

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

In the Matter of Union Electric Company, d/b/a)	
Ameren Missouri's Electric Service Tariffs)	<u>Case No. ER-2018-0144</u>
Adjustment Relating to MEEIA EEIC Rider)	Tariff No. YE-2018-0063

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation* states:

1. On November 21, 2017, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed one tariff sheet¹ bearing an effective date of January 25, 2018, proposing a Missouri Energy Efficiency Investment Act ("MEEIA") Rider EEIC ("Energy Efficiency Investment Charge") rate change.

2. The purpose of this filing is to propose rate changes to the existing energy efficiency investment cost recovery mechanism to solely reflect the program costs and the throughput disincentive of the MEEIA Cycle 2 energy efficiency programs and a portion of the MEEIA Cycle 1 performance incentive award approved by the Commission.

3. The overall Rider EEIC rate change increases rates by \$31.4 million.² For the residential rate class, the impact of the change in Ameren Missouri's 2018 MEEIA rates will decrease an average residential bill by \$0.22 per month based on an average residential usage of 1,060 kWh per month.

¹ The tariff sheet was filed pursuant to para. 16 of the *Non-Unanimous Stipulation and Agreement* approved by the Commission on February 10, 2016 in File No. EO-2015-0055.

² The MEEIA Cycle 2 program period is March 1, 2016, through February 28, 2019. This filing increases the EEIC Rider revenue requirement from \$85,123,050 to \$116,523,446.

4. For business rate classes, the Rider EEIC rates per class will vary due to projected costs, incentives, and customer opt-outs by customer class. MEEIA EEIC rates for the business classes will increase as follows:

- * Small General Service increases 146% for an increase of \$2.67 per 1000 kWh;
 - * Large General Service increases 117% for an increase of \$2.42 per 1000 kWh;
 - * Small Primary Service increases 80% for an increase of \$2.11 per 1000 kWh;
- and,
- * Large Primary Service increases 28% for an increase of \$0.86 per 1000 kWh.

5. The increase in the MEEIA rates is due largely to increases in program participation and projected energy efficiency program costs, an increase in projected throughput disincentive, and the continued collection of the performance incentive earned by Ameren Missouri for its MEEIA Cycle 1 energy efficiency programs.³ The results of Staff's analyses and a more detailed explanation of its recommendation are contained in Staff's Memorandum, attached as *Appendix A* and incorporated herein.

6. The Staff's Tariff / Rate Design Unit has reviewed Ameren Missouri's proposed tariff sheet, supporting work papers, and worksheets showing its calculation of the proposed Rider EEIC rates and the projected costs and throughput disincentive of the MEEIA Cycle 2 EEIR ("Energy Efficiency Investment Rate") components for the February 2017 billing month through January 2018 billing month. The total proposed Rider EEIC rates are the sum of currently effective MEEIA Cycle 1 EEIR components and the proposed MEEIA Cycle 2 EEIR components.⁴

³ As authorized by the Commission's order approving the *Revised Non-Unanimous Stipulation and Agreement Addressing Ameren Missouri's Performance Award* in File No. EO-2012-0142.

⁴ Approved by the Commission on January 6, 2016 in File No. ER-2016-0131. Though MEEIA Cycle 1 ended on December 31, 2015, the recovery of costs and incentives will continue until all costs and

7. Staff has verified that Ameren Missouri is not delinquent on any assessment, is current on submission of its Quarterly Surveillance Monitoring reports, and has filed its annual report. Staff is not aware of any other matter before the Commission that is affected by this filing.

WHEREFORE, for the reasons stated above and in Staff's Memorandum, the Staff recommends the Commission approve the following tariff sheet as filed on November 21, 2017, bearing an effective date of January 25, 2018:

P.S.C. MO. No. 6

3rd Revised Sheet No. 91.11, Cancelling 2nd Revised Sheet No. 91.11

Respectfully submitted,

/s/ Robert S. Berlin

Robert S. Berlin
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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 15th day of December, 2017, to all counsel of record.

