

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

In the Matter of Union Electric Company d/b/a)	
Ameren Missouri's Infrastructure System)	<u>File No. GO-2015-0274</u>
Replacement Surcharge (ISRS) Reconciliation)	Tariff No. JG-2015-0298

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation in this matter hereby states:

1. On April 10, 2015, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") submitted a revised tariff sheet in compliance with 4 CSR 240-3.265(17), which requires gas utilities that collect an ISRS to reconcile the difference between the ISRS revenue requirement ordered by the Commission and the revenues actually collected by the utility at the end of each 12-month period that the utility's ISRS is in effect.

2. The Commission approved Ameren Missouri's ISRS in October 2013, in Case No. GO-2014-0015. In that case, the Commission approved ISRS rates designed to collect revenues in the amount of \$1,266,546.

3. Ameren Missouri's reconciliation filing indicates that the Company under-collected \$67,507 during the period October 2013 to October 2014.

4. As explained in Staff's recommendation, attached here as Appendix A and incorporated by reference, Staff reviewed Ameren Missouri's reconciliation calculation. Consistent with Staff's traditional ISRS methodology, Staff performed a reconciliation of Ameren Missouri's ISRS revenue through April 30, 2015. Based upon Staff's calculation, Staff verified that Ameren Missouri has under-collected ISRS revenues from

its customers by an amount of \$51,967. Staff's recommended ISRS rates are contained in Appendix B, attached here and incorporated by reference.

5. Staff has verified that Ameren Missouri has filed its 2014 annual report, and that Ameren Missouri is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order:

(1) Rejecting the pending 7th Revised Sheet No. 34 submitted by Ameren Missouri on April 10, 2015;

(2) Approving Staff's recommended adjusted increment ISRS surcharge revenues in the amount of annual pre-tax revenues of \$51,967; and

(3) Authorizing Ameren Missouri to file a replacement ISRS sheet 7th Revised Sheet No. 34 for each customer class as reflected in Appendix B, which generates \$1,318,513 of ISRS revenues annually.

Respectfully Submitted,

**STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION**

/s/ John D. Borgmeyer

John D. Borgmeyer
Deputy Staff Counsel
Missouri Bar No. 61992

Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102
Telephone: (573) 751-5472
Fax: (573) 751-9285
Email: john.borgmeyer@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 1st day of June, 2015.

/s/ John D. Borgmeyer

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GO-2015-0274 / File No. JG-2015-0298 – Union Electric Company
d/b/a AmerenMissouri

FROM: Lisa Hanneken, Auditing Department
Michael J. Ensrud, Tariffs/Rate Design - Energy

/s/ Thomas M. Imhoff 6/1/2015 /s/ John Borgmeyer 6/1/2015
Project Coordinator / Date Staff Counsel's Office / Date

SUBJECT: Staff Report and Recommendation Regarding the Application of Union Electric
Company d/b/a Ameren Missouri Rate Seeking the Missouri Public Service
Commission's Approval to Increase an Infrastructure System Replacement Surcharge

DATE: June 1, 2015

BACKGROUND

On April 10, 2015, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed a revised tariff with the Commission. The stated purpose of the revision "is to reflect the results of an annual reconciliation of the Company's Rider ISRS - Infrastructure System Replacement Surcharge (ISRS), Case GO-2014-0015. Ameren Missouri's proposed reconciliation produces an under-recovery amount of \$67,507 for the approximate annual period of period mid-October 2013 (inception of the ISRS) – October 2014."

Unlike most ISRS filings, Ameren Missouri is not requesting any additional ISRS related plant costs in this filing. Instead, the purpose of this revision is to comply with the following Commission rule relating to an ISRS reconciliation:

4 CSR 240-3.265 Natural Gas Utility Petitions for Infrastructure System Replacement Surcharges

PURPOSE: This rule sets forth the definitions, parameters and procedures relevant to the filing and processing of petitions pertaining to an infrastructure system replacement surcharge (ISRS), including the information that a natural gas utility must provide when it files a petition and associated rate schedules to establish, change or reconcile an ISRS.

17) At the end of each twelve (12)-month period that an ISRS is in effect, the natural gas utility **shall reconcile the differences** between the revenues resulting from the ISRS and the appropriate pretax revenues as found by the commission for that period and shall submit the reconciliation and proposed ISRS rate schedule revisions to the commission for approval to recover or refund the difference, as appropriate. **(Emphasis Added)**

The above rule establishes Ameren Missouri's obligation to annually "true up" rates in order to eliminate either over-collection or under-collection that the initial ISRS rates generated. This "true-up" of ISRS rates is the sole purpose of this ISRS filing.

On April 28, 2015, the Commission issued an order suspending the tariff until August 8, 2015, which is 120 days after Ameren Missouri's filing and directing Staff to file its recommendation no later than June 9, 2015.

On April 30, 2015, Ameren Missouri filed a *REQUEST FOR APPROVAL OF CUSTOMER NOTICES* and provided "sample" notices to be sent to customers for ISRS rule compliance purposes.

On May 13, 2015, the Commission issued an order approving Ameren Missouri's customer notices.

