

Exhibit No.:  
Issues: Adjustment to  
RESRAM  
Rate –Second  
Accumulation Period  
Witness: J. Neil Graser  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Union Electric Co.  
Case No.: ER-2023-  
Date Testimony Prepared: September 27, 2022

**MISSOURI PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**J. NEIL GRASER**

**St. Louis, Missouri  
September, 2022**

**DIRECT TESTIMONY**

**OF**

**J. NEIL GRASER**

**Case No. ER-2023-**

1           **Q:     Please state your name and business address.**

2           A:     My name is J. Neil Graser. My business address is One Ameren Plaza, 1901  
3 Chouteau Ave., St. Louis, Missouri.

4           **Q:     By whom and in what capacity are you employed?**

5           A:     I am employed by Union Electric Company d/b/a Ameren Missouri  
6 ("Company" or "Ameren Missouri") as Manager, Energy Analytics. Previously, I was  
7 employed by Ameren Services Company ("Ameren Services") as Manager, Power & Fuels  
8 Accounting. Ameren Services provides various corporate support services to Ameren  
9 Missouri, including settlement and accounting related to fuel, purchased power, off-system  
10 sales, and Renewable Energy Standard ("RES") compliance costs and benefits, including  
11 accounting relating to renewable energy credits ("RECs"). While I have taken a new  
12 position with Ameren Missouri, I have at this time retained my responsibilities relating to  
13 certain Power and Fuels Accounting duties, including responsibility for this Renewable  
14 Energy Standard Rate Adjustment Mechanism ("RESRAM") filing, pending transitioning  
15 those responsibilities to my replacement.

16           **Q:     What is the purpose of your testimony?**

17           A:     My testimony supports the 6th Revised Sheet No. 93.4 of Ameren  
18 Missouri's Schedule No. 6 – Schedule of Rates for Electric Service that is being filed by

1 Ameren Missouri to establish a rate that reflects RES compliance costs incurred by the  
2 Company during the twelve-month period Accumulation Period of August 2021 through  
3 July 2022.

4 **Q: Please explain why Ameren Missouri is making this filing at this time.**

5 A: The Commission's rule governing RES cost recovery mechanisms for  
6 electric utilities – specifically 20 CSR 4240-20.100(6) – and Ameren Missouri's Rider  
7 RESRAM, require Ameren Missouri to make periodic filings to adjust customer rates for  
8 changes in Ameren Missouri's Actual RES Costs (Factor "ARC") experienced during each  
9 Accumulation Period<sup>1</sup> as compared to the base level of RES Costs Recovered (Factor  
10 "RCR") included in base rates (Factors "MBA" and "RBA" as listed in the Rider RESRAM  
11 tariff sheets) applicable to that same Accumulation Period. Additionally, there is a True-  
12 Up included (Factor "T"), which reflects the difference between the actual revenues  
13 collected and revenues authorized for collection. These changes are then reflected in an  
14 adjustment to the RESRAM Rate. This adjustment can be positive (a RESRAM Rate of  
15 greater than zero, i.e., a charge) or negative (a RESRAM Rate of less than zero, i.e., a  
16 credit). The Commission's rule requires at least one such review and adjustment each year.  
17 Ameren Missouri's approved Rider RESRAM calls for one filing annually. As provided  
18 for in Rider RESRAM, the Recovery Period applicable to this filing will consist of the  
19 calendar months of February 2023 through January 2024.

20 **Q: What adjustment is being made in this filing?**

21 A: During the August 1, 2021 to July 31, 2022, Accumulation Period, Ameren  
22 Missouri's ARC was \$19,971,040, and less the RCR of \$10,100,629 (derived from the

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meaning given them in Rider RESRAM.