/s/ Robert S. Berlin

incentives are properly reconciled and recovered. MEEIA Cycle 1 program period was from January 2, 2013 through December 31, 2015.

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2018-0144 and Tariff Tracking No. YE-2018-0063
Union Electric Company d/b/a Ameren Missouri

FROM: Michael Stahlman, Regulatory Economist III
Brad Fortson, Regulatory Economist III

/s/ Robin Kliethermes 12/15/17
Tariff / Rate Design Manager / Date

/s/ Robert S. Berlin 12/15/17
Staff Counsel Division / Date

SUBJECT: Staff Recommendation to Approve Union Electric Company d/b/a Ameren Missouri's ("Ameren Missouri") Proposed Tariff Sheet for its Rider Energy Efficiency Investment Charge ("Rider EEIC") to Implement the Terms, Conditions, and Rates of the Proposed Rider EEIC effective January 25, 2018

DATE: December 15, 2017

Ameren Missouri Filing

On November 21, 2017, Ameren Missouri filed with the Commission one (1) tariff sheet bearing an issue date of November 21, 2017, and an effective date of January 25, 2018,¹ proposing a Missouri Energy Efficiency Investment Act ("MEEIA") Rider EEIC rate change. The overall Rider EEIC rate change increases rates by approximately \$31.4 million, or 36.9%.² Ameren Missouri's filing included the proposed tariff sheet and work papers consisting of electronic worksheets showing its calculation of the proposed Rider EEIC rate and the projected costs and throughput disincentive of the MEEIA 2016-18 EEIR Components for the March 2017 billing month through January 2018 billing month and the awarded performance incentive from the MEEIA 2013-15 programs. The proposed Rider EEIC includes two ordered adjustments and projected reconciliations with interest by true-up and/or prudence reviews.

The Commission ordered the Staff of the Commission to file its recommendation no later than December 22, 2017.³

Background

On February 10, 2016, the Commission approved a Non-Unanimous Stipulation and Agreement ("Stipulation") in File No. EO-2015-0055 regarding the Ameren Missouri's MEEIA Cycle 2 energy efficiency plan. Ameren Missouri makes a Rider EEIC filing each calendar year with an effective date beginning in the subsequent calendar year's February billing month. Ameren Missouri is permitted to make one additional Rider EEIC filing in each calendar year, or may be directly ordered

¹ The first day of Ameren Missouri's February 2017 billing month.

² The MEEIA Cycle 2 program period is March 1, 2016 through February 28, 2019. Currently, the rider has a revenue requirement of \$85,123,050. This filing proposes to change the revenue requirement to \$116,523,446.

³ Order Directing Notice, Establishing Intervention Deadline, and Directing Filing of Staff Recommendation issued on November 22, 2017 in File No. ER-2018-0144.

to do so by the Commission, with filings being made at least sixty (60) days prior to their effective dates for either the June or October billing months.

The total proposed Rider EEIC rates are the sum of the currently effective MEEIA 2013-15 (i.e. MEEIA Cycle 1⁴) EEIR Components, approved by the Commission on January 6, 2016 in File No. ER-2016-0131, and the respective proposed MEEIA 2016-18 EEIR Components. Even though the MEEIA Cycle 1 programs ended on December 31, 2015, the recovery of the performance incentive will continue until it is properly reconciled and recovered.

The Rider EEIC charge is reflected in one line item on the customer's bill labeled "Energy Efficiency Invest. Chg.". The proposed Rider EEIC rate changes are applicable to all kilowatt-hours ("kWh") of energy supplied to customers served by Ameren Missouri under service classification rate schedules⁵ 1(M), 2(M), 3(M), 4(M), 11(M) and 12(M), excluding kWh of energy supplied to "opt-out" customers.

