BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Propriety of the Rate Schedules for Electric Service of Union Electric Company, Doing Business as Ameren Missouri.	))))	File No. ER-2018-0226
In the Matter of the Propriety of the Rate Schedules for Gas Service of Union Electric Company, Doing Business as Ameren Missouri.	))))	File No. GR-2018-0227

AMEREN MISSOURI'S RESPONSE TO COMMISSION'S SHOW CAUSE ORDER

COMES NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), and for its response to the *Order Opening Rate Case, Directing Notice, Establishing Time to Intervene, and Requiring Company to Show Cause Why Its Rates Should Not Be Adjusted* ("Show Cause Order") issued in each of the above-captioned dockets, states as follows:

INTRODUCTION

The Show Cause Order imposes the following requirements:

1. No later than March 19, 2018, Ameren Missouri shall show cause, if any, why the Commission should not order it to promptly file tariffs reducing its rates for every class and category of electric [gas] service to reflect the percentage reduction in its federal-state effective income tax rate.

2. Ameren Missouri shall quantify and track all impacts of the Tax Cuts and Jobs Act of 2017 potentially affecting electric [gas] service rates from January 1, 2018, going forward.

3. Ameren Missouri shall quantify and track its excess protected and unprotected ADIT for future possible flow back to ratepayers, and shall advise the Commission how best such flow-back may be accomplished.

4. Ameren Missouri shall, as part of its response to this order to show cause, advise the Commission as to its position on whether the impact of the Tax Cuts and Jobs Act of 2017 [the "Act"] is like the gross receipts tax analyzed in *Hotel Continental* and the natural gas commodity costs considered in *Midwest Gas Users' Association*, such that the Commission may order a reduction in utility rates without considering all relevant factors in an extended general rate case.

Before addressing the specifics of each item, it is important to reiterate some of the introductory points made in the Company's January 31, 2018 Response in File No. AW-2018-0174 since those points address some of the questions posed in this docket.

The Company continues to agree that cost savings from income tax rate reductions should, and ultimately will, be passed on to utility customers. The only real question is how that is to be accomplished. As it stated previously, the Company remains willing to commit the resources necessary to collaborate with the Commission Staff, the Office of the Public Counsel ("OPC"), and other intervenors in these proceedings to ensure Ameren Missouri's rates are adjusted in an appropriate manner and at an appropriate time in order to reflect both the impact of the tax law changes and other changes in Ameren Missouri's cost of service since Ameren Missouri's base rates were last set. But regulatory lag is a very real impediment when attempting to quickly reflect cost increases or decreases, as the Company previously outlined. Even though customers should and ultimately will benefit from this tax decrease, challenges relating to the timing of accomplishing this goal remain.

First, as will be addressed in more detail below, Missouri law requires that utility rates only be adjusted based on the Commission's consideration of "all relevant factors" (i.e., all cost and revenue changes must be properly considered). As a consequence, rates may not be adjusted to reflect a change in tax law, or any other single factor, in isolation.[1] To adjust rates in this case will require the performance of full cost of service analyses.

Second, there continue to be significant uncertainties arising from the provisions of the Act that may have a material impact on determining the Company's taxable income and, in turn, a proper income tax level to reflect in rates. It remains true, as it was on January 31, 2018 when the

[1] As addressed further below, income taxes are not like the gross receipts taxes or gas commodity costs at issue in *Hotel Continental* and *Midwest Gas Users' Association*, respectively; all relevant factors must be considered.

Company filed its response to questions posed in File No. AW-2018-0174, that the Company simply cannot say at this point exactly what amount is the proper level of income taxes for a more current cost of service calculation, nor can the level of income taxes used to set current rates be precisely determined. However, as discussed in the specific response to Item 2 below, the Company has provided some quantification of those items.

SPECIFIC RESPONSE TO EACH ORDERED ITEM IN SHOW CAUSE ORDERS

For purposes of Ameren Missouri's response, the Company will answer Items (from the Show Cause Orders' ordering paragraphs) 1 and 4 together, as the answers are inherently intertwined.

