

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

In the Matter of the Adjustment)	
of Union Electric Company)	
d/b/a Ameren Missouri's)	<u>Case No. ER-2016-0130</u>
Fuel Adjustment Clause for)	Tariff No. YE-2016-0129
The 20 th Accumulation Period)	

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET REGARDING
CHANGE TO THE FUEL ADJUSTMENT RATE FOR
ACCUMULATION PERIOD 20**

COMES NOW the Staff of the Missouri Public Service Commission ("Commission"), by and through counsel, and for its recommendation to approve the tariff sheet, states as follows:

1. On November 25, 2015, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed a proposed tariff sheet, 2nd Revised Sheet No. 73.11, with supporting direct testimony pursuant to Commission Rules 4 CSR 240-20.090(4) and 4 CSR 240-3.161(7) seeking approval to adjust the Company's Fuel Adjustment Rates ("FARs") used to calculate its Fuel Adjustment Clause ("FAC") charge billed to its customers. The proposed tariff sheet bears an effective date of January 27, 2015.

2. Concurrently on November 25, Ameren Missouri submitted a true-up filing in File No. ER-2016-0129 to identify the amount of over- or under-recovery during Recovery Period 17 ("RP17") prescribed by its FAC. The over- or under-recovered amount (or true-up amount) and interest amount for RP17 are used when calculating the new FARs in this case.

3. On November 30, the Commission ordered Staff to examine and analyze Ameren Missouri's filings in this case, and to file its recommendation no later than

December 25, 2015, as required by Rule 4 CSR 240-20.090(4). The Commission also directed that all parties to Case No. ER-2014-0258 (the general rate proceeding in which continuation of Ameren Missouri's FAC was most recently approved) be added to the service list for this case, and set an intervention date of December 14. The Commission received no applications to intervene. Because December 25th was a state holiday, Staff is filing this recommendation on the next work day, December 28, 2015.

4. On December 22, 2015, Ameren Missouri filed its Substitute 2nd Revised Sheet No. 73.11, with modified work papers to Staff which work papers corrected an error 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 substitute tariff sheet also bears an effective date of January 27, 2015.

5. Staff's *Memorandum*, attached hereto as Attachment A and incorporated herein by reference, recommends the Commission issue an order approving the proposed revised tariff sheet Ameren Missouri filed on November 25, 2015, and revised on December 22, 2015.

6. Commission Rule 4 CSR 240-20.090(4) states: "An electric utility with a FAC shall file one (1) mandatory adjustment to its FAC in each true-up year coinciding with the true-up of its FAC."¹ The rule requires Staff "to determine if the proposed adjustment to the FAC is in accordance with the provisions of this rule, Section 386.266 RSMo and the FAC mechanism established in the most recent general rate proceeding." If so, "the commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days

¹ An electric utility may also file up to three (3) additional adjustments to its FAC within a true-up year with the timing and number of such filings to be determined in a general rate proceeding.

of the electric utility's filing or... the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.”

7. Ameren Missouri's filing in this case requests Commission approval of one tariff sheet bearing an effective date of January 27, 2016, that revises the current FARs in its FAC. The filing includes testimony and work papers of Ameren Missouri witness Erik C. Wenberg supporting the Company's calculation of the Fuel and Purchased Power Adjustment (“FPA”).

8. The FPA amount is \$347,659. The FPA amount² is the sum of: Customer Responsibility for Accumulation Period (“AP”) 20 equal to \$515,214³ (Line 4 on Substitute 2nd Revised Sheet No. 73.11); minus Interest for AP20 and RP17 equal to \$733,656 (Line 4.1 on Substitute 2nd Revised Sheet No. 73.11); plus True-Up amount for RP17, without interest, equal to \$566,101 (Line 4.2 on Substitute 2nd Revised Sheet No. 73.11). This True-Up amount is before the Commission for approval in pending File No. ER-2016-0129.

9. As explained in Staff's *Memorandum*, the FPA amount results in a Current Period FAR (FAR 20) of \$0.00001 per kWh (Line 7 on Substitute 2nd Revised Sheet No. 73.11) which, when added to the Prior Period FAR (FAR19) of \$0.00183 per kWh (Line 8 on Substitute 2nd Revised Sheet No. 73.11), results in a Fuel Adjustment Rate (FAR) of \$0.00184 per kWh (Line 9 on Substitute 2nd Revised Sheet No. 73.11), which is a decrease of \$0.00225 per kWh when compared to the existing FAR of

² Substitute 2nd Revised Sheet No. 73.11 lines 1 through 5 include the complete calculation of the FPA Amount of \$347,659.

³ The customer responsibility for AP20 is equal to ninety-five percent (95%) of \$542,331 (the difference between Actual Net Energy Cost (“ANEC”) and Net Base Energy Cost (“B”) during AP20).

\$0.00409 per kWh. Because of a difference in line losses, the FAR is adjusted for the voltage at which customers receive service.

10. Because the Initial Rate Component for Large Transmission voltage service of \$0.00182 / kWh is less than \$0.00200 / kWh,⁴ 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.

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

	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.

11. According to Ameren Missouri witness Erik Wenberg, “[t]he 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

⁴ 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.

difference needing to be applied to Ameren Missouri's other service classifications since the Industrial Aluminum Smelter FAR is less than \$0.002/kWh."⁵

12 Staff has determined that Ameren Missouri timely filed the 2nd Revised Tariff Sheet No. 73.11 and that it complies with Commission Rule 4 CSR 240-3.161 and Ameren Missouri's FAC as defined in its FAC tariff sheets.

13. Staff has verified that Ameren Missouri is not delinquent on any assessment, and has filed its 2014 annual report. Ameren Missouri is current on the filing of its Surveillance Monitoring reports as required by 4 CSR 240-20.090(10) and its monthly reports 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.

WHEREFORE, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on November 25, 2015, and revised on December 22, 2015, to become effective on January 27, 2015, as requested by Ameren Missouri:

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

2st Revised Sheet No. 73.11 Cancelling 1st Revised Sheet No. 73.11.

⁵ Direct testimony of Erik C. Wenberg, page 4, lines 8 through 12.

Respectfully submitted,

/s/ Mark Johnson

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 28th day of December, 2015, to all counsel of record.

/s/ Mark Johnson