

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

In the Matter of the Union Electric Company)	
d/b/a Ameren Missouri's Fuel Adjustment)	<u>File No. ER-2021-0159</u>
Clause for the 35th Accumulation Period)	Tariff No. JE-2021-0132

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

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

1. On December 3, 2020, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed one proposed tariff sheet, bearing an effective date of February 1, 2021, to revise its current period Fuel Adjustment Rates ("FARs") for the 35th Accumulation Period ("AP35") of its Fuel Adjustment Clause ("FAC"). This proposed tariff sheet is MO. P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.15, Cancelling MO. P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.15. The Commission assigned it Tariff No. JE-2021-0132.

2. Concurrently on December 3, 2020, Ameren Missouri submitted a FAC true-up filing in File No. EO-2021-0160 to identify the true-up amount of \$336,760 for the 32nd Recovery Period ("RP32") of its FAC. This amount and interest for RP32 are included in calculation of the FARs for AP35.

3. Commission Rule 20 CSR 4240-20.090(8)(F) provides that "[w]ithin thirty (30) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the staff shall submit a recommendation regarding its examination and analysis to the commission[.]" Staff must determine if Ameren Missouri's proposed adjustments to its FAC rates are in accordance with 20 CSR 4240-20.090 ("Fuel and Purchased Power

Rate Adjustment Mechanisms”), § 386.266 RSMo, and the “FAC mechanism established, continued, or modified in the utility’s most recent general rate proceeding.”¹

4. If the proposed rate adjustments are in accordance with the rule, statute, and FAC mechanism referenced above, 20 CSR 4240-20.090(8)(H)(1) and (2) provide:

- (H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either –
1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs [or]
 2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order[.]

5. In the attached Staff Memorandum, marked Appendix A, Staff recommends that the Commission issue an order approving Ameren Missouri’s proposed tariff sheet MO. P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.15, Cancelling MO. P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.15, subject to true-up and prudence reviews.

6. For AP35, the fuel and purchased power adjustment (“FPA”) amount is \$16,503,042, which divided by the forecasted net system input for AP35 of 21,293,667,718 kWh results in a current period FAR₃₅ of \$0.00078 per kWh. When this is added to the prior period FAR₃₄ of \$(0.00053) per kWh, the result is a proposed AP35 FAR of \$0.00025 per kWh. The proposed AP35 FAR of \$0.00025 per kWh is \$0.00204 per kWh more than the AP34 FAR of \$(0.00179) per kWh.²

7. J. Neil Graser, Manager, Power and Fuels Accounting Ameren Services Company, explains the FAR’s increase in his filed testimony:

The primary factors driving this change in the FAR was higher fuel costs for load and lower off-system sales margins partially offset by higher net capacity sales revenue in Accumulation Period 35 as compared to Accumulation Period 33 and the net base energy costs

¹ 20 CSR 4240-20.090(8)(F)

² The proposed AP35 FAR of \$0.00025 per kWh can be found on Line 11 of the proposed 2nd Revised Sheet No. 71.15.

applicable to each period. Increases in the fuel costs for load during Accumulation Period 35 as compared to Accumulation Period 33 and the net base energy costs applicable to each period is primarily due to lower net base energy costs effective April 2020 as well as increased load and increased coal and transportation costs in Accumulation Period 35. The lower off-system sales margins are primarily due to more generation available for sale during periods of lower prices in Accumulation Period 35 as compared to Accumulation 33 as a result of cooler than normal temperatures as well as commercial and industrial volumes being lower due to COVID-19 in Accumulation Period 35 and lower generation available for sale due to plant outages in Accumulation Period 33. The increase in net capacity sales revenue during Accumulation Period 35 as compared to Accumulation Period 33 and the net base energy costs applicable to each period primarily were the result of lower net base energy costs effective April 2020.³

8. Because of a difference in line losses, there are different FARs for service taken at secondary and primary voltages levels, reflected on lines 13 and 15 of the proposed 2nd Revised Sheet No. 71.15. The resulting FARs are in the column marked “Proposed” in the following table:⁴

Fuel Adjustment Rates (\$ Per kWh)			
Service Voltage Level	Present	Proposed	Difference
Secondary (Residential)	\$(0.00189)	\$0.00026	\$0.00215 Increase
Primary	\$(0.00183)	\$0.00025	\$0.00208 Increase

9. Based on a monthly usage of 1,000 kWh, the proposed change to the FAR for secondary service will increase the FAC of an Ameren Missouri residential customer’s bill from \$(1.89) to \$0.26, an increase of \$2.15 per month.

