

**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)	<u>Case No. ER-2012-0319</u>
Fuel Adjustment Clause for the 9 th)	Tariff No. YE-2012-0511
Accumulation Period.)	

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its recommendation states:

1. On March 23, 2012, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed one (1) tariff sheet bearing a proposed effective date of May 24, 2012. With the tariff sheet Ameren Missouri proposes to revise the current Fuel and Purchased Power Adjustment rates (FPA_C) of its Fuel Adjustment Clause ("FAC")—current FPA_C rates applicable during recovery period 9 ("RP9") and current FPA_C rates applicable during recovery period 8 ("RP8")—as follows:

Fuel and Purchased Power Adjustment Rate – Ameren Missouri			
Service	Proposed RP9 FPA _C	Current RP8 FPA _C	Difference
Primary	\$0.00288/kWh	\$0.00158/kWh	\$0.00130/kWh
Secondary	\$0.00279/kWh	\$0.00154/kWh	\$0.00125/kWh
Large Transmission	\$0.00270/kWh	\$0.00149/kWh	\$0.00121/kWh

2. The Commission most recently approved Ameren Missouri's FAC as part of its *Report and Order* in File No. ER-2011-0028. There the length of recovery periods shortened from twelve to eight months. These proposed changes to FPA_C include amounts for under-recovery during accumulation period 9 ("AP9"), and true-up of recovery periods 5 ("RP5"), plus accrued interest. By these proposed changes in the FPA_C, Ameren Missouri requests an increase in the revenues it bills through its

Fuel Adjustment Charge on customers' bills commencing May 24, 2012, the proposed tariff sheet effective date.

3. In the attached Memorandum (Appendix A), the Missouri Public Service Commission Energy Unit and Energy Resource Analysis Section Staff recommend that the Commission issue an Order that approves the following proposed tariff sheet, as filed on March 23, 2012, to become effective on May 24, 2012, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 5

2nd Revised Sheet No. 98.21 Canceling 1st Revised Sheet No. 98.21.

4. In its memorandum Staff discusses that the FPA_c changes not only include ninety-five percent (95%) of the difference between Ameren Missouri's actual fuel and purchased power costs net of off-system sales revenue and Ameren Missouri's Base Energy Cost during the accumulation period of October 1, 2011 through January 31, 2012—AP9, plus monthly interest on the difference accumulated through the end of that accumulation period, but true-up the RP5, plus accrued interest.

5. Staff has verified that Ameren Missouri has filed its annual report and is not delinquent on any assessment. Other than the RP5 true-up filing referenced above—File No. ER-2012-0318, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

6. **WHEREFORE**, Staff recommends the Commission issue an order that approves the following proposed tariff sheet, as filed on March 23, 2012, to become effective on May 24, 2012, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 5

2nd Revised Sheet No. 98.21 Canceling 1st Revised Sheet No. 98.21.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams

Deputy General Counsel

Missouri Bar No. 35512

Attorney for the Staff of the

Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronically mailed to all counsel of record this 23rd day of April 2012.

/s/ Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2012-0319, Tariff Tracking No. YE-2012-0511
Union Electric Company d/b/a Ameren Missouri

FROM: Matthew J. Barnes, Utility Regulatory Auditor IV
Leon C. Bender, Utility Regulatory Engineer I
Michelle Bocklage, Rate & Tariff Examiner

/s/ John Rogers 04/23/2012
Energy Unit / Date

/s/ Nathan Williams 04/23/2012
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 Orders from File Nos. ER-2011-0028 and ER-2010-0274

DATE: April 23, 2012

On March 23, 2012, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 2nd Revised Sheet No. 98.21, bearing a proposed effective date of May 24, 2012, canceling 1st Revised Sheet No. 98.21. The filed tariff sheet, 2nd Revised Sheet No. 98.21, revises Ameren Missouri's Fuel and Purchased Power Adjustment ("FPA") per kWh rates of its Fuel Adjustment Clause ("FAC"). Staff recommends the Missouri Public Service Commission ("Commission") approve 2nd Revised Sheet No. 98.21.

