

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

In the Matter of the Adjustment of Union Electric)	<u>File No. ER-2014-0261</u> JE-2014-0372
Company d/b/a Ameren Missouri's Fuel Adjustment)	
Clause for the 15th Accumulation Period)	

STAFF RECOMMENDATION

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

1. On March 28, 2014, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed a proposed tariff sheet 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 May 27, 2014.

2. Concurrently on March 28, 2014, Ameren Missouri submitted a true-up filing in File No. ER-2014-0262 to identify the net fuel costs it over- or under-charged customers during the 12th Recovery Period prescribed by its FAC. This amount is used when calculating the new FARs in this case.

3. On March 31, 2014, the Commission ordered Staff to examine and analyze Ameren Missouri's filings in this case, and to file its recommendation no later than April 27, 2014, as required by Rule 4 CSR 240-20.090(4). The Commission also directed that notice of the order be served on the parties to File No. ER-2012-0166 (the general rate proceeding in which continuation of Ameren Missouri's FAC was most recently approved). The Commission received no applications to intervene.

4. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed revised tariff sheet Ameren Missouri filed on March 28, 2014.

5. 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 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."

6. Ameren Missouri's filing in this case requests Commission approval of one tariff sheet bearing an effective date of May 27, 2014, that revises the current FARs in its FAC. The filing includes testimony and workpapers of Ameren Missouri witness Erik C. Wenberg supporting the Company's calculation of the Fuel and Purchased Power Adjustment ("FPA").

7. The FPA amount is \$56,884,474. This represents the total requested increase in the amount sought to be collected in customer FAC charges over the applicable Recovery Period. The FPA amount includes the difference between Annual Net Energy Costs ("ANEC")² and Net Base Energy Cost ("B")³ the Company

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.

² ANEC is annual fuel and purchased power costs net of off system sales revenues.

³ B is equal to total kWh sales during the accumulation period times the base factor price for kWh.

experienced during the 15th Accumulation Period, plus application of the Commission approved 95 percent sharing ratio, plus the amount from the true-up for the 12th Recovery Period (“RP12”) in File No. ER-2014-0262, and applicable interest.⁴

8. As explained in Staff’s *Memorandum*, the FPA amount results in a total requested FAR of \$0.00312 per kWh⁵, which is an increase of \$0.00057 per kWh over the current FAR of \$0.00255 per kWh. Because of a difference in line losses, the FAR is adjusted for the voltage service the customer receives⁶.

9. The 15th Accumulation Period and the true-up of the 12th Recovery Period include Ameren Missouri’s costs for its Maryland Heights landfill gas facility, based on the Commission’s approval of Ameren Missouri’s request for a waiver or variance from Commission Rule 4 CSR 240-20.100(6)(A)16⁷.

10. In addition to the landfill gas facility, Staff is aware of purchase power agreements for wind energy and residential solar net metering costs flowing through the FAC. Staff is working with Ameren Missouri to reach a resolution, prior to the Company’s next general rate proceeding, concerning the treatment of all renewable energy costs flowing through the FAC.

11. Staff has determined that Ameren Missouri timely filed the 3rd Revised Sheet No. 72.9 and that it complies with Commission Rule 4 CSR 240-3.161 and Ameren Missouri’s FAC as defined in its tariff.

⁴ See line item 4.1 of 3rd Revised Sheet No. 72.9 filed in this case.

⁵ The rate is calculated using estimated kWh sales for the Company’s next Recovery Period.

⁶ See page 3 of Staff’s *Memorandum*, Calculation of FARs with Voltage Level Adjustment.

⁷ In its *Report and Order* issued on December 12, 2012 in Case No. ER-2012-0166, the Commission granted a waiver of Commission Rule 4 CSR 240-20.100(6)(A)16 as regards the purchase of landfill gas for the operation of the Maryland Heights Landfill Gas.

12. Staff verified that Ameren Missouri is not delinquent on any assessment, and has filed its 2013 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-2014-0262 as noted herein.

WHEREFORE, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on March 28, 2014, to become effective on May 27, 2014, as requested by Ameren Missouri:

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

3rd Revised Sheet No. 72.9 Canceling 2nd Revised Sheet No. 72.9.

Respectfully submitted,

/s/ Alexander Antal

Alexander Antal

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Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 28th day of April, 2014.

/s/ Alexander Antal

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2014-0261, Tariff Tracking JE-2014-0372
Union Electric Company d/b/a Ameren Missouri

FROM: David Roos, Regulatory Economist III
Matthew J. Barnes, Utility Regulatory Auditor IV

/s/ John Rogers 04/25/2014

Energy Resource Analysis Unit / Date

/s/ Alexander Antal 04/25/2014

Staff Counsel's Office / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related to Ameren Missouri's Fuel Adjustment Clause Pursuant to the Commission's Report and Order in File No. ER-2012-0166.

