

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

In the Matter of a Proceeding Under)	
Section 393.137 (SB 564) to Adjust the)	
Electric Rates of Union Electric Company)	File No. ER-2018-0362
d/b/a Ameren Missouri.)	

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Union Electric Company d/b/a Ameren Missouri, the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”), the Midwest Energy Consumers Group (“MECG”), the Missouri Industrial Energy Consumers (“MIEC”), and the Consumers Council of Missouri (“CCM”), (collectively, the “Signatories”),¹ being all the parties to this case, and, pursuant to 4 CSR 240-2.115, hereby submit this Unanimous Stipulation and Agreement (“*Stipulation*”), as follows:

1. Section 393.137, RSMo., enacted by the 99th General Assembly and effective June 1, 2018, requires the Commission to adjust Ameren Missouri’s electric service rates prospectively so that the income tax component of Ameren Missouri’s electric revenue requirement used to set those rates is based upon the provisions of the federal 2017 Tax Cuts and Jobs Act (“TCJA”). Section 393.137 also requires the Commission to require a deferral of the impact of the TCJA on Ameren Missouri’s electric revenue requirement from January 1, 2018, through the date when the above-referenced prospective adjustments to Ameren Missouri’s electric service rates occurs so that those deferred sums can be reflected in rates set in a future rate proceeding. The Commission is required to enter an order accomplishing both such actions within 90 days of the effective date of Section 393.137.

¹ The Missouri Division of Energy and Renew Missouri Advocates d/b/a Renew Missouri have authorized the Signatories to indicate that they do not oppose the *Stipulation*.

2. The Signatories agree that the revenue requirement reduction necessary to comply with Section 393.137 is \$166,524,911, which reflects a 6.08% reduction of the revenue requirement last used to set Ameren Missouri's electric rates, and which includes an annual amortization amount of \$73,885,399 to return to customers the excess accumulated deferred income taxes ("Excess ADIT") created by the TCJA. The Signatories further agree upon how that reduction should be allocated to Ameren Missouri's eight individual rate schedules and reflected in the charges to customers in each rate schedule, as outlined further below, and that those new rate schedules should be made effective August 1, 2018.

3. The annual amortization amount of \$73,885,399 is based on three components to which the Signatories agree—protected plant Excess ADIT (Average Rate Assumption Method ("ARAM") amortization period), unprotected plant Excess ADIT (ten-year amortization period), and unprotected non-plant Excess ADIT (ten-year amortization period).

4. With respect to the protected plant Excess ADIT referenced above, because of the complex nature of ADIT, the Signatories agree that the annual amortization expense associated with "protected" plant-related Excess ADIT necessary to return that protected plant-related Excess ADIT to customers using ARAM as required by Section 13001 of H.R. 1 (Public Law 115-97) will be impacted by ongoing financial results in the future and, therefore, will change.² Consequently, the \$32,351,375 (the plant-related protected Excess ADIT portion of the overall Excess ADIT amortization of \$73,885,399) is an estimate. Therefore, the Signatories agree that the Commission should establish a tracker to defer any amounts of actual plant-related protected Excess ADIT over or under the annual \$32,351,375 amount from the effective date of rates

² Failure to comply with Section 13001 and its "normalization" requirements could cause Ameren Missouri to have a "normalization violation" which could prevent it from taking advantage of the benefit of accelerated depreciation and thus raise income tax expense, to the potential detriment of its customers.

resulting from this case, forward, for inclusion in the revenue requirement used to set rates in Ameren Missouri's next electric general rate proceeding to the extent that the actual protected plant-related portion of that base amount turns out to be different than the estimated \$32,351,375. See Exhibit A attached hereto and incorporated herein by reference for the individual Excess ADIT amortization components, agreed-upon amortization periods, and regulatory liability balances.

