

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

| | | |
|--|---|--------------------------------|
| In the Matter of the Adjustment |) | |
| of Union Electric Company |) | |
| d/b/a Ameren Missouri's |) | <u>Case No. ER-2016-0016</u> |
| Fuel Adjustment Clause for |) | <u>Tariff No. YE-2016-0021</u> |
| The 19 th Accumulation Period |) | |

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET REGARDING
CHANGE TO THE FUEL ADJUSTMENT RATE FOR
ACCUMULATION PERIOD 19**

COMES NOW the Staff of the Missouri Public Service Commission (“Commission”), by and through counsel, and for its recommendation to approve the tariff sheet, states as follows:

1. On July 24, 2015, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”) filed a proposed tariff sheet, 1st Revised Sheet No. 73.11, with supporting direct testimony pursuant to Commission Rules 4 CSR 240-20.090(4) and 4 CSR 240-3.161(7) seeking approval to adjust the Company’s Fuel Adjustment Rates (“FARs”) used to calculate its Fuel Adjustment Clause (“FAC”) charge billed to its customers. The proposed tariff sheet bears an effective date of September 24, 2015.

2. Concurrently on July 24, Ameren Missouri submitted a true-up filing in File No. ER-2016-0017 to identify the amount of over- or under-recovery during Recovery Period 16 (“RP16”) prescribed by its FAC. The over- or under-recovered amount (or true-up amount) and interest amount for RP16 are used when calculating the new FARs in this case.

3. On July 27, the Commission ordered Staff to examine and analyze Ameren Missouri's filings in this case, and to file its recommendation no later than August 24, 2015, as required by Rule 4 CSR 240-20.090(4). The Commission also directed that all parties to Case No. ER-2014-0258 (the general rate proceeding in which continuation of Ameren Missouri's FAC was most recently approved) be added to the service list for this case, and set an intervention date of August 7. The Commission received no applications to intervene.

4. Staff's *Memorandum*, attached hereto as Attachment A and incorporated herein by reference, recommends the Commission issue an order approving the proposed revised tariff sheet Ameren Missouri filed on July 24, 2015.

5. Commission Rule 4 CSR 240-20.090(4) states: "An electric utility with a FAC shall file one (1) mandatory adjustment to its FAC in each true-up year coinciding with the true-up of its FAC."¹ The rule requires Staff "to determine if the proposed adjustment to the FAC is in accordance with the provisions of this rule, Section 386.266 RSMo and the FAC mechanism established in the most recent general rate proceeding." If so, "the commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or... the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed."

6. Ameren Missouri's filing in this case requests Commission approval of one tariff sheet bearing an effective date of September 24, 2015, that revises the current FARs in its FAC. The filing includes testimony and workpapers of Ameren Missouri

¹ An electric utility may also file up to three (3) additional adjustments to its FAC within a true-up year with the timing and number of such filings to be determined in a general rate proceeding.

witness Erik C. Wenberg supporting the Company's calculation of the Fuel and Purchased Power Adjustment ("FPA").

7. The FPA amount is \$45,690,809. The FPA amount² is the sum of: Customer Responsibility for Accumulation Period ("AP") 19 equal to \$44,752,930³ (Line 4 on 1st Revised Sheet No. 73.11); plus Interest for AP19 and RP16 equal to \$292,743 (Line 4.1 on 1st Revised Sheet No. 73.11); plus True-Up amount for RP16, without interest, equal to \$645,136 (Line 4.2 on 1st Revised Sheet No. 73.11). This True-Up amount is before the Commission for approval in pending File No. ER-2016-0017.

8. As explained in Staff's *Memorandum*, the FPA amount results in a Current Period FAR (FAR 19) of \$0.00183 per kWh (Line 7 on 1st Revised Sheet No. 73.11) which, when added to the Prior Period FAR (FAR18) of \$0.00226 per kWh (Line 8 on 1st Revised Sheet No. 73.11), results in a Fuel Adjustment Rate (FAR) of \$0.00409 per kWh (Line 9 on 1st Revised Sheet No. 73.11), which is an increase of \$0.00012 per kWh when compared to the existing FAR of \$0.00397 per kWh⁴. Because of a difference in line losses, the FAR is adjusted for the voltage at which customers receive service.

