

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EO-2014-0075 and Tariff Tracking No. YE-2014-0223
Union Electric Company d/b/a Ameren Missouri

FROM: Michael Scheperle, Manager Economic Analysis

/s/ Natelle Dietrich 12/10/13
Director of Tariff, Safety, Economic
& Engineering Analysis / Date

/s/ Jennifer Hernandez 12/10/13
General Counsel's Office / Date

SUBJECT: Staff Recommendation to Approve Union Electric Company d/b/a Ameren Missouri's ("Ameren Missouri") Proposed Tariff Sheets for its Rider EEIC ("Energy Efficiency Investment Charge") and Variances to Implement the Terms, Conditions, and Rates of the Proposed Rider EEIC

DATE: December 10, 2013

Ameren Missouri Filing

On September 20, 2013, Ameren Missouri gave its notice that it might file to implement regulatory changes in furtherance of its energy efficiency programs as allowed by the Missouri Energy Efficiency Investment Act of 2009 ("MEEIA"), the Commission's Rules¹ and the Commission-approved Nonunanimous Stipulation and Agreement in File No. EO-2012-0142.

On November 20, 2013, Ameren Missouri filed with the Commission twenty-six (26) tariff sheets bearing an issue date of November 20, 2013, and an effective date of January 27, 2014,² proposing a MEEIA rider mechanism ("Rider EEIC").³ Ameren Missouri's filing included the proposed tariff sheets and work papers consisting of electronic worksheets showing its calculation of projected costs for the February 2014 billing month through January 2015 billing month. The proposed Rider EEIC includes projected Program Costs ("PC"), projected Ameren Missouri's Throughput Disincentive – Net Shared Benefits ("TD-NSB") share, Performance Incentive Award ("PIA") for each effective period, and any other Ordered Adjustments ("OA") along with reconciliations with interest by true-up and/or prudence reviews.

Recovery of costs and incentives will continue after the anticipated December 31, 2015 timeframe,⁴ so all costs and incentives are properly reconciled and recovered. The customer charge for the Rider EEIC shall be reflected in one line item labeled "Energy Efficiency Invest. Chg." on customers' bills.⁵ Ameren Missouri's filing proposes changes to the existing energy efficiency investment cost

¹ Commission Rules 4 CSR 240-3.163, 3.164; and 4 CSR 240-20.093, 20.094.

² The first day of Ameren Missouri's February 2014 billing month.

³ Designated Case No. EO-2014-0075.

⁴ The MEEIA program period is January 2, 2013 through December 31, 2015.

⁵ This is same wording as currently exists on customer bills effective January 2, 2013.

recovery mechanism,⁶ which provides recovery through base rates and through a tracker. This is accomplished by removal of the existing MEEIA rates from within the Company's service classification rate schedules and replacing them with the new Rider EEIC rates effective January 27, 2014.

The proposed Rider EEIC is applicable to all kilowatt-hours ("kWh") of energy supplied to customers served by Ameren Missouri under service classification rate schedules⁷ 1(M), 2(M), 3(M), 4(M), 11(M) and 12(M), excluding kWh of energy supplied to "opt-out" customers.

Ameren Missouri will make a Rider EEIC filing each calendar year to become effective starting for the subsequent calendar year's February billing month. Ameren Missouri is allowed or may be ordered by the Commission to make one other Rider EEIC filing in each calendar year with filings being made at least sixty (60) days prior to their effective dates for either the June or October billing months.

Also, with Ameren Missouri's November 20, 2013 filing, Ameren Missouri is requesting additional variances from various portions of the MEEIA Rules. Specifically, Ameren Missouri is requesting variances from Commission Rules 4 CSR 240-20.093(1)(N), 4 CSR 240-20.093(2)(I), 4 CSR 240-20.094(1)(L) and 4 CSR 240-20.093(5)(A).

Background

On January 20, 2012, Ameren Missouri filed an application - under the MEEIA statute and the Commission's MEEIA Rules - including its 2013-2015 Energy Efficiency Plan ("MEEIA Report"), its Technical Resource Manual ("TRM") and its request for variances from specific MEEIA rules.

On August 12, 2012, the Commission approved a Nonunanimous Stipulation and Agreement ("Stipulation") in File No. EO-2012-0142. The Stipulation was later amended by order effective December 29, 2012.

The Stipulation outlined the terms, conditions, and rates by customer class for 1) estimated and actual MEEIA Programs' costs; 2) estimated and actual TD-NSB Share amounts; and 3) Performance Incentive Award for January 2, 2013 through December 31, 2015. The Stipulation allowed Ameren Missouri cost recovery through base rates and a tracker. The Stipulation allows for True-up, Prudence Reviews, and Variances from certain Commission Rules. The Stipulation requires Ameren Missouri to include a separate line item on customer bills that says "Energy Efficiency Invest. Chg."

