

**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	)	<b><u>File No. ER-2021-0328</u></b>
Clause for the 36th Accumulation Period	)	Tariff No. YE-2021-0177

**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 April 1, 2021, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed one proposed tariff sheet, bearing an effective date of June 1, 2021, to revise its current period Fuel Adjustment Rates ("FARs") for the 36th Accumulation Period ("AP36") of its Fuel Adjustment Clause ("FAC"). This proposed tariff sheet is MO. P.S.C. Schedule No. 6, 3rd Revised Sheet No. 71.15, Cancelling MO. P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.15. The Commission assigned it Tariff No. YE-2021-0177.

2. Concurrently on April 1, 2021, Ameren Missouri submitted a FAC true-up filing in File No. EO-2021-0329 to identify the true-up amount of \$(1,014,918) for the 33rd Recovery Period ("RP33") of its FAC. This amount and interest for RP33 are included in calculation of the FARs for AP36.

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.”<sup>1</sup>

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, 3rd Revised Sheet No. 71.15, Cancelling MO. P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.15, subject to true-up and prudence reviews.

6. For AP36, the fuel and purchased power adjustment (“FPA”) amount is \$47,874,346, which divided by the forecasted net system input for AP36 of 22,403,223,244 kWh results in a current period FAR<sub>36</sub> of \$0.00214 per kWh. When this is added to the prior period FAR<sub>35</sub> of \$0.00078 per kWh, the result is a proposed AP36 FAR of \$0.00291 per kWh. The proposed AP36 FAR of \$0.00291 per kWh is \$0.00266 per kWh more than the AP35 FAR of \$0.00025 per kWh.<sup>2</sup>

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 were higher fuel and purchased power costs for load and lower off-system sales margins partially offset by higher net capacity sales revenue in Accumulation Period 36 as compared to Accumulation Period 34 and the net base energy costs applicable to each period. Increases in the

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<sup>1</sup> 20 CSR 4240-20.090(8)(F).

<sup>2</sup> The proposed AP36 FAR of \$0.00291 per kWh can be found on Line 11 of the proposed 3rd Revised Sheet No. 71.15.

fuel costs for load during Accumulation Period 36 as compared to Accumulation Period 34 and the net base energy costs applicable to each period is primarily due to an extended plant outage that occurred during most of Accumulation Period 36 amplified by lower net base energy costs effective April 2020. The lower off-system sales margins are primarily due to less generation available for sale during Accumulation Period 36 as compared to Accumulation Period 34 also as a result of the extended plant outage. The increase in net capacity sales revenue during Accumulation Period 36 as compared to Accumulation Period 34 and the net base energy costs applicable to each period primarily were the result of lower net base energy costs effective April 2020.<sup>3</sup>

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 3rd Revised Sheet No. 71.15. The resulting FARs are in the column marked “Proposed” in the following table:<sup>4</sup>

Fuel Adjustment Rates (\$ Per kWh)			
Service Voltage Level	Present	Proposed	Difference
Secondary (Residential)	\$0.00026	\$0.00308	\$0.00282 Increase
Primary	\$0.00025	\$0.00298	\$0.00273 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 \$0.26 to \$3.08, an increase of \$2.82 per month.

10. Except for Ameren Missouri’s RP33 true-up filing in File No. EO-2021-0329, also filed April 1, 2021, Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

<sup>3</sup> Ameren Missouri, *Direct Testimony of J. Neil Graser*, ER-2021-0159, P. 4:14 – 5:6 (Apr 1, 2021).

<sup>4</sup> 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 2020 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, 3rd Revised Sheet No. 71.15, Cancelling MO. P.S.C. Schedule No. 6, 2nd Revised Sheet No. 71.15, to become effective June 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 3<sup>rd</sup> day of May, 2021.

**/s/ Karen Bretz**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2021-0328, Tariff Tracking No. YE-2021-0177  
Union Electric Company, d/b/a Ameren Missouri

FROM: Lisa Wildhaber, Senior Utility Regulatory Auditor  
Brooke Mastrogiannis, Utility Regulatory Supervisor

DATE: /s/ Brad J. Fortson 05/03/2021      /s/ Karen Bretz 05/03/2021  
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 36<sup>th</sup> Accumulation Period

DATE: May 3, 2021

On April 1, 2021, Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 3rd Revised Sheet No. 71.15, bearing a proposed effective date of June 1, 2021 and cancelling 2nd Revised Sheet 71.15. The Commission assigned the new tariff sheet Tariff Tracking No. YE-2021-0177. The 3rd Revised Sheet No. 71.15 revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC") for Accumulation Period 36 ("AP36"), which ended on January 31, 2021. Staff recommends that the Missouri Public Service Commission ("Commission") approve 3rd Revised Sheet No. 71.15.