9. Because the initial FAR for transmission customers of \$0.00406 per kWh exceeds \$0.00200 per kWh, the difference of \$0.00206 per kWh (line 17 of 1st Revised Sheet 73.11) when multiplied by the estimated RP19 metered sales of the IAS rate class of 2,934,649,228 kWh (line 18 of 1st Revised Sheet No. 73.11) results in a FAR shortfall adder of \$6,045,377 (line 19 of 1st Revised Sheet No. 73.11). When the FAR

² 1st Revised Sheet No. 73.11 lines 1 through 5 include the complete calculation of the FPA Amount of \$45,690,809.

³ The customer responsibility for AP19 is equal to ninety-five percent (95%) of \$47,108,347 (the difference between Actual Net Energy Cost ("ANEC") and Net Base Energy Cost ("B") during AP19).

shortfall adder of **\$6,045,377 is divided by** the Recovery Period Sales in kWh settled at MISO CP node (AMMO.UE or successor node) of 24,954,612,493 kWh (line 6 of 1st Revised Sheet No. 73.11) less the estimated RP19 metered sales of the IAS rate class of 2,934,649,228 (or **22,019,963,265 kWh**), the result of this division is the per kWh FAR shortfall adder of \$0.00027 per kWh shown on line 20 of 1st Revised Sheet No. 73.11.

Listed below are the proposed RP19 FARs which are equal to the initial RP19 FARs plus the FAR shortfall adder of \$0.00027 per kWh, the current RP18 FARs and the difference between them for Secondary, Primary, and Large Transmission and IAS service:

| | Proposed RP19 FARs | Current RP18 FARs | Difference |
|--------------------|--------------------|-------------------|------------------------|
| Secondary | \$0.00462/kWh | \$0.00420/kWh | \$0.00042/kWh increase |
| Primary | \$0.00447/kWh | \$0.00407/kWh | \$0.00040/kWh increase |
| Large Transmission | \$0.00433/kWh | \$0.00394/kWh | \$0.00039/kWh increase |
| IAS ⁵ | \$0.00200/kWh | \$0.00394/kWh | \$0.00194/kWh decrease |

Based on a monthly usage of 1,100 kWh, the proposed change to the Secondary FAR would decrease the Fuel Adjustment Charge of an Ameren Missouri residential customer's bill from \$4.62 to \$5.08, an increase of \$0.46 per month.

⁵ For AP19, Noranda Aluminum Company (the only current customer on the IAS rate class) was billed the FAR Large Transmission rate of \$0.00394 per kWh.

10. In its December 12, 2012, *Report and Order* in Case No. ER-2012-0166, the Commission granted Ameren Missouri relief from Rule 4 CSR 240-20.100(6)(A)16 to allow the costs of landfill gas purchased for operation in the Company's Maryland Heights generating facility to flow through its FAC; therefore, Staff has continued to allow the costs of that landfill gas and "other potential renewable generation energy costs"⁶ to flow through Ameren Missouri's FAC for AP19. In its direct filing in its general rate case, Case No. ER-2014-0258, Ameren Missouri removed the landfill gas costs from its FAC. The Commission's *Report and Order* in Case No. ER-2014-0258, removes the landfill gas costs from Ameren's FAC and as of May 30, 2015, Ameren Missouri has removed the cost of landfill gas from its FAC.

11. Staff has determined that Ameren Missouri timely filed the 1st Revised Tariff Sheet No. 73.11 and that it complies with Commission Rule 4 CSR 240-3.161 and Ameren Missouri's FAC as defined in its FAC tariff sheets.

12. Staff has verified that Ameren Missouri is not delinquent on any assessment, and has filed its 2014 annual report. Ameren Missouri is current on the filing of its Surveillance Monitoring reports as required by 4 CSR 240-20.090(10) and its monthly reports required by 4 CSR 240-3.161(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing, except File No. ER-2016-0017 as noted herein.

⁶ Ameren Missouri *Application for Waiver or Variance*, page 3, filed December 7, 2012, in Case No. ER-2012-0166.

WHEREFORE, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on July 24, 2015, to become effective on September 24, 2015, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 6

1st Revised Sheet No. 73.11 Cancelling 6th Revised Sheet No. 72.9.