However, the Stipulation provides that if lawfulness of a DSIM rider is ultimately resolved in favor of it being lawful prior to any final true-up of the MEEIA Programs' costs or Ameren Missouri's TD-NSB Share, then the respective associated regulatory asset or regulatory liability balance and Performance Incentive Award shall (except as otherwise provided for in paragraph 7) be recovered from/returned to customers via such a rider.⁸ The Missouri Western District Court of Appeals held in

⁶ Stipulation and Agreement approved by the Commission in its order effective August 11, 2012, as amended by order effective December 29, 2012, in File No. EO-2012-0142.

⁷ Rate Schedules for Residential 1(M), Small General Service 2(M), Large General Service 3(M), Small Primary Service 4(M), Large Primary Service (11(M), and Large Transmission Service 12(M).

⁸ Page 5, paragraph 6 of Stipulation.

Case No. WD 74676 that a rider mechanism is lawful. Hence, Ameren Missouri filed its proposed Rider EEIC to incorporate a rider mechanism for its costs and incentives instead of the current MEEIA rate recovery mechanism.

Rider Mechanism in Stipulation and Agreement in Case No. EO-2012-0142

The Stipulation defines that if a rider mechanism is utilized in lieu of recovery/true up as defined in the Stipulation, it shall provide for rate adjustments outside general rate proceedings using these criteria⁹ :

1. Rate adjustments outside general rate proceedings for both recovery/true-up;
2. Amounts billed/returned via rider will be billed/returned within two years of the annual period in which sums being recovered were recognized in Ameren Missouri's financial statements prepared in accordance with Generally Accepted Accounting Principles;
3. Sums to be billed/returned under the rider shall bear interest at Ameren Missouri's short-term borrowing rate; and
4. Adjustments as necessary after the billing/return period is complete to true-up any differences.

Signatories to the Stipulation agreed to cooperate in the creation of a Rider and the tariff sheets to implement the Rider. If the Commission does not approve an agreed-upon rider, then a rider shall not be used for recovery/true up for the items reflected in paragraph 5 and 6 of the Stipulation and Agreement and recovery/true/up shall occur as otherwise provided in the Stipulation.

Additional Variance Requests

Concurrent with Ameren Missouri's Rider EEIC proposal, Ameren Missouri is requesting additional variances to implement the terms, conditions, and rates as part of Ameren Missouri's Rider EEIC proposal. Specifically, Ameren Missouri requests additional variances from rules 4 CSR 240-20.093(1)(N), 4 CSR 240-20.093(2)(I) and 4 CSR 240-20.094(1)(L) related to the number of filings it is to make each year. As part of the Stipulation, the Commission granted UE relief from the semi-annual adjustments to a Demand-Side Investment Mechanisms ("DSIM") required by rule 4 CSR 240-20.093(4). However, other rules also reference semi-annual adjustments and Ameren Missouri is now requesting additional variances from them. Staff supports these additional variance requests.

Furthermore, Ameren Missouri is requesting Commission authorization for its DSIM to be in effect for more than four years as provided by rule 4 CSR 240-20.093(5)(A). The proposed Rider EEIC, if approved, will likely take longer than four years to properly recover costs. For example, the PIA¹⁰ will likely take longer than four years to recover as it will not be calculated until after the three-year energy efficiency programs are completed and evaluated. The PIA recovery is only available after the determination of the PIA and 24 calendar months following the end of the annual period in which the

⁹ Criteria outlined in Paragraph 7 of Commission approved Stipulation.

¹⁰ One component of Ameren Missouri's Rider EEIC proposal as determined in the Performance Incentive ("PI"), Sheet 90.3.

PIA is determined. Staff supports this additional variance request.

To ensure there is no confusion, Staff recommends that the Commission grant Ameren Missouri an additional variance from 4 CSR 240-20.093(2)(J). Rule 4 CSR 240-20.093(2)(J) provides that if the Commission approves a utility incentive component of a DSIM, the utility incentive component shall be binding on the electric utility for the entire term of the DSIM, unless otherwise ordered or conditioned by the Commission when approved. The Stipulation approved by the Commission contains incentive components. It further outlines that a rider mechanism may be implemented if legal. To eliminate any confusion, Staff recommends the Commission grant Ameren Missouri relief from 4 CSR 240-20.093(2)(J) to allow it to implement the Rider EEIC as proposed, which is different than the current base rate and tracker recovery mechanism.

