

6. In the *Staff Recommendation*, filed concurrently, Staff recommends the Commission accept or approve an alternative term or condition to a customer's utilization of the discount by approving the Rider EDI's definition of "load factor".

7. Pending Commission acceptance of the alternative definition of load factor, Staff recommends tariff sheets 86-86.5 regarding Rider EDI be approved or allowed to take effect January 18, 2019, or sooner by order of the Commission.

8. Staff recommends tariff sheets 86.6-86.9 regarding Rider EDRR be approved or allowed to take effect January 18, 2019, or sooner by order of the Commission.

9. In summary, Staff recommends the following tariff sheets be approved or allowed to take effect January 18, 2019, or sooner by order of the Commission:

PSC Mo. No. 6

- First Revised Sheet No. 86, Cancelling Original Sheet No. 86
- First Revised Sheet No. 86.1, Cancelling Original Sheet No. 86.1
- Original Sheet No. 86.2
- Original Sheet No. 86.3
- Original Sheet No. 86.4
- Original Sheet No. 86.5
- Original Sheet No. 86.6
- Original Sheet No. 86.7
- Original Sheet No. 86.8
- Original Sheet No. 86.9

WHEREFORE, Staff files its *Staff Recommendation* for the Commission's information and consideration and requests that the Commission order approval of the tariff sheets contained in JE-2019-0120.

Respectfully submitted,

/s/ Alexandra L. Klaus

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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 parties and/or counsel of record on this 28th day of December, 2018.

/s/ Alexandra L. Klaus

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ET-2019-0149, Tariff Tracking Nos. JE-2019-0051, JE-2019-0120
In the Matter of Union Electric Company d/b/a Ameren Missouri Revised Tariff Sheets

FROM: Sarah L.K. Lange, Tariff & Rate Design

/s/ Robin Kliethermes 12/28/2018 /s/ Bob Berlin 12/28/2018
Tariff and 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 28, 2018

DISCUSSION

On September 25, 2018, Union Electric Company d/b/a Ameren Missouri ("Ameren") submitted tariff sheets in Tariff Tracking No. JE-2019-0051 with a proposed effective date of October 25, 2018.¹ The concurrently submitted tariff filing letter stated as follows:

The tariff revisions being requested are necessary to support implementation of RS MO 393.1640 which makes electric incentives available to certain customers that have incremental qualifying electric load and also receive local, regional or state governmental economic development incentives.

The proposed tariff sheets create Rider Missouri Forward on Sheets 86-86.4 and relocates the existing Rider EDRR, with minor changes, to Sheets 86.5-86.6. Discounts under Missouri Forward will be applied to qualifying customers' bills on a monthly basis with validation of continued qualification occurring after the 24th billing period and annually thereafter.

On December 19, 2018 Ameren withdrew the sheets submitted in JE-2019-0051, and submitted new sheets in JE-2019-0120, bearing an effective date of January 18, 2019, to

¹ This proposed effective date was subsequently extended by Ameren to November 21, 2018. The November 20, 2018 Order Suspending Tariff further suspended the tariff for 120 days, until March 21, 2019.

implement “Rider EDI Economic Development Incentive”² and to modify the existing Economic Development and Redevelopment Rider (“Rider EDRR”).

Rider EDRR

Tariff sheets 86.6 - 86.9 concern Rider EDRR. These sheets differ from the currently effective Rider EDRR in the following ways: (1) a revision to a timing requirement, as originally proposed by Ameren in the initial tariff sheets submitted in Tracking No. JE-2019-0051, which is retained, (2) incorporation of reporting requirements for participating customers to verify to Ameren the customer’s continued eligibility, (3) incorporation of reporting requirements for Ameren to verify customers’ continued eligibility, (4) formal inclusion of a specific formula for the calculation of “load factor” for qualification under Rider EDRR that is consistent with how Ameren has calculated load factor for Rider EDRR in the past although no specific formula is provided in the current version of Rider EDRR, and (5) provisions to allow customers with Rider EDI agreements to participate in Rider EDRR – at the lower Rider EDRR level of discounts – if Rider EDI expires before all customer agreements have expired.

Rider EDI

Tariff sheets 86 - 86.5 concern Rider EDI. Rider EDI implements Section 393.1640 by making available economic development incentives that reflect a larger discount than is otherwise available under Rider EDRR to not only customers that qualify for Rider EDRR, but also to customers who would not qualify for Rider EDRR.³ The most significant difference in qualification requirements is a 300 kW minimum demand under Rider EDI, as required by statute, instead of the 500 kW minimum demand required by tariff under Rider EDRR.⁴

In pertinent part, Section 393.1640.1.(1) states, that the new economic development discount should be available to otherwise qualified customers with an “average monthly demand that is reasonably projected to be at least three hundred kilowatts with a **load factor of at least**

² This proposed effective date was subsequently extended by Ameren to November 21, 2018. The November 20, 2018 Order Suspending Tariff further suspended the tariff for 120 days, until March 21, 2019.