1 RBA from the Accumulation Period 3 filing and the RESRAM Base Amount/MBA from  
2 the ER-2021-0240 rate review stipulation<sup>2</sup>) and adding the Interest (I) of \$31,777, the RES  
3 (over)/under recovery (Factor "ROUR") totaled \$(9,902,188). Along with the RESRAM  
4 Revenue Requirement (Factor "RRR") of \$687,443 and the True-up of \$(12,918), this  
5 results in Total RESRAM Recoveries (Factor "TRR") of \$10,576,713 which, as described  
6 further below, will produce the RESRAM Rate (in this case a charge) that will appear as a  
7 separate line item to be applied to customers' bills during the 4<sup>th</sup> Recovery Period that starts  
8 on the first day of February 2023.

9 **Q: Are there any adjustments related to the one percent retail rate impact**  
10 **limitation included in the Commission's RES rules?**

11 A: No, the Company's RES compliance plan (see File No. EO-2022-0083)  
12 demonstrates that the Company's RES compliance activities in total, of which the RES  
13 costs subject to Rider RESRAM are a subset, do not exceed the 1% retail rate limitation as  
14 provided for in 20 CSR 4240-20.100(5).

15 **Q. Are there any adjustments related to the rate caps associated with**  
16 **Section 393.1655, RSMo.?**

17 A. No, while the Company did elect to subject itself to Section 393.1400,  
18 RSMo. (generally referred to a "plant-in-service accounting" or "PISA"), the RESRAM  
19 Rate included in this filing does not reach any of these rate caps since the TRR divided by  
20 the Estimated Recovery Period Sales (SRP) results in a quotient that is less than the Rate  
21 Adjustment Cap (Factor "RAC"). Please refer to Schedule JNG-1 for the calculation  
22 details.

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<sup>2</sup> EFIS Item No. 191, File No. ER-2021-0240.

1           **Q:    What types of expenses are included in the Accumulation Period**  
2 **covered by this filing?**

3           A:    The ARC includes actual solar rebates paid under Rider SR (recorded in  
4 Account 908, subaccount SR2) and amortization expense and associated fees for RECs  
5 purchased in contracts associated with wind (recorded in Accounts 557 and 509,  
6 subaccount BLH and RWD), solar (recorded in Accounts 557 and 509, subaccounts CSR,  
7 PSR, and RCS), and electricity produced using hydro as a fuel (recorded in Accounts 557  
8 and 509, subaccounts H20 and RH2). These purchases were made as the remaining vintage  
9 RECs "banked" in inventory plus expected 2021 and 2022 additions would not allow the  
10 Company to retire sufficient RECs to meet its 15% RES portfolio requirement applicable  
11 to 2021 and 2022. A request for proposal (RFP) process was not utilized in making these  
12 REC purchases as it was more cost effective and efficient to evaluate purchasing RECs for  
13 compliance through brokers and direct counterparty negotiations. These transactions were  
14 negotiated directly with the counterparties at market pricing with beneficial commercial  
15 terms and delivery dates.

16           There were also RES compliance capital costs and benefits in the Accumulation  
17 Period covered by this filing related to the High Prairie and Atchison Renewable Energy  
18 Centers. Capital investments and associated O&M expense are identified by using the  
19 business divisions for the generation facilities: HP for the High Prairie Energy Center and  
20 AW for the Atchison Renewable Energy Center. The capital investments are recorded in  
21 300-level FERC accounts, and O&M is in FERC accounts 546, 548 through 554, and 924  
22 (excluding labor-related Resource Types beginning with L, such as LE, LR, LU, etc.).  
23 Depreciation and amortization expense is recorded in FERC accounts 403 & 404 using the

1 same rates as set in general electric rate reviews. Interconnection facility expense is  
2 recorded in FERC account 565, Activity Code IFAC. Property tax accruals are recorded  
3 in FERC account 236. The Production Tax Credits (PTCs) are recorded in FERC accounts  
4 409 through 411, and ADIT is recorded in FERC account 190.

