Exhibit No.:	
Issues:	Demand-Side Investment Mechanism
Witness:	J. Neil Graser
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Direct Testimony
Case No.:	ER-2024-____
Date Testimony Prepared:	December 1, 2023

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

J. Neil Graser

December 1, 2023
St. Louis, Missouri

DIRECT TESTIMONY

OF

J. NEIL GRASER

File No. ER-2024-____

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 the Manager, Energy Analytics, for Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company").

Q. What is the purpose of your testimony?

A. My testimony supports the revisions to Rider EEIC – Energy Efficiency Investment Charge of Ameren Missouri's Schedule No. 6 – Schedule of Rates for Electric Service, specifically 5th Revised Sheet 91.23. The proposed revisions represent an adjustment of customer rates to reflect the actual and forecasted costs of the Company's approved energy efficiency and demand response programs.

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

A. The terms of Rider EEIC require a filing at least once per calendar year to be effective on February 1st the subsequent calendar year. The Missouri Public Service Commission's ("Commission") rules also require this filing to be made at least sixty (60) days in advance of when rates would become effective. The twelve-month period beginning February 1 and ending with the following January 31 is known as the Effective Period ("EP"). In this case, the EP is for February

1, 2024, through January 31, 2025. This is applicable unless an additional rider is filed, which shall begin on either June or October and end with the subsequent January.

Q. Please describe the components of the Rider EEIC filing.

A. As defined in Schedule No. 6 Sheet 91.15, the Energy Efficiency Investment Rate ("EEIR") is equal to the sum of the Net Program Costs ("NPC"), Net Throughput Disincentive ("NTD"), Net Earnings Opportunity ("NEO"), and Net Ordered Adjustment ("NOA") for the applicable effective period ("EP"), all divided by the Projected Energy ("PE") for the same period. The EEIR is calculated for each applicable rate class.

Each of the net components is equal to the projected value for the EP plus the reconciliation, or true-up value, for the same component over the prior period. The reconciliation can be either a positive or negative relative to the projected value for the same component used in the prior period.

Q. Please describe the impact of the change in the Energy Efficiency Investment Rate ("EEIR") on the Company's customers.

A. For the period February 1, 2023, to January 31, 2024, the MEEIA Rider EEIC revenue requirement is $101.8 million ("M"). This Rider EEIC filing seeks a decrease of $6.3M from the current level of such costs in the Company's rates, for a total MEEIA Rider EEIC revenue requirement of $95.5M.

The forecasted costs for February 2024 through January 2025 as well as a reconciliation of the historical costs as described above are depicted in Table 1 below. Totals are provided for each service class.

TABLE 1 – Total EEIR Revenue Requirement

Service Class	Total Reconciled Costs*	Total Forecasted Costs†	Total
1(M)-Residential Service	$4,086,867	$40,683,018	$44,769,885
2(M)-Small General Service	($1,297,399)	$13,200,313	$11,902,914
3(M)-Large General Service	($3,552,398)	$29,335,196	$25,782,798
4(M)-Small Primary Service	($1,927,255)	$11,586,547	$9,659,292
11(M)-Large Primary Service	($245,351)	$3,588,569	$3,343,218
12(M)-Large Transmission Service	$0	$0	$0
Total	**($2,935,536)**	**$98,393,643**	**$95,458,107**

*Total Reconciled Costs = Program Cost Reconciliation + Throughput Disincentive Reconciliation + Earnings Opportunity Reconciliation + Ordered Adjustment Reconciliation as defined in Rider EEIC
†Total Forecasted Costs = Projected Program Costs + Projected Throughput Disincentive + Earnings Opportunity + Ordered Adjustment as defined in Rider EEIC

This results in the EEIR amounts as depicted in Table 2 below, for the EP beginning February 1, 2024:

TABLE 2 – EEIR Charge by Service Class

Service Class	MEEIA 2 Subtotal ($/kWh)	MEEIA 3 Subtotal ($/kWh)	Total EEIR ($/kWh)
1(M)-Residential Service	$0.000002	$0.003570	$0.003572
2(M)-Small General Service	$0.000003	$0.003736	$0.003739
3(M)-Large General Service	$0.000004	$0.003820	$0.003824
4(M)-Small Primary Service	$0.000003	$0.003422	$0.003425
11(M)-Large Primary Service	$0.000001	$0.003505	$0.003506
12(M)-Large Transmission Service	$0.000000	$0.000000	$0.000000

Filed concurrently with my direct testimony is the tariff sheet that contains the EEIR, along with the relevant subcomponents. The new EEIR will result in charges of approximately $3.65 per month for an average residential customer. This represents a decrease of $0.09 per month (2%) from the prior charge, which represented approximately $3.74 for the average residential customer.