DATE: April 25, 2014

On March 28, 2014, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 3rd Revised Sheet No. 72.9 bearing a proposed effective date of May 27, 2014, canceling 2nd Revised Sheet No. 72.9. The filed tariff sheet, 3rd Revised Sheet No. 72.9, revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC"). Staff recommends the Missouri Public Service Commission ("Commission") approve 3rd Revised Sheet No. 72.9.

Ameren Missouri's March 28, 2014 filing includes the testimony of Ameren Missouri witness Erik C. Wenberg and associated Ameren Missouri work papers. The testimony and work papers include information and data that supports Ameren Missouri's calculation of the dollar amount of its Fuel and Purchased Power Adjustment ("FPA"). That dollar amount ("FPA Amount") is \$56,884,474 and is reflected on line 5 of 3rd Revised Sheet No. 72.9. This FPA Amount results in a FAR₁₅¹ of \$0.00216 per kWh, which when added to the FAR₁₄ of \$0.00096

¹ FAR_{RP} is defined in Original Sheet No. 72.7 as "FAR Recovery Period rate component calculated to recover under- or over-collection during the Accumulation Period that ended immediately prior to the applicable filing." Since this filing occurred after the end of Accumulation Period 15, FAR_{RP} in this recommendation is referred to as FAR₁₅.

per kWh results in a proposed FAR² of \$0.00312 per kWh. The proposed FAR is \$0.00057 per kWh more than the current FAR³ of \$0.00255 per kWh.

Calculation of Total Company Fuel and Purchased Power Difference

Ameren Missouri's work papers for Accumulation Period 15 ("AP15"), which includes the period of October 1, 2013 through January 31, 2014, contain data and calculations for Actual Net Energy Cost ("ANEC") equal to \$253,492,306 (line 1 of 3rd Revised Sheet No. 72.9) and Net Base Energy Cost ("B") equal to \$193,506,450 (line 2 of 3rd Revised Sheet No. 72.9). For this filing, B is equal to sales of 13,308,559,095 kWh for October 1, 2013 through January 31, 2014, times \$0.01454⁴ per kWh. The difference between ANEC and B is equal to \$59,985,856 and is the amount on line 3 of 3rd Revised Sheet No. 72.9, the Total Company Fuel and Purchased Power Difference.

Calculation of FPA Amount

Ameren Missouri's work papers and 3rd Revised Sheet No. 72.9 show the FPA Amount⁵ of \$56,884,474 to be the sum of:

1. Customer Responsibility for AP15 equal to \$56,986,563⁶ (Line 4 on 3rd Revised Sheet No. 72.9); plus
2. Interest for AP15 equal to \$168,097; minus
3. True-Up for Recovery Period 12 ("RP12"), without interest, is equal to \$(270,186).⁷ Attachment 1 provides the true-up calculation without interest. This true-up amount is before the Commission for approval in pending File No. ER-2014-0262.

² FAR is defined in Original Sheet No. 72.7 as "Fuel Adjustment Rate applied to retail customer usage on a per kWh basis starting with the applicable Recovery Period following the FAR filing." $FAR = FAR_{RP} + FAR_{RP-1}$.

³ The \$0.00255 per kWh rate is found on line 9 of 2nd Revised Sheet No. 72.9.

⁴ Winter NBFC Rate on Original Sheet No. 72.6.

⁵ 2nd Revised Sheet No. 72.9 lines 1 through 5 include the complete calculation of the FPA Amount of \$24,237,817.

⁶ The customer responsibility for AP14 is equal to ninety-five percent (95%) of \$53,435,146 (the difference between ANEC and B during AP14).

⁷ Union Electric Company's Schedule No. 5, Original Sheet No. 72.8: "TRUE-UP: After completion of each RP, the Company shall make a true-up filing on the same day as its FAR (Fuel Adjustment Rate) filing. Any true-up adjustments shall be reflected in item T above. Interest on the true-up adjustment will be included in I above. The true-up adjustments shall be the difference between the revenues billed and the revenues authorized for collection during the RP."

Calculation of FAR₁₅

FAR₁₅ of \$0.00216 per kWh is equal to the Customer Responsibility for AP15 with interest minus the True-Up Amounts for RP12 divided by the Estimated Recovery Period Sales in kWh settled at MISO CP node (AMMO.UE or successor node) of 26,331,859,202 kWh. FAR₁₅ will apply during RP15—Ameren Missouri’s billing months of June 2014 through January 2015.