> ***Item 1: Why the Commission should not (and cannot) order Ameren Missouri to promptly file tariffs reducing its rates for every class and category of service to reflect the percentage reduction in its federal-state effective income tax rate.***
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> ***Item 4: Why the impact of the Tax Cuts and Jobs Act of 2017 is not like the gross receipts tax analyzed in Hotel Continental and the natural gas commodity costs considered in Midwest Gas Users' Association, and why, therefore, the Commission may not order a reduction in utility rates without considering all relevant factors in an extended general rate case.***

The Commission should not and cannot order Ameren Missouri to promptly file tariffs reducing its rates for every class and category of service to reflect the percentage reduction in its federal-state effective income tax rate. This is because such an order would unlawfully violate the prohibition against single-issue ratemaking. Neither *Hotel Continental*[2] nor *Midwest Gas Users' Association*[3] creates an exception to that prohibition for the income tax component of a utility's

[2] *Hotel Continental v. Burton*, 334 S.W.2d 75 (Mo. 1960).
[3] *Midwest Gas Users' Assn v. Pub. Serv. Comm'n*, 976 S.W.2d 470 (Mo. App. W.D. 1998).

revenue requirement. This is because, among other reasons, income tax expense is unlike the direct pass through of the gross receipts tax at issue in *Hotel Continental* or the natural gas commodity costs at issue in *Midwest Gas Users' Association*.

A. A general rate proceeding is necessary to change the Company's rates.

As earlier noted, there is no avenue under Missouri law for effectuating a change to utility rates based solely on a single event or circumstance (i.e., a single issue such as tax reform) that, in isolation, causes a change in utility revenues or expenses, unless (a) there is a statute that authorizes such a change (e.g., a fuel adjustment clause under section 386.266; an energy efficiency rider under section 393.1075), or (b) the items upon which such a change would be made fall within the very narrow confines of *Hotel Continental* or *Midwest Gas Users' Association*. This prohibition against single-issue ratemaking is firmly established in Missouri, including by the holding of the seminal 1979 Missouri Supreme Court opinion in *State ex rel. Utility Consumers Council of Missouri v. Pub. Serv. Comm'n*, 585 S.W.2d 41 (Mo. 1979) ("*UCCM*"), which itself makes clear just how narrow the principles of *Hotel Continental* (relied upon by the Western District in *Midwest Gas Users' Association*) are. "The court was very careful in Hotel Continental to limit its holding to the specific type of clause before it, a TAC." *Id.* at 51.[4]

As the Commission is well aware, *UCCM* holds that in setting utility rates, the Commission is required as a matter of law to consider all factors relevant to the proper maximum price to be charged. *Id.* at 56. While the Act will reduce the income tax component of Ameren Missouri's revenue requirement, such income tax component reduction is only one factor of numerous factors required under Missouri law to determine an appropriate rate level for the Company. Moreover, numerous other cost of service items significantly impact the Company's income tax expense,

[4] As discussed further below, a "TAC" was a tax adjustment clause for gross receipts taxes, which by their nature are completely different than income taxes.

which in turn affects the Company's rate of return. This is completely unlike the pass-through gross receipts taxes at issue in the tax adjustment clause ("TAC") approved in *Hotel Continental* or the pass-through gas commodity costs at issue in the purchased gas adjustment ("PGA") clause affirmed as lawful in *Midwest Gas Users' Association*.

Lacking a statutory exception, rates can only be changed in a proper file and suspend rate proceeding or in a proper complaint proceeding[5] respecting the continued justness and reasonableness of a utility's rates where all relevant factors are considered. To do otherwise, would be "contrary to sound ratemaking principles."[6]

B. Staff's and OPC's previous positions on this question support the requirement to consider all relevant factors.

The same question (Can rates be immediately reduced solely due to tax reform?) arose in 1986, when the federal government last passed comprehensive tax reform. At that time, both Staff and Public Counsel addressed this question. Staff, recognizing the all relevant factors requirement discussed in *UCCM*, advised the Commission that the proper procedure for effecting a rate change due to tax reform was for Staff and Public Counsel to conduct a series of informal meetings with the utilities and if those did not result in voluntary reductions, for the Staff to then file a complaint seeking to reduce the utility's rates.[7] But Staff properly recognized that in such a complaint proceeding, any change in rates could *not* be based solely on the effect of tax reform: "Missouri law

[5] While the Commission did not cite the statutory basis of this docket, the Company is treating the docket as a complaint on the Commission's own motion under section 386.390.1, RSMo., respecting the continued justness and reasonableness of the Company's rates.