Ameren Missouri's April 1, 2021 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 \$47,874,346 and is reflected on line 5 of 3rd Revised Sheet No. 71.15. This FPA Amount results in a FAR<sub>36</sub><sup>1</sup> of \$0.00214 per kWh, which when added to

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<sup>1</sup> FAR<sub>RP</sub> 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 36, FAR<sub>RP</sub> in this recommendation is referred to as FAR<sub>36</sub>.

the FAR<sub>35</sub><sup>2</sup> of \$0.00078 per kWh, results in a proposed FAR<sup>3</sup> of \$0.00291 per kWh. The proposed AP36 FAR of \$0.00291 per kWh on line 11<sup>4</sup> of 3rd Revised Sheet No. 71.15 is \$0.00266 per kWh more than the AP35 FAR of \$0.00025 per kWh on line 11 of the 2nd Revised Sheet No. 71.15.

### **Calculation of Total Company Fuel and Purchased Power Difference**

Ameren Missouri's work papers for AP36 contain data and calculations for Actual Net Energy Costs ("ANEC")<sup>5</sup> of \$175,194,287 (line 1 of proposed 3rd Revised Sheet No. 71.15) and Net Base Energy Costs ("B")<sup>6</sup> of \$124,123,106 (line 2 of proposed 3rd Revised Sheet No. 71.15). For this filing, B equals sales of 10,636,084,499 kWh for October 2020 through January 2021 multiplied by the Base Factor ("BF") of \$0.01167<sup>7</sup> per kWh. The difference between ANEC and B is \$51,071,181 and is the amount on line 3 of 3rd Revised Sheet No. 71.15, Total Company Fuel and Purchased Power Difference.

### **Calculation of FPA Amount**

Ameren Missouri's work papers and 3<sup>rd</sup> Revised Sheet No. 71.15 show the FPA Amount<sup>8</sup> of \$47,874,346 to be the sum of:

1. Fuel and purchased power amount to be recovered from customers for AP36 of \$48,517,622<sup>9</sup> (line 4 on proposed 3rd Revised Sheet No. 71.15); plus

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<sup>2</sup> FAR<sub>(RP-1)</sub> 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<sub>(RP)</sub>." Since this filing followed Accumulation Period 35, FAR<sub>(RP-1)</sub> in this recommendation is referred to as FAR<sub>35</sub>.

<sup>3</sup> 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<sub>(RP)</sub> + FAR<sub>(RP-1)</sub>.

<sup>4</sup> 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.

<sup>5</sup> 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 3rd Revised Sheet No. 71.15.

<sup>6</sup> B = Base Factor multiplied by the accumulation period sales as reflected on lines 2, 2.1 and 2.2 of 3rd Revised Sheet No. 71.15.

<sup>7</sup> Winter Base Factor ("BF<sub>winter</sub>") rate on 3rd Revised Sheet No. 71.15 of \$0.01167 per kWh was used for the months of October 2020 through January 2021 to calculate B (line 2 of 3rd Revised Sheet No. 71.15). FAR<sub>BF</sub> 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 3rd Revised Sheet No. 71.15.

<sup>8</sup> 3rd Revised Sheet No. 71.15, lines 1 through 5 include the complete calculation of the FPA Amount of \$47,874,346.

<sup>9</sup> Fuel and purchased power amount to be recovered from customers for AP36 is equal to ninety-five percent (95%) of \$51,071,181 (the difference between ANEC and B during AP36).

2. Interest of \$371,642, which is \$19,228 for AP36 plus \$352,414 for Recovery Period 33 (“RP33”) (line 4.1 of proposed 3rd Revised Sheet No. 71.15); plus
3. The true-up amount, without interest, of \$(1,014,918) (line 4.2 of proposed 3rd Revised Sheet No. 71.15). This amount is pending Commission approval in File No. EO-2021-0329.

**Calculation of FAR<sub>35</sub>**

FAR<sub>36</sub> of \$0.00214 per kWh is equal to the FPA Amount of \$47,874,346 divided by the Estimated Recovery Period Sales in kWh of 22,403,223,244 kWh, according to Ameren Missouri’s commercial pricing node.<sup>10</sup> FAR<sub>36</sub> will apply during Recovery Period 36 (“RP36”), which is Ameren Missouri’s billing months of June 2021 through January 2022.

**Calculation of FAR Without Voltage Level Adjustments**

Line 9 of Ameren Missouri’s proposed 3rd Revised Sheet No. 71.15 reflects a FAR of \$0.00291 per kWh which is the sum of: (1) FAR<sub>36</sub> of \$0.00214 per kWh and (2) FAR<sub>35</sub> of \$0.00078 per kWh.

	Proposed AP36 FAR 3rd Revised Sheet No. 71.15	AP35 FAR 2nd Revised Sheet No. 71.15
Line 7. Current Period Fuel Adjustment Rate (FAR <sub>RP</sub> )	\$ 0.00214/kWh	\$0.00078/kWh
Line 8. Prior Period Fuel Adjustment Rate (FAR <sub>RP-1</sub> )	\$0.00078/kWh	\$(0.00053)/kWh
Line 9. Fuel Adjustment Rate (FAR)	\$ 0.00291/kWh	\$0.00025/kWh

<sup>10</sup> 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.

