Exhibit No.:	
Issues:	Adjustment to FAC Rate – Thirty-Eighth Accumulation Period
Witness:	J. Neil Graser
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Union Electric Co.
Case No.:	ER-2022-_____
Date Testimony Prepared:	November 24, 2021

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

J. NEIL GRASER

St. Louis, Missouri
November, 2021

DIRECT TESTIMONY

OF

J. Neil Graser

Case No. ER-2022-_____

Q: Please state your name and business address.

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

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

A: I am employed by Ameren Services Company ("Ameren Services") as Manager, Power and Fuels Accounting. Ameren Services provides various corporate support services to Union Electric Company d/b/a Ameren Missouri ("Company" or "Ameren Missouri"), including settlement and accounting related to fuel, purchased power, and off-system sales.

Q: What is the purpose of your testimony?

A: My testimony supports the 5th Revised Sheet No. 71.15 of Ameren Missouri's Schedule No. 6 – Schedule of Rates for Electric Service, that is being filed by Ameren Missouri to adjust customer rates for changes in Ameren Missouri's fuel and purchased power costs, net off-system sales revenues, and associated transportation (i.e., Actual Net Energy Costs, or "ANEC"), which were experienced during the four-month period June 2021 through September 2021.[1]

[1] This four-month period is the thirty-eighth overall Accumulation Period under Ameren Missouri's Rider FAC, which was first approved by the Commission in Case No. ER-2008-0318, and which has subsequently been re-authorized, with certain modifications, in Case Nos. ER-2010-0036, ER-2011-0028, ER-2012-0166, ER-2014-0258, ER-2016-0179, and ER-2019-0335.

Q: Please explain why Ameren Missouri is filing a revision to its Rider FAC at this time.

A: The Commission's rule governing fuel and purchased power cost recovery mechanisms for electric utilities – specifically 20 CSR 4240-20.090(8) – and Ameren Missouri's Rider FAC, require Ameren Missouri to make periodic filings to adjust customer rates for changes in Ameren Missouri's ANEC experienced during each Accumulation Period[2] as compared to the base level of net energy costs (Factor "B" as listed in the Company's Rider FAC tariff) applicable to that same Accumulation Period. That change is to then be reflected in an adjustment to the Rider FAC Fuel Adjustment Rate (i.e., Factor "FAR" in Rider FAC). This adjustment can be positive (a FAR of greater than zero) or negative (a FAR of less than zero). The Commission's rule requires at least one such review and adjustment each year. Ameren Missouri's approved FAC tariff calls for three filings annually – one filing covering each of the three four-month Accumulation Periods reflected in Rider FAC. The changes in the FAR implemented in these three filings are then collected from or refunded to customers over the applicable Recovery Period. The Recovery Period applicable to this filing will consist of the calendar months of February 2022 through September 2022.

Q: What adjustment is being made in this filing?

A: During the June 1, 2021 to September 30, 2021 Accumulation Period, Ameren Missouri's ANEC was $170,675,803 which was an increase of $17,962,554 as compared to Factor B, which is $152,713,249 for that same period. The primary factors driving this increase above net base energy costs (Factor B) were higher purchased power costs for load, lower off-system sales margins, and lower net capacity revenues, partially offset by accidental outage insurance proceeds received, as compared to Factor B. Purchased power costs

[2] Capitalized terms not otherwise defined herein have the meaning given them in Rider FAC.

increased primarily as a result of purchasing additional energy from the market on a net basis due to an extended outage at the Callaway Energy Center during June and July. Off-system sales margins decreased primarily as a result of less generation being available for sale due to the extended plant outage. Net capacity revenues were lower primarily as a result of lower capacity sales volumes that cleared in the current MISO plan year auction than the level included in net base energy costs. Also included in this filing is the true-up amount reflected in the Company's thirty-fifth true-up filing, which is being filed concurrently with the initiation of this docket. The above results in a Fuel and Purchased Power Adjustment ("FPA") of $18,449,053 which, as described further below, will produce the FAR rates that will appear as a separate line item to be applied to customers' bills during the 38th Recovery Period that starts with the first calendar day of February 2022.

Q: Please further describe the impact of the change in the FAR on the Company's customers.