Q. What are the main drivers for the change in the EEIR?

A. Overall, the revenue requirement request reflects a decrease of $6.3M.

As shown in Table 3, the current EEIR revenue requirement is driven almost exclusively by forecasted costs for 2024. The decrease in revenue requirement is primarily due to lower EO and forecasted TD.

TABLE 3– EEIR Revenue Requirement by MEEIA Cycle

MEEIA Cycle	Total Reconciled Costs*	Total Forecasted Costs†	Total
MEEIA 2016-2018	$66,200	$0	$66,200
MEEIA 2019-2021	($3,001,736)	$98,393,643	$95,391,907
Total	**($2,935,536)**	**$98,393,643**	**$95,458,107**

*Total Reconciled Costs = Program Cost Reconciliation + Throughput Disincentive Reconciliation + Earnings Opportunity Reconciliation + Ordered Adjustment Reconciliation as defined in Rider EEIC
†Total Forecasted Costs = Projected Program Costs + Projected Throughput Disincentive + Earnings Opportunity + Ordered Adjustment as defined in Rider EEIC

As shown in Table 3, reconciliation costs are also lower than in the prior year, indicating that actual collections and costs largely matched forecasted amounts.

Q. Is there additional information about this filing to highlight?

A. Yes. While not significant drivers to the overall request, this filing does include relevant modifications to the NPC, NTD, NEO, and NOA as appropriate, based on past and projected program operations. For simplicity and transparency, I describe each of these in turn. Individual calculations are described in the workpapers, which are described further at the end of my testimony.

Net Program Costs ("NPC")

- Net program costs are within the approved program budgets and reflect projected spend during the EP for both the plan year 2023 (PY23) and plan year 2024 (PY24) plans. In general, approved program costs for PY23 and PY24 are higher than those same program costs for plan year 2022 (PY22).

- Additionally, January 2025 projected spend is included, reflecting a prudent forecast based on PY24 expectations.
- Similar to the last Rider, the forecast includes a natural gas co-delivery credit forecast of dollars expected from Spire.

Net Throughput Disincentive ("NTD")

- Projected TD is calculated based on filed net to gross factors: 82.5% for PY23[1]; 65% for non Income-Eligible programs and 100% for Income-Eligible programs for PY24[2]; 79.9% for PY25 based on the value included in the MEEIA 4 filing[3] (note PY25 includes January only and represents a small amount of savings and TD). TD reconciliations for PY23 and PY24 will be limited to the impact of realization rates and will not include a review of net to gross impacts.
- The NTD calculation reflects the rebasing of MEEIA savings consistent with past rate reviews. The assumption in the previous rider for ER-2022-0337 was that MEEIA savings would be rebased through the updated test period, June 2022, and effective July 2023. As was later finalized in the rate review, MEEIA savings were actually rebased through the true-up period, December 2022, and effective July 2023. This adjustment

[1] *See* Order Approving Stipulation and Agreements effective November 12, 2021, in File No. EO-2018-0211, page 9 of Non-Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA Programs Through Plan Year 2023, which is attached to the order.
[2] *See* Order Approving Non-Unanimous Stipulation and Agreement effective September 2, 2023, in File No. EO-2018-0211, page 6 of Non-Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA Programs Through Plan Year 2024, which is attached to the order.
[3] *See* Ameren Missouri 2024-26 MEEIA Energy Efficiency Plan filed March 27, 2023, in File No. EO-2023-0136, page 69.

resulted in more savings shifting to base rates in ER-2022-0337, causing actual TD values to be lower than forecasted in the prior rider filing.

Net Earnings Opportunity ("NEO")

- The filing includes the NEO for PY22, including the PY22 TD True-up. In December 2022, earnings of $10.7M was recognized as the spend floor defined in the stipulation and agreement was exceeded. Subsequent quarterly true-ups capturing costs related to PY22 were made during March, June, and September 2023, resulting in an EO for PY22 within this filing of $11.0M.
- The PY22 TD True-up of ($997,227) was recognized in August 2023 (return to customers). A correction to the TD True-up was later identified, and an additional ($28,126) was recognized for a total TD True-up of ($1,025,353).

