

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

In the Matter of the Tariff Filings of Union	)	
Electric Company, d/b/a AmerenUE, to	)	Case No. ER-2010-0036
Increase Its Revenues for Retail Electric	)	
Service.	)	

**STAFF RECOMMENDATION TO APPROVE  
TARIFF SHEETS AND DEPRECIATION RATES**

Comes now the Staff of the Missouri Public Service Commission, by counsel, and for its recommendation to approve tariff sheets, to become effective June 21, 2010, for good cause shown pursuant to §393.140(11) RSMo, and to approve and order the use of depreciation rates, states:

**TARIFF SHEETS**

1. On May 28, 2010, the Commission issued its *Report and Order* in which it rejected AmerenUE's tariff sheets filed July 24, 2009 designed to generally increase its electric revenues and authorized AmerenUE to file by June 8, 2010, tariff sheets designed to permit AmerenUE to recover revenues as determined by the Commission in its *Report and Order*.

2. AmerenUE filed its compliance tariff sheets on June 8, 2010 bearing an effective date of July 8, 2010, with a motion to allow them to go into effect on or after June 18, 2010, but no later than June 21, 2010. At Staff's request, on June 10, 2010, AmerenUE filed a substitute for MO.P.S.C. SCHEDULE NO. 5 Original SHEET NO. 98.14 and a new compliance tariff sheet, MO.P.S.C. SCHEDULE NO. 5 4<sup>th</sup> Revised SHEET NO. 98.7, both bearing an effective date of July 8, 2010. At the same time AmerenUE filed a motion requesting the new compliance tariff sheet be allowed to go into effect on or after June 18, 2010, but no later than June 21, 2010. Also on June 10, 2010, the Commission ordered Staff to file its "recommendation regarding

AmerenUE's compliance tariff [sheets], Tariff No. YE-2010-0697, [by] no later than June 14, 2010.

3. Staff has reviewed all of the foregoing filed tariff sheets to determine if they comport with the Commission's *Report and Order* and the Commission-approved Stipulation and Agreements. Staff concludes they do. In the attached Staff Memorandum marked "Appendix A," the Staff recommends the Commission issue an Order that approves the electric tariff sheets listed in that memorandum, as substituted and supplemented, to become effective on June 21, 2010. Staff notes that, as stated on the tariff sheets themselves, approval of them cancels certain presently effective AmerenUE electric tariff sheets.

4. With regard to AmerenUE's revenue requirement the Commission stated in the Summary Section on page four of its *Report and Order*:

This order allows AmerenUE to increase the revenue it may collect from its Missouri customers by approximately \$226.3 million based on the data contained in the Revised True-up Reconciliation filed by the Missouri Public Service Commission Staff on April 14, 2010.

As related in Appendix A, based on the Staff's revenue requirement calculation incorporating the Commission's decisions on each issue as set forth in its *Report and Order*, the revenue increase the Commission ordered is \$229,552,309, a 10.43% increase. The portion of this revenue increase related to the increase in fuel expense is \$124,007,148.

5. Section 393.140(11) RSMo 2000 requires proposed changes to tariffs not go into effect with less than thirty (30) days' notice, unless the Commission determines otherwise for "good cause shown." The Commission's *Report and Order* inescapably leads to the conclusion the Commission has found AmerenUE's existing tariff does not generate sufficient revenues. The Commission has authorized AmerenUE to file tariff sheets designed to permit AmerenUE to recover revenues as determined by the Commission in its *Report and Order*. The purpose of the

thirty (30) days' notice requirement of section 393.140(11) RSMo 2000 has been accomplished. The Staff recommends the Commission grant AmerenUE's motions for expedited treatment and order the tariff sheets, as substituted and supplemented, to become effective June 21, 2010.

### **DEPRECIATION RATES**

6. As part of the motion AmerenUE filed on June 8, 2010, AmerenUE filed a schedule of depreciation rates labeled "Schedule Report and Order-Rice-1" and requested the Commission to approve those depreciation rates to be AmerenUE's depreciation rates.

7. In the attached Staff Memorandum marked "Appendix A," Staff recommends the Commission issue an Order that approves for AmerenUE the depreciation rates shown in "Schedule Report and Order-Rice-1" and makes them effective as of June 21, 2010.