STAFF REVIEW AND REVENUE CALCULATION

Ameren Missouri's recent filing in Case No. GO-2015-0274 requested a tariff revision to reflect the results of a reconciliation performed by Ameren Missouri in adherence to Commission Rule 4 CSR 240-3.265 (17). The rule requires the reconciliation of the ISRS revenue Ameren Missouri collected from customers in prior periods to account for over- or under-collection of ISRS revenue. This reconciliation addressed the amount of revenues allowed to be collected through the approved tariff in ISRS Case No. GO-2014-0015.

In its Application, Ameren Missouri filed a reconciliation of the over/under recovery of ISRS revenues during the period of October 18, 2013 through October 31, 2014. As part of the Auditing Staff's examination of Ameren Missouri's Application, Auditing Staff reviewed the supporting workpapers and submitted a data request for additional data through April 2015.

The methodology traditionally used by the Auditing Staff in ISRS cases allows for consideration of all relevant items to be updated during its review. In this case, Staff updated the reconciliation data through April 30, 2015. This methodology is consistent with past reviews conducted by the Auditing Staff, and is consistent with Staff's view that the calculation of the ISRS revenue requirement should closely reflect the revenue requirement at the effective date of the ISRS rates.

Therefore, Staff has performed a final reconciliation of the ISRS revenue previously collected by the Company to ensure that either the Company or its customers are made whole for any under-collections or over-collections that may have occurred. Staff performed this reconciliation for the time period from October 18, 2013 through April 30, 2015, which is the period of time the prior ISRS case (Case No. GO- 2014-0015) has been in effect. Based upon this reconciliation, the Staff verified that the Company has under-collected ISRS related revenues from its customers by an amount of \$51,967.

Based upon its review and all of its calculations, Staff is recommending that Ameren Missouri adjust its tariff to reflect an ongoing level of ISRS revenues of \$1,318,513. This amount reflects the originally authorized level of \$1,266,546 adjusted to account for the under-collection of revenues determined as a result of the reconciliation.

The below table shows the accumulative amount to be included in rates:

ISRS Case No.	Revenue Requirement	Accumulative
GO-2014-0015	\$1,266,546	
GO-2015-0274	\$51,967	\$1,318,513

THE ISRS RATE SCHEDULES

Staff's proposed rates are consistent with the methodology used to "true-up" Ameren Missouri ISRS rates, as set forth in the rules. Staff's proposed ISRS rates are contained in Appendix B, attached hereto and incorporated by reference herein.

The Staff has verified that Ameren Missouri has filed its 2014 annual report and is not delinquent on any assessment. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

RECOMMENDATION

Based upon the above, the Staff recommends that the Commission issue an order in this case that:

1. Rejects the pending 7th Revised Sheet No 34 ISRS tariff sheet filed by Ameren Missouri on April 10, 2015;
2. Approves the Staff's recommended adjusted incremental ISRS surcharge revenues in the amount of annual pre-tax revenues of \$51,967; and
3. Authorizes Ameren Missouri to file a replacement ISRS sheet 7th Revised Sheet No 34 for each customer class as reflected in Appendix B, which generates \$1,318,513 of ISRS revenues annually.

**Ameren Missouri
ISRS Rate Development**

**CASE NO. GO-2015-0274
FILE NO. JG-2015-0298
ISRS RATE DESIGN**

Bal. from GO-2014-2015 **\$1,266,546**
GO-2015-0215 Annual Reconciliation **\$51,967**

Company's Total Adjusted ISRS Revenues \$1,318,513

<u>Customer Rate Class</u>	<u>Number of Customers¹</u>	<u>Customer Charges²</u>	<u>Ratio To Res. Cust. Charge</u>	<u>Weighted Customer #</u>	<u>Customer Percentage</u>	<u>ISRS charge</u>	<u>ISRS Revenues</u>
Residential	114,283	\$15.00	1.0000	114,283	80.4170%	\$0.77	\$1,060,309
Small General Service	12,693	\$28.83	1.9220	24,396	17.1666%	\$1.49	\$226,344
Interruptible Service	8	\$264.30	17.6200	141	0.0992%	\$13.62	\$1,308
Standard Volume Service	608	\$28.72	1.9147	1,164	0.8191%	\$1.48	\$10,801
Large Volume Service	22	\$1,451.53	96.7687	2,129	1.4980%	\$74.82	\$19,752
TOTAL	<u>127,614</u>			<u>142,113</u>	<u>100.0000%</u>		<u>\$1,318,513</u>

* Due to rounding to the nearest penny, the designed ISRS rates will under-collect by \$3729 annually. However, it should be noted that the total amount collected will be true-up at a later date.

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

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Infrastructure)
System Replacement Surcharge (ISRS))
Reconciliation)

Case No. GO-2015-0274

AFFIDAVIT OF MICHAEL J. ENSRUD

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT

COMES NOW Michael J. Ensrud and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Michael J. Ensrud

Michael J. Ensrud

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of June, 2015.

D. Suzie Mankin

NOTARY PUBLIC

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2016 Commission Number: 12412070
--

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

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Infrastructure)
System Replacement Surcharge (ISRS))
Reconciliation)

Case No. GO-2015-0274

AFFIDAVIT OF LISA K. HANNEKEN

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT

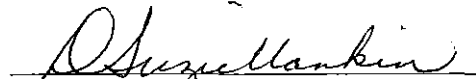
COMES NOW Lisa K. Hanneken and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


Lisa K. Hanneken

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15th day of June, 2015.


NOTARY PUBLIC