Change in 2014 MEEIA Rates

The current MEEIA mechanism rate per class of customer is collected through a line item on current bills and is based on a projected three (3) year average of program costs and an incentive¹¹ rate designed to offset the throughput disincentive associated with the MEEIA programs. The current mechanism also contains a PIA collected over a two-year period starting after the completion of the three-year MEEIA program cycle¹². Ameren Missouri’s proposed Rider EEIC is based on each year’s projected costs and incentives¹³ with reconciliations from actual prior periods and any ordered adjustments with interest. Listed below are the current MEEIA rates¹⁴ and the new MEEIA rates¹⁵ for the proposed Rider EEIC mechanism. The average residential bill¹⁶ would increase nineteen cents (\$0.19) per month or approximately 0.18%. Rider EEIC business¹⁷ rates per class vary due to customer opt outs¹⁸ per class of customer.

Rate Class	Current MEEIA Rate/kWh	Proposed MEEIA Rate/kWh
Residential	\$0.0033	\$0.003472
Small General Service	\$0.0016	\$0.001955
Large General Service	\$0.0021	\$0.002372
Small Primary Service	\$0.0022	\$0.002023
Large Primary Service	\$0.0021	\$0.001695

¹¹ Based on January 2, 2013 through December 31, 2015 costs and incentives are averaged.
¹² Staff’s understands the Performance Incentive will continue to be collected with a rider over a two-year period without capital treatment.
¹³ Proposed Rider EEIC which contemplates projected costs and incentives with reconciliations from prior periods.
¹⁴ MEEIA rates effective January 2, 2013 through January 26, 2014.
¹⁵ Proposed MEEIA rates effective January 27, 2014. Rider EEIC rates would vary for each effective period based on projected costs and incentives.
¹⁶ Based on a residential customer averaging 1,080 kWh per month of usage.
¹⁷ Business Rider EEIC rates are small general service, large general service, small primary service, and large primary service.
¹⁸ Ameren Missouri has seven new large accounts that have opted out of MEEIA programs for 2014.

Staff Recommendation

The Commission's Energy Unit-Tariff, Safety, Economic and Engineering Analysis Department Staff ("Staff") has reviewed the filed tariff sheets and recommends the Commission issue an order approving the following tariff sheets, as filed on November 20, 2013, for service on and after January 27, 2014, and approve the additional variance requests by Ameren Missouri and Staff.

P.S.C. MO. No. 6

1st Revised Sheet No. 54, Cancelling Original Revised Sheet No. 54
1st Revised Sheet No. 54.1, Cancelling Original Revised Sheet No. 54.1
1st Revised Sheet No. 54.4, Cancelling Original Revised Sheet No. 54.4
1st Revised Sheet No. 55, Cancelling Original Revised Sheet No. 55
1st Revised Sheet No. 55.1, Cancelling Original Revised Sheet No. 55.1
1st Revised Sheet No. 55.3, Cancelling Original Sheet No. 55.3
1st Revised Sheet No. 55.4, Cancelling Original Sheet No. 55.4
1st Revised Sheet No. 56, Cancelling Original Sheet No. 56
1st Revised Sheet No. 56.1, Cancelling Original Sheet No. 56.1
1st Revised Sheet No. 56.3, Cancelling Original Sheet No. 56.3
1st Revised Sheet No. 56.4, Cancelling Original Sheet No. 56.4
1st Revised Sheet No. 57, Cancelling Original Sheet No. 57
1st Revised Sheet No. 57.1, Cancelling Original Sheet No. 57.1
1st Revised Sheet No. 57.4, Cancelling Original Sheet No. 57.4
1st Revised Sheet No. 57.5, Cancelling Original Sheet No. 57.5
1st Revised Sheet No. 61, Cancelling Original Sheet No. 61
1st Revised Sheet No. 61.1, Cancelling Original Sheet No. 61.1
1st Revised Sheet No. 61.4, Cancelling Original Sheet No. 61.4
1st Revised Sheet No. 62, Cancelling Original Sheet No. 62
1st Revised Sheet No. 70, Cancelling Original Sheet No. 70
1st Revised Sheet No. 90, Cancelling Original Sheet No. 90
Original Sheet No. 90.1
Original Sheet No. 90.2
Original Sheet No. 90.3
Original Sheet No. 90.4
Original Sheet No. 90.5

The Staff has verified that Ameren Missouri has filed its 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.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Ameren Missouri's Request for Waivers)
for its Missouri Energy Efficiency)
Investment Act Programs)

Case No. EO-2014-0075
File No. YE-2014-0223

AFFIDAVIT OF MICHAEL S. SCHEPERLE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

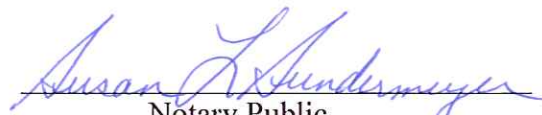
Michael S. Scheperle, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Michael S. Scheperle

Subscribed and sworn to before me this 10th day of December, 2013.





Notary Public