[6] File No. EC-2014-0223, Report and Order, p. 20. *See also See State ex rel. Missouri Water Co. v. Public Service Commission*, 308 S.W.2d 704, 719 (Mo. 1957) (In order to set rates, an "'honest and intelligent forecast of probable future values, made upon a view of all the relevant circumstances, is essential.'" (quoting *State of Missouri ex rel. Southwestern Bell Telephone Co. v. Public Service Commission et al.*, 262 U.S. 276, 288 (1922)).

[7] *Comments of the Staff of the Missouri Public Service Commission*, Case No. AO-87-48 (Jan. 9, 1987), p. 3.

requires the Commission look at all relevant factors in establishing a utility's rates. Therefore, it would be necessary for Staff to conduct an audit of every company it files a complaint against."[8]

Staff's position in 1986 was correct. To pursue a rate reduction in these cases and to properly consider all relevant factors as required by law, the Staff will have to undertake audits and develop comprehensive cost of service studies supported by testimony. The Company will then have to be afforded a proper opportunity to respond through its own testimony and analysis and, if necessary, to present evidence at a proper evidentiary hearing.[9]

Staff was not alone in recognizing that the Commission cannot simply order a utility to file tariffs to reduce its rates based on the single factor of a change in the income tax rate. OPC also recognized that the law prohibited a single-issue (tax reform) adjustment to rates:

> In Public Counsel's opinion, a complaint based solely on the failure of a utility to recognize the reduction in its tax liability in the rates it charges for utility service would be a sufficient basis on which to file and maintain a complaint. However, it is clear that *once the complaint is filed the Commission must consider all relevant factors* . . . [Citing 308 S.W.2d 704]. In so doing this Commission must weigh the interests of a utility and its ratepayers so that a utility's rate is reasonable to both parties. Therefore, issues such as the proper rate of return to be allowed a utility and the *proper level of other revenues and expenses* would be relevant matters for discussion and consideration (emphasis added).[10]

OPC went on to discuss *UCCM* and its requirement that all relevant factors be considered before rates can be changed.

The Commission itself has also previously recognized that in considering the impact of tax reform on utility rates, it must consider offsets (i.e., all relevant factors):

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[8] *Id.* In this filing Staff went on to suggest another alternative along the lines of a requirement by the Commission that utilities file tariffs to reduce rates to only account for tax reform impacts using a sort of interim, subject to refund filing. However, in a later filing in the case, the Staff recognized that such an approach "poses serious legal problems and should not be pursued." *Reply Comments of the Staff of the Missouri Public Service Commission*, Case No. AO-87-48 (Mar. 19, 1987), p. 4.

[9] One notable exception is that the complaint method does not include an operation of law date as does the file and suspend method. For file and suspend cases, Section 393.150 sets maximum suspension periods and also requires that rate proceedings thereunder be given preference over all other questions pending before the Commission.

[10] *Comments of the Office of the Public Counsel*, File No. AO-87-48 (Jan. 9, 1987), p. 4.

> Having reviewed the companies' filings and the comments in response thereto, the Commission determines that the informal meeting approach is appropriate. Accordingly, the Commission determines that Staff shall establish a schedule of meetings between Staff, Public Counsel, the individual companies and interested intervenors to discuss the possibility of voluntary rate decreases reflecting the revenue requirement effects of the TRA [tax reform act]. The Commission further finds . . . the companies . . . shall file comments which *detail the offsetting cost increases or other factors which cause the companies to believe that their rates are not excessive in spite of the impact of the TRA* (emphasis added).[11]

C. Staff's current position is legally incorrect.

Staff's claim that it "may be" possible for Ameren Missouri's rates to be changed solely based on income tax changes under the Act, and without considering all relevant factors, fails to withstand scrutiny; nor does *Hotel Continen*tal provide any support for such a claim. It is quite telling that the Staff's motion to open these dockets fails to take the position that income tax expense <u>is in fact</u> like gross receipts taxes or gas commodity costs. Instead, Staff simply suggests they "may be" while stating that it is "possible" that the Commission could sidestep *UCCM* and its clear prohibition on single-issue ratemaking. The Company can understand the Staff's reluctance to take a firm position on these questions. After all, there is no question but that a utility's revenue requirement depends on far more factors than just income taxes, and there is no question that there is no statutorily authorized "income tax rate adjustment mechanism." Consequently, for this "possibility" to exist, income taxes have to be like pass-through gross receipts taxes or gas commodity costs. It is thus important to examine why pass-through gross receipts taxes and gas commodity costs are unique and why allowing their recovery in a rate adjustment mechanism does not violate the prohibition on single-issue ratemaking.

