

**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)	<u>File No. ER-2015-0022</u>
Fuel Adjustment Clause for the 16 th Accumulation)	Tariff No. YE-2015-0226
Period)	

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET REGARDING
CHANGE TO THE FUEL ADJUSTMENT RATE FOR
ACCUMULATION PERIOD 16**

COMES NOW the Staff of the Missouri Public Service Commission ("Commission"), by and through counsel, and for its recommendation to approve tariff sheet, states as follows:

1. On July 25, 2014, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed a proposed tariff sheet with supporting direct testimony pursuant to Commission Rules 4 CSR 240-20.090(4) and 4 CSR 240-3.161(7) seeking approval to adjust the Company's fuel adjustment rates ("FARs") used to calculate its fuel adjustment clause ("FAC") charge billed to its customers. The proposed tariff sheet bears an effective date of September 24, 2014.

2. Concurrently on July 25, Ameren Missouri submitted a true-up filing in File No. ER-2014-0021 to identify the net fuel costs plus interest it over-charged customers during Recovery Period 13 ("RP13") prescribed by its FAC. This amount is used when calculating the new FARs in this case.

3. On July 25, the Commission ordered Staff to examine and analyze Ameren Missouri's filings in this case, and to file its recommendation no later than August 24, 2014, as required by Rule 4 CSR 240-20.090(4). The Commission also directed that notice of the order be served on the parties to Case No. ER-2012-0166

(the general rate proceeding in which continuation of Ameren Missouri's FAC was most recently approved) and Case No. ER-2011-0028 (the general rate case preceding Case No. ER-2012-0166). The Commission received no applications to intervene.

4. Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference, recommends the Commission issue an order approving the proposed revised tariff sheet Ameren Missouri filed on July 25.

5. Commission Rule 4 CSR 240-20.090(4) states: "An electric utility with a FAC shall file one (1) mandatory adjustment to its FAC in each true-up year coinciding with the true-up of its FAC."¹ The rule requires Staff "to determine if the proposed adjustment to the FAC is in accordance with the provisions of this rule, Section 386.266 RSMo and the FAC mechanism established in the most recent general rate proceeding." If so, "the commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or... the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed."

6. Ameren Missouri's filing in this case requests Commission approval of one tariff sheet bearing an effective date of September 24, 2014, that revises the current FARs in its FAC. The filing includes testimony and workpapers of Ameren Missouri witness Erik C. Wenberg supporting the Company's calculation of the Fuel and Purchased Power Adjustment ("FPA").

7. The FPA amount is \$56,362,851. This represents the total requested increase in the amount sought to be collected in customer FAC charges over the

¹ An electric utility may also file up to three (3) additional adjustments to its FAC within a true-up year with the timing and number of such filings to be determined in a general rate proceeding.

applicable Recovery Period. The FPA amount includes the difference between Actual Net Energy Costs (“ANEC”)² and Net Base Energy Cost (“B”)³ the Company experienced during Accumulation Period 16 (“AP16”) and application of the Commission-approved 95 percent risk-sharing ratio⁴, plus interest for RP 13 and AP 16⁵, plus the amount from the true-up for RP13 excluding interest,⁶ minus a prudence adjustment amount of zero⁷. (The prudence adjustment refund previously ordered by the Commission in its July 31, 2013 *Report and Order* in File No. EO-2012-0074 was completed in the FAR for AP 14 and returned to customers in the previous 14th Recovery Period).

8. As explained in Staff’s *Memorandum*, the FPA amount results in a total requested FAR of \$0.00444 per kWh⁸, which is an increase of \$0.00132 per kWh when compared to the current FAR of \$0.00312 per kWh. Because of a difference in line losses, the FAR is adjusted for the voltage service the customers receive:

² ANEC = fuel costs + purchased power costs + net emissions costs minus off system sales revenues. See line item 1 of 4th Revised Sheet No. 72.9 filed in this case.

³ See line item 2 of 4th Revised Sheet No. 72.9 filed in this case.

⁴ See line item 3.1 of 4th Revised Sheet No. 72.9 filed in this case.

⁵ See line item 4.1 of 4th Revised Sheet No. 72.9 filed in this case.