5. In addition to the revenue requirement reduction provided for in this *Stipulation*, the Signatories agree that Ameren Missouri will record sums to a regulatory liability account in an amount equal to the product of (a) Ameren Missouri's retail revenues for the period January 1, 2018, through July 31, 2018, and (b) Three and thirty-eight hundredths percent (3.38%) (to which carrying costs will not be applied), which will be returned to customers through an amortization in rates to be set in Ameren Missouri's next electric general rate proceeding. The amortization of such regulatory liability shall start on the effective date of rates in Ameren Missouri's next general rate proceeding over a period to be determined by the Commission in that proceeding.

6. Because it is affected by the TCJA, Ameren Missouri agrees to adjust margin rates used in the TD Determination of Rider EEIC. The margin rates currently stated in Rider EEIC for each service classification and for each month will be reduced by the per kilowatt-hour credit applicable to that service classification as determined in paragraph 7.b. For the same reason, the standby rates applicable to certain types of customer-generators through the application of Rider SSR will be reduced to account for the impact of the TCJA by the same 6.08% that the total revenue requirement is being reduced.

7. The Signatories further agree that the \$166,524,911 revenue requirement reduction provided for by this *Stipulation* will be implemented in the following manner:

- a. The total \$166,524,911 reduction will be allocated to seven rate classes (Service Classifications 1(M), 2(M), 3(M), 4(M), 5(M), 6(M) and 11(M)) in proportion to the total class revenues that rates established in File No. ER-2016-0179 were designed to produce.³
- b. The revenue requirement reduction applicable to each rate class as a result of the prior step (item 7.a) will be divided by the total kilowatt-hour (“kWh”) billing units stated for that class in Exhibit A to the Unanimous Stipulation and Agreement approved by the Commission in File No. ER-2016-0179. For the 5(M) and 6(M) service classifications, which do not have stated total kWh in Appendix A, the total kWh will be 140,442,436 kWh and 76,147,883, respectively. The result of this calculation will be a cents-per kilowatt-hour rate for each service classification that will be applied to all billed usage of customers taking service under those classifications (stated as a separate line item on the customers’ bills) to yield separate line item bill credits. See Exhibit B attached hereto for the cents-per kilowatt-hour reduction to be applied to each rate class.
- c. The tariff sheets for each of the above service classifications will be updated to include reference to the cents per kilowatt-hour rates and resulting credits derived in the prior step (item 7.b). No other charges or other terms or conditions of service that are currently stated on those sheets will be modified.

³ None of the reduction shall be allocated to service classification 12(M) since the revenue allocated to that class in File No. ER-2016-0170 was zero. Revenues arising from the low-income pilot charge and pre-MEEIA energy efficiency charge were excluded.

- d. Upon conclusion of the next general rate proceeding of Ameren Missouri, the newly introduced credit line item will be removed from the service classification tariffs and the income tax component of the revenue requirement, which will continue to include the impact of the TCJA, will be a part of the overall revenue requirement used to establish base rates, subject to the class revenue allocation and rate design that the Commission orders in that proceeding.

7. This *Stipulation* is being entered into solely for the purpose of settling this docket. Except as explicitly agreed otherwise herein, none of the Signatories shall be deemed to have approved or acquiesced in any question of Commission authority, ratemaking or procedural principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence that may underlie this *Stipulation* or for which provision is made in this *Stipulation*. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this *Stipulation* in this or any other proceeding.

8. If the Commission does not unconditionally approve this *Stipulation* without modification, and notwithstanding its provision that it shall become void thereon, neither this *Stipulation* nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has to a hearing on the issues presented by the *Stipulation*, regarding cross-examination or a decision in accordance with Section 536.080.1 RSMo. 2016 or Art. V, Section 18 Mo. Const. The Signatories shall retain all procedural and due process rights as fully as though this *Stipulation* had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that may have been offered or received in support of or in opposition to this *Stipulation* shall thereupon become privileged as

reflecting the substantive content of settlement discussions, and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

9. To assist the Commission in its review of this *Stipulation*, the Signatories also request that the Commission advise them of any additional information that the Commission may desire from the Signatories related to the matters addressed in this *Stipulation*, including any procedures for furnishing such information to the Commission.

