

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Union Electric	)	
Company d/b/a Ameren Missouri's Energy Efficiency	)	<b><u>File No. ER-2015-0132</u></b>
Investment Charge Rider.	)	Tariff No. YE-2015-0210

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEETS**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through the undersigned counsel, and files this *Staff Recommendation* with the Commission stating as follows:

1. On August 1, 2012, the Commission approved a Nonunanimous Stipulation and Agreement ("Stipulation") in File No. EO-2012-0142, which was later amended by an order effective December 29, 2012. The Stipulation provided that, pending then ongoing legal challenges as to the lawfulness of recovery using the Demand Side Programs Investment Mechanisms ("DSIM")<sup>1</sup> Rider being resolved in favor of its lawfulness and prior to any final true-up of the Missouri Energy Efficiency Investment Act ("MEEIA") Program's costs or Ameren Missouri's Throughput Disincentive-Net Shared Benefits ("TD-NSB") Share, then the respective associated regulatory asset or regulatory liability balance and Performance Incentive Award shall (except as otherwise provided for in the Stipulation) be recovered from/returned to customers via such a rider.

2. On January 15, 2013, the Missouri Western District Court of Appeals held that that a rider mechanism is lawful.<sup>2</sup>

3. On November 20, 2013, Ameren Missouri filed tariff sheets to implement the recovery of MEEIA DSIM amounts using a rider and requested variances, which were

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<sup>1</sup> Commission Rule 4 CSR 240-20.093(4).

<sup>2</sup> State ex rel. Public Counsel v. Public Service Com'n of State, 397 S.W.3d 441 (Mo. App. W.D. 2013) (rehearing and/or transfer denied on May 28, 2013).

approved by Commission order on January 3, 2014, in File No. EO-2014-0075, effective January 27, 2014.

4. On November 21, 2014, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”) filed an application to adjust its Energy Efficiency Investment Charge Rider and submitted its 1<sup>st</sup> Revised Sheet No. 90.5 of Ameren Missouri’s Schedule No. 6 – Schedule of Rates for Electric Service (Tariff Tracking No. YE-2015-0210) with an effective date of January 27, 2015. Specifically, Ameren Missouri proposes increasing the MEEIA Rider EEIC rate by approximately \$45.4 million, or 1.60%.<sup>3</sup>

5. Rule 4 CSR 240-20.093(4) requires the Commission’s Staff to analyze the information Ameren Missouri has submitted and file its recommendation not later than 30 days after the Company’s filing. As such, on November 24, 2014, the Commission issued its *Order Directing Notice and Establishing Intervention Date*, ordering Staff to file its recommendation no later than December 21, 2014.

6. In compliance with that Order, Staff has attached hereto its *Memorandum*, recommending the Commission approve the proposed tariff sheet assigned Tracking No. YE-2015-0210 to become effective on January 27, 2015. The tariff sheet is in compliance with the MEEIA Agreement and is designed to recover the amounts approved by the Commission.

7. Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its Annual Report.

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<sup>3</sup> The Net Program Costs (“NPC”) are increasing by \$25,718,115 and the Net Throughput Disincentive (“NTD”) is increasing by \$19,655,709.

8. Staff is not aware of any other matter before the Commission that affects or is affected by this filing except for the ongoing prudence review in File No. EO-2015-0029. Staff's audit in that case is due no later than December 26, 2014. Also, In Ameren Missouri's current rate case, File No. ER-2014-0258, the Company has proposed to exempt residential low-income customers from paying the Rider EEIC charges. If this exemption is authorized by the Commission, the charges to the residential Rider EEIC rate may become effective June 1, 2014 through another Rider EEIC filing by Ameren Missouri. Thus, Ameren Missouri is planning another Rider EEIC filing to become effective June 1, 2015, which may allow an updated Rider EEIC rate. Staff's recommendation for approval of the EEIC rate change in this case is based solely on the accuracy of Ameren Missouri's calculations and is not indicative of the current prudence audit or the implementation of a residential low-income exemption proposed by Ameren Missouri in its current rate case.

**WHEREFORE**, Staff recommends the Commission approve the tariff sheet submitted by Ameren Missouri and assigned Tracking No. YE-2015-0210 to become effective on January 27, 2015.

Respectfully submitted,

**/s/ Whitney Hampton**

Whitney Hampton #64886  
Associate Staff Counsel

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**CERTIFICATE OF SERVICE**

I certify that a true and accurate copy of the foregoing was mailed, electronically mailed, or hand-delivered to all counsel of record on this 19th day of December, 2014.