⁶ See line item 4.2 of 4th Revised Sheet No. 72.9 filed in this case.

⁷ See line item 4.3 of 4th Revised Sheet No. 72.9 filed in this case.

⁸ The rate is calculated using estimated kWh sales for the October 2014 through May 2015 Recovery Period (16th Recovery Period).

	Proposed RP16 FARs	Current RP15 FARs	Difference
Secondary	\$0.00470/kWh	\$0.00330/kWh	\$0.00140/kWh
Primary	\$0.00455/kWh	\$0.00320/kWh	\$0.00135/kWh
Large Transmission	\$0.00440/kWh	\$0.00309/kWh	\$0.00131/kWh

9. AP16 and RP13 include Ameren Missouri's costs for its Maryland Heights landfill gas facility, based on the Commission's approval of Ameren Missouri's request for a waiver or variance from Commission Rule 4 CSR 240-20.100(6)(A)16.⁹ Staff will continue to work with Ameren Missouri to reach a resolution on the future treatment of the costs of landfill gas purchased for the Company's Maryland Heights generating units and any other renewable energy costs flowing through the Company's FAC.

10. Staff has determined that Ameren Missouri timely filed the 4th Revised Tariff Sheet No. 72.9 and that it complies with Commission Rule 4 CSR 240-3.161 and Ameren Missouri's FAC as defined in its tariff.

12. Staff verified that Ameren Missouri is not delinquent on any assessment, and has filed its 2013 annual report. Ameren Missouri is current on the filing of its Surveillance Monitoring reports as required by 4 CSR 240-20.090(10) and its monthly reports required by 4 CSR 240-3.161(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing, except File No. ER-2015-0021 as noted herein.

⁹ In its *Report and Order* issued on December 12, 2012 in Case No. ER-2012-0166, the Commission granted a waiver of Commission Rule 4 CSR 240-20.100(6)(A)16 as regards the purchase of landfill gas for the operation of the Maryland Heights Landfill Gas generation facility.

WHEREFORE, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on July 25, 2014, to become effective on September 24, 2014, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 6

4th Revised Sheet No. 72.9 Cancelling 3rd Revised Sheet No. 72.9.

Respectfully Submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Deputy Counsel
Missouri Bar No. 51709

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 22nd day of August, 2014.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2015-0022, Tariff Tracking No. YE-2015-0026
Union Electric Company d/b/a Ameren Missouri

FROM: David Roos, Regulatory Economist III
Matthew J. Barnes, Utility Regulatory Auditor IV

/s/ John Rogers 08/22/2014

Energy Resource Analysis Unit / Date

/s/ Bob Berlin 08/22/2014

Staff Counsel's Office / Date

SUBJECT: Staff Recommendation for Approval of Tariff Sheet Filed to Change Rates Related to Ameren Missouri's Fuel Adjustment Clause Pursuant to the Commission's Report and Order in File No. ER-2012-0166.

DATE: August 22, 2014

On July 25, 2014, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 4th Revised Sheet No. 72.9 bearing a proposed effective date of September 24, 2014, canceling 3rd Revised Sheet No. 72.9. The filed tariff sheet, 4th Revised Sheet No. 72.9, revises Ameren Missouri's Fuel Adjustment Rates ("FARs") of its Fuel Adjustment Clause ("FAC"). Staff recommends the Missouri Public Service Commission ("Commission") approve 4th Revised Sheet No. 72.9.

Ameren Missouri's July 25, 2014 filing includes the testimony of Ameren Missouri witness Erik C. Wenberg and associated Ameren Missouri work papers. The testimony and work papers include information and data that supports Ameren Missouri's calculation of the dollar amount of its Fuel and Purchased Power Adjustment ("FPA"). That dollar amount ("FPA Amount") is \$56,362,851 and is reflected on line 5 of 4th Revised Sheet No. 72.9. This FPA Amount results in a FAR₁₆¹ of \$0.00228 per kWh, which when added to the FAR₁₅ of \$0.00216

¹ FAR_{RP} is defined in Original Sheet No. 72.7 as "FAR Recovery Period rate component calculated to recover under- or over-collection during the Accumulation Period that ended immediately prior to the applicable filing." Since this filing occurred after the end of Accumulation Period 16, FAR_{RP} in this recommendation is referred to as FAR₁₆.

per kWh results in a proposed FAR² of \$0.00444 per kWh. The proposed FAR is \$0.00132 per kWh more than the current FAR³ of \$0.00312 per kWh.