**Voltage Level FARs**

Because of a difference in line losses,<sup>11</sup> there are different FARs for service taken at the Secondary and Primary voltage levels, reflected on lines 13 and 15 of proposed 3rd Revised Sheet No. 71.15. The AP36 FARs are in the table below:

Service	Proposed AP36 FAR	Line on 3rd Revised Sheet No. 71.15
Secondary	\$0.00308 /kWh	22
Primary	\$0.00298 /kWh	23

Listed below are the proposed AP36 FARs, the current AP35 FARs, and the difference between them for Secondary and Primary service:

Service	Proposed AP36 FAR	Current AP35 FAR	Difference
Secondary	\$0.00308/kWh	\$0.00026/kWh	\$0.00282/kWh Increase
Primary	\$0.00298/kWh	\$0.00025/kWh	\$0.00273/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 \$2.82, from \$.26 to \$3.08 per month.

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

The primary factors driving this change in the FAR were higher fuel and purchased power costs for load and lower off-system sales margins partially offset by higher net capacity sales revenue in Accumulation Period 36 as compared to Accumulation Period 34 and the net base energy costs applicable to each period. Increases in the fuel costs for load during Accumulation Period 36 as compared to Accumulation Period 34 and the net base energy costs applicable to each period is primarily due to an extended plant outage that occurred during most of Accumulation Period 36 amplified by lower net base energy costs effective April 2020. The lower off-system sales margins are primarily due to less generation available for sale during Accumulation Period 36 as compared to Accumulation Period 34 also as a result of the extended plant outage. The increase in net capacity sales revenue during Accumulation Period 36 as compared to Accumulation

<sup>11</sup> Secondary and Primary Voltage Adjustment Factors are shown on lines 12 and 14, respectively, on Ameren Missouri’s proposed 3rd Revised Sheet No. 71.15.



Period 34 and the net base energy costs applicable to each period primarily were the result of lower net base energy costs effective April 2020.<sup>12</sup>

Staff reviewed the proposed 3rd 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 AP36. 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 3rd 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 AP36.

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% that 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-six (36) FAC rate adjustment filings. Chart 1 illustrates Ameren's FAR for each of the thirty-six (36) accumulation periods. Chart 2 illustrates Ameren's FAC cost summary for Actual Net Base Energy costs and Net Base Energy costs. Chart 3 illustrates Ameren's FAC cumulative under-recovered amount at the end of each of the thirty-six (36) accumulation periods.

### **Staff Recommendation**

Ameren Missouri timely filed its proposed 3rd Revised Sheet No. 71.15, on April 1, 2021, 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.

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<sup>12</sup> Ameren Missouri, *Direct Testimony of J. Neil Graser*, ER-2021-0159, page 4, line 14 through page 5, line 6.

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.

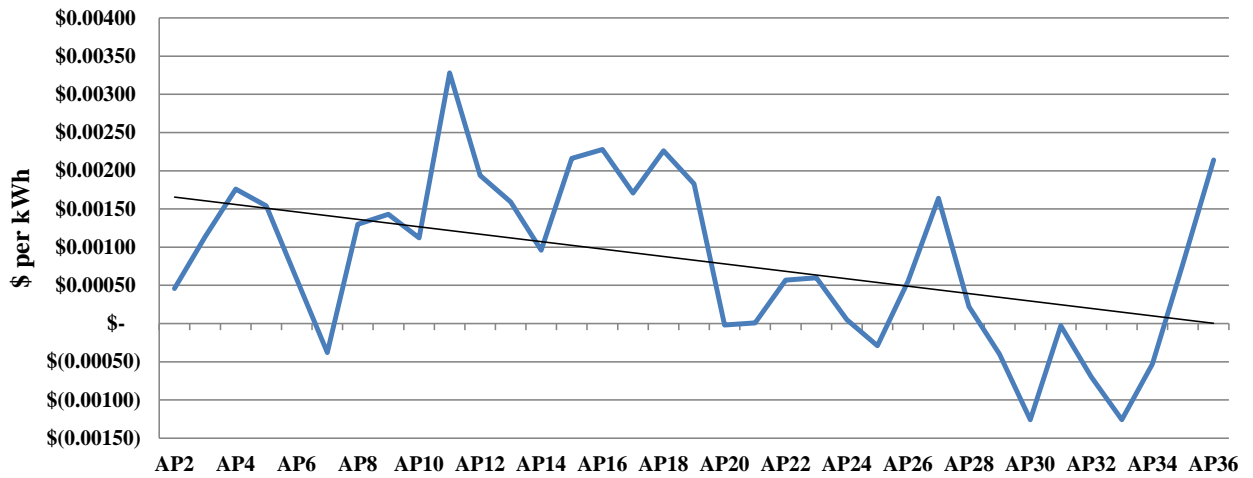
Ameren Missouri requested that 3rd Revised Sheet No. 71.15, filed April 1, 2021, become effective on June 1, 2021. Thus, the proposed tariff sheet was filed with 60 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on April 1, 2021, to become effective on June 1, 2021, subject to true-up and prudence reviews:

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

3rd Revised Sheet No. 71.15, Cancelling 2nd Revised Sheet No. 71.15.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2020 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-2021-0329, as noted herein.

**Chart 1 Ameren Missouri Fuel Adjustment Rate**



**Chart 2 Ameren Missouri FAC Costs Summary**

