

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2016-0130, Tariff Tracking No. YE-2016-0129  
Union Electric Company d/b/a Ameren Missouri

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/s/ John A. Rogers 12/28/2015  
Energy Resources Department / Date

/s/ Mark Johnson 12/28/2015  
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: December 28, 2015

On November 25, 2015, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 2<sup>nd</sup> Revised Sheet No. 73.11 bearing a proposed effective date of January 27, 2016, and canceling 1<sup>st</sup> Revised Sheet No. 73.11 (the "Original Tariff Sheet"). On December 22, 2015, Ameren Missouri filed a substitute 2<sup>nd</sup> Revised Sheet No. 73.11 bearing a proposed effective date of January 27, 2016, and canceling 1<sup>st</sup> Revised Sheet No. 73.11 ("Substitute Tariff Sheet"). The filed tariff sheet, 2<sup>nd</sup> 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 2<sup>nd</sup> Revised Sheet No. 73.11.

Ameren Missouri's November 25, 2015 filing includes the testimony of Ameren Missouri witness Erik C. Wenberg and associated Ameren Missouri work papers. On December 22, 2015, Ameren Missouri filed its Substitute Tariff Sheet and submitted modified work papers to Staff which corrected an error – initially identified by Staff - involving the loss factor used to calculate the Adjustment for Reduction of Service Classification 12 (M) or 13 (M) provided for in the FAC.

The testimony and modified 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 \$347,659 and is reflected on line 5 of 2<sup>nd</sup>

**PR**

Appendix A

Revised Sheet No. 73.11. This FPA Amount results in a FAR<sub>20</sub><sup>1</sup> of \$0.00001 per kWh, which when added to the FAR<sub>19</sub> of \$0.00183 per kWh, results in a proposed FAR<sup>2</sup> of \$0.00184 per kWh. The proposed FAR is \$0.00225 per kWh less than the current FAR<sup>3</sup> of \$0.00409 per kWh.

**Adjustment for Reduction of Service Classification 12 (M) or 13 (M) Billing Determinants**

Ameren Missouri's Original Sheet No. 73.4 authorizes the Company to make an adjustment to the off-system sales revenue ("OSSR") component in the Actual Net Energy Cost ("ANEC")<sup>4</sup> calculation and an adjustment to the accumulation period sales to calculate Net Base Energy Cost ("B")<sup>5</sup>. Ameren Missouri's Original Sheet No. 73.4 states:

Should the level of monthly billing determinants under Service Classifications 12 (M) or 13 (M) fall below the level of normalized 12 (M) or 13 (M) monthly billing determinants as established in Case No. ER-2014-0258, an adjustment to OSSR shall be made in accordance with the following levels:

- a) A reduction of less than 40,000,000 kWh in a given month
  - No adjustment will be made to OSSR.
- b) A reduction of 40,000,000 kWh or greater in a given month
  - An adjustment excluding off-system sales revenue from OSSR will be made equal to the lesser of (1) all off-system sales revenues derived from all kWh of energy sold off-system due to the entire reduction, or (2) off-system sales revenues up to the reduction of 12 (M) or 13 (M) revenues compared to normalized 12 (M) or 13 (M) revenues as determined in Case No. ER-214-0258.

For the individual months of July 2015, August 2015 and September 2015, the level of the monthly kWh billing determinant under Service Classification 13 (M) fell below the level of normalized 13 (M) monthly kWh billing determinant established in Case No. ER-2014-0258 by

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<sup>1</sup> FAR<sub>RP</sub> is defined in Original Sheet No. 73.8 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 20, FAR<sub>RP</sub> in this recommendation is referred to as FAR<sub>20</sub>.

<sup>2</sup> FAR is defined in Original Sheet No. 73.8 as "Fuel Adjustment Rate applied to retail customer usage on a per kWh basis starting with the applicable Recovery Period following the FAR filing."  $FAR = FAR_{RP} + FAR_{RP-1}$ .

<sup>3</sup> The \$0.00184 per kWh rate is found on line 9 of 2<sup>nd</sup> Revised Sheet No. 73.11.

<sup>4</sup> ANEC = fuel costs (FC) plus purchased power costs (PP) plus net emission allowances (E) minus off-system sales revenues (OSSR) as reflected on line 1 of 2<sup>nd</sup> Revised Sheet No. 73.11.

<sup>5</sup> B = Base Factor times the accumulation period sales as reflected on lines 2, 2.1 and 2.2 of 2<sup>nd</sup> Revised Sheet No. 73.11.

an amount greater than 40,000,000 kWh. Consequently, Ameren Missouri made a negative adjustment to OSSR equal to \*\* \_\_\_\_\_ \*\* and a positive adjustment to Accumulation Period Sales of \*\* \_\_\_\_\_ \*\* kWh for Accumulation Period 20 (“AP20”) as contained in the Company’s modified work papers and in Attachment 1 of this Recommendation. This is the first time that this provision of the FAC has been used.

### **Calculation of Total Company Fuel and Purchased Power Difference**

Ameren Missouri’s work papers for AP20 contain data and calculations for ANEC equal to \$248,514,856 (line 1 of 2<sup>nd</sup> Revised Sheet No. 73.11) and B equal to \$247,972,525 (line 2 of 2<sup>nd</sup> Revised Sheet No. 73.11). For this filing, B is equal to sales of 13,806,933,516 kWh for June 1, 2015 through September 30, 2015, times \$0.01769<sup>6</sup> per kWh. The difference between ANEC and B is equal to \$542,331 and is the amount on line 3 of 2<sup>nd</sup> Revised Sheet No. 73.11, the Total Company Fuel and Purchased Power Difference.

