

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

In the Matter of Union Electric Company d/b/a)	<u>Case No. ET-2019-0149</u>
Ameren Missouri's Revised Tariff Sheets)	Tariff Nos. YE-2019-0225
	YE-2019-0231

STAFF RECOMMENDATION

COMES NOW Staff of the Missouri Public Service Commission and submits the attached Recommendation in Memorandum form, which is incorporated herein by reference, and in support thereof states as follows:

1. On June 17, 2019, Union Electric Company d/b/a Ameren Missouri ("Ameren") submitted tariff sheets in Tariff Tracking No. YE-2019-0225 with a proposed effective date of July 17, 2019, along with a Motion to Reopen Case. The next day, on June 18, 2019, the Commission issued an Order Directing Staff to File a Recommendation regarding the YE-2019-0225 tariff filing no later than July 1, 2019.

2. On June 27, 2019, Ameren submitted substitute tariff sheets in Tariff Tracking No. YE-2019-0225, retaining the proposed effective date of July 17, 2019. Also on June 27, 2019, Ameren submitted a tariff sheet in Tariff Tracking No. YE-2019-0231 with a 30-day effective date, along with a Motion for Expedited Treatment requesting the Commission order the more recent tariff sheet to take effect on July 17, consistent with the tariff sheets submitted in Tariff Tracking No. YE-2019-0225.

3. As discussed in further detail in the attached Recommendation Memorandum, based on the representations made by Ameren, Staff recommends the Commission issue an Order approving the tariff sheets in Tariff Tracking

No. YE-2019-0225¹ to take effect, or allow the tariff sheets to take effect by operation of law, on July 17 (or 10 days after the date of a Commission order if July 17 is less than 10 days from the Commission order). Staff further recommends the Commission issue an Order ordering the tariff sheets in Tariff Tracking No. YE-2019-0231² to take effect on July 17 (or with a 10-day effective date if July 17 is less than 10 days from the date of the order), concurrent with the sheets in Tariff Tracking No. YE-2019-0225, thus granting Ameren's Motion for Expedited Treatment.

WHEREFORE Staff submits its Recommendation regarding Tariff Tracking Nos. YE-2019-0225 and YE-2019-0231.

Respectfully submitted,

/s/ Jeffrey A. Keevil

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Attorney for the Staff of the
Missouri Public Service
Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record this 1st day of July, 2019.

/s/ Jeffrey A. Keevil

¹ The specific tariff sheets are listed in the attached Recommendation Memorandum.

² The specific tariff sheet is listed in the attached Recommendation Memorandum.

MEMORANDUM

TO: Missouri Public Service Commission Official Case Files
Case No. ET-2019-0149, Tariff Tracking Nos. YE-2019-0225, YE-2019-0231
In the Matter of Union Electric Company d/b/a Ameren Missouri's Revised
Tariff Sheets

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

/s/ Robin Kliethermes / 07-01-19 /s/ Jeffrey A. Keevil / 07-01-19
Manager, Tariff & Rate Design Staff Counsel's Office

SUBJECT: Recommendation to Issue an Order Approving or Allowing Certain Tariff
Sheets to Take Effect by Operation of Law, and to Grant Motion for Expedited
Treatment and Ordering Certain Tariff Sheets to Take Effect

DATE: July 1, 2019

Requested Relief

On June 17, 2019, Union Electric Company, d/b/a Ameren Missouri ("Ameren") submitted tariff sheets in Tariff Tracking No. YE-2019-0225 with a proposed effective date of July 17, 2019. Ameren also filed its "Motion to Reopen Case for Revisions to Ameren Missouri's Rider EDI and Rider EDRR." In its Motion, Ameren included the following statement:

Justification for Proposed Tariff Revisions: Ameren Missouri believes that, because all Rider EDI contracts are guaranteed to have not yet reached expiration on December 31, 2023, prospective Rider EDI customers are carefully considering the potential impacts of not receiving the EDI discounts after that date. Therefore, the legislated intent to provide strong economic development incentives is dramatically undermined, some number of projects will not select an Ameren Missouri location that would have had it been known that EDI discounts would be available for a full 5 years (or 6 years if beneficial location discount is applicable), and communication of available incentives becomes more complex thereby reducing the communication's effectiveness.

On June 27, 2019, Ameren submitted substitute tariff sheets in Tariff Tracking No. YE-2019-0225, retaining the proposed effective date of July 17, 2019, and also submitted a tariff sheet in Tariff Tracking No. YE-2019-0231.¹ Consistent with the 30 day tariff effective date provisions of

¹ Ameren's initial revisions to Rider EDI and Rider EDRR did not include any changes to Sheet 86.3. However, in discussions with Staff, it was determined that certain minor changes to Sheet 86.3 were necessary to clarify the Discounts defined under Rider EDI and their continued availability under Rider EDRR.

