

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company)
d/b/a Ameren Missouri’s Electrical Service) **File No. ER-2021-0158**
Tariffs Adjustment Relating to MEEIA EEIC Rider)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its *Recommendation* in this matter states as follows:

1. On December 3, 2020, Union Electric Company d/b/a Ameren Missouri (Ameren Missouri) filed a *Tariff Revision* bearing an issue date of December 3, 2020, and an effective date of February 1, 2020, along with the *Direct Testimony of William (“Bill”) R. Davis* with the Missouri Public Service Commission (Commission) seeking to make revisions to its Energy Efficiency Investment Clause (EEIC) Rider in its tariffs. According to the testimony, the rates would be adjusted to reflect the actual and forecasted costs of Ameren Missouri’s energy efficiency programs.

2. Commission rule 20 CSR 240-20.094(4)(D) addresses Applications for Approval of Electric Utility Demand Side Programs or Portfolios. The rule allows an electric utility to file an application with the Commission for approval of a demand-side portfolio under the provisions of the rule and 20 CSR 4240-2.060 and Section 393.1075, RSMo. Subsection (D) specifically governs the requirements of what must be included in the application regarding the description of each program and the workpapers featuring models and spreadsheets with itemized elements included. 20 CSR 4240-20.093(4)(B) requires that any demand-side investment mechanism filing is to either take effect by operation of law within sixty (60) days of the filing or should be ordered by the Commission in an interim rate adjustment to take effect in sixty (60) days.

3. Staff conducted a full review of the tariff revisions and accompanying testimony. The total proposed Rider EEIC rates reflect the sum of the remaining Missouri Energy Efficiency Investment Act (MEEIA) 2016-2018 Energy Efficiency Investment Rate (EEIR) components and the currently effective MEEIA 2019-2021 components, along with a small portion of forecasted program costs and throughput disincentive from the extended MEEIA Cycle 3 programs approved in Case No. EO-2018-0211. Staff's Memorandum, attached to this pleading as Attachment A, provides information regarding the MEEIA cycles approved for Ameren Missouri and their associated costs.

4. After discussions with Ameren Missouri about an error in the allocation of the low-income exemption credits in the initial filing, the Company filed a substitute tariff sheet to address Staff's concerns. Staff recommends that the tariff sheet as amended is in compliance with the Commission's Rules and the terms of the Rider EEIC.

5. Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its Annual Report. Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff's recommendation for approval of the EEIC Rider rate changes in this case is solely based on the accuracy of Ameren Missouri's calculations and is not indicative of prudence.

WHEREFORE, Staff recommends that the Commission issue an order that permits the tariff sheet, as substituted on December 29, 2020, to take effect on and after February 1, 2021; and grant such other and further relief as is just in the circumstances.

Respectfully submitted,

/s/ Whitney Payne

Whitney Payne

Senior Counsel

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Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 31st day of December, 2020, to all counsel of record.

/s/ Whitney Payne

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. ER-2021-0158 and Tariff Tracking No. YE-2021-0131

FROM: Robin Kliethermes, Manager, Rate & Tariff Examination Department

/s/ Natelle Dietrich 12/31/20 /s/ Whitney Payne 12/31/20
Director, Industry Analysis Division/ Date Staff Counsel's Office / Date

SUBJECT: Staff Recommendation To Approve Union Electric Company d/b/a Ameren Missouri's ("Ameren Missouri") Proposed Tariff Sheet(s) for its Rider Energy Efficiency Investment Charge ("Rider EEIC")

DATE: December 31, 2020

AMEREN MISSOURI FILING

On December 3, 2020, Ameren Missouri filed, with the Commission, one tariff sheet bearing an issue date of December 3, 2020, and an effective date of February 1, 2021. The tariff changes adjust the Missouri Energy Efficiency Investment Act ("MEEIA") Rider EEIC rates. Ameren Missouri's filing also included the Direct Testimony of W. R. (Bill) Davis. As filed, Ameren Missouri's overall Rider EEIC rate will collect approximately \$145.3 million, increasing Rider EEIC rates by approximately \$38.4 million, or 36%.¹

BACKGROUND

The total proposed Rider EEIC rates are the sum of the remaining MEEIA 2016-18 Energy Efficiency Investment Rate ("EEIR") Components (MEEIA Cycle 2)² and the currently effective MEEIA 2019-21 EEIR Components (MEEIA Cycle 3). Additionally, the total Rider EEIC rates also include a small portion of forecasted program costs and throughput disincentive for the extended MEEIA Cycle 3 programs approved in EO-2018-0211. The MEEIA Cycle 1 programs ended on December 31, 2015, and have been fully recovered.

Ameren Missouri's first MEEIA programs were approved in EO-2012-0142. Further, Ameren Missouri's second three-year MEEIA cycle was approved in EO-2015-0055 and Ameren Missouri's third three-year MEEIA cycle was approved in Case No. EO-2018-0211. Lastly, Ameren Missouri's MEEIA Cycle 3 was currently extended for a fourth year through the end of 2022 in

¹ This filing proposes to increase the MEEIA revenue requirement from \$106,894,253 to \$145,307,100.