Respectfully submitted,

/s/ Whitney Payne

Whitney Payne

Legal Counsel

Missouri Bar No. 64078

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-8706 (Telephone)

(573) 751-9285 (Fax)

whitney.payne@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 24th day of August, 2015, to all counsel of record.

/s/ Whitney Payne

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2016-0016, Tariff Tracking No. YE-2016-0021
Union Electric Company d/b/a Ameren Missouri

FROM: David Roos, Regulatory Economist III
Matthew J. Barnes, Utility Regulatory Auditor IV
Curtis Gateley, Utility Policy Analyst II

/s/ John Rogers 08/24//2015

Energy Resource Analysis Unit / Date

/s/ Whitney Payne 08/24/2015

Staff Counsel's Office / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related to Ameren Missouri's Fuel Adjustment Clause Pursuant to the Commission's Report and Order in File No. ER-2012-0166 and ER-2014-0258.

DATE: August 24, 2015

On July 24, 2015, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 1st Revised Sheet No. 73.11 bearing a proposed effective date of September 24, 2015, and canceling Original Sheet No. 73.11. The filed tariff sheet, 1st Revised Sheet No. 73.11, revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC"). Staff recommends the Missouri Public Service Commission ("Commission") approve 1st Revised Sheet No. 73.11.

Ameren Missouri's July 24, 2015 filing includes the testimony of Ameren Missouri witness Erik C. Wenberg and associated Ameren Missouri work papers. The testimony and work papers include information and data that supports Ameren Missouri's calculation of the dollar amount of its Fuel and Purchased Power Adjustment ("FPA"). That dollar amount ("FPA Amount") is \$45,690,809 and is reflected on line 5 of 1st Revised Sheet No. 73.11. This FPA Amount results in a FAR₁₉¹ of \$0.00183 per kWh, which when added to the FAR₁₈ of \$0.00226

¹ FAR_{RP} is defined in Original Sheet No. 72.7 as "FAR Recovery Period rate component calculated to recover under- or over-collection during the Accumulation Period that ended immediately prior to the applicable filing." Since this filing occurred after the end of Accumulation Period 19, FAR_{RP} in this recommendation is referred to as FAR₁₉.

per kWh, results in a proposed FAR² of \$0.00409 per kWh. The proposed FAR is \$0.00012 per kWh greater than the current FAR³ of \$0.00397 per kWh.

Calculation of Total Company Fuel and Purchased Power Difference

Ameren Missouri's work papers for Accumulation Period 19 ("AP19"), which includes the period of February 1, 2015 through May 31, 2015, contain data and calculations for Actual Net Energy Cost ("ANEC") equal to \$219,712,423 (line 1 of 1st Revised Sheet No. 73.11) and Net Base Energy Cost ("B") equal to \$172,604,076 (line 2 of 1st Revised Sheet No. 73.11). For this filing, B is equal to sales of 11,838,752,818 kWh for February 1, 2015 through May 31, 2015, times \$0.01458⁴ per kWh. The difference between ANEC and B is equal to \$47,108,347 and is the amount on line 3 of 1st Revised Sheet No. 73.11, the Total Company Fuel and Purchased Power Difference.

Calculation of FPA Amount

Ameren Missouri's work papers and 1st Revised Sheet No. 73.11 show the FPA Amount⁵ of \$45,690,809 to be the sum of:

1. Customer Responsibility for AP19 equal to \$44,752,930⁶ (Line 4 on 1st Revised Sheet No. 73.11); plus
2. Interest for AP19 and Recovery Period 16 ("RP16") equal to \$292,743; plus
3. The true-Up amount for RP16, without interest, equal to \$645,136.⁷ This true-up amount is pending Commission approval in File No. ER-2016-0017.

² FAR is defined in Original Sheet No. 72.7 as "Fuel Adjustment Rate applied to retail customer usage on a per kWh basis starting with the applicable Recovery Period following the FAR filing." $FAR = FAR_{RP} + FAR_{RP-1}$.

³ The \$0.00399 per kWh rate is found on line 9 of 5th Revised Sheet No. 72.9.

