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 20th Accumulation Period	))))	Case No. ER-2016-0130 Tariff Filing YE-2016-0129

MOTION TO REJECT TARIFF

COMES NOW the Office of the Public Counsel (OPC) and the Missouri Industrial Energy Consumers (MIEC) for their Motion to Reject Tariff respectfully state:

1. On November 25, 2015, Union Electric Company d/b/a Ameren Missouri filed an application for Commission approval of a 2nd Revised Sheet No. 73.11 of Ameren Missouri's Schedule No. 6 – Schedule of Rates for Electric Service "to adjust customer rates for changes in Ameren Missouri's fuel and purchased power costs, net off-system sales revenues, and associated transportation (i.e., Actual Net Energy Costs, or "ANEC"), which were experienced during the four-month period of June 2015 through September 2015" (EFIS No. 1). On December 22, 2015, Ameren modified the proposed tariff change and filed the revised tariff proposal with the Commission (EFIS No. 8).[1]

2. On December 28, 2015, the Commission's Staff recommended the Commission issue an order approving the revised tariff sheet (EFIS No. 9).

3. Commission rule 4 CSR 240-20.090(4) states in part, "If the FAC rate adjustment is not in accordance with the provisions of this rule, section 386.266 RSMo, or the FAC mechanism established in the most recent rate proceeding, the commission shall reject the proposed rate schedules within sixty (60) days of the electric utility's

[1] Attached A to this motion is a copy of Ameren's proposed 2nd Revised Sheet No. 73.11.

filing and may instead order implementation of an appropriate interim rate schedule." For the reasons stated in the attached Memorandum from Ms. Lena M. Mantle on behalf of OPC (Attachment B), OPC and MIEC respectfully request an order that rejects Ameren's proposed tariff because it seeks to implement a rate increase that is not in accordance with the FAC mechanism established in the most recent rate case.

4. There are two significant issues with Ameren's proposed tariff and the manner in which Ameren calculated the adjustment. One issue supports a Commission order that rejects the proposed FAC rate change as not in compliance with Ameren's tariff, and the other issue supports an FAC tariff change in Ameren's next rate case. Both issues involve what has been commonly referred to as the "N factor," which is an adjustment to the FAC rate calculation that occurs whenever usage of the 13(M) class falls below the level of normalized usage determined in Ameren's last rate case. The N factor is a downward adjustment to off-system sales revenue (OSSR). The greater the adjustment, the greater the increase in the FAC rates paid by Ameren's customers.

5. The first issue the Commission should be aware of is the unforeseen consequence of applying the N factor adjustment during a period in which Ameren experiences negative off-system sales margin. At the time the N factor adjustment was first included in Ameren's tariff in July 2011, off-system sales margin was positive and large enough that even after the adjustment, the margin would still be positive. In the present filing, however, Ameren's OSSR did not exceed costs. Applying the N factor adjustment under this circumstance is unreasonable because while customers pay for the plant and fuel to generate the energy sold off-system, the revenues are not offsetting the energy costs included in the FAC. Instead, the revenues are retained by Ameren through

the adjustment. Public Counsel opposed this adjustment in the past, and believes this case provides the Commission with a clear example of why the adjustment is not in the public interest and should be discontinued. In support of the elimination of the N factor, also attached is a memorandum from Mr. Greg Meyer on behalf of MIEC highlighting additional concerns with the N factor (Attachment C).

6. The second issue involving the N factor supports an order rejecting Ameren's proposed tariff change in the present case. To calculate the N factor adjustment, Ameren's tariff requires an OSSR adjustment equal to all off-system sales *revenues derived* from all kWh of energy sold off-system due to the reduced usage (Sheet No. 73.4). Rather than adjust OSSR by the sales revenue derived, Ameren adjusted OSSR by the *average market price*, which was higher than the actual sales revenue derived by Ameren. The effect of this incorrect and unlawful application of the adjustment is a greater reduction to OSSR, and in turn, higher FAC rates. For this reason, the proposed tariff change should be rejected and Ameren should be ordered to recalculate the FAC rate consistent with the tariff.

WHEREFORE, the Office of the Public Counsel and the Missouri Industrial Energy Consumers respectfully request that the Commission reject the proposed tariff change and instead order the implementation of an appropriate rate schedule.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 7th day of January 2016.

/s/ Marc Poston