[11] *Order Addressing Comments, Granting Interventions and Extending Filing Dates*, Case No. AO-87-48 (Jan. 30, 1987). As discussed below, the fact that the Commission ordered detail on offsetting cost increases or other factors itself shows the Commission understood that income taxes are unlike the gross receipts taxes at issue in *Hotel Continental*.

Hotel Continental involved gross receipts taxes imposed by the City of Kansas City on the utility's gross receipts from providing utility service in the city. The level of such taxes was not affected by the level of the many other items of expense incurred by the utility when it provides service or by capital investments by the utility – things like salaries and wages, fuel for its service trucks, depreciation expense, investments in new plant, etc. *Hotel Continental*, 334 S.W.2d at 82. Consequently, even if (with the TAC in operation) "the company by reason of economies of operation or due to a decline in the cost of materials and labor or for any other reason earned, under its approved rates, more than a fair return and its rate thereby became unjust and unreasonable, the commission would have the same power it now has and has always had to re-examine the company's rate base." *Id.* In other words, the Court recognized that since the gross receipts taxes were unaffected by these other factors (unlike income taxes) allowing the TAC did not violate the requirement that all relevant factors be considered. Why did the Court consider whether utility operational decisions and non-gross receipts tax expenses could change the utility's earnings (i.e., its rate of return)? Because it is only *those factors that can impact the utility's rate of return* whereas gross receipts taxes *do not impact the utility's return*. And that being true, there were no "other relevant factors" to consider when deciding whether to allow the TAC and its pass-through of gross receipts taxes.

Can the same be said of income tax expense? The answer is clearly "no" because there are other relevant factors, indeed many of them, as just described. Put another way, income taxes *are* impacted by its other non-income tax expense levels and by its investments (which affect rate base, return, and ultimately income taxes). This Commission recognized that reality in 1987 when it

ordered utilities to provide details on "offsetting cost increases or other factors" which would offset the lower income tax expense caused by the 1986 tax reform act.[12]

The only similarity between *Hotel Continental* and this docket, for purposes of the teaching of *Hotel Continental,* is that they both involved a "tax." But a *gross receipts* tax and i*ncome* tax are fundamentally different. *Hotel Continental* not only fails to support Staff's "may be" claim, it, together with the Supreme Court's elaboration on it in *UCCM,* in fact proves that any such claim is simply wrong.

Utilities, including the Company, are not the only parties to reach that conclusion. In its January 9, 1987 Comments filed in Case No. AO-87-48, cited *supra*, OPC raised the question of whether a "federal income tax adjustment clause" could be used (deployment of a "federal income tax adjustment clause" is *exactly* what this Commission would be doing if it ordered a rate change based solely on the effects of the Act). After raising the question of whether such a clause could be utilized, and after examining *Hotel Continental* and *UCCM*, OPC recognized that gross receipts taxes and income taxes are *not* comparable:

> [A] federal income tax adjustment clause would arguably not be comparable to the tax adjustment clause currently allowed for gross receipts taxes. The amount of federal income tax included in the company's revenue requirement is perhaps one of the most complicated calculations made in determining the proper rates to be charged by a utility. The amount is dependent on *virtually every operating expense of the company and is subject to change because of variations in these other expenses. It would be hard to imagine another charge which would be more dependent on "other relevant factors" for its proper determination.* * * * For these reasons, an automatic federal income tax adjustment clause probably would not be permissible under the holding of Hotel Continental. *Therefore, such a clause would be unlawful under the holding in UCCM* since it would not take into consideration all relevant factors which might also have a bearing on whether the rates charged by the utility were just and reasonable (emphasis added).[13]

[12] *Commission Order, supra*, File No. AO-87-48.
[13] OPC's Comments, *supra*, p. 11.

D. The Holding of *Midwest Gas Users' Association* also fails to support Staff's claim.

In *Midwest Gas Users' Association*, the industrial customers that formed the Gas Users' Association and Public Counsel argued, among other things, that the PGA constituted an unlawful single-issue ratemaking mechanism within the meaning of *UCCM*. In doing so, they relied on *Hotel Continental*. The Court of Appeals started its analysis of that claim by acknowledging that rates must be set "based on all relevant factors rather than on consideration of just a single factor." *Midwest Gas Users' Association*, 976 S.W.2d at 479 (citing section 393.270.4 and *State ex rel. Missouri Water Co. v. Pub. Serv. Comm'n*, 308 S.W.2d 704, 719 (Mo. 1957)).

