

**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)	<u>File No. ER-2014-0022</u>
Clause for the 13th Accumulation Period)	Tariff No. JE-2014-0042

STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

COMES NOW the Staff ("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 26, 2013, 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, 2013.

2. Concurrently on July 26, Ameren Missouri submitted a true-up filing in File No. ER-2014-0023 to identify the net fuel costs it over- or under-charged customers during the 10th Recovery Period prescribed by its FAC. This amount is used when calculating the new FARs in this case.

3. On July 29, the Commission ordered Staff to examine and analyze Ameren Missouri's filings in this case, and to file its recommendation no later than August 23, 2013, 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 File No. ER-2012-0166 (the general rate proceeding in which continuation of Ameren Missouri's FAC was most recently approved). 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 26.

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, 2013, 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 \$39,117,927. This represents the total requested increase in the amount sought to be collected in customer FAC charges over the applicable Recovery Period. The FPA amount includes the difference between Annual Net Energy Costs ("ANEC")² and Net Base Energy Cost ("B")³ the Company

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.

² ANEC is annual fuel and purchased power costs net of off system sales revenues.

experienced during the 13th Accumulation Period, plus application of the Commission-approved 95 percent sharing ratio, plus the amount from the true-up for the 10th Recovery Period (“RP10”) in File No. ER-2014-0022, and applicable interest.⁴

8. As explained in Staff’s *Memorandum*, the FPA amount results in a total requested FAR of \$0.00353 per kWh⁵, which is a decrease of \$0.00169 per kWh over the current FAR of \$0.00522 per kWh. Because of a difference in line losses, the FAR is adjusted for the voltage service the customers receive:

	Proposed RP13 FARs	Current RP12 FARs	Difference
Secondary	\$0.00373/kWh	\$0.00552/kWh	(\$0.00179)/kWh
Primary	\$0.00362/kWh	\$0.00535/kWh	(\$0.00173)/kWh
Large Transmission	\$0.00350/kWh	\$0.00518/kWh	(\$0.00168)/kWh

9. The 13th Accumulation Period and the true-up of the 10th Recovery Period 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)16.⁶ 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.

³ See Union Electric Company MO.P.S.C. Schedule No. 6 Original Sheet No. 72.1.

⁴ See line item 4.1 of 1st Revised Sheet No. 72.9 filed in this case.

⁵ The rate is calculated using estimated kWh sales for the October 2013 to May 2014 Recovery Period.

⁶ 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.

10. In its July 31, 2013 *Report and Order* in File No. EO-2012-0074, the Commission ordered Ameren Missouri to refund some \$26,342,791 plus interest to ratepayers by making an adjustment to its FAC charge to correct an over collection of revenue for the period of October 1, 2009 to June 20, 2010. Because that *Report and Order* was issued five days after July 26, 2013, the date Ameren Missouri filed its request to change its FAR in this docket, the refund amount of \$26,342,791 plus interest is expected to be included in Ameren Missouri's next request to change its FAR, which is expected to be filed in late November 2013.

11. Staff has determined that Ameren Missouri timely filed the 1st Revised 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 2012 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-2014-0023 as noted herein.

WHEREFORE, Staff recommends the Commission issue an order approving the following proposed revised tariff sheet, as filed on July 26, 2013, to become effective on September 24, 2013, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 6
1st Revised Sheet No. 72.9 Cancelling Original Sheet No. 72.9.

Respectfully Submitted,

/s/ Robert S. Berlin

Robert S. Berlin

Senior Counsel

Missouri Bar No. 51709

Attorney for the Staff of the

Missouri Public Service Commission

P.O. Box 360

Jefferson City, Missouri 65102

Telephone: (573) 526-7779

Fax: (573) 751-9285

Email: bob.berlin@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 23rd day of August, 2013.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2014-0022, Tariff Tracking JE-2014-0042
Union Electric Company d/b/a Ameren Missouri

FROM: Matthew Barnes, Utility Regulatory Auditor IV

/s/ John A. Rogers 08/23/2013
Energy Resource Analysis Unit/Date

/s/ Robert S. Berlin 08/23/2013
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 23, 2013

On July 26, 2013, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 1st Revised Sheet No. 72.9 bearing a proposed effective date of September 24, 2013, canceling Original Sheet No. 72.9. The filed tariff sheet, 1st 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 1st Revised Sheet No. 72.9.

Ameren Missouri's July 26, 2012 filing includes the testimony of Ameren Missouri witness Erik C. Wenberg and associated Ameren Missouri work papers. The testimony and work papers include information that supports Ameren Missouri's calculation of the dollar amount it used to calculate Fuel and Purchased Power Adjustment ("FPA"). That dollar amount ("FPA Amount") is \$39,117,927 and is recorded on line 5 of 1st Revised Sheet No. 72.9. This FPA Amount results in a FAR₁₃¹ of \$0.00159 per kWh and a proposed FAR² of \$0.00353 per kWh, which is \$0.00169 per kWh less than the current FAR³ of \$0.00522 per kWh.

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 13, FAR_{RP} in this recommendation is referred to as FAR₁₃.

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 \$0.00522 per kWh rate is found on line 9 of 1st Revised Sheet No. 98.31.