10. The Staff also shall provide, at any agenda meeting at which this *Stipulation* is noticed to be considered by the Commission, whatever oral explanation the Commission requests. The Staff shall, to the extent reasonably practicable, provide the other Signatories with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

11. The Signatories to the *Stipulation* shall not be prejudiced, bound by, or in any way affected by the terms of this *Stipulation*: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding, should the Commission decide not to approve the *Stipulation* or in any way condition its approval of the same, except as stated herein. Because this is a *Stipulation* for the purpose of settling matters in this case, it shall not be cited as precedent or referred to in testimony in any subsequent or pending judicial or administrative proceeding, except that this shall not be construed to prohibit reference to its existence in future proceedings, including proceedings to enforce compliance with its terms.

12. The provisions of this *Stipulation* have resulted from extensive discussions and negotiations among the Signatories and are interdependent and non-severable. If the Commission does not approve this *Stipulation* unconditionally and without modification, or if the Commission approves the *Stipulation* with modifications or conditions to which a Signatory objects, then this *Stipulation* shall be void and none of the Signatories shall be bound by any of the agreements or provisions hereof.

13. In the event the Commission accepts the specific terms of this *Stipulation*, the Signatories waive their respective rights: a) to cross-examine witnesses pursuant to Section 536.070(2) RSMo.; b) to present oral argument and written briefs pursuant to Section 536.080.1 RSMo.; c) to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo.; and d) to judicial review pursuant to Section 386.510 RSMo. This waiver applies only to a Commission Order respecting this *Stipulation* issued in this proceeding approving this *Stipulation* unconditionally and without modification, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this *Stipulation*.

14. This *Stipulation* contains the entire agreement of the Signatories concerning the issues addressed herein.

15. This *Stipulation* does not constitute a contract with the Commission. Acceptance of this *Stipulation* by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigatory powers or other statutory powers which the Commission presently has. Thus, nothing in this *Stipulation* is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information.

WHEREFORE, the Signatories request that the Commission make and enter its order approving this *Stipulation*, including authorizing Ameren Missouri to file tariff sheets to implement the reduced rates by means of line item bill credits called for herein effective August 1, 2018.

/s/ James B. Lowery

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CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing was served on the Staff of the Missouri Public Service Commission and the Office of the Public Counsel via electronic mail (e-mail) on this 27th day of June, 2018.

/s/ James B. Lowery
James B. Lowery

EXHIBIT A

Summary of Amortizations

		<u>Agreed-Upon Amortization Periods</u>
Protected Plant Excess ADIT ¹	(32,351,375)	ARAM
Unprotected Plant Excess ADIT	(39,235,345)	10 years
Unprotected Non-Plant Excess ADIT	(2,298,679)	10 years
	(73,885,399)	

¹Estimated - A Tracker will be created respecting this component.

Summary of Balances of Amortizations

Balances at 12/31/17²

Protected Plant Excess ADIT	(691,373,964)
Unprotected Plant Excess ADIT	(292,506,175)
Unprotected Non-Plant Excess ADIT	(17,137,044)

²None of the Excess ADIT has been amortized during 2018; Amortization will start 8-1-18 when rates are reduced

EXHIBIT B

	Allocated Adj	Flat Rate Adj	
Residential	(\$79,595,105)	-0.00621	cents per kwh
Small General Service	(\$19,272,860)	-0.00581	cents per kwh
Large General Service	(\$37,046,737)	-0.00462	cents per kwh
Small Primary Service	(\$14,895,970)	-0.00404	cents per kwh
Large Primary Service*	(\$13,141,909)	-0.00348	cents per kwh
Lighting Company Owned	(\$2,327,399)	-0.01701	cents per kwh
Lighting Customer Owned	(\$240,063)	-0.00315	cents per kwh
MSD	(\$4,868)	-0.13192	cents per kwh
	<u>(\$166,524,911)</u>		