10. Except for Ameren Missouri’s RP32 true-up filing in File No. EO-2021-0160, also filed December 3, 2020, Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

³ Ameren Missouri, *Direct Testimony of J. Neil Graser*, ER-2021-0159, P. 4:12 – 5:6 (Dec 3, 2020).

⁴ The voltage adjustment factor for transmission service was eliminated in Ameren Missouri’s rate case, ER-2019-0335.

11. Staff's review shows Ameren Missouri's filing is in compliance with 20 CSR 4240-20.090, § 386.266 RSMo, and Ameren Missouri's FAC embodied in its tariff.

12. Staff verified that Ameren Missouri is not delinquent on any assessment and Ameren Missouri filed its 2019 annual report. Ameren Missouri is current on submission of its monthly reports, required by 20 CSR 4240-20.090(5), and its surveillance monitoring reports, required by 20 CSR 4240-20.090(6).

WHEREFORE, for the above-stated reasons, Staff recommends that the Commission issue an interim rate adjustment order approving Ameren Missouri's proposed tariff sheet MO. P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.15, Cancelling MO. P.S.C. Schedule No. 6, 1st Revised Sheet No. 71.15, to become effective February 1, 2021, subject to true-up and prudence reviews.

Respectfully submitted,

/s/ Karen E. Bretz

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was served via e-mail on counsel for the parties of record on this 31st day of December, 2020.

/s/ Karen Bretz

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2021-0159, Tariff Tracking No. JE-2021-0132
Union Electric Company, d/b/a Ameren Missouri

FROM: Cynthia M. Tandy, Senior Utility Regulatory Auditor
Brooke Mastrogiannis, Utility Regulatory Supervisor
Lisa Wildhaber, Senior Utility Regulatory Auditor

DATE: /s/ Brad J. Fortson 12/31/2020 /s/ Karen Bretz 12/31/2020
Energy Resources Department/Date 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 for the 35th Accumulation Period

DATE: December 31, 2020

On December 3, 2020, Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 2nd Revised Sheet No. 71.15, bearing a proposed effective date of February 1, 2021 and cancelling 1st Revised Sheet 71.15. The Commission assigned the new tariff sheet Tariff Tracking No. JE-2021-0132. The 2nd Revised Sheet No. 71.15 revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 35 ("AP35"), which ended on September 30, 2020. Staff recommends that the Missouri Public Service Commission ("Commission") approve 2nd Revised Sheet No. 71.15.

Ameren Missouri's December 3, 2020 filing includes the testimony of J. Neil Graser, Manager of Power and Fuels Accounting at Ameren Services Company, and associated work papers. The testimony and work papers include information and data that supports Ameren Missouri's calculation of its Fuel and Purchased Power Adjustment ("FPA"). That dollar amount ("FPA Amount") is \$16,503,042 and is reflected on line 5 of 2nd Revised Sheet No. 71.15. This FPA Amount results in a FAR₃₅¹ of \$0.00078 per kWh, which when added to the FAR₃₄² of \$(0.00053) per kWh, results in a proposed FAR³ of \$0.00025 per kWh. The proposed AP35 FAR of \$0.00025 per kWh on line 11⁴ of 2nd Revised Sheet No. 71.15 is \$0.00204 per kWh more than the AP34 FAR of \$(0.00179) per kWh on line 11 of the 1st Revised Sheet No. 71.15.

¹ FAR_{RP} is defined in Original Sheet No. 71.7 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 followed Accumulation Period 35, FAR_{RP} in this recommendation is referred to as FAR₃₅.

² FAR_(RP-1) is defined in Original Sheet No. 71.7 as "FAR Recovery Period rate component for the under- or over-collection during the Accumulation Period immediately preceding the Accumulation Period that ended immediately prior to the application filing for FAR_(RP)." Since this filing followed Accumulation Period 34, FAR_(RP-1) in this recommendation is referred to as FAR₃₄.

³ FAR is defined in Original Sheet No. 71.7 as "Fuel Adjustment Rate applied to retail customer usage on a per kWh basis starting with the applicable Recovery Period following the FAR filing." Therefore, FAR = FAR_(RP) + FAR_(RP-1).

⁴ Since the Preliminary Fuel Adjustment Rate ("PFAR") on line 9 did not change after the PISA calculations Rate Adjustment Cap ("RAC") on Line 10, line 9 is carried to line 11.

