

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

In the Matter of Union Electric Company, d/b/a	)	<b><u>File No. ER-2014-0258</u></b>
Ameren Missouri's Tariff to Increase Its Annual	)	Tariff No. YE-2015-0003
Revenues for Electric Service.	)	

**THE CONSUMERS COUNCIL OF MISSOURI'S  
OBJECTION AND REQUEST FOR HEARING REGARDING  
THE NON-UNANIMOUS STIPULATION REGARDING  
SOME FUEL ADJUSTMENT CLAUSE ISSUES**

COMES NOW the Consumers Council of Missouri ("Consumers Council" or "CCM"), pursuant to Rule 4 CSR 240-2.115(2), and for its Objection and Request for Hearing states as follows:

1. On Friday, March 6, 2015, a "Non-Unanimous Stipulation Regarding Some Fuel Adjustment Clause Issues" was filed by Ameren Missouri and the Office of the Public Counsel.

2. Consumers Council hereby exercises its rights under Rule 4 CSR 240-2.115(2) by objecting to the non-unanimous stipulation and requesting a hearing on the issues that the non-unanimous stipulation would resolve.

3. As stated in its Position Statement (Issue #29), Consumers Council remains adamantly opposed to having a piecemeal Fuel Adjustment Clause (FAC) foisted upon the consumers of Ameren Missouri any further:

The Consumers Council recommends that the Commission discontinue the Fuel Adjustment Clause (FAC). Ameren Missouri does not need this surcharge in order to fairly recover its prudently incurred fuel costs, and the existence of the FAC has contributed to excessive earnings at ratepayer expense.

...

Ameren Missouri has significantly control over the costs that are passed through the

FAC; consumers have zero control over the utility's costs. If an FAC is allowed to continue at all and consumers are thus forced to bear the risk of variations in such costs in between rate cases, that risk should be shared equally with a sharing mechanism that is no less than 50%/50%, embedding at least half of such costs in base rates. Public Counsel's position of a 90%/10% split would be a step in the right direction, providing an incrementally better incentive to the utility for controlling costs.

...

If the Commission decides to grant Ameren Missouri an FAC, fuel commodity costs, purchased power costs, the cost of transporting the fuel commodity, purchased power transmission costs, off-system sales and the revenues from capacity sales should be the only costs and revenues included. [Ibid., filed on February 20, 2015, pp. 6-8.]

4. In this general rate case, Missouri law requires that the Commission make a determination as to whether the current Ameren Missouri FAC should be extended, modified, or discontinued. Section 386.266.5 RSMo. Consumers Council believes that the record in this case shows that the current FAC has served to shift risk from shareholders onto consumers in an unjust and unreasonable manner, and thus should be discontinued. The record of this general rate case shows that the utility does not need this piecemeal mechanism in order to have a sufficient opportunity to earn a fair return on equity.

5. This Missouri statute also provides that any FAC approved by the Commission may include "features designed to provide the electrical corporation with incentives to improve the efficiency and cost-effectiveness of its fuel and purchased-power procurement activities". Section 386.266(1) RSMo. Consumers Council contends that holding Ameren Missouri to a mere 5% "skin in the game" through the current FAC incentive mechanism has proven insufficient to encourage efficiency and cost-effectiveness with regard to Ameren Missouri's fuel and purchased-power procurement activities.

6. Subsection 7 of the Missouri FAC statute also recognizes the connection between these issues and the Commission's determination of the Return on Equity (ROE) issues, as it states:

The commission may take into account any change in business risk to the corporation resulting from implementation of the adjustment mechanism in setting the corporation's allowed return in any rate proceeding, in addition to any other changes in business risk experienced by the corporation. [386.266.7 RSMo.]

7. Consumers Council accepts the currently-scheduled date of Monday, March 9, 2015 as the proper date to have these Fuel Adjustment Clause issues heard.

Respectfully submitted,

/s/ John B. Coffman

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John B. Coffman MBE #36591  
John B. Coffman, LLC  
871 Tuxedo Blvd.  
St. Louis, MO 63119-2044  
Ph: (573) 424-6779  
E-mail: [john@johncoffman.net](mailto:john@johncoffman.net)

Attorney for the Consumers Council of Missouri

## **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties on the official service list of this case at the Missouri Public Service Commission, on this 7<sup>th</sup> day of March, 2015.

/s/ John B. Coffman

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