⁴ Winter Base Factor Rate on Original Sheet No. 72.6 of \$0.01454 per kWh was used for billing customers from February 1, 2015 through May 29, 2015, and Winter Base Factor Rate on Original Sheet No. 73.7 of \$0.01729 per kWh was used for billing customers on May 30 and 31, 2015.

⁵ 1st Revised Sheet No. 73.11 lines 1 through 5 include the complete calculation of the FPA Amount of \$45,690,809.

⁶ The customer responsibility for AP19 is equal to ninety-five percent (95 %) of \$47,108,347 (the difference between ANEC and B during AP19).

⁷ Union Electric Company's Schedule No. 6, Original Sheet No. 72.8: "TRUE-UP: After completion of each RP, the Company shall make a true-up filing on the same day as its FAR [Fuel Adjustment Rate] filing. Any true-up adjustments shall be reflected in T above. Interest on the true-up adjustment will be included in I above. The true-up adjustments shall be the difference between the revenues billed and the revenues authorized for collection during the RP."

Calculation of FAR19

FAR₁₉ of \$0.00183 per kWh is equal to the Customer Responsibility for AP19 plus interest for AP19 and RP16 plus the True-Up Amount for RP16 divided by the Estimated Recovery Period Sales in kWh settled at MISO CP node (AMMO.UE or successor node) of 24,954,612,493 kWh. FAR₁₉ will apply during RP19—Ameren Missouri’s billing months of October 2015 through May 2016.

Calculation of FAR Without Voltage Level Adjustments

Line 9 of Ameren Missouri’s proposed 1st Revised Sheet No. 73.11 reflects a FAR of \$0.00409 per kWh which is the sum of: 1) FAR₁₉ of \$0.00183 per kWh, and 2) FAR₁₈ of \$0.00226 per kWh.

Calculation of Voltage Level Adjusted FARs Without Industrial Aluminum Smelter CAP

Because of a difference in line losses⁸, there are different initial FARs for service taken at the Secondary, Primary, and Large Transmission voltage levels and for service to Industrial Aluminum Smelter (“IAS”) rate class customers. Listed below are the calculated RP19 initial FARs, without the IAS rate cap of \$0.00200 per kWh.⁹

| | Initial RP19 FAR |
|--------------------|------------------|
| Secondary | \$0.00433/kWh |
| Primary | \$0.00419/kWh |
| Large Transmission | \$0.00406/kWh |
| IAS | \$0.00406/kWh |

Calculation of Voltage Level Adjusted FARs Due To IAS Rate Cap

Because the initial FAR for transmission customers of \$0.00406 per kWh exceeds \$0.00200 per kWh, the difference of \$0.00206 per kWh (line 17 of 1st Revised Sheet 73.11) when multiplied by the estimated RP19 metered sales of the IAS rate class of 2,934,649,228 kWh (line 18 of 1st Revised Sheet No. 73.11) results in a FAR shortfall adder of \$6,045,377 (line 19 of 1st Revised Sheet No. 73.11). When the FAR shortfall adder of **\$6,045,377 is divided by** the Recovery Period Sales in kWh settled at MISO CP node (AMMO.UE or successor node) of

⁸ Secondary, Primary, and Large Transmission Voltage Adjustment Factors are shown on lines 10, 12, and 14, respectively, on Ameren Missouri’s proposed 1st Revised Sheet No. 73.11.

⁹ The Commission’s Report and Order in Case No. ER-2015-0258 created a new Industrial Aluminum Smelter Rate Class for which the FARIAS rate is capped at \$0.00200 per kWh.

24,954,612,493 kWh (line 6 of 1st Revised Sheet No. 73.11) less the estimated RP19 metered sales of the IAS rate class of 2,934,649,228 (or **22,019,963,265 kWh**), the result of this division is the per kWh FAR shortfall adder of \$0.00027 per kWh shown on line 20 of 1st Revised Sheet No. 73.11.

