

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

In the Matter of Union Electric            )  
Company, d/b/a Ameren Missouri's        )  
Tariff to Increase Its Revenues for        )  
Electric Service.                            )

**Case No. ER-2014-0258**  
Tariff No. YE-2015-0325  
Tariff No. YE-2015-0326

**STAFF'S RECOMMENDATION TO REJECT COMPLIANCE TARIFFS**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation to Reject Compliance Tariffs*, states as follows:

1. On April 29, 2015, the Commission issued its *Report and Order* herein, effective on May 12, 2015. The *Report and Order* rejected the proposed tariffs filed by Ameren Missouri on July 3, 2014, and authorized the Company to file new tariffs in compliance with the *Report and Order*.

2. On May 6, 2015, Ameren Missouri filed new tariffs (hereafter, the "*Compliance Tariffs*") with an effective date of June 5, 2015, and moved for their expedited approval on the grounds that "the Commission has already found that Ameren Missouri is presently in a revenue deficiency position, and the Commission has already authorized the Company to file the tariffs that are filed concurrently with the filing of this Motion. The effect of the *Report and Order* is that the Commission has now found that just and reasonable rates are the rates reflected in the pending compliance tariffs, rather than the rates reflected in the current rate schedules to be superseded by those compliance tariffs."

3. Unusually, Ameren Missouri filed the *Compliance Tariffs* in two batches: File YE-2015-0326 consisting of only the sheet relating to the new IAS rate class

created by the Commission in the *Report and Order*, Mo.P.S.C. No. 6, Original Sheet 62.5, and File YE-2015-0325 consisting of all of the other sheets proposed by Ameren Missouri in its *Compliance Tariffs*.

4. It has generally been the Commission's sound practice to approve or reject compliance tariffs as a unit, so that no sheets are approved for service until all of the sheets are approved for service.

5. Staff advises the Commission that the proposed sheet relating to the new IAS rate class, Mo.P.S.C. No. 6, Original Sheet 62.5, is **NOT** compliant with the *Report and Order* in that the proposed sheet incorporates a seasonality element that Staff does not believe the Commission intended and, furthermore, does so in a manner that is unreasonable, because the non-summer rate falls below the \$31.50/MWh incremental cost assumption the Commission used in finding Noranda's contribution at a fixed rate. For this reason, Staff recommends that the Commission **REJECT** the *Compliance Tariffs* forthwith.

6. As ordered, Staff worked with Ameren Missouri to allocate the "resulting deficiency in retail base rate revenue associated with the creation of the IAS class shall be applied among all remaining classes paying for Ameren Missouri's electric service by changing base rate revenue in proportion to current base rate revenue minus LTS base rate revenue." Therefore, if there is not consistency in implementing the IAS sheet and the other rate sheets, Ameren Missouri will collect more than its authorized revenue requirement.

7. Staff continues to review the remainder of the proposed tariff sheets.

**WHEREFORE**, because Ameren Missouri's *Compliance Tariffs* is not compliant with the Commission's *Report and Order*, as explained in detail above, Staff recommends that the *Compliance Tariffs*, Files YE-2015-0325 and YE-2015-0326, be **REJECTED** forthwith.

Respectfully submitted,

**/s/ Kevin A. Thompson**

Kevin A. Thompson  
Missouri Bar Number 36288  
Chief Staff Counsel  
Attorney for the Staff of the  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102  
573-751-6514 (Voice)  
573-526-6969 (Fax)  
kevin.thompson@psc.mo.gov

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this 7<sup>th</sup> day of May, 2015, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

**/s/ Kevin A. Thompson**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. ER-2014-0258

FROM:

/s/ Sarah Kliethermes, May 7, 2015  
Analyst / Date

/s/ Kevin A. Thompson May 7, 2015  
Staff Counsel's Office / Date

SUBJECT: Staff Recommendation to Reject Tariff Filings YE-2015-0325 and YE-2015-0326.

DATE: May 7, 2015

Staff recommends the Commission reject sheet MO.P.S.C. Schedule No. 6, Original Sheet No. 62.5 Service Classification No. 13(M) Industrial Aluminum Smelter (IAS) Service Rate, in that it does not comply with the Commission's Order. As discussed below, Staff further recommends the Commission not take any action to approve the remaining tariff sheets, filed in YE-2015-0325, to take effect until Ameren Missouri has filed a revised IAS tariff sheet that is designed in compliance with the Commission's Report and Order and Staff has had an opportunity to review those remaining tariff sheets and file a subsequent Staff recommendation. If Ameren Missouri has not filed a revised IAS tariff sheet that is in compliance with the Commission's Report and Order prior to the effective date of the remaining tariff sheets, filed in YE-2015-0325, Staff further recommends the Commission reject those tariff sheets.