Net Ordered Adjustment ("NOA")

- There is not an NOA that applies to this filing.

Q. Please describe how the Company has included costs related to its PAYS® program in the current Rider EEIC?

A. 2023 is the third year for the Company to offer a Pay As You Save® ("PAYS®") program. In addition to program costs and throughput disincentive associated with PAYS® related savings, the Company is also allowed to recover from non-participants, the difference between Plan-In-Service Accounting rate ("PISA") and the 3% financing costs (when not transitioned to base rates); this difference is included in program costs.

The Company has been authorized to provide up to $10M of customer financing each in 2022 and 2023. Program performance so far has fallen short of initial planning assumptions, particularly with respect to the ability to convert enrolled customers to completed projects.

Completed projects have also had a lower financing per project than initially forecast. Evaluation of barriers to completion continues, to evolve the program and ultimately realize additional benefits for customers. Based on program performance in prior years and the latest forecasts for 2024, projected financing expenses in 2024 are based on a participation level resulting in $1.7M of financed projects.

Revised projections on PAYS® participation level and the impact to savings, are similarly reflected in the throughput disincentive forecast as well.

Q. Are there other changes to this year's filing, specifically in the supporting documentation and schedules?

A. Yes. During the last Prudence Review (File No. EO-2023-0180), Staff indicated that the workpapers associated with our Rider filings can be difficult to understand and follow with respect to the flow and sources of data, especially for newer members of their team. Accordingly, we have created a "Table of Contents" in workpaper JNG1A, which lists the various schedules and information contained within them.

The EO for PY22 is primarily based on program costs, as opposed to prior years where the demand and energy savings were the primary drivers. Accordingly, the supporting details for the EO earned by the Company have changed from prior rider filings. Because costs associated with various plan years can be incurred before the year begins (e.g. planning costs) or after the year ends (e.g. true-ups and Evaluation, Measurement, & Verification costs), there is additional analysis needed to properly allocate monthly costs to their respective plan years. Costs have been identified by plan year primarily based on the Purchase Order (PO) number; there were POs specifically set up for PY22 that the Company used to properly identify the costs to use when calculated EO earned in this rider filing. For PY22-related costs that are incurred after this rider filing, we plan to incorporate those in a future rider filing as an adjustment to that filing's EO.

Additionally, due to the replacement of the Company's General Ledger with a cloud-based system in July 2023, there were changes to the accounting Codeblock. These have been summarized in workpaper JNG8.

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

A. The Company requests approval of the revised tariff pages and Rider EEIC rate schedule to become effective on and after February 1, 2024.

Q. Are there other filing requirements which need to be provided?

A. The Commission's rules, specifically 20 CSR 4240-20.093(4)(D), requires that Ameren Missouri be current with its provision of the Annual Report required by 20 CSR 4240-20.093(9). That report was filed on March 30, 2023, in File No. EO-2023-0221. There was a 30-day comment period following that report's submission, and no party filed comments.

Additionally, I have attached the supporting documentation as Schedules:

- JNG2: MEEIA Rider Calculations
- JNG3: Over under calculations, including supporting files for interest rates and PAYS® financing charges
- JNG4: MEEIA Rider Calculations supporting data
- JNG5: MEEIA 3 PY2022 EO Calculation TD True-up adjustment and supporting files, including evaluated results
- JNG6: MEEIA 3 PY2022 EO Calculation

- JNG7: Supporting input files related to TD calculations, including rebasing, by program year
- JNG8: Accounting Codeblock changes

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Electronic Service Tariffs Adjustment Relating to MEEIA EEIC Rider.	)))	File No. ER-2024-_____

AFFIDAVIT OF J. NEIL GRASER

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

J. Neil Graser, being first duly sworn on his oath, states:

My name is J. Neil Graser, and hereby declare on oath that I am of sound mind and lawful age; that I have prepared the foregoing *Direct Testimony*; and further, under the penalty of perjury, that the same is true and correct to the best of my knowledge and belief.

*/s/ J. Neil Graser*____
J. Neil Graser

Sworn to me this 30th day of November 2023.