Ameren Missouri's March 23, 2012 filing includes the testimony of Ameren Missouri witness Erik C. Wenberg and associated Ameren Missouri work papers. The testimony and work papers include information that supports Ameren Missouri's calculation of the dollar amount it used to calculate FPA₉.¹ That dollar amount ("FPA₉ Amount") is \$38,369,608, which results in a FPA₉ of \$0.00143 per kWh and a FPA_c of \$0.00273 per kWh.

Ameren Missouri's work papers show the following components of the FPA₉ Amount:

1. Customer Responsibility for Accumulation Period 9 ("AP9") equal to \$33,603,420 (Line 5 on 2nd Revised Sheet No. 98.21);

¹ FPA_{RP} is defined in Ameren Missouri's tariff as "FPA Recovery Period rate component calculated to recover under/over collection during the Accumulation Period that ended prior to the applicable Filing Date." Since this filing occurred after the end of Accumulation Period 9, FPA_{RP} in this recommendation is referred to as FPA₉.

2. Interest for AP9 equal to \$40,799;
3. True-Up for Recovery Period 5 (“RP5”) with interest equal to \$4,725,389.²

The sum of the interest for AP9 and the true-up for RP5 with interest reflected on line 6 on Ameren Missouri’s requested 2nd Revised Sheet No. 98.21 as \$4,766,188.

Customer Responsibility for AP9 and RP5 with Interest

AP9 included the billing months of October 2011 through January 2012. The customer responsibility for AP9 is equal to ninety-five percent (95%) of the difference between Ameren Missouri’s actual fuel and purchased power costs net of off-system sales revenue and Ameren Missouri’s Base Energy Cost during AP9—\$33,603,420, plus monthly interest on the difference accumulated through the end of AP9—\$40,799, plus true-up for RP5 with interest—\$4,725,389, for an aggregate FPA₉ Amount of \$38,369,608 to be charged to customers.

Calculation of FPA₉

FPA₉ rate of \$0.00143 per kWh is equal to the FPA₉ Amount of \$38,369,608 divided by the estimated RP9 kWh sales of 26,763,696,113 kWh.

Ameren Missouri’s requested 2nd Revised Sheet No. 98.21 canceling 1st Revised Sheet No. 98.21, when effective, will change the current FPA_c per kWh rate (without voltage level adjustment on line 11 of the Company’s requested 2nd Revised Sheet No. 98.21) to \$0.00273 per kWh which is the cumulative sum of: 1) FPA₈ of \$0.00130 per kWh, and 2) FPA₉ of \$0.00143 per kWh.

Because of a difference in line losses, there are different current FPA_c per kWh rates for service taken at Secondary, Primary, and Large Transmission voltage levels. Listed below are the proposed RP₉ FPA_c per kWh rates, the current RP₈ FPA_c per kWh rates and the difference between them for Secondary, Primary, and Large Transmission service:

	Proposed RP9 FPA _c	Current RP8 FPA _c	Difference
Secondary	\$0.00288/kWh	\$0.00158/kWh	\$0.00130/kWh
Primary	\$0.00279/kWh	\$0.00154/kWh	\$0.00125/kWh
Large Transmission	\$0.00270/kWh	\$0.00149/kWh	\$0.00121/kWh

² Approval of the True-Up for Recovery Period 5 (RP5) is the subject of File No. ER-2012-0318.

