Appendix 5
Issue: In the Matter of Union Electric Company d/b/a Ameren Missouri's
Tariffs to Increase its Revenues for Natural Gas Service
Witness: Louie R. Ervin Sr.
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2019-0077
Date: May 3, 2019

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2019-0077

APPENDIX 5

ILLINOIS COMMERCE COMMISSION ORDER

DOCKET 15-0439

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
May 3, 2019

3. Commission Analysis and Conclusion

AIC's proposed clarifications to its natural gas tariffs related to transportation of customer-owned natural gas were filed and suspended pursuant to Section 9-201 of the Act. Section 9-201 of the Act provides that when the Commission investigates a tariff, it "shall establish the rates or other charges, classifications, contracts, practices, rules or regulations proposed, in whole or in part, or others in lieu thereof, which it shall find to be just and reasonable."

AIC proposes to modify its current cashout provisions in Rider T for Transportation Customers, so they would receive the lower of the PGA cost or the market price when the they over-deliver and the higher of the PGA cost or the market price when they under-deliver. AIC asserts that the current gas balancing cashout provisions are flawed; they do not create enough of an incentive to deter some Transportation Customers from arbitrage, creating system imbalances. AIC relies on the activity of one Transportation Customer who, for the January through March period in 2014, received a total cashout payment of $3,208,570, which was ultimately passed on to PGA Customers.

The Commission notes that Staff, IIEC, and RESA oppose AIC's proposed change to its cashout provisions. While Staff agrees with the Company's goals of preventing arbitrage and protecting PGA Customers, it is concerned that the Company's proposed cashout procedure could be unfair to Transportation Customers with imbalances when there is a difference between market price and the PGA rate. Staff maintains that the cashouts should be based upon market prices to reduce the likelihood of Transportation Customers or PGA Customers subsidizing each other. IIEC/RESA assert there has been no showing of net harm to PGA Customers and that the proposal would penalize the majority of Transportation Customers for the activity of one. Staff, IIEC, and RESA suggest that there are alternative, market based methods to address AIC's concerns.

The Commission finds that this record does not contain an extensive analysis to support a change in the imbalance cashout provisions for Transportation Customers. It notes that the parties are in agreement that the proposed reduction of MDN from 200% to 120% of MDCQ will help to reduce the opportunity for arbitrage. To the extent that a problem remains, the Commission encourages AIC to work with Staff and Transportation Customers to develop an alternative which would not result in cross subsidization between Transportation and PGA Customers. The Commission finds that, as in Docket No. 11-0282, the current cashout provisions of Rider T are sufficient at this time and AIC's proposed changes are rejected.

III. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record, is of the opinion and finds that:

(1) Ameren Illinois Company d/b/a Ameren Illinois is an Illinois corporation engaged in the distribution and sale of natural gas to the public in Illinois, and is a public utility as defined in Section 3-105 of the Act;

(2) the Commission has jurisdiction over the parties hereto and the subject matter herein;