

**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	)	<b><u>Case No. ER-2019-0151</u></b>
Adjustment Relating to MEEIA EEIC Rider	)	<b><u>Tariff No. YE-2019-0095</u></b>

**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 20, 2018, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) filed one tariff sheet<sup>1</sup> bearing an effective date of January 25, 2019, 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 charge 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 (2013-2015) performance incentive award approved by the Commission. This filing includes \$4,769,444 of the \$9,141,435 increase to the MEEIA Cycle 1 performance incentive resulting from the Missouri Supreme Court opinion (No. SC9622) issued July 3, 2018 in Ameren Missouri’s favor.<sup>2</sup> The remaining \$4,371,991 is to be included in the Company’s Rider EEIC rate adjustment filing in November 2019.

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<sup>1</sup> 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.

<sup>2</sup> Ameren Missouri appealed the Commission decision in Case No. EC-2015-0315.

3. The overall Rider EEIC rate change decreases the Rider EEIC estimated annual recovery amount by \$70.8 million.<sup>3</sup> For the residential rate class, the impact of the change in Ameren Missouri's 2019 MEEIA rates will decrease an average residential bill by \$3.33 per month based on an average residential usage of 1,060 kWh per month.

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. Rider EEIC rates for the business classes will decrease as follows:

- \* Small General Service decreases 34.8% for a decrease of \$1.57 per 1000 kWh;
- \* Large General Service decreases 44.4% for a decrease of \$1.99 per 1000 kWh;
- \* Small Primary Service decreases 54.0% for a decrease of \$2.56 per 1000 kWh;
- and,
- \* Large Primary Service decreases 61.3% for a decrease of \$2.40 per 1000 kWh.

5. The decrease in the Rider EEIC rates is due largely to a decrease in actual program costs during 2018 compared to forecasted costs and resulted in a refund for customers. In addition, the forecasted costs are lower because they do not include projected programs costs or projected throughput disincentive for March 2019 – February 2020. Ameren Missouri's MEEIA Cycle 3 (2019-2021) programs had not been approved by the Commission as of the filing date (November 20, 2018) of this tariff sheet and thus projected costs for 2019-2020 are not a part of this filing. The results of

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<sup>3</sup> The MEEIA Cycle 2 program period is March 1, 2016, through February 28, 2019. This filing decreases the EEIC Rider revenue requirement from \$116,523,446 to \$45,767,580 for a rider revenue requirement reduction in the amount of \$70.8 million.

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 Department 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 (2016-2018) EEIR ("Energy Efficiency Investment Rate") components for the March 2018 billing month through February 2019 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.<sup>4</sup>

7. As a result of its review of the proposed rates, Staff identified two issues for resolution going forward. First, the amount of energy savings in the rebase portion of the throughput disincentive calculation does not match the amount of energy savings that was rebased in the most recent rate case. This was discussed with the Company. Staff understands this will be corrected in the Company's next Rider EEIC rate change filing which is expected to occur in March 2019, with all differences to be reconciled in the over/under recalculation with interest. Second, Staff found that the throughput disincentive for the Home Energy Report program energy savings are being booked at an energy savings level which is not consistent with the amounts determined in the 2016 evaluation, but is consistent with the current Technical Resource Manual. The Energy Resource Analysis Department, which conducts Staff's Rider EEIC

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<sup>4</sup> 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 incentives are properly reconciled and recovered. MEEIA Cycle 1 program period was from January 2, 2013 through December 31, 2015.

prudence reviews, will address this matter as appropriate in its next Rider EEIC prudence review.

8. 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 2017 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 20, 2018, bearing an effective date of January 25, 2019:

P.S.C. MO. No. 6

4<sup>th</sup> Revised Sheet No. 91.11, Cancelling 3<sup>rd</sup> Revised Sheet No. 91.11

Respectfully submitted,

**/s/ Robert S. Berlin**

Robert S. Berlin  
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Attorney for the Staff of the  
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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 20<sup>th</sup> day of December, 2018, to all counsel of record.

**/s/ Robert S. Berlin**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. ER-2019-0151 and Tariff Tracking No. YE-2019-0095  
Union Electric Company d/b/a Ameren Missouri

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

/s/Robin Kliethermes 12/20/2018      /s/ Bob Berlin 12/20/2018  
Tariff/Rate Design Department / Date      Staff Counsel's Office / 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, 2019

**DATE:** December 20, 2018

### Ameren Missouri Filing

On November 20, 2018, Ameren Missouri filed with the Commission one (1) tariff sheet bearing an issue date of November 20, 2018, and an effective date of January 25, 2019,<sup>1</sup> proposing a Missouri Energy Efficiency Investment Act ("MEEIA") Rider EEIC rate change. The overall Rider EEIC rate change decreases rates by approximately \$70.8 million, or 60.7%.<sup>2</sup> 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 through the January 2019 billing month and a portion of the awarded performance incentive from the MEEIA 2013-15.<sup>3</sup> The proposed Rider EEIC includes ordered adjustments and projected reconciliations with interest by true-up and/or prudence reviews.

The Commission ordered the Staff of the Commission ("Staff") to file its recommendation no later than December 20, 2018.<sup>4</sup>

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<sup>1</sup> The first day of Ameren Missouri's February 2019 billing month.

<sup>2</sup> The MEEIA Cycle 2 program period is March 1, 2016 through February 28, 2019. Currently, the rider has a revenue requirement of \$116,523,446. This filing proposes to change the revenue requirement to \$45,767,580.