Calculation of Total Company Fuel and Purchased Power Difference

Ameren Missouri's work papers for AP35 contain data and calculations for Actual Net Energy Costs ("ANEC")⁵ of \$167,002,890 (line 1 of proposed 2nd Revised Sheet No. 71.15) and Net Base Energy Costs ("B")⁶ of \$149,104,157 (line 2 of proposed 2nd Revised Sheet No. 71.15). For this filing, B equals sales of 11,843,062,429 kWh for June 2020 through September 2020 multiplied by the Base Factor ("BF") of \$0.01259⁷ per kWh. The difference between ANEC and B is \$17,898,733 and is the amount on line 3 of 2nd Revised Sheet No. 71.15, Total Company Fuel and Purchased Power Difference.

Calculation of FPA Amount

Ameren Missouri's work papers and 2nd Revised Sheet No. 71.15 show the FPA Amount⁸ of \$16,503,042 to be the sum of:

1. Fuel and purchased power amount to be recovered from customers for AP35 of \$17,003,796⁹ (line 4 on proposed 2nd Revised Sheet No. 71.15); plus
2. Interest of \$(837,514), which is \$6,131 for AP35 plus \$(843,645) for Recovery Period 32 ("RP32") (line 4.1 of proposed 2nd Revised Sheet No. 71.15); plus
3. The true-up amount, without interest, of \$336,760 (line 4.2 of proposed 2nd Revised Sheet No. 71.15). This amount is pending Commission approval in File No. EO-2021-0160.

Calculation of FAR₃₅

FAR₃₅ of \$0.00078 per kWh is equal to the FPA Amount of \$16,503,042 divided by the Estimated Recovery Period Sales in kWh of 21,293,667,718 kWh, according to Ameren Missouri's commercial pricing node.¹⁰ FAR₃₅ will apply during Recovery Period 35 ("RP35"), which is Ameren Missouri's billing months of February 2021 through September 2021.

⁵ ANEC = fuel costs (FC), plus purchased power costs (PP), plus net emission allowances (E), plus or minus net insurance recoveries (R), minus off-system sales revenues (OSSR), as reflected on line 1 of 2nd Revised Sheet No. 71.15.

⁶ B = Base Factor multiplied by the accumulation period sales as reflected on lines 2, 2.1 and 2.2 of 2nd Revised Sheet No. 71.15.

⁷ Summer Base Factor ("BF_{Summer}") rate on 2nd Revised Sheet No. 71.15 of \$0.01259 per kWh was used for the months of June through September 2020 to calculate B (line 2 of 2nd Revised Sheet No. 71.15). FAR_{BF} is defined in Original Sheet No. 71.6 as "Base Factor". The Base Factor (BF) is multiplied by the kWh data to determine line 2 of 2nd Revised Sheet No. 71.15.

⁸ 2nd Revised Sheet No. 71.15, lines 1 through 5 include the complete calculation of the FPA Amount of \$16,503,042.

⁹ Fuel and purchased power amount to be recovered from customers for AP35 is equal to ninety-five percent (95%) of \$17,898,733 (the difference between ANEC and B during AP35).

¹⁰ MISO's Market Settlements Business Settlements Practice Manual, BPM-005-r19 Effective Date: FEB-08-2020. The CPNode represents the next hierarchical level in the Commercial Model and consists of one or more EPNodes. All energy transactions, both physical and financial, are financially settled at the CPNode level. Operating Reserve supply is financially settled at the Resource CPNode level based on the appropriate CPNode MCPs. All Market Settlement activity is performed at a CPNode and is the level where LMPs and MCPs are publicly available.

Calculation of FAR Without Voltage Level Adjustments

Line 9 of Ameren Missouri’s proposed 2nd Revised Sheet No. 71.15 reflects a FAR of \$0.00025 per kWh which is the sum of: (1) FAR₃₅ of \$0.00078 per kWh and (2) FAR₃₄ of \$(0.00053) per kWh.

	Proposed AP35 FAR 2 nd Revised Sheet No. 71.15	AP34 FAR 1 st Revised Sheet No. 71.15
Line 7. Current Period Fuel Adjustment Rate (FAR _{RP})	\$ 0.00078/kWh	\$(0.00053)/kWh
Line 8. Prior Period Fuel Adjustment Rate (FAR _{RP-1})	\$(0.00053)/kWh	\$(0.00126)/kWh
Line 9. Fuel Adjustment Rate (FAR)	\$ 0.00025/kWh	\$(0.00179)/kWh

