BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	))))	Case No. ER-2014-0258

NOTICE OF COMMUNICATION

Issue Date: February 23, 2015

Chairman Robert S. Kenney hereby files the attached email from jamess13045@earthlink.net regarding the above captioned case.

Respectfully Submitted,

Robert S. Kenney

Robert S. Kenney
Chairman

Dated at Jefferson City, Missouri
On this 23rd day of February, 2015

Kenney, Robert

From: jamesssl3045 <jamesssl3045@earthlink.net>
Sent: Sunday, February 22, 2015 5:05 PM
To: Kenney, Robert
Cc: Bolin, Kim
Subject: Ameren rate increase ER 2014-0258

Missouri Public Service Commission
200 Madison St.
P.O. Box 360
Jefferson City, MO. 65012 Ref: ER 2014 - 0258
Attention: Robert S. Kenney Robert. kenney@psc.mo.gov

This is a summary of some of my testimony at the 1/5/15 Public Hearing at Sunset Hills Holiday Inn, and additional comments concerning Ameren Missouri.

The Public Hearing process is a "dog and pony show" for local electric consumers to vent their feelings toward Ameren and have electric consumers believe that regulators (the PSC) are doing their job. Consumer complaints are never successful unless the PSC joins in. The outline of the PSC's decision has already been made by the PSC staff. The comments made during the question and answer session will not be part of the case record or considered by the Commission when it decides whether to grant the request.

There was a time in a different rate environment when interim rate requests were rare. These interim rate increases were to be used for financial distress, not for regular and permanent rate increases. Not Any More! Ameren is again requesting a rate increase (ER 2014 – 0258) that comes after six previous rate increases.

If Ameren invests too much infrastructure to produce electric power that it does not need to service its customers, it sells the excess to wholesale utilities outside Ameren's service area. Ameren is generating more electricity than its service area customers need. It justifies this by sharing 95% of the profits with service area customers only when "off system sales" decline. Ameren service area customers are requested to make up the difference for lower wholesale power prices and lower energy demand. This was reflected as a per month Rider Fac adj. surcharge from September 2009 thru december2011.

Ameren as a utility monopoly has a poor track record of fulfilling its responsibilities and promises. Two examples of this are The Taum Sauk Reservoir failure and Ameren being forced by the PSC to refund customers $26.3 million from the 95% profit from off system energy sales.

An example of Ameren's greedy business strategy of putting profits before service area consumers even when they have produced excess energy is the city of Kirkwood, Mo., which historically has purchased bulk electricity from Union Electric and later Ameren. Kirkwood has recently switched to multi-suppliers for its bulk electricity. This multi-supplier approach has decreased Kirkwood's cost of electric power. The city of Kirkwood electrical operations lost $7.2 million in 2010 and $3 million in 2011 because of an unfavorable two year contract with Ameren who increased Kirkwood's cost of electric power by 60%.The change to multi-suppliers has transformed two years of losses into a $4 million profit in 2012. Kirkwood currently purchases its bulk electricity from Prairie State Energy Campus (80%) in Lively, Ill., American Electric Power (10%) in Columbus, OH. and open market purchases (10%) through the independent system operations which is a co-op of municipal electrical operations.

Ameren has a good business model. It does whatever It wants to do. An example of this is the over generation of electricity because it will be reimbursed by the PSC through rate increases. Ameren operates like an electric co-op except rate payers do not fully participate in profits and gains. Rate payers only participate in excess cost and losses. Ameren is in a no lose situation. It is guaranteed approximately 10% return on equity (9.25% PSC staff recommendation) which according to its own quarterly surveillance reports, it over earns, although It is not illegal to exceed the allowed rate of return established by the PSC. What is the purpose of establishing a rate of return if there is no consequence for exceeding the return on equity? The PSC staff justifies this exceeding the return on equity by stating "Ameren is not over earning in light of traditional rate making practices". What is traditional rate making practices?

Ameren's main concern is that, it is not earning near the National average rate for electricity. Ameren's current T.V. ads even state that their rates are among the Nation's lowest. Why does a Utility monopoly need to advertise? Ameren has stated its goal in a 2009 Standard & Poor's investment sheet: " Ameren has determined that in order to deal with the problem of lower rates and to fully recover current cost and earn a fair return on investment, Ameren intends to seek smaller and more frequent rate increases. Ameren also plans to seek automatic cost recovery mechanisms for its most expensive items." Ameren has succeeded in getting automatic cost recovery mechanisms (i.e. surcharges) for its most expensive items such as fuel cost and environmental investments.

Ameren's overall strategy is to counter the time line between the rate request and the rate implementation by the PSC. Ameren is gaming the regulatory system by continuing to request rate increases after rate increase, thus overwhelming and bullying the PSC with its repeated rate request and surcharges, i.e. "The Rider Fac Adj", "The Fuel Service Change", and "The Energy pgm Charge".

Ameren knows it will not receive 100% of its over-requested rate increases, but knows it will receive 50% to 66% of what was requested. This is fulfilling its strategy of getting smaller and more frequent rate increases. The PSC staff has recommended $113 million increase in Ameren rates which is 42.8% of requested.

A 2/3/2015 Wall Street Journal article described the future of investor owned electric utilities.

As Americans are becoming more energy-conserving, they are becoming a threat to investor owned utilities. If Americans continue to use less electric power from the electric, grid electric companies will not have the revenue needed to maintain networks of high-voltage line and power generating plants. Electric companies will have to continue to raise rates too high to make up for the declining electric sales volume which will continue to push down demand for the electric grid power. This expectation of energy-conserving, is the "death spiral" to investor owned electric companies. These utilities are looking for fixed monthly fees, which are like Ameren's Rider FAC adj, Fuel adjustment [began aug2011] & Energy Pgm [began jan 2012] surcharges.

Ameren is not interested in renewable energy. It does not fit their business model. There is no profit in renewable solar power. Ameren does a public relations job about renewable energy, but it's only lip service.

The PSC as other utility regulators have to keep electric utilities solvent because the electric grid is critical to the nation. You can not yet run a country on solar panels. The PSC is legally facilitating Ameren's stated goals by rubber stamping Ameren's strategy. Ameren is legally gaming the regulatory system. The regulatory rate requesting system has to change. The PSC has to make a stand and stop Ameren's strategy. Maybe the PSC's response to Ameren's repeated rate request could be to start denying Ameren's rate request, which further delays rate request implementation, thus requiring Ameren to go through the Judicial court system. Ameren has no concern for the public, does the PSC?

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