At page 134 of the Report and Order, the Commission ordered:

3. An effective base rate of \$36.00 per MWh is set for the IAS class, to become effective when new rates go into effect resulting from this case.

Staff interprets this language to contemplate that separate charges could be established for a monthly customer charge, or for the line loss rate, but that the intent is that all monthly bills would essentially be for a rate of \$36/MWh. Ameren Missouri's filed IAS tariff sheet does not do this.

Staff is completing its review of Ameren Missouri's remaining tariff sheets, filed in YE-2015-0325. As ordered, Staff worked with Ameren Missouri to allocate the "resulting deficiency in retail base rate revenue associated with the creation of the IAS class shall be applied among all remaining classes paying for Ameren Missouri's electric service by changing base rate revenue in proportion to current base rate revenue minus LTS base rate revenue." In so doing, the non-IAS tariff sheets are designed to collect approximately \$8,148,378 more than those sheets would otherwise be designed to collect.<sup>1</sup>

---

<sup>1</sup> The difference between the currently-promulgated LTS tariff and the amount of revenues to be collected under the IAS tariff is \$8,148,378.

Staff worked with Ameren Missouri to develop revised LTS rates that would implement Staff's recommended interclass rate shifts as ordered by the Commission. If no IAS tariff is available to Noranda and Noranda is served under the revised LTS tariff sheet that is included with filing YE-2015-0325, Ameren Missouri will collect approximately \$16,277,729 more than the revenue requirement the Commission authorized in its Report and Order. Therefore, if the remaining tariff sheets, filed in YE-2015-0325, are allowed to take effect without promulgation of a reasonably-designed IAS tariff sheet, Ameren Missouri will overcollect by approximately \$16,277,729 on an annual basis. For this reason, Staff recommends that the Commission refrain from allowing the remaining tariff sheets, filed in YE-2015-0325, to take effect until Ameren Missouri has filed a revised IAS tariff sheet that is designed in compliance with the Commission's Report and Order.

Even if the Commission Report and Order did contemplate that the IAS rates reflect a seasonal element, Ameren Missouri's IAS tariff sheet incorporates seasonal rates in a manner that is unreasonable, such that the non-summer rate falls below the \$31.50/MWh incremental cost assumption the Commission used in finding Noranda's contribution at a fixed rate. If the Commission Report and Order did contemplate seasonality in the new IAS schedule, Staff recommends that the seasonality be based on a ratio of the summer to non-summer FAC bases (\$0.01796/\$0.01729). This would result in IAS rates of \$0.03691 for the summer season, and \$0.03554 for the winter season, with slight variation if the AECI line loss rate and a monthly customer charge are broken out as separate rate items, as provided below.

	Filed IAS Tariff	Flat \$36/MWh	Customer Charge & AECI Losses Broken Out	FAC-Based Seasonality	FAC-Based Seasonality with Customer Charge & AECI Losses Broken Out
Total Revenues:	\$ 150,883,772	\$ 150,876,488	\$ 150,876,472	\$ 150,863,199	\$ 150,842,168
Summer Revenues:	\$ 63,977,596	\$ 50,310,036	\$ 50,310,009	\$ 51,581,762	\$ 51,462,947
Non-Summer Revenues:	\$ 86,906,176	\$ 100,566,452	\$ 100,566,464	\$ 99,281,436	\$ 99,379,221
Summer Charge:	\$ 0.045780	\$ 0.036000	\$ 0.035955	\$ 0.036910	\$ 0.036780
Non-Summer Charge:	\$ 0.031110	\$ 0.036000	\$ 0.035955	\$ 0.035540	\$ 0.035530
Line Loss Revenues:	\$ -		\$ 184,823.70		\$ 184,823.70
Customer Charge Revenues:	\$ -	\$ -	\$ 3,755.76	\$ -	\$ 3,755.76

In response to Ameren Missouri's discussion of calendar year 2015 revenues in its Motion to Approve Compliance Tariffs and for Expedited Treatment, Staff notes that Ameren Missouri's filed tariff sheet would collect approximately \$13.6 million more during the months of June – September than would a rate designed to collect \$36 per MWh. Therefore, if Ameren Missouri's new rates are in effect for more summer months than winter months, then Ameren Missouri will overcollect by up to that \$13.6 million.

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

In the Matter of Union Electric     )  
Company d/b/a Ameren Missouri's     )  
Tariff to Increase Its Revenues for     )  
Electric Service                         )

File No. ER-2014-0258

**AFFIDAVIT OF SARAH KLIETHERMES**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

Sarah Kliethermes, 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.

  
\_\_\_\_\_  
Sarah Kliethermes

Subscribed and sworn to before me this 7<sup>th</sup> day of May, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
--

  
\_\_\_\_\_  
Notary Public