<sup>3</sup> A \$9,141,435 increase to the MEEIA 2013-15 Performance Incentive is the result of the Missouri Supreme Court opinion (No. SC96222) issued July 3, 2018 on Ameren Missouri's appeal of the Commission decision in Case No. EC-2015-0315. \$4,769,444 of the \$9,141,435 amount is included in this Rider EEIC rate adjustment filing and the remaining \$4,371,991 will be included in a Rider EEIC rate adjustment filing in November 2019.

<sup>4</sup> Order Directing Notice, Establishing Intervention Deadline, and Directing Filing of Staff Recommendation issued on November 21, 2018 in File No. ER-2019-0151.

## **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 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 1<sup>5</sup>) 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 schedules<sup>6</sup> 1(M), 2(M), 3(M), 4(M), 11(M) and 12(M), excluding kWh of energy supplied to “opt-out” customers.

## **Change in 2019 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 incentives<sup>7</sup> with reconciliations from actual prior periods and any ordered adjustments with interest. Listed below are the current MEEIA rates<sup>8</sup> and the new MEEIA rates<sup>9</sup> for the proposed Rider EEIC mechanism. The average residential bill<sup>10</sup> will decrease three dollars and thirty three cents (\$3.33) per month. Rider EEIC

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<sup>5</sup> The MEEIA Cycle 1 program period was January 2, 2013 through December 31, 2015.

<sup>6</sup> 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).

<sup>7</sup> Proposed Rider EEIC which contemplates projected costs and incentives with reconciliations from prior periods.

<sup>8</sup> MEEIA rates effective January 25, 2018.

<sup>9</sup> Proposed MEEIA rates effective January 25, 2019. Rider EEIC rates would vary for each effective period based on projected costs, incentives, and customer opt-outs.

<sup>10</sup> Based on a residential customer averaging 1,060 kWh per month of usage.

business<sup>11</sup> rates per class vary due to projected costs, incentives, and customer opt outs per class of customer. The Small General Service rate will decrease approximately 34.8%, or \$1.57 per 1000 kWh; the Large General Service will decrease approximately 44.4%, or \$1.99 per 1000 kWh; the Small Primary Service rate will decrease approximately 54.0%, or \$2.56 per 1000 kWh; and the Large Primary Service rate will decrease approximately 61.3%, or \$2.40 per 1000 kWh.

	<b>Current MEEIA</b>	<b>Proposed MEEIA</b>
<b>Rate Class</b>	<b>Rate/kWh</b>	<b>Rate/kWh</b>
Residential	\$0.003685	\$0.000539
Small General Service	\$0.004499	\$0.002934
Large General Service	\$0.004486	\$0.002496
Small Primary Service	\$0.004744	\$0.002182
Large Primary Service	\$0.003918	\$0.001518

The decrease in the MEEIA EEIC rates is primarily due a decrease in actual program costs during 2018 compared to forecast, which has resulted in a refund for customers and because the forecasted costs do not include projected program costs or projected throughput disincentive for February 2019 – January 2020 for MEEIA 2019-21, since that MEEIA cycle had not been approved as of the date of Ameren Missouri’s filing of this tariff sheet on November 20, 2018.

Staff identified two issues while reviewing the proposed rates. First, the amount of energy savings in the rebase portion of the throughput disincentive calculation does not match the amount of energy savings that was rebased in the most recent rate case. This was discussed with Ameren Missouri and will be corrected in the next Rider EEIC rate change filing which is expected to occur in late March 2019, and all differences will be reconciled in the over/under recalculation with interest. Second, Staff found that the throughput disincentive for the Home Energy Report program savings are being booked at an energy level which is not consistent with the amounts determined in the 2016 evaluation<sup>12</sup>, but is consistent with the current Technical Resource Manual. The Energy Resources Department, which conducts Staff’s Rider EEIC

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<sup>11</sup> Business Rider EEIC rates are small general service, large general service, small primary service, and large primary service.

<sup>12</sup> Non-Unanimous Stipulation and Agreement Settling Final EM&V for the 2016 MEEIA Cycle 2 Program Year, File No. EO-2015-0055, 9/13/2017.

prudence reviews has been made aware of this difference and will address it, as appropriate, in its next Rider EEIC prudence review.

**Staff Recommendation**

The Commission Staff's Tariff / Rate Design Department has reviewed the filed tariff sheet and recommends the Commission issue an order approving the following tariff sheet, as filed on November 20, 2018, for service on and after January 25, 2019.

P.S.C. MO. No. 6  
4th Revised Sheet No. 91.11, Cancelling 3rd Revised Sheet No. 91.11

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). 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-2019-0151  
Adjustment Relating to MEEIA EEIC Rider )

**AFFIDAVIT OF BRAD J. FORTSON**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

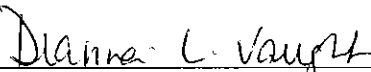
**COMES NOW**, Brad J. Fortson and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
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**BRAD J. FORTSON**

Subscribed and sworn to be this 20<sup>th</sup> day of December, 2018.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: June 28, 2019  
Commission Number: 15207377

  
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Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company, d/b/a )  
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**AFFIDAVIT OF MICHAEL L. STAHLMAN**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

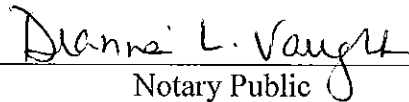
**COMES NOW**, Michael L. Stahlman and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



**MICHAEL L. STAHLMAN**

Subscribed and sworn to be this 20<sup>th</sup> day of December, 2018.

  
Notary Public