**/s/ Whitney Hampton**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2015-0132 and Tariff Tracking No. YE-2015-0210  
Union Electric Company d/b/a Ameren Missouri

FROM: Bradley Fortson, Regulatory Economist II

/s/ Michael Scheperle 12/19/14                      /s/ Robert S. Berlin 12/19/14  
Manager, Economic Analysis / Date                      Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve Union Electric Company d/b/a Ameren Missouri's ("Ameren Missouri") Proposed Tariff Sheet for its Rider Energy Efficiency Investment Charge ("Rider EEIC") to Implement the Terms, Conditions, and Rates of the Proposed Rider EEIC effective January 27, 2015

DATE: December 19, 2014

### Ameren Missouri Filing

On November 21, 2014, Ameren Missouri filed with the Commission one (1) tariff sheet bearing an issue date of November 21, 2014, and an effective date of January 27, 2015,<sup>1</sup> proposing a Missouri Energy Efficiency Investment Act ("MEEIA") Rider EEIC<sup>2</sup> rate change. The overall Rider EEIC rate change increases rates by approximately \$45.4 million<sup>3</sup>, or 1.60%. Ameren Missouri's filing included the proposed tariff sheet and work papers consisting of electronic worksheets showing its calculation of projected costs for the February 2015 billing month through January 2016 billing month. The proposed Rider EEIC includes projected Program Costs ("PC"), projected Ameren Missouri's Throughput Disincentive – Net Shared Benefits ("TD-NSB") share, Performance Incentive Award ("PIA") for each effective period, and any other Ordered Adjustments ("OA") along with reconciliations with interest by true-up and/or prudence reviews.

The Commission ordered the Staff of the Commission to file its recommendation no later than December 21, 2014.<sup>4</sup>

Recovery of costs and incentives will continue after the anticipated December 31, 2015 timeframe<sup>5</sup> so that all costs and incentives are properly reconciled and recovered. The customer charge for the Rider EEIC is reflected in one line item labeled "Energy Efficiency Invest. Chg." on

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<sup>1</sup> The first day of Ameren Missouri's February 2015 billing month.

<sup>2</sup> Designated File No. ER-2015-0132.

<sup>3</sup> Specifically, the Net Program Costs ("NPC") are increasing by \$25,718,115 and the Net Throughput Disincentive ("NTD") is increasing by \$19,655,709.

<sup>4</sup> Order Directing Notice and Establishing Intervention Date issued on November 24, 2014 in File No. ER-2015-0132.

<sup>5</sup> The MEEIA program period is January 2, 2013 through December 31, 2015.

customers' bills. Ameren Missouri's filing proposes rate changes to the existing energy efficiency investment cost recovery mechanism. This is accomplished by calculating new Rider EEIC rate changes for each applicable service classification<sup>6</sup> effective January 27, 2015.

The proposed Rider EEIC rate changes are applicable to all kilowatt-hours ("kWh") of energy supplied to customers served by Ameren Missouri under service classification rate schedules<sup>7</sup> 1(M), 2(M), 3(M), 4(M), 11(M) and 12(M), excluding kWh of energy supplied to "opt-out" customers.

Ameren Missouri makes a Rider EEIC filing each calendar year to become effective starting in the subsequent calendar year's February billing month. Ameren Missouri is allowed or may be ordered by the Commission to make one other Rider EEIC filing in each calendar year with filings being made at least sixty (60) days prior to their effective dates for either the June or October billing months.

### **Background**

On January 20, 2012, Ameren Missouri filed an application for approval – under the MEEIA statute and the Commission's MEEIA Rules – of its 2013-2015 Energy Efficiency Plan ("MEEIA Report"), its Technical Resource Manual ("TRM"), and its request for variances from specific MEEIA rules.

On August 1, 2012, the Commission approved a Nonunanimous Stipulation and Agreement ("Stipulation") in File No. EO-2012-0142. The Stipulation was later amended by order effective December 29, 2012.

The Stipulation outlines the terms, conditions, and rates by customer class for: 1) estimated and actual MEEIA Programs' costs; 2) estimated and actual TD-NSB Share amounts; and 3) Performance Incentive Award for January 2, 2013 through December 31, 2015. The Stipulation allows Ameren Missouri cost recovery through base rates and a tracker. The Stipulation also allows for True-up, Prudence Reviews, and Variances from certain Commission Rules. The Stipulation requires Ameren Missouri to include a separate line item on customer bills entitled "Energy Efficiency Invest. Chg."

However, the Stipulation provides that if lawfulness of a DSIM rider is ultimately resolved in favor of it being lawful prior to any final true-up of the MEEIA Programs' costs or Ameren Missouri's TD-NSB Share, then the respective associated regulatory asset or regulatory liability balance and Performance Incentive Award shall (except as otherwise provided for in paragraph 7) be recovered from/returned to customers via such a rider.<sup>8</sup> The Missouri Western District Court of Appeals held in Case No. WD 74676 that a rider mechanism is lawful. Hence, Ameren Missouri filed its proposed Rider EEIC to incorporate a rider mechanism for its costs and incentives in Case No. EO-2014-0075. The Commission approved the rider mechanism and requested variances for Ameren Missouri on January 3, 2014 effective January 27, 2014.