### **Calculation of FPA Amount**

Ameren Missouri’s work papers and 2<sup>nd</sup> Revised Sheet No. 73.11 show the FPA Amount<sup>7</sup> of \$347,659 to be the sum of:

1. Customer Responsibility for AP20 equal to \$515,214<sup>8</sup> (Line 4 on 2<sup>nd</sup> Revised Sheet No. 73.11); minus
2. Interest for AP20 and Recovery Period 17 (“RP17”) equal to \$733,656; plus
3. The true-Up amount for RP17, without interest, equal to \$566,101.<sup>9</sup> This true-up amount is pending Commission approval in File No. ER-2016-0129.

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<sup>6</sup> Summer Base Factor Rate on Original Sheet No. 73.7 of \$0.01796 per kWh was used for billing customers from June 1, 2015 through September 30, 2015.

<sup>7</sup> 2<sup>nd</sup> Revised Sheet No. 73.11 lines 1 through 5 include the complete calculation of the FPA Amount of \$347,659.

<sup>8</sup> The customer responsibility for AP20 is equal to ninety-five percent (95 %) of \$542,331 (the difference between ANEC and B during AP20).

<sup>9</sup> Union Electric Company’s Schedule No. 6, Original Sheet No. 73.9 and 73.10: “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 FAR<sub>20</sub>**

FAR<sub>20</sub> of \$0.00001 per kWh is equal to the FPA Amount of \$347,659 divided by the Estimated Recovery Period Sales in kWh settled at MISO CP node (AMMO.UE or successor node) of 25,505,753,964 kWh. FAR<sub>20</sub> will apply during RP20—Ameren Missouri’s billing months of February 2015 through September 2016.

**Calculation of FAR Without Voltage Level Adjustments**

Line 9 of Ameren Missouri’s proposed 2<sup>nd</sup> Revised Sheet No. 73.11 reflects a FAR of \$0.00184 per kWh which is the sum of: 1) FAR<sub>20</sub> of \$0.00001 per kWh, and 2) FAR<sub>19</sub> of \$0.00183 per kWh.

**Voltage Level FARs**

Because of a difference in line losses,<sup>10</sup> there are different Initial Rate Components for service taken at the Secondary, Primary, and Large Transmission voltage levels reflected on lines 11, 13 and 15 of 2<sup>nd</sup> Revised Sheet No. 73.11. Because the Initial Rate Component for Large Transmission voltage service of \$0.00182 / kWh is less than \$0.00200 / kWh,<sup>11</sup> the Initial Rate Components for Secondary, Primary and Large Transmission voltage levels are the RP20 FARs for each service voltage level and the Industrial Aluminum Smelter (“IAS”) Service rate class FAR is equal to that of the Large Transmission voltage level rate class. The RP20 FARs are in the table below:

Service	RP20 FAR	Line on 2 <sup>nd</sup> Revised Sheet No. 73.11
Secondary	\$0.00195/kWh	21
Primary	\$0.00189/kWh	22
Large Transmission	\$0.00182/kWh	23
IAS	\$0.00182/kWh	16

Listed below are the proposed RP20 FARs, the current RP19 FARs and the difference between them for Secondary, Primary, and Large Transmission and IAS service:

<sup>10</sup> Secondary, Primary, and Large Transmission Voltage Adjustment Factors are shown on lines 10, 12, and 14, respectively, on Ameren Missouri’s proposed 2<sup>nd</sup> Revised Sheet No. 73.11.

<sup>11</sup> The Commission’s Report and Order in Case No. ER-2015-0258 created a new Industrial Aluminum Smelter Rate Class for which the FAR IAS rate is capped at \$0.00200 per kWh.

	Proposed RP20 FAR	Current RP19 FAR	Difference
Secondary	\$0.00195/kWh	\$0.00462/kWh	\$0.00267/kWh Decrease
Primary	\$0.00189/kWh	\$0.00447/kWh	\$0.00258/kWh Decrease
Large Transmission	\$0.00182/kWh	\$0.00433/kWh	\$0.00251/kWh Decrease
IAS	\$0.00182/kWh	\$0.00200/ kWh	\$0.00018/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 \$5.08 to \$2.14, a decrease of \$2.94 per month. Company witness Erik C. Wenberg states:

The primary drivers for this decrease were higher net base energy costs resulting from the rebase of net energy costs in Case No. ER-2014-0258 and the absence of any recoverable cost difference needing to be applied to Ameren Missouri's other service classifications since the Industrial Aluminum Smelter FAR is less than \$0.002/kWh.<sup>12</sup>

Staff reviewed the proposed 2<sup>nd</sup> 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 AP20. 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 2<sup>nd</sup> 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 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 AP20.

<sup>12</sup> Direct testimony of Erik C. Wenberg, page 4, lines 8 through 12.

### **Staff Recommendation**

Ameren Missouri timely filed 2<sup>nd</sup> 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 2<sup>nd</sup> Revised Sheet No. 73.11, filed November 25, 2015 and revised through the substitute tariff sheet filed on December 22, 2015, become effective on January 27, 2016, the beginning of the first billing cycle of Ameren Missouri's February 2016 billing month. Thus, the proposed tariff sheet was filed with 63 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed substitute tariff sheet, as filed on December 22, 2015, to become effective on January 27, 2016, as requested by Ameren Missouri:

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

2<sup>nd</sup> Revised Sheet No. 73.11 Canceling 1<sup>st</sup> Revised Sheet No. 73.11.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2014 Annual Report<sup>13</sup>. 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-2016-0129 as noted herein.

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<sup>13</sup> Ameren Missouri filed its 2014 Annual Report on April 15, 2015.







**Attachment 1**

**Is Deemed**

**Highly Confidential**

**In Its Entirety**