Calculation of Total Company Fuel and Purchased Power Difference

Ameren Missouri's work papers for Accumulation Period 16 ("AP16"), which includes the period of February 1, 2014 through May 31, 2014, contain data and calculations for Actual Net Energy Cost ("ANEC") equal to \$240,817,322 (line 1 of 4th Revised Sheet No. 72.9) and Net Base Energy Cost ("B") equal to \$178,896,751 (line 2 of 4th Revised Sheet No. 72.9). For this filing, B is equal to sales of 12,303,765,559 kWh for February 1, 2014 through May 31, 2014, times \$0.01454⁴ per kWh. The difference between ANEC and B is equal to \$61,920,571 and is the amount on line 3 of 4th Revised Sheet No. 72.9, the Total Company Fuel and Purchased Power Difference.

Calculation of FPA Amount

Ameren Missouri's work papers and 4th Revised Sheet No. 72.9 show the FPA Amount⁵ of \$56,362,851 to be the sum of:

1. Customer Responsibility for AP16 equal to
\$58,824,542⁶ (Line 4 on 4th Revised Sheet No. 72.9); plus
2. Interest for AP16 and RP13 equal to \$150,081; minus
3. True-Up for Recovery Period 13("RP13"), without interest, equal to
\$2,611,772.⁷ This true-up amount is before the Commission for approval in pending File No. ER-2015-0021.

² FAR is defined in Original Sheet No. 72.7 as "Fuel Adjustment Rate applied to retail customer usage on a per kWh basis starting with the applicable Recovery Period following the FAR filing." $FAR = FAR_{RP} + FAR_{RP-1}$.

³ The \$0.00312 per kWh rate is found on line 9 of 3rd Revised Sheet No. 72.9.

⁴ Winter NBFC Rate on Original Sheet No. 72.6.

⁵ 3rd Revised Sheet No. 72.9 lines 1 through 5 include the complete calculation of the FPA Amount of 56,884,474.

⁶ The customer responsibility for AP16 is equal to ninety-five percent (95%) of \$61,920,570 (the difference between ANEC and B during AP16).

⁷ Union Electric Company's Schedule No. 5, Original Sheet No. 72.8: "TRUE-UP: After completion of each RP, the Company shall make a true-up filing on the same day as its FAR (Fuel Adjustment Rate) filing. Any true-up adjustments shall be reflected in item T above. Interest on the true-up adjustment will be included in I above. The true-up adjustments shall be the difference between the revenues billed and the revenues authorized for collection during the RP."

Calculation of FAR₁₆

FAR₁₆ of \$0.00228 per kWh is equal to the Customer Responsibility for AP16 plus interest for AP16 and RP13 minus the True-Up Amounts for RP13 divided by the Estimated Recovery Period Sales in kWh settled at MISO CP node (AMMO.UE or successor node) of 24,690,907,222 kWh. FAR₁₆ will apply during RP16—Ameren Missouri’s billing months of October 2014 through May 2015.

Calculation of FAR Without Voltage Level Adjustments

Line 9 of Ameren Missouri’s proposed 4th Revised Sheet No. 72.9 reflects a FAR of \$0.00444 per kWh which is the sum of: 1) FAR₁₅ of \$0.00216 per kWh, and 2) FAR₁₆ of \$0.00228 per kWh.