5 Pursuant to a variance granted in docket EA-2018-0202, energy amounts booked  
6 to Accounts 447 and Accounts 555 associated with the High Prairie and Atchinson  
7 Renewable Energy Centers were captured in the Fuel Adjustment Clause (FAC) Rider  
8 rather than being considered RES benefits included in the RESRAM through February 27,  
9 2022. However, as part of the RESRAM base amount per ER-2021-0240, 100% of those  
10 energy amounts are captured as a RES benefit. Therefore, the February 28 through July  
11 31 period reflects 100% of those amounts in ARC.

12 Also included in this filing is the interest incurred on the remaining Accumulation  
13 Period 2 and 3 balances and the Accumulation Period 4 balance, as well as the RRR, which  
14 contains the actual annual amount of REC amortization expense, Rider SR rebates, and  
15 RES compliance capital costs incurred during Accumulation Period 4. Please refer to  
16 Schedule JNG-1 for details on the Interest and RRR calculations. The inclusion of an  
17 ongoing RESRAM revenue requirement in Factor RRR will be reflected on Sheet 93.4 as  
18 the RESRAM Base Amount (RBA), and this RBA will be included in the calculation of  
19 Factor RCR under Rider RESRAM during the months when the RESRAM Rate set by this  
20 filing is in effect. The RBA would be reset as appropriate upon the conclusion of an electric  
21 rate review to the extent that costs that were included in Factor RRR are included in the  
22 revenue requirement used to set base rates in that case.

1           **Q: Please describe the capital structure being applied to the capital**  
2 **investments.**

3           A: The regulatory capital structure applied to fixed assets eligible for recovery  
4 in the RESRAM is based on the stipulation in case EA-2018-0202, which indicates the  
5 capital structure ratios and return on equity are based on the Commission's most recently  
6 approved in general rate proceedings. The Commission last approved a capital structure  
7 for the Company in file ER-2014-0258. Also from the same stipulation in EA-2018-0202,  
8 the long-term debt return is based on the embedded cost of long-term debt as of the most  
9 recent fiscal quarter before each RESRAM filing. The most recent RESRAM filing prior  
10 to this one was made in September 2021, so the rate in effect for the beginning of AP4  
11 (specifically August 2021 through February 27, 2022) is based on the Ameren Missouri  
12 June 2021 surveillance report. As of February 28, 2022, the capital structure was updated  
13 to reflect the approved values from ER-2021-0240 for the PISA calculation, which  
14 remained in effect for the remainder of AP4. Please refer to Schedule JNG-1 for details on  
15 the capital structure applied.

16           **Q: Please describe the impact of the inclusion of RESRAM-eligible**  
17 **expense and revenues in general electric base rates had on the RESRAM calculation.**

18           A: As noted above, the amounts of RES-compliance costs included as the  
19 RESRAM Base Amount feed into Factor MBA. For ER-2021-0240, this included 100%  
20 of the costs and revenues associated with the High Prairie and Atchison Renewable Energy  
21 Centers, including depreciation, PTCs, return, and off-system sales revenue, along with the  
22 REC expense and solar rebates incurred during the test year and true-up period.  
23 Accordingly, the amounts included RESRAM rates for Factor RRR were reset to zero, and

1 the RCR for February 28, 2022 through July 2022 reflected a zero value for the RBA and  
2 1/12 of the RESRAM Base Amount as the MBA.

3 **Q: Please further describe the impact of the RESRAM Rate being**  
4 **established by this filing on the Company's customers.**

