

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 13<sup>th</sup> day of  
May, 2015.

In the Matter of Union Electric Company, d/b/a	)	<b><u>File No. ER-2014-0258</u></b>
Ameren Missouri's Tariff to Increase Its	)	Tariff Nos. YE-2015-0325
Revenues for Electric Service	)	YE-2015-0326

**ORDER REGARDING STAFF'S RECOMMENDATION TO REJECT  
COMPLIANCE TARIFF**

Issue Date: May 13, 2015

Effective Date: May 13, 2015

On April 29, 2015, the Commission issued a report and order that rejected Ameren Missouri's tariff to increase the company's annual revenues from its provision of electric service. However, the Commission authorized Ameren Missouri to file a tariff sufficient to recover revenues as determined in that report and order. Ameren Missouri filed its compliance tariff on May 6, with a tariff effective date of June 5. Along with its tariff, Ameren Missouri filed a motion asking the Commission to expedite its approval of the compliance tariff so that it could go into effect on May 30. Upon receiving Ameren Missouri's motion and tariff, the Commission directed its Staff to file a recommendation about that tariff by May 15 and allowed other parties until that date to file a recommendation if they wished to do so.

The next day, on May 7, Staff filed a recommendation advising the Commission to reject Ameren Missouri's compliance tariff because, according to Staff, the tariff sheet that implements a reduced rate for the IAS rate class (the newly established rate class for service to Noranda) does not comply with the terms of the report and order. Staff is concerned that Ameren Missouri's tariff establishes seasonally variable rates that Staff

believes were not intended by the report and order. Further, Staff is concerned that the lower winter rates will not be sufficient to cover what Staff calculated to be Ameren Missouri's incremental cost to serve Noranda. In its motion, Staff challenged only the tariff sheet that established the IAS rate. It indicated it would continue to review the other elements of the overall compliance tariff.

On May 11, the Commission directed Ameren Missouri to respond to Staff's motion by 1:00 p.m. on May 12 and allowed all other parties until that time to respond if they wished to do so. Ameren Missouri filed a timely response. No other party timely responded. However, MIEC filed a response at 6:47 p.m. on May 12, accompanied by a motion for leave to file its untimely response. MIEC supports Staff's position and explains that a single flat rate will better support Noranda's efforts to keep operating its smelter.

Ameren Missouri's motion for expedited consideration explains that for the four summer months, June through September, Noranda would pay a seasonal rate of \$45.78 per MWh and during the remaining eight winter months, it would pay a seasonal rate of \$31.11 per MWh. Averaged over the entire year, the "effective" base rate for the IAS class would be \$36 per MWh. Ameren Missouri contends all other rate classes pay seasonally variable rates and that such rates reflect the reality that it is more expensive to serve customers in the summer than it is in the winter. Ameren Missouri argues that the averaging of the summer and winter rates is what the Commission intended when it ordered that the IAS class be served at an "effective" rate of \$36 per MWh. If it had intended a flat rate of \$36 per MWh throughout the year, there would have been no need to describe it as an "effective" rate.

Furthermore, Ameren Missouri is concerned that introducing a flat, non-seasonally adjusted rate at this time would unfairly harm Ameren Missouri's shareholders. It is

concerned that because Noranda would begin by taking the averaged rate during the higher cost summer period, and would take the averaged rate during only three lower cost winter months in 2015, the flat rate would not be sufficient to cover Ameren Missouri's cost to serve Noranda in calendar year 2015.

Finally, Ameren Missouri indicates that if the Commission decides Staff's position is correct, it will promptly file a revised tariff that establishes a flat, non-seasonally adjusted rate.

The Commission finds that Ameren Missouri's interpretation of the report and order is correct. The report and order directs that an "effective" base rate of \$36 per MWh be set for the IAS. It is reasonable to recognize that Ameren Missouri's cost of service is different in the summer than it is in the winter and the report and order appropriately does so. Staff is also concerned that the winter rate would drop below what Staff calculated to be Ameren Missouri's \$31.50 average incremental cost to serve Noranda. However, as Ameren Missouri explains in its response, its incremental cost to serve Noranda in the winter is also lower than the averaged annual cost. Ameren Missouri explains that using Staff's own calculation, its winter incremental cost of \$30.51 per MWh would remain below the \$31.11 per MWh winter rate established in the tariff.

The Commission will not adopt Staff's recommendation to reject Ameren Missouri's compliance tariff over concerns about seasonally adjusted rates for the IAS rate class. The previous order directing Staff to make a recommendation regarding all aspects of the company's compliance tariff remains in effect, and Staff and the other parties have until May 15 to file their overall recommendation regarding the compliance tariff.

**THE COMMISSION ORDERS THAT:**

1. Staff's recommendation to reject Ameren Missouri's compliance tariff over concerns about seasonally adjusted rates for the IAS rate class is rejected.
2. This order shall be effective when issued.



**BY THE COMMISSION**

*Morris L. Woodruff*

Morris L. Woodruff  
Secretary

R. Kenney, Chm., W. Kenney,  
Hall, and Rupp, CC., concur  
Stoll, C., dissents.

Woodruff, Chief Regulatory Law Judge