4 CSR 240-2.065(2), this tariff sheet bears an effective date of July, 27, 2019; concurrently, Ameren filed a Motion for Expedited Treatment requesting the Commission order the more recent tariff sheet to take effect on July 17, consistent with the tariff sheets submitted in Tariff Tracking No. YE-2019-0225.

Summary of Recommendations

Staff recommends the Commission issue an Order approving the tariff sheets in Tariff Tracking No. YE-2019-0225 to take effect, or allow the tariff sheets to take effect by operation of law on July 17. Staff further recommends the Commission issue an Order ordering the tariff sheets in Tariff Tracking No. YE-2019-231 to take effect on July 17, concurrent with the sheets in Tariff Tracking No. YE-2019-0225.

Background

On September 25, 2018, Ameren submitted tariff sheets in Tariff Tracking No. JE-2019-0051.²

On December 19, 2018, following extensive discussions between Staff, Ameren, and various stakeholders including OPC and counsel that has represented industrial customers, 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 implement “Rider EDI Economic Development Incentive”³ and to modify the existing Economic Development and Redevelopment Rider (“Rider EDRR”).

² 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.

³ Ameren chose to rename the proposed rider related to Section 393.1640 “Economic Development Incentive” from the originally proposed “Missouri Forward.”

In its recommendation filed December 28, 2018, Staff stated that pending Commission acceptance or approval of the alternative definition of load factor contained in Rider EDI, that the sheets as substituted reasonably implemented the economic development rider contemplated in Section 393.1640, and reasonably amended the existing Rider EDRR to facilitate acceptance of Rider EDI customers upon expiration of Rider EDI.⁴

In its “Notice that Tariff Will Be Allowed to Go into Effect,” issued January 9, 2019, the Commission stated, *inter alia*:

Staff explains that the revised tariff implements a Rider Economic Development Incentive (Rider EDI) and modifies Ameren Missouri’s existing Economic Development and Redevelopment Rider (Rider EDRR). Staff indicates the Rider EDI tariff contains an appropriate, alternative definition of load factor that reasonably implements the economic development rider contemplated in the controlling statute, section 393.1640, RSMo. Further, Staff indicates the tariff’s revisions to Rider EDRR facilitate the acceptance of Rider EDI customers upon expiration of Rider EDI. Staff recommends the Commission either approve the tariff, or allow it to go into effect by operation of law.

The Commission will allow the tariff to take effect by operation of law on its January 18, 2019 effective date.

Summary of Proposed Changes to 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.⁵ The revisions Ameren proposes to Rider EDI are as follows:

- (1) Renames the first section on Sheet 86 from “Expiration” to “Authority to Offer Discounts.”

⁴ 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.”

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

- (2) Substantially revises the first section on Sheet 86. Substantive changes are:
 - a. Creates a new defined term, “Discounts,” to refer to both the Beneficial Location of Facilities Discount and the 40% average annual discount (“Rider EDI Discount”),
 - b. Clarifies that even if the Company has obtained an Order from the Commission required under subsection 5 of section 393.1400, no new Agreement will be entered into under Rider EDI after December 31, 2028,
 - c. States that upon expiration of the Company’s authority to issue Discounts under Rider EDI the Discounts will be provided under Rider EDRR, subject to the terms of Rider EDRR.
- (3) On Sheet 86, concerning the classes of service eligible for participation in the rider, the words “currently served under or considering service from” is replaced with the words “currently served under or will become eligible for service from.” This change does not appear to be related to the remainder of the proposed changes.
- (4) Renames the first section on Sheet 86.3 from “Incentive Provisions” to “Applicability of Discounts,” and incorporates language to reflect the changes identified in the “Authority to Offer Discounts” section of Sheet 86.
- (5) On Sheet 86.4, the “Company's authority to offer discounts under this Rider expires as described in the Expiration section of this Rider,” is deleted from a list of events that could trigger early termination of service under Rider EDI. Subsequent items are renumbered.
- (6) On Sheet 86.5, a paragraph under “Early Termination” is substantially rewritten consistent with the changes identified in the “Authority to Offer Discounts” section of Sheet 86.
- (7) Throughout Sheets 86 – 86.5, use of “discounts,” “Discounts,” and “incentives,” is clarified and made more consistent.

