

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 19<sup>th</sup> day of March, 2015.

In the Matter of Union Electric Company, d/b/a ) **File No. ER-2014-0258**  
Ameren Missouri's Tariff to Increase Its ) Tariff No. YE-2015-0003  
Revenues for Electric Service )

**ORDER APPROVING AMENDED STIPULATION AND AGREEMENT  
REGARDING CERTAIN REVENUE REQUIREMENT ISSUES**

Issue Date: March 19, 2015

Effective Date: March 19, 2015

On March 3, 2015, Union Electric Company d/b/a Ameren Missouri, the Office of the Public Counsel, the Midwest Energy Consumers Group, the Consumers Council of Missouri, and the Staff of the Commission filed a nonunanimous stipulation and agreement that would increase the revenue requirement proposed by Staff by \$11 million to resolve certain described revenue requirement issues. The agreement also requires Ameren Missouri to take other described actions to resolve issues identified in this case.

The stipulation and agreement is nonunanimous in that it was not signed by all parties. However, Commission Rule 4 CSR 240-2.115(2) provides that other parties have seven days in which to object to a nonunanimous stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days have passed since the stipulation and agreement was filed, and no party has objected. Therefore, the

Commission will treat the stipulation and agreement as a unanimous stipulation and agreement.

After reviewing the stipulation and agreement, the Commission independently finds and concludes that the stipulation and agreement is a reasonable resolution of the issues addressed by the stipulation and agreement and that such stipulation and agreement should be approved.

One provision in the stipulation and agreement needs additional explanation and clarification. In paragraph 6 of that stipulation and agreement, the signatory parties agree:

Ameren Missouri should be granted accounting authority to defer carrying costs (at its short-term interest rate) and amortization accruals related to the cost of the Callaway relicensing request balance at the effective date of the Report and Order in this case. The parties agree this accounting authority should be effective until rates are implemented in Ameren Missouri's next rate case. The parties agree Ameren Missouri should be allowed to recover the deferred costs beginning with the first rate case after the license extension is issued consistent with the authority granted in this case. Finally, the parties agree the costs should be amortized over the life of the license extension and that the deferred amounts should be included in rate base in a regulatory asset account in the first rate case after the license extension is issued.

It appears the parties included that provision in the stipulation and agreement because of uncertainty about when the Nuclear Regulatory Commission (NRC) would grant Ameren Missouri a long-anticipated twenty-year extension of the Callaway Energy Center's operating license.

In true-up direct testimony filed on March 17, Ameren Missouri's witness, Laura Moore, explained that the NRC issued the Callaway license extension on March 6, three days after the amended stipulation and agreement was filed on March 3. Because it now has a known and measurable amount of investment in the license extension through the end of the true-up period, Ameren Missouri has included the costs to obtain the license

extension, incurred through the end of the true-up period on December 31, 2014, in its trued-up rate base. Ms. Moore further explains that because the pre-January 1, 2015 costs are now included in rate base, the accounting authority contemplated in the stipulation and agreement would allow for the deferral of costs incurred between January 1 and May 30, 2015, the likely effective date of the report and order that the Commission will issue in this case.

Because of the uncertainty surrounding the interpretation of paragraph six of the stipulation and agreement, the Commission directed that any party wishing to be heard about this paragraph appear at this agenda meeting. Staff, Public Counsel, MIEC, and Ameren Missouri appeared at the agenda meeting by counsel, and indicated they disagree with Ameren Missouri's proposed treatment of the license extension costs.

After reviewing the matter of the agreed upon accounting authority order, the Commission independently finds and concludes that the relicensing costs that Ameren Missouri seeks to defer for ratemaking treatment in its next rate case are extraordinary, unusual and unique, and not recurring.<sup>1</sup> The Commission clarifies that all of the carrying costs (at Ameren Missouri's short-term interest rate) and amortization accruals related to the cost of the Callaway relicensing request balance at the effective date of the Report and Order in this case are appropriately deferred for consideration in the next rate case through use of an accounting authority order.

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<sup>1</sup> That standard was announced by the Commission in what is often referred to as the Sibley decision, *In the Matter of the Application of Missouri Public Service for the Issuance of an Accounting Order Relating to its Electrical Operations. In the Matter of the Application of Missouri Public Service for the Issuance of an Accounting Order Relating to its Purchase Power Commitments.* 1 MPSC 3d 200, 205 (1991)

**THE COMMISSION ORDERS THAT:**

1. The Amended Nonunanimous Stipulation and Agreement Regarding Certain Revenue Requirement Issues, filed on March 3, 2015, is approved as a resolution of the issues addressed in that stipulation and agreement. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order.

2. Union Electric Company, d/b/a Ameren Missouri, is granted accounting authority to defer carrying costs (at its short term interest rate) and amortization accruals related to the cost of the Callaway relicensing request balance at the effective date of the Report and Order in this case.

3. This order shall be effective when issued.

**BY THE COMMISSION**



A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

R. Kenney, Chm., Stoll, W. Kenney,  
and Rupp, CC., concur;  
Hall, C., concurs with separate concurring opinion to follow.

Woodruff, Chief Regulatory Law Judge