³ The Rider EDI discount is an average of 40% per year for five (5) years, with an additional 6th year discount of 10% available; the Rider EDRR discount is an average of 15% for five (5) years.

⁴ As noted under the above paragraph concerning Rider EDRR, a modification has been made to Rider EDRR to allow Agreements under Rider EDI to transition to Rider EDRR without meeting the otherwise applicable 500 kW minimum demand requirement of Rider EDRR.

fifty-five percent...” [emphasis added]. Ameren’s proposed Rider EDI defines load factor as “Load Factor = Annual Incremental kWh / **Average On-Peak Demand** / 8760 hours” [emphasis added]. This is not a widely-accepted definition of load factor. The common definition of load factor, such as relied upon for purposes of Rider EDRR, is “Load factor = annual incremental kWh / **peak demand** / 8760 hours.”⁵ [emphasis added].

However, Section 393.1640.1. includes a provision that “[t]he electrical corporation may include in its tariff additional or alternative terms and conditions to a customer's utilization of the discount, subject to approval of such terms and conditions by the commission.”

The effect of the Rider EDI consideration of **Average On-Peak Demand**⁶ instead of the more conventional consideration of **peak demand** results in additional customers who would not qualify under the conventional load factor definition qualifying under the Rider EDI load factor definition as providing a load factor in excess of 55%.⁷ Therefore, the alternative definition will make the statutory discounts more available to customers having relatively higher off-peak usage, by increasing the load factor percentage that will result from calculation of such a customer’s load factor.

Generally, across Ameren’s distribution system, and across the Missouri-located MISO transmission system, system loading is higher in peak hours than in off-peak hours. The effect of Ameren’s proposed load factor definition is to essentially hold customers harmless from the load factor impact of higher demands that may occur in off-peak hours. In the context of the customer qualifications provided in Section 393.1640, this alternative provision is reasonable and Staff recommends the Commission accept or approve this alternative term or condition to a customer's utilization of the discount as reasonable.

⁵ There is some variation among common usage of the term load factor as to whether an average of some number of monthly peaks or a single annual peak should be used to establish the peak demand, and as to whether that demand should be based on an hourly interval, a 15 minute interval, or a five (5) minute interval.

⁶ Under the proposed Rider EDI, Average On-Peak Demand equals the average of the twelve (12) monthly on-peak demand metered amounts less any on-peak KW of Baseline Usage and Transferred Load, with peak metered demand as defined by the tariff under which the customer receives service.

⁷ Ameren’s Rider I, Sheet 81 establishes Peak and Off Peak hours for purposes of non-residential customers. Pursuant to Ameren’s Rider I, Peak hours are 10:00 A.M. to 10:00 P.M., Monday through Friday; Off-peak hours are 10:00 P.M. of Monday through Thursday to 10:00 A.M. of the following day, and from 10:00 P.M. Friday to 10:00 A.M. Monday. The entire 24 hours of New Year’s Day, Thanksgiving Day, Good Friday, Thanksgiving Friday, Memorial Day, Christmas Eve Day, Independence Day, Christmas Day, and Labor Day are also considered off-peak.

RECOMMENDATION

Staff has reviewed the tariff sheets 86 – 86.5 as submitted by Ameren in Tariff Tracking No. JE-2019-0120 on December 19, 2018, and is of the opinion that pending Commission acceptance or approval of the alternative definition of load factor contained in Rider EDI, that these sheets reasonably implement the economic development rider contemplated in Section 393.1640.

Staff has reviewed the tariff sheets 86.6 – 86.9 submitted by Ameren in Tariff Tracking No. JE-2019-0120 on December 19, 2018, and is of the opinion that these sheets reasonably amend the existing Rider EDRR to facilitate acceptance of Rider EDI customers upon expiration of Rider EDI, and to make other modifications.

Therefore, Staff recommends the following tariff sheets be approved or allowed to take effect January 18, 2019, or sooner by order of the Commission:

JE-2019-0120

PSC Mo. No. 6

- First Revised Sheet No. 86, Cancelling Original Sheet No. 86
- First Revised Sheet No. 86.1, Cancelling Original Sheet No. 86.1
- Original Sheet No. 86.2
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