Summary of Proposed Changes to Rider EDRR

Tariff sheets 86.6 - 86.9 concern Rider EDRR. The revisions Ameren Missouri proposes to Rider EDRR are as follows:

- (1) Renames the section currently titled “Availability to EDI Customers Upon Expiration of Rider EDI” to “Availability to Rider EDI Customers,” on Sheet 86.6.
- (2) Substantially revises the first section on Sheet 86.6. Substantive changes are the incorporation of terms to reflect the changes identified in the “Authority to Offer Discounts” section of Sheet 86. The revised language on Sheet 86 allows Rider EDI recipients to either:
 - a. Remain eligible to receive incentives under essentially the ordinary terms of Rider EDRR. Under Rider EDRR the beneficial location of facilities discount is not available, and the annual discount is 15%, or
 - b. For customers certifying within their Rider EDI agreement that customer’s location decision would not have resulted in the qualifying load being located in Company's service territory but for the customer's qualifying load receiving the incentives levels specified in Rider EDI for the full term under the agreement, that the full Discounts (including the beneficial facilities discount and 40% average annual discount under Rider EDI) shall remain available.
- (3) On Sheet 86.7, changes consistent with those on Sheet 86 are made to the “Incentive Provisions” section.
- (4) Throughout Sheets 86.6 – 86.9, use of “discounts,” “Discounts,” and “incentives,” is clarified and made more consistent for interpretation within Rider EDRR and as referenced back to Rider EDI.

Discussion

Staff has reviewed the tariff sheets as proposed and substituted, and has reviewed the concurrently filed Motions. Staff notes that Ameren, in its Motion to Reopen, represents that based on conversations with potential new customers, the following facts suggest that the proposed modifications are appropriate:

- (1) Most, but not all, projects that could qualify for Rider EDI can be classified as long lead time projects. Few EDI-eligible projects will be receiving discounts prior to 2020, even if no new construction is required. Where construction of new facilities is required, it frequently will be more than one year from the time of application before EDI discounts are actually provided. In either case, any contracts entered into today, will continue to be in place on December 31, 2023 and must include provisions that will apply if the Rider EDI discounts end on December 31, 2023.⁶
- (2) The length of time that a strong incentive (40%) may be available is driven by two factors the customer does not have a great deal of control over:
 - i. Length of time required for their own construction activities; and
 - ii. Commission approval of the extension of PISA (and indirectly economic development),⁷ and
- (3) The potential for the strong (40%) incentive ending in less than five years results in the customers largely not considering the discount in their decision for siting projects. In other words, incentives offered for less than five years generally will not materially influence the long-term investment decision for customers. Moreover, customers wholly disregard the 6th year (10%) discount because such discount may not be received at all. All of this uncertainty causes the primary factor influencing customers to become the Rider EDRR discount (15%).⁸

On the basis of these facts as alleged by Ameren, Staff is not aware of a reason to object to the proposed changes. Therefore, Staff recommends the following tariff sheets, as filed on June 17, 2019 and substituted on June 27, 2019, be approved or allowed to take effect July 17, 2019 or at least 10 days after the date of a Commission order, if July 17, 2019 is within 10 days of the Commission order:

⁶ Motion to Reopen, page 3, paragraph 9.

⁷ Motion to Reopen, page 3, paragraph 10.c.

⁸ Motion to Reopen, pages 3-4, paragraph 11.

YE-2019-0225

PSC Mo. No. 6

Filed

2nd Revised Sheet No. 86
2nd Revised Sheet No. 86.1
1st Revised Sheet No. 86.2
1st Revised Sheet No. 86.4
1st Revised Sheet No. 86.5
1st Revised Sheet No. 86.6
1st Revised Sheet No. 86.7
1st Revised Sheet No. 86.8
1st Revised Sheet No. 86.9

Canceling

1st Revised Sheet No. 86
1st Revised Sheet No. 86.1
Original Sheet No. 86.2
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

Staff further recommends the Commission issue an Order approving the tariff sheet in Tariff Tracking No. YE-2019-0231 to take effect on July 17, 2019, or with a 10-day effective date if July 17, 2019 is less than 10 days from the date of the order, thus granting Ameren's Motion for Expedited Treatment for the good cause of allowing each of the tariff sheets in Rider EDI and Rider EDRR to take effect concurrently:

YE-2019-0231

PSC Mo. No. 6

Filed

1st Revised Sheet No. 86.3

Canceling

Original Sheet No. 86.3

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri Revised Tariff Sheets) Case No. ET-2019-0149

AFFIDAVIT OF SARAH L.K. LANGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW SARAH L.K. LANGE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Sarah L.K. Lange
SARAH L.K. LANGE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 1st day of July 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070

D. Suzie Mankin
Notary Public