Change in 2018 MEEIA Rates

The current MEEIA mechanism rate per class of customer is collected through a line item on current bills and is based on each year's projected costs and incentives⁶ with reconciliations from actual prior periods and any ordered adjustments with interest. Listed below are the current MEEIA rates⁷ and the new MEEIA rates⁸ for the proposed Rider EEIC mechanism. The average residential bill⁹ will decrease twenty-two cents (\$0.22) per month. Rider EEIC business¹⁰ rates per class vary due to projected costs, incentives, and customer opt outs per class of customer. The Small General Service rate will increase approximately 146%, or \$2.67 per 1000 kWh; the Large General Service will increase approximately 117%, or \$2.42 per 1000 kWh; the Small Primary Service rate will increase approximately 80%, or \$2.11 per 1000 kWh; and the Large Primary Service rate will increase approximately 28%, or \$0.86 per 1000 kWh.

⁴ The MEEIA Cycle 1 program period is January 2, 2013 through December 31, 2015.

⁵ 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).

⁶ Proposed Rider EEIC which contemplates projected costs and incentives with reconciliations from prior periods.

⁷ MEEIA rates effective January 26, 2017.

⁸ Proposed MEEIA rates effective January 25, 2018. Rider EEIC rates would vary for each effective period based on projected costs, incentives, and customer opt-outs.

⁹ Based on a residential customer averaging 1,060 kWh per month of usage.

¹⁰ Business Rider EEIC rates are small general service, large general service, small primary service, and large primary service.

Rate Class	Current MEEIA Rate/kWh	Proposed MEEIA Rate/kWh
Residential	\$0.003892	\$0.003685
Small General Service	\$0.001828	\$0.004499
Large General Service	\$0.002064	\$0.004486
Small Primary Service	\$0.002636	\$0.004744
Large Primary Service	\$0.003059	\$0.003918

The substantial increase in the MEEIA EEIC rates of the business classes is primarily due to the overall increased participation in Cycle 2 business participation. Currently Ameren Missouri is meeting its expected program performance metrics while remaining below the expected budget. MEEIA Cycle 1 was primarily focused on residential classes and Cycle 2 shifted the focus to the business classes. This, and the lag between Cycle 1 and Cycle 2 programs, caused initial business participation in the business programs to be low. These rates reflect the increase in business class participation from the initial low participation towards the beginning of the cycle to the current participation which is in-line with the overall program goals.

Staff Recommendation

The Commission Staff’s Tariff / Rate Design Unit (“Staff”) has reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, as filed on November 21, 2017, for service on and after January 25, 2018.

P.S.C. MO. No. 6

3rd Revised Sheet No. 91.11, Cancelling 2nd Revised Sheet No. 91.11

The Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its Annual Report. Ameren Missouri is current on its submission of its Quarterly Surveillance Monitoring reports as required in 4 CSR 240-20.090(10). 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

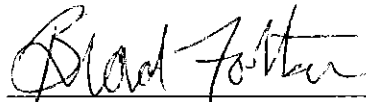
In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Electric Service Tariffs) File No. ER-2018-0144
Adjustment Relating to MEEIA EEIC Rider)
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AFFIDAVIT OF BRAD FORTSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

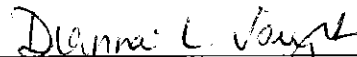
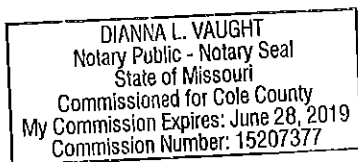
COMES NOW, BRAD FORTSON and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



BRAD FORTSON

Subscribed and sworn to be this 15th day of December, 2017.


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

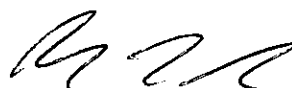
In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Electric Service Tariffs) File No. ER-2018-0144
Adjustment Relating to MEEIA EEIC Rider)
)

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)


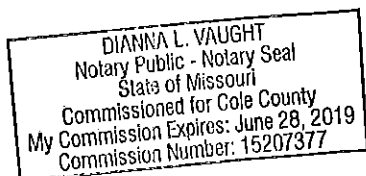
COMES NOW, MICHAEL L. STAHLMAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



MICHAEL L. STAHLMAN

Subscribed and sworn to be this 14th day of December, 2017.


Notary Public