WHEREFORE, the Staff recommends the Commission issue an order that (1) grants AmerenUE's motions for expedited treatment (2) approves the electric tariff sheets listed in Appendix A, as filed on June 8, 2010, and substituted and supplemented on June 10, 2010, to become effective June 21, 2010, and (3) approves the depreciation rates in "Schedule Report and Order-Rice-1" attached to AmerenUE's June 8, 2010 motion to be the depreciation rates in effect for AmerenUE as of June 21, 2010.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 14<sup>th</sup> day of June 2010.

/s/ Nathan Williams

Nathan Williams

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. ER-2010-0036 Tariff Filing No. YE-2010-0697  
Union Electric Company d/b/a AmerenUE

FROM: John Rogers, Utility Regulatory Manager  
Mike Scheperle, Manager, Economic Analysis  
Mack McDuffey, Rate & Tariff Examiner II  
Art Rice, Utility Regulatory Engineer I

/s/ Lena Mantle June 14, 2010  
Co-Case Coordinator / Date

/s/ Nathan Williams June 14, 2010  
Staff Counsel Division / Date

SUBJECT: Staff Recommendation For **Approval Of Tariff Sheets** Filed To Comply With The Commission's May 28, 2010 Report and Order; Order Approving First Stipulation and Agreement, Issued March 24, 2010; Order Approving Second Stipulation and Agreement, Third Stipulation and Agreement, and Market Energy Prices Stipulation and Agreement, Issued April 14, 2010. And Staff Recommendation to **approve depreciation rates** to become effective June 21, 2010.

DATE: June 14, 2010

Staff has reviewed the filed tariff sheets, and is of the opinion that, based on an authorized increase in revenues of \$229,552,309, AmerenUE is in compliance with the Commission's Orders. Staff have reviewed the filed depreciation rates, and is of the opinion that they comply with the Commission's Orders.

### OVERVIEW

On June 8, 2010, Union Electric Company d/b/a AmerenUE (AmerenUE) filed with the Commission twenty-seven (27) tariff sheets (25 rates and 2 rules tariff sheets) with an issue date of June 8, 2010, and a proposed effective date of July 8, 2010. AmerenUE also filed a depreciation rate schedule labeled "Schedule Report and Order-Rice-1" and a Motion For Expedited Treatment And Approval Of Tariff Sheets Filed In Compliance With Commission Report And Order On Less Than Thirty Days Notice And For Approval Of Depreciation Rates (Motion) dated June 8, 2010 seeking for the tariff sheets to become effective on or after June 18, 2010, but no later than the operation-of-law date which is June 21, 2010, and approval of the depreciation rates in the schedule.

On June 10, 2010, at Staff's suggestion, AmerenUE substituted one of the tariff sheets filed on June 8, 2010, and filed an additional tariff sheet, bringing the total number of the tariff sheets to twenty-eight (28). At the same time, AmerenUE filed a Motion for Expedited Treatment seeking for the additional tariff sheet to be made effective by June 21, 2010. Both the substitute sheet and new sheet pertain to AmerenUE's fuel adjustment clause.

These tariff sheets are designed to comply with the Stipulation and Agreements and the Commission's May 28, 2010 Report and Order (Order). Ordered Paragraph 2 of the Order states:

2. Union Electric Company, d/b/a AmerenUE is authorized to file a tariff sufficient to recover revenues as determined by the Commission in this order. AmerenUE shall file its compliance tariff no later than June 8, 2010.

In the Summary on page 4 of the Order, the Commission states:

This order allows AmerenUE to increase the revenue it may collect from its Missouri customers by approximately \$226.3 million based on the data contained in the Revised True-up Reconciliation filed by the Missouri Public Service Commission Staff on April 14, 2010.

The actual increase, given the Commission's order, is \$229,552,309 or 10.43%, based on Staff's calculation of revenue requirement incorporating the Commission's decisions on each issue and filed with this recommendation. The portion of this revenue increase related to the increase in fuel expense is \$124,007,148.

#### FUEL ADJUSTMENT CLAUSE TARIFF SHEETS

AmerenUE's tariff filing included tariff sheets which would allow it to recover changes in its fuel and purchased power costs through a Fuel Adjustment Clause (FAC). Regarding AmerenUE's (FAC), on page 80 of the Order in the Decision section, the Commission states:

The Commission concludes AmerenUE should be allowed to continue to implement the fuel adjustment clause the Commission approved in the company's last rate case (ER-2008-0318). Given the short amount of time AmerenUE's fuel adjustment clause has operated and the resulting lack of information about how effective the current sharing mechanism has been, the Commission will not modify that clause, except as provided in the previously approved stipulation and agreement (First and Second). The Commission expects to further review AmerenUE's fuel adjustment clause and the appropriate sharing mechanism to be included in that clause as part of AmerenUE's next rate case.