² The earnings opportunity is the largest unrecovered EEIR component for MEEIA Cycle 2 followed by reconciliations for under/over recoveries relating to program cost and throughput disincentive.

Case No. EO-2018-0211. Below is a summary of the program costs, throughput disincentive, earnings opportunity and kWh saved for all three MEEIA cycles to date.

	MEEIA Cycle 1	MEEIA Cycle 2	MEEIA Cycle 3 (through January 2021)	Total
Program Cost	\$ 135,502,214	\$ 157,583,246	\$ 125,340,011	\$ 418,425,472
Throughput Disincentive	\$ 173,275,815	\$ 89,750,305	\$ 17,073,859	\$ 280,099,979
Earnings Opportunity/Performance Incentive	\$ 28,246,579	\$ 42,889,494	\$ 6,239,381	\$ 77,375,454
Total Cost	\$ 337,024,608	\$ 290,223,045	\$ 148,653,251	\$ 775,900,904
Gross kWh Saved	1,152,915,000	955,297,948	624,273,218	
Evaluated kWh Saved		888,229,823		
Avg. cost per avoided kWh	\$ 0.2923	\$ 0.3267	\$ 0.2381	

Further, Ameren Missouri is projecting that the MEEIA Cycle 3 program costs and throughput disincentive will be an additional \$113.6 million in 2021. Therefore, at the end of 2021, Ameren Missouri is projecting to have recovered from ratepayers approximately \$889.5 million for energy efficiency programs since MEEIA programs began in January 2013.

The Rider EEIC charge is reflected in one line item on the customer’s bill labeled “Energy Efficiency Invest. Chg.”. The proposed Rider EEIC rate changes are applicable to all kilowatt-hours (“kWh”) of energy supplied to customers served by Ameren Missouri under service classifications rate schedules 1(M), 2(M), 3(M), 4(M), 11(M) and 12(M), excluding kWh of energy supplied to “opt-out” customers.

STAFF REVIEW

The Company’s proposed EEIC rates for 2021 include approximately \$16.4 million³ relating to unrecovered MEEIA Cycle 2 EEIR components and approximately \$128.8 million relating to unrecovered and projected MEEIA Cycle 3 EEIR components.

³ Since the MEEIA Cycle 2 throughput disincentive was rebased in the Company’s most recent rate case with the exception of long lead projects, the MEEIA Cycle 2 total deemed savings are almost entirely accounted for in base rates.

The table below provides the current Rider EEIC rate and the Company’s proposed rate.⁴

Rate Class	Current	Proposed
	MEEIA	MEEIA
	Rate/kWh	Rate/kWh
1(M)-Residential Service	\$0.003946	\$0.005318
2(M)-Small General Service	\$0.003743	\$0.005811
3(M)-Large General Service	\$0.003839	\$0.005592
4(M)-Small Primary Service	\$0.003820	\$0.005503
11(M)-Large Primary Service	\$0.003845	\$0.005590
12(M)-Large Transmission Service	\$0.000000	\$0.000000

All else being equal, the average⁵ residential change pursuant to Rider EEIC will increase by approximately 35% or \$1.37 per month. A residential customer, using 1,000 kWh will have a total EEIC charge of approximately \$5.32 per month or \$63.82 annually. Rider EEIC business rates per class vary due to projected costs, incentives, and customer opt outs per class of customer. The Small General Service rate will increase by approximately 55.2% or \$2.07 per month per 1,000 kWh; the Large General Service rate will increase by approximately 45.7% or \$1.75 per month per 1,000 kWh; the Small Primary Service rate will increase by approximately 44.1% or \$1.68 per month per 1,000 kWh; the Large Primary Service rate will increase by approximately 45.4% or \$1.75 per month per 1,000 kWh.

STAFF RECOMMENDATION

The Commission Staff’s Tariff / Rate Design Department (“Staff”) has reviewed the filed tariff sheet. Staff recommends the Commission issue an order approving the following tariff sheet, as filed on December 3, 2020 and substituted on December 10, 2019 for service on and after February 1, 2021, the requested effective date:

P.S.C. MO. No. 6
 First Revised cancelling Original Sheet No. 91.23

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its Annual Report. Staff is not aware of any other matter before the Commission that affects or is affected by this filing. Staff’s recommendation for approval of the EEIC Rider rate changes in this case are solely based on the accuracy of Ameren Missouri’s calculations and is not indicative of prudence.

⁴ The MEEIA rate listed in the table is the sum of MEEIA Cycle 2 and MEEIA Cycle 3 cost components.

⁵ Staff used 1,000 kWh to determine an average customer bill.

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Tariffs Adjustment Relating to MEEIA)	<u>Tariff No. YE-2021-0131</u>
EEIC Rider)	

AFFIDAVIT OF ROBIN KLIETHERMES

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COME NOW Robin Kliethermes, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Robin Kliethermes
Robin Kliethermes