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<sup>6</sup> MO.P.S.C. Schedule MO. No. 6, Sheet No. 90.5

<sup>7</sup> Rate Schedules for Residential 1(M), Small General Service 2(M), Large General Service 3(M), Small Primary Service 4(M), Large Primary Service (11(M), and Large Transmission Service 12(M).

<sup>8</sup> Page 5, paragraph 6 of Stipulation.

On July 28, 2014, the Commission Staff filed a notice indicating that it had started its prudence audit of the costs subject to Ameren Missouri’s demand-side programs investment mechanism (“DSIM”). The Commission assigned it File No. EO-2015-0029. Commission Rule 4 CSR 240-20.093(10) requires that prudence reviews shall be conducted no less frequently than at twenty-four month intervals. A Commission Order<sup>9</sup> states that, because the rule requires Staff to file its recommendation regarding the audit no later than 150 days after it initiates the audit, Staff’s audit will be due no later than Friday December 26, 2014.

**Change in 2015 MEEIA Rates**

The current MEEIA mechanism rate per class of customer is collected through a line item on current bills and is based on each year’s projected costs and incentives<sup>10</sup> with reconciliations from actual prior periods and any ordered adjustments with interest. Listed below are the current MEEIA rates<sup>11</sup> and the new MEEIA rates<sup>12</sup> for the proposed Rider EEIC mechanism. The average residential bill<sup>13</sup> will increase two dollars and thirty-one cents (\$ 2.31) per month or approximately 2.18%. Rider EEIC business<sup>14</sup> rates per class vary due to projected costs, incentives, and customer opt outs<sup>15</sup> per class of customer.

<b>Rate Class</b>	<b>Current MEEIA Rate/kWh</b>	<b>Proposed MEEIA Rate/kWh</b>
Residential	\$0.003472	\$0.005607
Small General Service	\$0.001955	\$0.002435
Large General Service	\$0.002372	\$0.003563
Small Primary Service	\$0.002023	\$0.002865
Large Primary Service	\$0.001695	\$0.003385

<sup>9</sup> Order Directing Notice, Establishing and Intervention Deadline, and Setting a Deadline for Requesting a Hearing issued July 30, 2014 in File No. EO-2015-0029.

<sup>10</sup> Proposed Rider EEIC which contemplates projected costs and incentives with reconciliations from prior periods.

<sup>11</sup> MEEIA rates effective January 27, 2014 through January 26, 2015.

<sup>12</sup> Proposed MEEIA rates effective January 27, 2015. Rider EEIC rates would vary for each effective period based on projected costs, incentives, and customer opt-outs.

<sup>13</sup> Based on a residential customer averaging 1,080 kWh per month of usage.

<sup>14</sup> Business Rider EEIC rates are small general service, large general service, small primary service, and large primary service.

<sup>15</sup> Ameren Missouri has an additional three business accounts that have opted out of MEEIA programs for 2015.

**Staff Recommendation**

The Commission Staff's Economic Analysis Department ("Staff") has reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, as filed on November 21, 2014, for service on and after January 27, 2015.

P.S.C. MO. No. 6

1st Revised Sheet No. 90.5, Cancelling Original Sheet No. 90.5

The Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its Annual Report. Ameren Missouri is current on its submission of its Quarterly Surveillance Monitoring reports as required in 4 CSR 240-20.090(10). The Staff is not aware of any other matter before the Commission that affects or is affected by this filing except for the ongoing prudence review in File No. EO-2015-0029. Staff's audit in File No. EO-2015-0029 is due no later than Friday December 26, 2014. Additionally, in Ameren Missouri's current rate case, File No. ER-2014-0258, Ameren Missouri has proposed to exempt residential low-income customers from paying the Rider EEIC charges. If the residential low-income exemption is authorized by the Commission, the charges to the residential Rider EEIC rate will become effective June 1, 2015. Hence, Ameren Missouri is planning another Rider EEIC filing to become effective June 1, 2015, which will allow an updated Rider EEIC rate. Staff's recommendation for approval of the EEIC rate change in this case is based solely on the accuracy of Ameren Missouri's calculations and is not indicative of the prudence audit currently being conducted in File No. EO-2015-0029 or implementing a residential low-income exemption proposed by Ameren Missouri in File No. ER-2014-0258.



**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the 1<sup>st</sup> Adjustment and   )  
True-Up of Union Electric Company d/b/a   )  
Ameren Missouri's Energy Efficiency   )  
Investment Charge Rider.   )

File No. ER-2015-0132

**AFFIDAVIT OF BRAD J. FORTSON**

STATE OF MISSOURI             )  
   ) ss  
COUNTY OF COLE             )

Brad J. Fortson, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

  
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Brad J. Fortson

Subscribed and sworn to before me this 19<sup>th</sup> day of December, 2014.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public