Calculation of FAR Without Voltage Level Adjustments

Line 9 of Ameren Missouri’s proposed 3rd Revised Sheet No. 72.9 reflects a FAR of \$0.00312 per kWh which is the sum of: 1) FAR₁₄ of \$0.00096 per kWh, and 2) FAR₁₅ of \$0.00216 per kWh.

Calculation of FARs with Voltage Level Adjustments

Because of a difference in line losses, there are different current FARs for service taken at Secondary, Primary, and Large Transmission voltage levels. Listed below are the proposed RP15 FARs, the current RP14 FARs and the difference between them for Secondary, Primary, and Large Transmission service:

	Proposed RP15 FAR	Current RP14 FAR	Difference
Secondary	\$0.00330/kWh	\$0.00270/kWh	\$0.00060/kWh
Primary	\$0.00320/kWh	\$0.00261/kWh	\$0.00059/kWh
Large Transmission	\$0.00309/kWh	\$0.00253/kWh	\$0.00056/kWh

Based on a monthly usage of 1,100 kWh, the proposed change to the Secondary FAR would increase the Fuel Adjustment Charge of an Ameren Missouri residential customer’s bill from \$2.97 to \$3.63, an increase of \$0.66 per month.

Staff reviewed proposed 3rd Revised Sheet No. 72.9, the direct testimony of Ameren Missouri witness Erik C. Wenberg and work papers in this filing, as well as Ameren Missouri’s monthly information submitted in compliance with 4 CSR 240-3.161(5) for AP14. Staff verified that the actual fuel and purchased power costs net of off-system sales revenues reflected therein match the fuel and purchased power costs and emission costs net of off-system sales revenues on line 1 of Ameren Missouri’s requested 3rd Revised Sheet No. 72.9 and the supporting schedules of witness Erik C. Wenberg. Staff reviewed Ameren Missouri’s monthly reports and verified

that the kWh billed shown on the monthly reports match the accumulation period sales used to calculate B. Staff reviewed Ameren Missouri's monthly interest rates that are applied to 95% of the over/under Net Base Energy Cost amount and verified that the monthly interest rates and calculations of monthly interest amounts are correct for AP15..

Landfill Gas Facility and Other Renewable Energy Costs

In its December 12, 2012, *Report and Order* in Case No. ER-2012-0166, the Commission granted Ameren Missouri relief from Rule 4 CSR 240-20.100(6)(A)16 to allow the costs of landfill gas purchased for operation in the Company's Maryland Heights generating facility to flow through its FAC; therefore, Staff has continued to allow the costs of that landfill gas and "other potential renewable generation energy costs" to flow through Ameren Missouri's FAC for AP15. Footnote 4 to Ameren's Application for Waiver or Variance of 4 CSR240-20.100(6)(A)16 for Maryland Heights Landfill Gas Facility and Motion for Expedited Treatment filed in Ameren Missouri's rate case File No. ER-2012-0166, states that other potential renewable generation energy costs "... may be another renewable energy generating unit or the energy charges for renewable energy through purchased power agreements." In addition to the landfill gas facility, Staff is aware of purchase power agreements for wind energy and residential solar net metering costs flowing through the FAC. Staff is working with Ameren Missouri to reach a resolution (prior to the Company's next general rate proceeding) concerning the treatment of all renewable energy costs flowing through the FAC.

Staff Recommendation

Ameren Missouri timely filed 3rd Revised Sheet No. 72.9, and based on Staff's review is in compliance with Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Ameren Missouri's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

Ameren Missouri requested that 3rd Revised Sheet No. 72.9, filed March 28, 2014, become effective on May 27, 2014, the beginning of the first billing cycle of Ameren Missouri's May 2014 billing month. Thus, the proposed tariff sheet was filed with 60 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on March 28, 2014, to become effective on May 27, 2014, as requested by Ameren Missouri:

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

3rd Revised Sheet No. 72.9 Canceling 2nd Revised Sheet No. 72.9.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2013 Annual Report. Ameren Missouri is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as 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-2014-0262 as noted herein.

Ameren Missouri
Fuel Adjustment Clause
Accumulation Period #12 True-Up
(Without Interest)

Accumulation Period: October 2012 – January 2013
Recovery Period: June 2013 – January 2014

Amount to be Recovered	\$	52,679,828
True -Up Period # 12	\$	(1,248,391)
Recoveries	\$	<u>(51,701,623)</u>
Proposed Adjustment	\$	(270,186)

(Line 4.1, 3rd Rev. Sht. 72.9)

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 Fuel Adjustment Clause for)
the 15th Accumulation Period) Case No. ER-2014-0261

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Matthew J. Barnes, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Matthew J. Barnes

Subscribed and sworn to before me this 28th day of April, 2014.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 03, 2014
Commission Number: 10942086



Notary Public