A: The $17,962,554 increase in ANEC during the 38th Accumulation Period as compared to Factor B for that Accumulation Period was calculated in the manner specified in the Company's Rider FAC, and adjusted for voltage level differences, as provided for in Rider FAC. Applying the 95% sharing ratio, the true-up amount of $2,191,826 from the thirty-fifth true-up filing (made concurrently with the initiation of this docket) and the applicable refund of interest totaling $807,199 as provided for in Rider FAC (which includes the recovery of $6,323 in interest for Accumulation Period 38 and the refund of $813,522 in interest for the true-up of Accumulation Period 35), the total adjustment to be reflected in the FAR is $18,449,053. That total, when using the estimated kilowatt-hour ("kWh") sales for the February 2022 to September 2022 Recovery Period, results in an initial rate component to be applied to the Company's Individual Service Classifications. As provided for in Rider FAC, the initial rate component is subject to the Rate Adjustment Cap. Further, to the extent the Large Primary Service (LPS) Classification rate exceeds the Rate Adjustment Cap applicable to LPS, the shortfall is applied to the remaining Individual Service Classifications to arrive at the FAR amounts that will be billed during the applicable Recovery Period. There was no shortfall for Accumulation Period 38. The following are the FAR amounts for the Company's customers during that Recovery Period, beginning with the first calendar day of February 2022:

Customer Voltage Level	**Cents per kWh Adjustment**
Secondary	0.279 ¢/kWh
Primary	0.270 ¢/kWh

Filed concurrently with my direct testimony is the tariff sheet that contains the formula that Ameren Missouri used to calculate the FAR. Also included in the tariff sheet are the values for each element of the formula that were used to derive the FAR. Assuming 1,022 kWh of usage per month for the average residential customer, this will result in a charge under the FAR of approximately $2.85 per month. This is a decrease from the FAR currently in effect, which resulted in a charge for the average residential customer of approximately $4.23 per month. The primary factors driving this change in the FAR were accidental outage insurance proceeds received and higher off-system sales margins, partially offset by higher fuel and purchased power costs for load in Accumulation Period 38 as compared to Accumulation Period 36 and the net base energy costs applicable to each period. Increases in the off-system sales margins is primarily due to increased volumes being available for sale since the Callaway outage affected fewer days in AP38 compared to AP36. Increases in the fuel costs for load during Accumulation Period 38 as compared to Accumulation Period 36 and the net base energy costs applicable to each period is primarily due to increased energy costs.

Q. Has the Company excluded the costs of purchasing energy and associated kilowatt hours relating to the digital currency mining research and development project in this filing?

A. Yes. As noted on tab 8.2(A).VIII in schedule JG-FAR, there were $32,709 in purchased power costs and 842,711 kWh associated with the project in Accumulation Period 38. These amounts have been deducted from the Actual Net Energy Costs and Accumulation Period Sales, respectively, in accordance with the stipulation approved in File No. ER-2022-0026.

Q: Having addressed the primary factors driving ANEC for Accumulation Period 38, can you please explain how you developed the various values used to derive the proposed FAR shown on the tariff sheet?

A: The data upon which Ameren Missouri based the values for each of the variables in the approved FAR formula is shown in Schedule JG-FAR. This schedule contains all the information that is required by 20 CSR 4240-20.090(8), and the work papers that support the data contained in Schedule JG-FAR. I have also included Schedule JG-TU, which is a reproduction of Schedule JG-TU filed in the separate true-up docket for the thirty-fourth Recovery Period, which as earlier noted is being filed concurrently with the initiation of this docket.

Q: If the rate schedule filed by Ameren Missouri is approved or allowed to go into effect, what safeguards exist to ensure that the revenues the Company collects do not exceed the net energy costs that Ameren Missouri actually incurred during the Accumulation Period?

A: Ameren Missouri's Rider FAC and the Commission's rules provide two mechanisms to ensure that amounts collected from customers do not exceed Ameren Missouri's actual, prudently-incurred ANEC. First, Rider FAC and the Commission's rules require a true-up of the amounts collected from customers through Rider FAC, with any excess/unrecovered amounts to be refunded/billed to customers through prospective adjustments to the FAR calculation, with interest at Ameren Missouri's short-term borrowing rate. Second, Ameren Missouri's ANEC are subject to periodic prudence reviews to ensure that only prudently-incurred net energy costs are collected from customers through Ameren Missouri's Rider FAC. These two mechanisms serve as checks that ensure that the Company's customers pay only the prudently-incurred ANEC and no more.

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

A: As provided by 20 CSR 4240-20.090(8) the Commission Staff (the "Staff") has thirty (30) days from the date the revised FAC rate schedule is filed to conduct a review and to make a recommendation to the Commission as to whether the rate schedule complies with the Commission's rules, the requirements of Section 386.266, RSMo (Cum. Supp. 2020), and Ameren Missouri's approved Rider FAC. If the Commission finds the revised Rider FAC rate schedule does comply, the FAR will take effect either pursuant to a Commission order approving the FAR or by operation of law, in either case within 60 days after the FAR is filed. Because Ameren Missouri believes its filing satisfies all of the requirements of applicable statutes, the Commission's rules and Ameren Missouri's approved Rider FAC, Ameren Missouri requests that after the Staff's review, the Commission approve the FAR or otherwise allow it to take effect by operation of law to be effective on October 1, 2021.

Q: Does this conclude your direct testimony?

A: Yes, it does.