In *Midwest Gas Users' Association*, the Court of Appeals affirmed use of a PGA because like the gross receipts taxes in *Hotel Continental*, natural gas commodity costs are "different in kind from other expenses of the utility." As described by the Court of Appeals, the natural gas commodity costs were "unique, including the fact that natural gas is a natural resource, not a product which must be produced with labor and materials . . .." *Id.* Obviously the income taxes at issue in this case are not a natural resource, nor do they share characteristics in common with a natural resource that must be purchased in commodity markets such as natural gas.

The Commission more recently has itself not read *Midwest Gas User's Association* as Staff implies it "may be" "possible" to read it now. In rejecting Laclede Gas Company's request to include the "gas portion" of Laclede's bad debt costs in the PGA,[14] a unanimous Commission described the holding in *Midwest Gas Users' Association* as follows (taken from the Commission's Conclusions of Law):

[14] It is true that the gas costs charged under the PGA for which payment was not made by customers were, initially, for gas costs. The Commission determined, however, that what Laclede proposed was to convert a bad debt write off into a "gas cost" even though the sums paid by Laclede to gas suppliers did not increase.

> 7. In the *Midwest Gas Users' Association* case, the Court of Appeals distinguished the *Utility Consumers Council of Missouri* decision, finding that the nature of the gas costs passed to consumers under the PGA were fundamentally different from the electric costs that would have been passed to consumers of electricity under the rejected fuel adjustment clause.
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> 8. In finding that the challenged PGA clause did not constitute improper single-issue ratemaking, the *Midwest Gas Users' Association* court held that the cost of purchasing natural gas could be treated differently because natural gas is "a natural resource, not a product which must be produced with labor and materials." As such, the gas utility cannot exercise meaningful control over the price it must pay for natural gas, and cannot offset those costs by implementing cost savings in other areas.[15]

There are two other critical aspects of the *Midwest Gas Users' Association* opinion, not present in *UCCM*, that also distinguish the facts of that case from any supposition on the Staff's part that a single-issue ratemaking adjustment for the change in income tax rates in this case would be lawful.

First is the fact that the General Assembly has by statute acknowledged the existence of the PGA. In 1984, the General Assembly enacted section 393.275, which in summary requires the Commission to give notice to certain cities and counties when a rate increase exceeds seven percent. The statute in turn requires those cities and counties to adjust their gross receipts tax rate downward so that gross receipts taxes overall do not increase just because of a utility rate increase. That statute specifically excludes "rate adjustments in the purchase price of natural gas," which is a clear reference to a PGA. The *Midwest Gas Users' Association* court made specific note of the existence of this statute when it affirmed the lawfulness of the PGA, stating that because of that statute, the "legislature . . . has at least impliedly approved the principle that the PSC has the authority to adjust

[15] Report and Order, File No. GT-2009-0026, at p. 9 (footnotes omitted). For similar reasons, the Commission rejected an arrearage forgiveness program that Laclede had proposed in 2003. *See* Report and Order, File No. GT-2003-0117 ("Bad debt is a cost of doing business and is a margin cost, not a commodity cost, and must be considered in the context of a rate case where all costs and reductions in costs may be considered. Approval of the Program as proposed would constitute single issue ratemaking.") (citing *Midwest Gas Users' Association*).

rates outside a general rate proceeding." *Midwest Gas Users' Association*, 976 S.W.2d at 477.[16] While the Court of Appeals also stated that the "more specific question we must answer is whether the PSC can utilize the PGA/ACA mechanism . . ." (i.e., the precise PGA at issue in that case), the fact remains that 16 years after *UCCM* was decided the General Assembly recognized that "rate adjustments in the purchase price of natural gas" existed and could be lawfully approved by the Commission.

A second distinction is that in addressing the PGA the Court was reviewing a matter of longstanding Commission practice. At the time of the *Midwest Gas Users' Association* decision, the PGA had been regularly utilized by the Commission for over 30 years. Although Missouri courts review legal decisions of the Commission *de novo,* they can and do consider the practice of administrative agencies in reaching their decisions.[17] Here, not only was utilization of the PGA a longstanding practice of the Commission when *Midwest Gas Users' Association* was decided, but there is no longstanding Commission practice of adjusting rates to reflect changes in income taxes in isolation. In fact, other than cases in 1987 where the impacted utility agreed, the Commission has never done that.