Calculation of FARs with Voltage Level Adjustments

Because of a difference in line losses, there are different current FARs for service taken at Secondary, Primary, and Large Transmission voltage levels. Listed below are the proposed RP16 FARs, the current RP15 FARs and the difference between them for Secondary, Primary, and Large Transmission service:

	Proposed RP16 FAR	Current RP15 FAR	Difference
Secondary	\$0.00470/kWh	\$0.00330/kWh	\$0.00140/kWh
Primary	\$0.00455/kWh	\$0.00320/kWh	\$0.00135/kWh
Large Transmission	\$0.00440/kWh	\$0.00309/kWh	\$0.00131/kWh

Based on a monthly usage of 1,100 kWh, the proposed change to the Secondary FAR would increase the Fuel Adjustment Charge of an Ameren Missouri residential customer’s bill from \$3.63 to \$5.17, an increase of \$1.54 per month. The primary reason for this increase is the completion of refunds⁸ originally included in the FAR for AP 14.

Staff reviewed proposed 4th Revised Sheet No. 72.9, the direct testimony of Ameren Missouri witness Erik C. Wenberg and work papers in this filing, as well as Ameren Missouri’s monthly information submitted in compliance with 4 CSR 240-3.161(5) for AP16 Staff verified

⁸ Case No. EO-2012-0074.

that the actual fuel and purchased power costs net of off-system sales revenues reflected therein match the fuel and purchased power costs and emission costs net of off-system sales revenues on line 1 of Ameren Missouri's requested 4th Revised Sheet No. 72.9 and the supporting schedules of witness Erik C. Wenberg. Staff reviewed Ameren Missouri's monthly reports and verified that the kWh billed shown on the monthly reports match the accumulation period sales used to calculate B. Staff reviewed Ameren Missouri's monthly interest rates that are applied to 95% of the over/under Net Base Energy Cost amount and verified that the monthly interest rates and calculations of monthly interest amounts are correct for AP16.

Landfill Gas Facility and Other Renewable Energy Costs

In its December 12, 2012, *Report and Order* in Case No. ER-2012-0166, the Commission granted Ameren Missouri relief from Rule 4 CSR 240-20.100(6)(A)16 to allow the costs of landfill gas purchased for operation in the Company's Maryland Heights generating facility to flow through its FAC; therefore, Staff has continued to allow the costs of that landfill gas and "other potential renewable generation energy costs" to flow through Ameren Missouri's FAC for AP15. Footnote 4 to Ameren's Application for Waiver or Variance of 4 CSR240-20.100(6)(A)16 for Maryland Heights Landfill Gas Facility and Motion for Expedited Treatment filed in Ameren Missouri's rate case File No. ER-2012-0166, states that other potential renewable generation energy costs "... may be another renewable energy generating unit or the energy charges for renewable energy through purchased power agreements." In addition to the landfill gas facility, Staff is aware of purchase power agreements for wind energy and residential solar net metering costs flowing through the FAC. Staff is working with Ameren Missouri to reach a resolution (in the Company's pending general rate proceeding) concerning the treatment of all renewable energy costs flowing through the FAC.

Staff Recommendation

Ameren Missouri timely filed 4th Revised Sheet No. 72.9, and based on Staff's review the Staff has determined that it is in compliance with Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and Ameren Missouri's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

Ameren Missouri requested that 4th Revised Sheet No. 72.9, filed July 25, 2014, become effective on September 24, 2014, the beginning of the first billing cycle of Ameren Missouri's October 2014 billing month. Thus, the proposed tariff sheet was filed with 60 days' notice. Therefore, Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on July 25, 2014, to become effective on September 24, 2014, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 6

4th Revised Sheet No. 72.9 Canceling 3rd Revised Sheet No. 72.9.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2013 Annual Report. Ameren Missouri is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). Staff is not aware of any other matter before the Commission that affects or is affected by this filing, except File No. ER-2015-0021 as noted herein.

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Union Electric Company d/b/a)
Ameren Missouri's Fuel Adjustment)
Clause for the 16th Accumulation)
Period)
File No. ER-2015-0022

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
)
) ss
COUNTY OF COLE)

Matthew J. Barnes, of lawful age, on oath states: that he 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 him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Matthew J. Barnes

Subscribed and sworn to before me this 21st day of August, 2014.

LAURA BLOCH
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914



Notary Public

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 16th Accumulation)
Period)

File No. ER-2015-0022

AFFIDAVIT OF DAVID C. ROOS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

David C. Roos, of lawful age, on oath states: that he 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 him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.

David C. Roos

Subscribed and sworn to before me this 21st day of August, 2014.



Notary Public