Based on a monthly usage of 1,100 kWh, the proposed change to the Secondary FPA_c per kWh rate will increase the Fuel Adjustment Charge of an Ameren Missouri residential customer's bill to \$3.17 per month. This is an increase of \$1.43 from the current FPA_c of \$1.74 ($\$1.74 + \$1.43 = \3.17 per month). Staff reviewed the workpapers of Ameren Missouri witness Erik C. Wenberg and concluded that the increase of \$1.43 per month is due to an increase of fuel and purchased power costs and decreased off-system sales margins. The fuel increase is due to higher coal and transportation costs. The decrease of off-system sales margins is due to lower sales prices experienced during AP9 as compared to the same time-frame a year earlier (October 2010-January 2011).

The Accumulation Periods, Recovery Periods, and other specifications of Ameren Missouri's FAC are set out in its tariff sheets designated Sheet Nos. 98.15 through 98.21. Staff notes that as a result of Ameren Missouri's last rate case File No. ER-2011-0028, 12-month recovery periods were shifted to 8-month recovery periods beginning October 2011. This effectively eliminates the FPA_{RP-2} (component on Line 11 of 1st Revised Tariff Sheet No. 98.21) from 2nd Revised Tariff Sheet No 98.21).

Staff reviewed proposed 2nd Revised Sheet No. 98.21, 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 AP9, and verified that the actual fuel and purchased power costs match the fuel and purchased power costs in Ameren Missouri's proposed 2nd Revised Sheet No. 98.21 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 the FPA rates. Staff reviewed Ameren Missouri's monthly interest rates that are applied to 95% of the over/under Base Energy Cost amounts, and verified that the interest rates and calculations of interest amounts are correct for AP9. Staff also reviewed and verified the correctness of the true-up for RP5 with interest.

Staff Recommendation

Ameren Missouri timely filed 2nd Revised Sheet No. 98.21, and has complied with the Commission's *Report and Order* in File No. ER-2010-0274 regarding its true-up of RP5, 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 2nd Revised Sheet No. 98.21, filed March 23, 2012, become effective on May 24, 2012, the beginning of the first billing cycle of Ameren Missouri's June 2012 billing month. Thus, the proposed tariff sheet was filed with 62 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on March 23, 2012, to become effective on May 24, 2012, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 5

2nd Revised Sheet No. 98.21 Canceling 1st Revised Sheet No. 98.21.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2011 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 as noted herein.

**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 9th Accumulation)
Period.)

File No. ER-2012-0319

AFFIDAVIT OF LEON C. BENDER

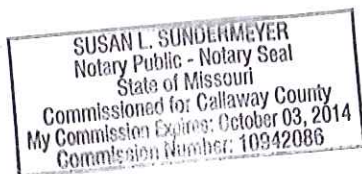
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Leon C. Bender, 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.



Leon C. Bender

Subscribed and sworn to before me this 23rd day of April, 2012.





Notary Public

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

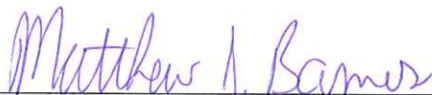
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Clause for the 9th Accumulation)
Period.)

File No. ER-2012-0319

AFFIDAVIT OF MATTHEW J. BARNES

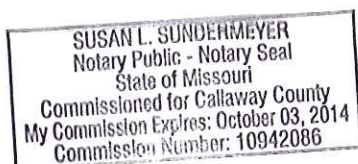
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

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 23rd day of April, 2012.





Notary Public

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

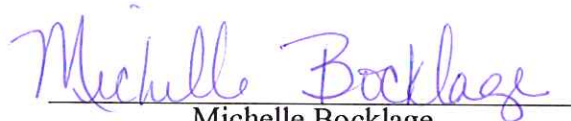
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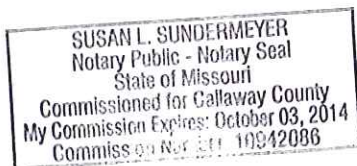
AFFIDAVIT OF MICHELLE BOCKLAGE


STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michelle Bocklage, of lawful age, on oath states: that she 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 her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.


Michelle Bocklage

Subscribed and sworn to before me this 23rd day of April, 2012.




Notary Public