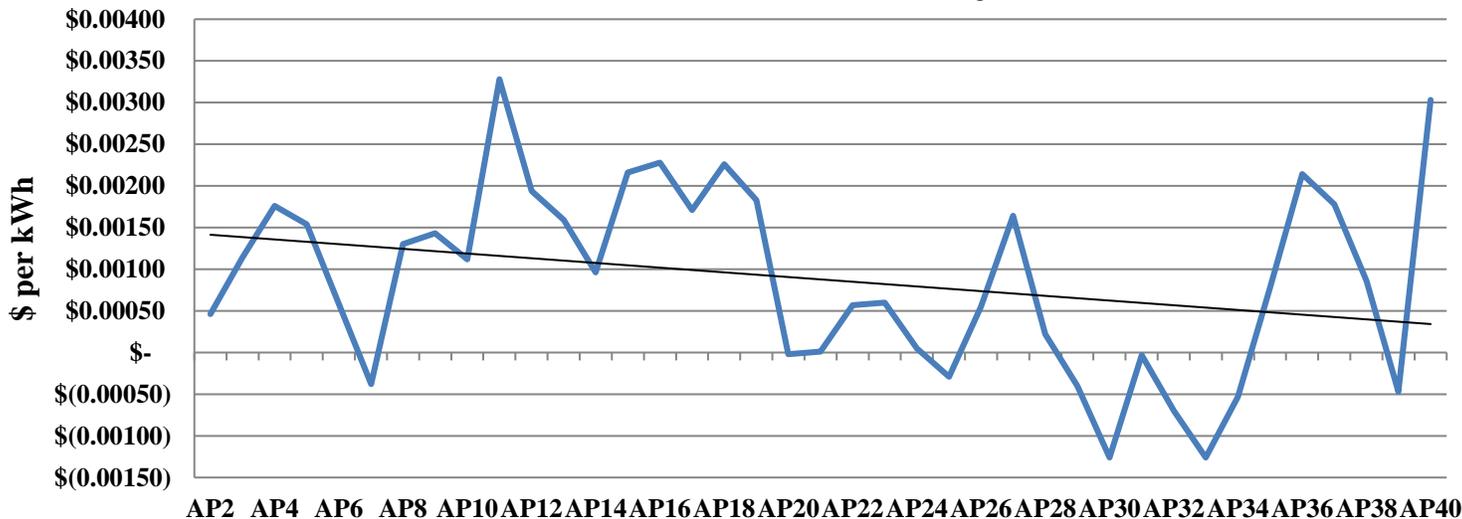


Chart 2: Ameren Missouri FAC Costs Summary

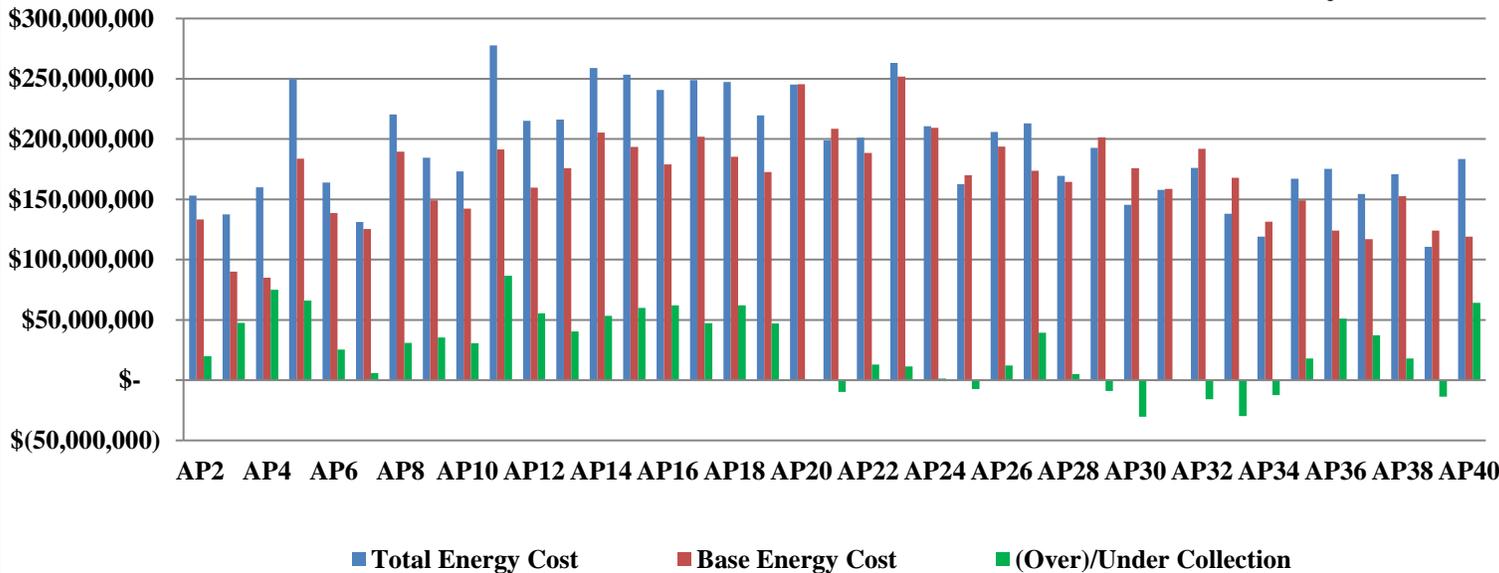


Chart 3: Ameren FAC Cumulative Under-Recovered Amount