Voltage Level FARs

Because of a difference in line losses,¹¹ there are different FARs for service taken at the Secondary and Primary voltage levels, reflected on lines 13 and 15 of proposed 2nd Revised Sheet No. 71.15. The AP35 FARs are in the table below:

Service	Proposed AP35 FAR	Line on 2 nd Revised Sheet No. 71.15
Secondary	\$0.00026 /kWh	22
Primary	\$0.00025 /kWh	23

Listed below are the proposed AP35 FARs, the current AP34 FARs, and the difference between them for Secondary and Primary service:

Service	Proposed AP35 FAR	Current AP34 FAR	Difference
Secondary	\$0.00026/kWh	\$(0.00189)/kWh	\$0.00215/kWh Increase
Primary	\$0.00025/kWh	\$(0.00183)/kWh	\$0.00208/kWh Increase

Based on a monthly usage of 1,000 kWh, the proposed change to the Secondary FAR would increase the Fuel Adjustment Charge of an Ameren Missouri residential customer’s monthly bill by \$2.15, from \$(1.89) to \$.26 per month.

¹¹ Secondary and Primary Voltage Adjustment Factors are shown on lines 12 and 14, respectively, on Ameren Missouri’s proposed 2nd Revised Sheet No. 71.15.

In his filed testimony, Company witness J. Neil Graser explains the FAR's increase:

The primary factors driving this change in the FAR was higher fuel costs for load and lower off-system sales margins partially offset by higher net capacity sales revenue in Accumulation Period 35 as compared to Accumulation Period 33 and the net base energy costs applicable to each period. Increases in the fuel costs for load during Accumulation Period 35 as compared to Accumulation Period 33 and the net base energy costs applicable to each period is primarily due to lower net base energy costs effective April 2020 as well as increased load and increased coal and transportation costs in Accumulation Period 35. The lower off-system sales margins are primarily due to more generation available for sale during periods of lower prices in Accumulation Period 35 as compared to Accumulation Period 33 as a result of cooler than normal temperatures as well as commercial and industrial volumes being lower due to COVID-19 in Accumulation Period 35 and lower generation available for sale due to plant outages in Accumulation Period 33. The increase in net capacity sales revenue during Accumulation Period 35 as compared to Accumulation Period 33 and the net base energy costs applicable to each period primarily were the result of lower net base energy costs effective April 2020.¹²

Staff reviewed the proposed 2nd Revised Sheet No. 71.15, Mr. Graser's direct testimony, and the work papers in this filing, as well as Ameren Missouri's monthly information submitted in compliance with 20 CSR 4240-20.090(5) for AP35. Staff verified that the actual fuel and purchased power costs and emissions costs, net of off-system sales revenues, match the fuel and purchased power costs and emission costs, net of off-system sales revenues, on line 1 of Ameren Missouri's proposed 2nd Revised Sheet No. 71.15 and Mr. Graser's supporting schedules. Staff reviewed Ameren Missouri's monthly reports and verified that the kWh billed, as shown on the monthly reports, matches the accumulation period sales used to calculate the Net Base Energy Cost. 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 AP35.

The change in the FAC rate resulting from this application will not cause Ameren Missouri to exceed its allowable cumulative annual growth rate cap percentage of 2.85% it must comply with under state law due to its adoption of plant-in-service accounting.

Attachment A

Attachment A includes three charts, which provide a summary of Ameren's thirty-five (35) FAC rate adjustment filings. Chart 1 illustrates Ameren's FAR for each of the thirty-five (35) accumulation periods. Chart 2 illustrates Ameren's FAC cost summary for Actual Net Base Energy

¹² Ameren Missouri, *Direct Testimony of J. Neil Graser*, ER-2021-0159, page 4, line 12 through page 5, line 6.

costs and Net Base Energy costs. Chart 3 illustrates Ameren's FAC cumulative under-recovered amount at the end of each of the thirty-five (35) accumulation periods.

Staff Recommendation

Ameren Missouri timely filed its proposed 2nd Revised Sheet No. 71.15, on December 3, 2020, and based on Staff's review, Staff determined that Ameren Missouri is in compliance with Commission Rule 20 CSR 4240-20.090 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements) and Ameren Missouri's FAC in its tariff.