Calculation of Total Company Fuel and Purchased Power Difference

Ameren Missouri's work papers for Accumulation Period 13 ("AP13"), which includes February 1, 2013 through May 31, 2013, contain data and calculations for Actual Net Energy Cost ("ANEC") equal to \$216,210,765 (line 1 of 1st Revised Sheet No. 72.9) and Net Base Energy ("B") equal to \$175,851,067 (line 2 of 1st Revised Sheet No. 72.9). For this filing, B is equal to sales of 12,094,296,190 kWh for February 1, 2013 through May 31, 2013, times \$0.01454⁴ per kWh. The difference between ANEC and B is equal to \$40,359,698 and is the amount on line 3 of 1st Revised Sheet No. 72.9, the Total Company Fuel and Purchased Power Difference.

Calculation of FPA Amount

Ameren Missouri's work papers show the following components of the FPA Amount⁵ of \$39,117,927 to be the sum of:

1. Customer Responsibility for AP13 equal to \$38,341,713⁶ (Line 3 on 1st Revised Sheet No. 72.9);
2. Interest for AP13 equal to \$19,181; and
3. True-Up for Recovery Period 10 ("RP10") equal to \$757,033 (This true-up amount is before the Commission for approval in pending File No. ER-2014-0023).

Calculation of FAR₁₃

FAR₁₃ of \$0.00159 per kWh is equal to the Customer Responsibility for AP13 with interest plus the True-Up Amounts for RP10 for a total of \$39,117,927 divided by the Recovery Period 13 ("RP13") expected retail estimated usage in kWh of the Company's load settled at its MISO CP node (AMMO.UE or successor node) of 24,565,423,075 kWh. FAR₁₃ will apply during RP13—Ameren Missouri's billing months of October 2013 through May 2014.

Calculation of FAR Rates Without Voltage Level Adjustments

Ameren Missouri's requested 1st Revised Sheet No. 72.9 canceling Original Sheet No. 72.9, when effective, will change the current FAR (without voltage level adjustment on line 9 of

⁴ Summer NBFC Rate on Original sheet No. 72.6.

⁵ 1st Revised Sheet No. 72.9 lines 1 through 5 include the complete calculation of the FPA Amount of \$39,117,927.

⁶ AP13 included the period of February 1, 2013 through May 31, 2013. The customer responsibility for AP13 is equal to ninety-five percent (95%) of the difference between Ameren Missouri's Actual Net Energy Cost during AP13 and Ameren Missouri's Net Base Energy Cost during AP13 - \$38,341,713.

the Company's requested 1st Revised Sheet No. 72.9) to \$0.00353 per kWh which is the cumulative sum of: 1) FAR₁₂ of \$0.00194 per kWh, and 2) FAR₁₃ of \$0.00159 per kWh.

Calculation of FAR Rates 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 RP13 FARs, the current RP12 FARs and the difference between them for Secondary, Primary, and Large Transmission service:

	Proposed RP13 FAR	Current RP12 FAR	Difference
Secondary	\$0.00373/kWh	\$0.00552/kWh	(\$0.00179)/kWh
Primary	\$0.00362/kWh	\$0.00535/kWh	(\$0.00173)/kWh
Large Transmission	\$0.00350/kWh	\$0.00518/kWh	(\$0.00168)/kWh

Based on a monthly usage of 1,100 kWh, the proposed change to the Secondary FAR would decrease the Fuel Adjustment Charge of an Ameren Missouri residential customer's bill from \$6.07 to \$4.10, a decrease of \$1.97 per month.

Staff reviewed proposed 1st 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 AP13. Staff verified 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 1st 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 the FAR rates. 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 interest rates and calculations of interest amounts are correct for AP13.

Landfill Gas Facility

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 to flow through Ameren Missouri's fuel adjustment clause for AP13 and true-up of RP10. Staff is working with Ameren Missouri to reach a resolution concerning the future treatment of the costs of landfill gas purchased for the Company's Maryland Heights generating units.

Customer Refund

On July 31, 2013, the Commission issued its *Report and Order* in File No. EO-2012-0074⁷ effective August 30, 2013. The Commission's *Report and Order* states:

Union Electric Company, d/b/a Ameren Missouri shall refund \$26,342,791 plus interest accrued at Ameren Missouri's short-term borrowing rate from May 31, 2011 until the amount is refunded to its ratepayers by an adjustment to its FAC charge to correct an over collection of revenues for the period of October 1, 2009, to June 20, 2010.

Since the *Report and Order* in File No. EO-2012-0074 was issued five days after July 26, 2013, the date Ameren Missouri filed its request to change its FAR in this docket, the refund amount of \$26,342,791 plus interest is expected to be included in Ameren Missouri's next request to change its FAR, which is expected to be filed in late November 2013.

Staff Recommendation

Ameren Missouri timely filed 1st Revised Sheet No. 72.9, and based on Staff's review 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 1st Revised Sheet No. 72.9, filed July 26, 2013, become effective on September 24, 2013, the beginning of the first billing cycle of Ameren Missouri's October 2013 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

⁷ *In the Matter of the Second Prudence Review of Costs Subject to the Commission-Approved Fuel Adjustment clause of Union Electric Company, d/b/a Ameren Missouri.*

tariff sheet, as filed on July 26, 2013, to become effective on September 24, 2013, as requested by Ameren Missouri:

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

1st Revised Sheet No. 72.9 Canceling Original Sheet No. 72.9.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2012 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-2014-0023 as noted herein.

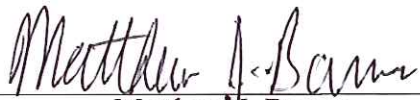
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Adjustment of Union)
Electric Company d/b/a Ameren Missouri's) Case No. ER-2014-0022
Fuel Adjustment Clause for the 13th)
Accumulation Period)

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 23rd day of August, 2013.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 03, 2014
Commission Number: 10942086



Notary Public