Listed below are the proposed RP19 FARs which are equal to the initial RP19 FARs plus the FAR shortfall adder of \$0.00027 per kWh, the current RP18 FARs and the difference between them for Secondary, Primary, and Large Transmission and IAS service:

| | Proposed RP19 FAR | Current RP18 FAR | Difference |
|--------------------|-------------------|------------------|------------------------|
| Secondary | \$0.00462/kWh | \$0.00420/kWh | \$0.00042/kWh Increase |
| Primary | \$0.00447/kWh | \$0.00407/kWh | \$0.00040/kWh Increase |
| Large Transmission | \$0.00433/kWh | \$0.00394/kWh | \$0.00039/kWh Increase |
| IAS ¹⁰ | \$0.00200/kWh | \$0.00394/ kWh | \$0.00194/kWh decrease |

Based on a monthly usage of 1,100 kWh, the proposed change to the Secondary FAR would increase the Fuel Adjustment Charge of an Ameren Missouri residential customer's bill from \$4.62 to \$5.08, an increase of \$0.46 per month.

Staff reviewed the proposed 1st Revised Sheet No. 73.11, the direct testimony of Ameren Missouri witness Erik C. Wenberg and the work papers in this filing, as well as Ameren Missouri's monthly information submitted in compliance with 4 CSR 240-3.161(5) for AP19. Staff verified that the actual fuel and purchased power costs net of off-system sales revenues reflected therein match the fuel and purchased power costs and emission costs net of off-system sales revenues on line 1 of Ameren Missouri's requested 1st Revised Sheet No. 73.11 and the supporting schedules of witness Erik C. Wenberg. Staff reviewed Ameren Missouri's monthly reports and verified that the kWh billed as shown on the monthly reports match the accumulation period sales used to calculate B. Staff reviewed Ameren Missouri's monthly interest rates that

¹⁰ For AP18, Noranda Aluminum Company (the only current customer on the IAS rate class) was billed the FAR Large Transmission rate of \$0.00394 per kWh.

are applied to 95% of the over/under Net Base Energy Cost amount and verified that the monthly interest rates and calculations of monthly interest amounts are correct for AP19.

Landfill Gas Facility and Other Renewable Energy Costs

In its December 12, 2012 *Report and Order* in Case No. ER-2012-0166, the Commission granted Ameren Missouri relief from Rule 4 CSR 240-20.100(6)(A)16 to allow the costs of landfill gas purchased for operation in the Company's Maryland Heights generating facility to flow through its FAC. Therefore, Staff has continued to allow the costs of that landfill gas and "other potential renewable generation energy costs" to flow through Ameren Missouri's FAC for AP18. In its direct filing in Case No. ER-2014-0258, Ameren Missouri removed the landfill gas costs from its FAC. The Commission's Report and Order in Case No. ER-2014-0258, removes the landfill gas costs from Ameren's FAC. As of May, 30, 2015, Ameren has removed the cost of landfill gas from its FAC.

Staff Recommendation

Ameren Missouri timely filed 1st Revised Sheet No. 73.11, and based on Staff's review, Staff has determined that Ameren Missouri is in compliance with Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Ameren Missouri's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

Ameren Missouri requested that 1st Revised Sheet No. 73.11, filed July 24, 2015, become effective on September 24, 2015, the beginning of the first billing cycle of Ameren Missouri's October 2015 billing month. Thus, the proposed tariff sheet was filed with 61 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on July 24, 2015, to become effective on September 24, 2015, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 6

1st Revised Sheet No. 73.11 Canceling Original Revised Sheet No. 73.11.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2014 Annual Report¹¹. Ameren Missouri is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing, except File No. ER-2016-0017 as noted herein.

¹¹ Ameren Missouri filed its 2014 Annual Report on April 15, 2015.

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

In the Matter of the Adjustment of)
Union Electric Company d/b/a Ameren)
Missouri's Fuel Adjustment Clause for)
the 19th Accumulation Period) File No. ER-2016-0016

AFFIDAVIT OF CURT GATELEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Curt Gateley, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Status Report; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Curt Gateley

Subscribed and sworn to before me this 24th day of August, 2015.

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



Notary Public

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

In the Matter of the Adjustment of)
Union Electric Company d/b/a Ameren)
Missouri's Fuel Adjustment Clause for)
the 19th Accumulation Period)
File No. ER-2016-0016

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Matthew J. Barnes, and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Status Report; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Matthew J. Barnes

Subscribed and sworn to before me this 24th day of August, 2015.

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



Notary Public