5 A: The \$10,576,713 in TRR for the 4<sup>th</sup> Accumulation Period was calculated in  
6 the manner specified in the Rider RESRAM tariff sheets and is to be spread over all  
7 kilowatt-hour ("kWh") sales of energy supplied to all customers served under all of the  
8 Company's Service Classifications. That total, when using the projected kWh sales for the  
9 February 2023 to January 2024 Recovery Period, results in a RESRAM Rate for the  
10 Company's customers of \$0.00035 per kWh, beginning with the calendar month of  
11 February 2023. Filed concurrently with my direct testimony is the 6<sup>th</sup> Revised Sheet No.  
12 93.4 of Ameren Missouri's Schedule No. 6 – Schedule of Rates for Electric Service which  
13 contains the formula that Ameren Missouri used to calculate the RESRAM Rate, as  
14 specified by its Rider RESRAM. Also included in that tariff sheet are the values for each  
15 element of the formula that were used to derive the RESRAM Rate. Assuming 1,022 kWh  
16 of usage per month for the average residential customer, this will result in a charge under  
17 the RESRAM of approximately \$0.36 per month.

18 **Q: What other information will customers have regarding this**  
19 **mechanism?**

20 A: Please refer to Schedules JNG-2 and JNG-3 for information that is posted  
21 on Ameren Missouri's website and instructions for the Company's call center, respectively.

1           **Q:     How did you develop the various values used to derive the proposed**  
2 **RESRAM Rate shown on the filed tariff sheet?**

3           A:     The data upon which Ameren Missouri based the values for each of the  
4 variables in the approved RESRAM Rate formula is shown in Schedule JNG-1. This  
5 schedule contains all the information that is required by 20 CSR 4240-20.100(6) and  
6 includes the workpapers that support the data contained in Schedule JNG-1.

7           **Q:     If the tariff sheet filed by Ameren Missouri is approved or allowed to**  
8 **go into effect, what safeguards exist to ensure that the revenues the Company collects**  
9 **do not exceed the RES compliance costs that Ameren Missouri actually incurred**  
10 **during the Accumulation Period?**

11          A:     Ameren Missouri's Rider RESRAM and the Commission's rules provide  
12 two mechanisms to ensure that amounts collected from customers do not exceed Ameren  
13 Missouri's actual, prudently-incurred RES compliance costs. First, Rider RESRAM and  
14 the Commission's rules require a true-up of the amounts collected from customers through  
15 Rider RESRAM, with any excess/unrecovered amounts to be refunded/billed to customers  
16 through prospective adjustments to the RESRAM Rate calculation, with interest at Ameren  
17 Missouri's short-term borrowing rate. Second, Ameren Missouri's RES compliance costs  
18 are subject to periodic prudence reviews to ensure that only prudently-incurred costs are  
19 collected from customers through Ameren Missouri's Rider RESRAM. These two  
20 mechanisms serve as checks that ensure that the Company's customers pay only the  
21 prudently-incurred RES compliance costs and no more.

1           **Q:     What action is Ameren Missouri requesting from the Commission with**  
2 **respect to the rate schedule that the Company has filed?**

3           A:     As provided by 20 CSR 4240-20.100(6), the Commission Staff (the "Staff")  
4 has sixty (60) days from the date the revised RESRAM rate schedule is filed to conduct a  
5 review and to make a recommendation to the Commission as to whether the rate schedule  
6 complies with the Commission's rules (subject to the variances granted to the Company in  
7 File No. EA-2012-0202), the requirements of the RES, and Ameren Missouri's approved  
8 Rider RESRAM. If the Commission finds the tariff sheet does comply, the RESRAM Rate  
9 will take effect either pursuant to a Commission order approving the RESRAM Rate or by  
10 operation of law, in either case within 120 days after the RESRAM Rate is filed, as  
11 provided for in one of the variances granted to the Company in the above-referenced  
12 docket. Because Ameren Missouri believes its filing satisfies all of the requirements of  
13 applicable statutes, the Commission's rules and the applicable variances and Ameren  
14 Missouri's approved Rider RESRAM, Ameren Missouri requests that after the Staff's  
15 review, the Commission approve the RESRAM Rate or otherwise allow it to take effect by  
16 operation of law to be effective on the first day of February 2023.

17           **Q:     Does this conclude your direct testimony?**

18           A:     Yes, it does.