Exhibit No.:	
Issues:	Demand-Side Investment Mechanism
Witness:	J. Neil Graser
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Direct Testimony
Case No.:	ER-2025-____
Date Testimony Prepared:	November 27, 2024

MISSOURI PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

J. Neil Graser

November 27, 2024
St. Louis, Missouri

DIRECT TESTIMONY

OF

J. NEIL GRASER

File No. ER-2025-____

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 6th 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, 2025, through January 31, 2026. This is applicable unless an additional rider is filed, which would begin in either June or October and end with the subsequent January.

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

A. As defined in the Rider EEIC – Energy Efficiency Investment Charge Tariff,[1] 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, 2024, to January 31, 2025, the MEEIA Rider EEIC revenue requirement is $95.5 million ("M"). This Rider EEIC filing seeks a decrease of $30.9M from the current level of such costs in the Company's rates, for a total MEEIA Rider EEIC revenue requirement of $64.6M.

The forecasted costs for February 2025 through January 2026 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.

[1] The Rider EEIC – Energy Efficiency Investment Charge Tariff is being filed concurrently with this filing.

TABLE 1 – Total EEIR Revenue Requirement

Service Class	Total Reconciled Costs*	Total Forecasted Costs†	Total
1(M)-Residential Service	($3,626,589)	$30,945,477	$27,318,887
2(M)-Small General Service	$319,521	$8,673,323	$8,992,844
3(M)-Large General Service	($736,623)	$18,494,838	$17,758,215
4(M)-Small Primary Service	$65,378	$7,687,191	$7,752,569
11(M)-Large Primary Service	$446,806	$2,324,914	$2,771,720
12(M)-Large Transmission Service	$0	$0	$0
Total	**($3,531,507)**	**$68,125,743**	**$64,594,236**

*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, 2025:

TABLE 2 – EEIR Charge by Service Class

Service Class	MEEIA 3 Subtotal ($/kWh)	MEEIA 4 Subtotal ($/kWh)	Total EEIR ($/kWh)
1(M)-Residential Service	$0.000148	$0.002023	$0.002171
2(M)-Small General Service	$0.000761	$0.002058	$0.002819
3(M)-Large General Service	$0.000526	$0.002102	$0.002628
4(M)-Small Primary Service	$0.000615	$0.002084	$0.002699
11(M)-Large Primary Service	$0.001125	$0.002061	$0.003186
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 $2.22 per month for an average residential customer. This represents a decrease of $1.43 per month (39%) from the prior charge, which represented approximately $3.65 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 $30.9M.

As shown in Table 3, the current EEIR revenue requirement is driven almost exclusively by forecasted costs for 2025. The decrease in revenue requirement is primarily due to lower approved 2025-26 budgets.

TABLE 3– EEIR Revenue Requirement by MEEIA Cycle

MEEIA Cycle	**Total Reconciled Costs***	**Total Forecasted Costs†**	**Total**
MEEIA 2019-2021	($4,555,230)	$15,149,393	$10,594,163
MEEIA 2025-2027	$1,023,723	$52,976,350	$54,000,073
Total	**($3,531,507)**	**$68,125,743**	**$64,594,236**

*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

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 plan year 2024 (PY24) and plan year 2025 (PY25). In general, approved program costs for PY24 are consistent than those same program costs for plan year 2023 (PY23), and costs for PY25 are lower than both PY23 and PY24.

- Additionally, January 2026 projected spend for plan year 2026 (PY26) is included, reflecting a prudent forecast based on prior history and approved budgets.

Net Throughput Disincentive ("NTD")

- Projected TD is calculated based on filed net to gross factors: 65% for non Income-Eligible programs and 100% for Income-Eligible programs for PY24[2]; 100% for Income-Eligible and PAYS programs and 70% for Business programs for PY25 and PY26, with no TD for savings from smart thermostats or demand response.[3] TD reconciliations for PY24, PY25, and PY26 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 as part of the current electric rate review, such that energy savings through December 31, 2024, are moved into base rates effective June 2025 and no longer recovered through the rider.

Net Earnings Opportunity ("NEO")

- The filing includes the NEO for PY23, including the PY23 TD True-up. In December 2023, earnings of $11.9M was recognized as the spend floor defined in the stipulation and agreement was exceeded. Subsequent quarterly spend true-ups capturing costs

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[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* Order Approving Non-Unanimous Stipulation and Agreement effective November 24, 2024, in File No. EO-2023-0136, page 8 of Non-Unanimous Stipulation and Agreement Regarding the Implementation of Certain MEEIA 4 Programs Through Plan Year 2027, Motion for Expedited Treatment, and Request for Variances, which is attached to the order.

related to PY23 were made during March, June, and September 2024, resulting in an EO for PY23 within this filing of $11.8M.

- The PY23 TD True-up of ($463,893) was recognized in June 2024 (return to customers).
- Subsequent quarterly spend true-ups capturing costs related to PY22 were made during December 2023 and March 2024 (no cost true-ups needed in June and September 2024), resulting in an EO for PY22 within this filing of $4,073.

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. 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.

With the approval of MEEIA cycle 4, the PAYS® program cost budget was increased to $8.5M. Based on program performance and the latest forecast for 2024, projected financing expenses in 2025 result in $1.5M of financed projects.

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, 2025.

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 29, 2024, in File No. EO-2024-0218. There was a 30-day comment period following that report's submission, and no party filed comments. Subsequently, the Commission subsequently closed that File on April 30, 2024.

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 PY2023 EO Calculation TD True-up adjustment and supporting files, including evaluated results
- JNG6: MEEIA 3 PY2022 and PY2023 EO Calculations
- JNG7: Supporting input files related to TD calculations, including rebasing, by program year

Q. Does this conclude your direct testimony?

A. Yes, it does.