In summary, because income taxes are not a natural resource purchased in a commodity market like natural gas, because adjustment of rates to reflect changes in income taxes is not referenced in Missouri statutes, and because the Commission has no longstanding practice of adjusting rates to reflect income taxes in isolation, the *Midwest Gas Users' Association* opinion provides no authority for making a single-issue income tax adjustment in this or any other docket.

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[16] The Court of Appeals' opinion contains an incorrect citation to section 386.610. However, the only statute with the language quoted by the Court of Appeals is in section 393.275. It is thus clear that section 393.275 is the statute to which the Court of Appeals referred.

[17] *See, e.g., State ex rel. Harline v. Pub. Serv. Comm'n*, 343 S.W.2d 177, 182-83 (Mo. App. W.D. 1961) ("Our courts consistently observe the principle that the construction placed upon a statute by a governmental agency charged with its execution and enforcement is entitled to great consideration and should not be disregarded or disturbed, unless clearly erroneous—*particularly when that construction has been followed and acted upon for many years"* (emphasis added)).

<u>Item 2</u>: Ameren Missouri shall quantify and track all impacts of the Tax Cuts and Jobs Act of 2017 potentially affecting electric service rates from January 1, 2018, going forward.

As discussed in the Company's January 31, 2018 Response in File No. AW-2018-0174, to quantify such impacts requires a comparison of the income tax component of the revenue requirements used to set the Company's current rates and income tax expense in 2018. It is not possible to state a specific income tax component of the revenue requirements used to set the Company's current rates because those rates (for both its electric and gas operations) were set based on a comprehensive settlement of the rate cases and agreed-upon revenue requirements, the many components of which were not specified. This also supports the need for a comprehensive cost of service study. There also continue to be uncertainties in the precise level of 2018 income tax expense because of lack of Treasury Department guidance and regulations applying the Act. Consequently, both figures necessary to quantify the impacts that are the subject to this requirement are uncertain to varying degrees.

However, the Company has estimated a range as set forth in Exhibit A within which the income tax component underlying the revenue requirements used to set its current rates likely fall. These estimated ranges are based on the Company's position (prior to settlement) on the cost of service parameters that impact the income tax calculations as compared to the combined positions of the other parties on those parameters. The Company is also estimating (based on its understanding of the Act as of now) its income tax liability for each month of 2018.

The Company is willing to work with the Staff, Public Counsel and other intervenors to attempt to determine a reasonable estimate of the income tax component underlying the revenue requirements used to set its current rates for both its gas and electric operations. Those estimates

could then be compared to the Company's estimates of 2018 income tax expense.[18] Once those estimations have been completed and there is agreement on them, the Company will keep track of the amounts each month.

<u>Item 3</u>: Quantification and tracking of excess protected and unprotected ADIT.

The Company has quantified the excess protected and unprotected ADIT produced by the Act. The plant-related ADIT includes both protected and unprotected amounts. The proper method to flow back plant-related ADIT is through an amortization included in the revenue requirements upon which the Company's base rates are set in its next electric and gas general rate proceeding over the average remaining life of the assets that produced the ADIT as set forth under applicable IRS normalization rules for protected ADIT. The proper method to flow back the non-plant-related unprotected ADIT is through an amortization included in the revenue requirements upon which the Company's base rates are set in its next electric and gas general rate proceedings over a reasonable period of time, which the Company believes is 10 years.

<u>CONCLUSION</u>

The Company does not object to this examination of its rates in light of the Act, but under the law the Commission cannot only examine the impact of the Act on the Company's revenue requirements and ultimately its rates. Plainly, neither *Hotel Continental* nor *Midwest Gas Users' Association* change that principle of law, Staff's expression of this "possibility" notwithstanding. The Company again reiterates that it is willing to discuss with Staff, OPC, and other intervenors how to appropriately account for the impact of the Act in properly updated revenue requirements so that its rates may be adjusted at an appropriate time and in an appropriate manner.

[18] The Company will keep track of any difference, with adjustments to those differences if guidance and regulations under the Act prove those estimates to be incorrect.

WHEREFORE, Ameren Missouri hereby files the foregoing response to the Commission's Show Cause Order.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic transmission, facsimile or email to counsel for Staff and Public Counsel on this 19th day of March, 2018.

/s/ *James B. Lowery*