Commission Rule 20 CSR 4240-20.090(8)(H) provides, in part:

(H) Within sixty (60) days after the electric utility files its testimony and tariff sheet(s) to adjust its FARs, the commission shall either—

1. Issue an interim rate adjustment order approving the tariff sheet(s) and the adjustments to the FARs;
2. Allow the tariff sheet(s) and the adjustments to the FARs to take effect without commission order; or
3. If it determines the adjustment to the FARs is not in accordance with the provisions of this rule, section 386.266, RSMo, and the FAC mechanism established in the electric utility's most recent general rate proceeding, reject the proposed rate sheets, suspend the timeline of the FAR adjustment filing, set a prehearing date, and order the parties to propose a procedural schedule. The commission may order the electric utility to file tariff sheet(s) to implement interim adjusted FARs to reflect any part of the proposed adjustment that is not in question.

Ameren Missouri requested that 2nd Revised Sheet No. 71.15, filed December 3, 2020, become effective on February 1, 2021. 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 December 3, 2020, to become effective on February 1, 2021, subject to true-up and prudence reviews:

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

2nd Revised Sheet No. 71.15, Cancelling 1st Revised Sheet No. 71.15.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2019 Annual Report. Ameren Missouri is current on its submission of its Surveillance Monitoring reports, required in 20 CSR 4240-20.090(6), and its monthly reports, required by 20 CSR 4240-20.090(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing, except File No. EO-2021-0160, as noted herein.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Adjustment of)
Union Electric d/b/a Ameren Missouri's) File No. ER-2021-0159
Fuel Adjustment Clause for the 35th)
Accumulation Period)

**AFFIDAVIT OF CYNTHIA M. TANDY,
BROOKE MASTROGIANNIS, LISA WILDHABER**

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COME NOW Cynthia M. Tandy, Brooke Mastrogiannis, Lisa Wildhaber, and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Cynthia M. Tandy
Cynthia M. Tandy

/s/ Brooke Mastrogiannis
Brooke Mastrogiannis

/s/ Lisa Wildhaber
Lisa Wildhaber

Chart 1 Ameren Missouri Fuel Adjustment Rate

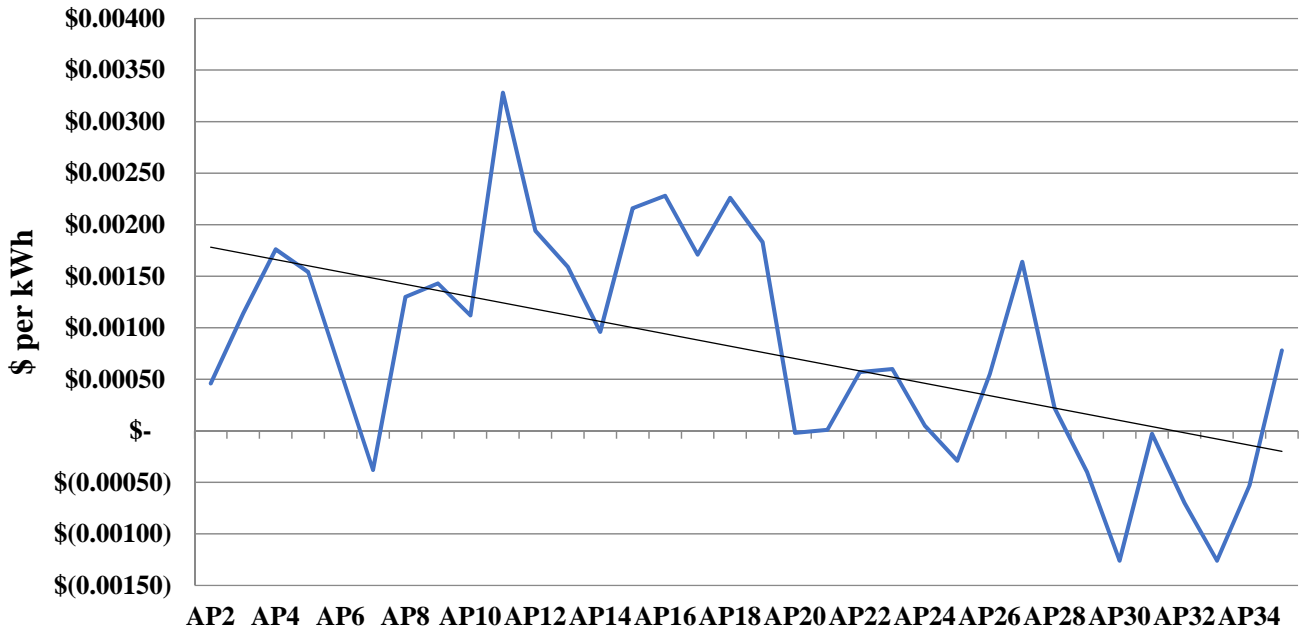


Chart 2 Ameren Missouri FAC Costs Summary