With respect to the FAC tariff sheets AmerenUE filed, the Commission approved the First Non-unanimous Stipulation and Agreement which includes on page 2:

If in this case the Commission authorizes AmerenUE to continue to use a fuel adjustment clause, then the signatories agree that AmerenUE's fuel adjustment clause shall be modified in accordance with the illustrative tariff sheets attached as Schedule 1 which are designed to implement for service on and after the effective date of new general rates in this case, the following:

- a. SO<sub>2</sub> premiums, net of discounts, paid on coal contracts shall be a component of fuel expense;
- b. Change to the "TS" factor and to the voltage level adjustments;

- c. Changes to the true-up procedure reflected in July 24, 2009 direct testimony;
- d. Staff recommendations in items 7 and 8 on pages 109-111 of the Staff Revenue Requirement Cost of Service Report filed December 18, 2009; and
- e. An “N” factor with a 40,000 MWh per month trigger.

The fuel adjustment clause tariff sheets in Schedule 1 do not specify a sharing percentage.

When it approved the Second Non-unanimous Stipulation and Agreement the Commission modified the illustrative tariff FAC sheets it had approved as part of the First Non-unanimous Stipulation and Agreement. The Second Non-unanimous Stipulation and Agreement, on page 2, paragraph 4, provides:

If the Commission authorizes AmerenUE to continue to use a fuel adjustment clause, fixed capacity payments and energy sales under bilateral contracts (Contract Sale Revenues) shall be included as off-system sales (in the OSSR Factor) in AmerenUE’s fuel adjustment clause; provided, however, that Contract Sale Revenues shall not include revenues from bilateral full or partial requirements contracts between AmerenUE and Missouri municipalities.

and on page 2, paragraph 5 it provides:

The fuel adjustment clause tariff sheets shall also be revised to include an additional reduction in the numerator of the FPA factor in the amount of \$300,000 per month during a twelve-month period commencing with the first full month for which new rates from this case are effective.

Staff finds that the FAC tariff sheets AmerenUE filed June 8, 2010, as substituted and supplemented on June 10, 2010, comply with the Commission’s Orders.

### CLASS COST OF SERVICE

On page 87, paragraph 20, in the Rate Design section, of the Order, the Commission states:

The Commission finds that AmerenUE’s class cost of service study, modified to allocate revenues from off-system sales on the basis of class energy requirements, is the most reliable of the submitted studies.

On page 92, paragraph 35 in the Rate Design section of the Order, the Commission states:

While generally accepting the joint position<sup>1</sup>, the Commission will modify that position to provide that the revenue neutral reduction in the large transmission service class’s rate shall be set at a level that leaves that class’ total revenue contribution unchanged. The joint position’s revenue increase for the residential

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<sup>1</sup> “joint position” is the Signatories’ offer of the Stipulation and Agreement (filed 3/17/10) and the Addendum to Stipulation and Agreement (filed 3/26/10).

class shall be reduced by the amount taken from the large transmission class' revenue reduction.

On page 81, paragraph 3 in the Rate Design section of the Order, the Commission states:

Because the stipulation and agreement and the addendum to that stipulation and agreement are opposed, the Commission cannot approve the stipulation and agreement or the addendum. Nevertheless, the compromise described in the stipulation and agreement and addendum remains the position of the signatory parties and the Commission can consider that position as it decides this issue.

On page 1, paragraph 1 of the Stipulation and Agreement that the Commission is referring to, the Signatories offer:

This Stipulation and Agreement will specify the agreement of the Signatories on the rate design and the spread of any revenue increase among the customer classes. An illustration of the Signatories' agreement is attached hereto as Attachment 1, which shows the allocation of revenue increases from \$100 million to \$325 million, in \$25 million increments, pursuant to the agreement of the Signatory parties. If the rate increase is within this range, the specific increase to each customer class will be determined by linear interpolation between the two closest revenue increase allocation illustrations.

In the Addendum to this Stipulation and Agreement on page 1, the Signatories offer:

However, the Signatories offer this Addendum as an illustration of a resolution of the CCOS [Class Cost of Service] rate design issues in this case that: 1) implements a revenue neutral shift away from the LGS/SPS class that is fixed at \$4,579,000 for all revenue increases from \$100,000,000 to \$325,000,000; and 2) is fully consistent with the Signatories' original Stipulation and Agreement other than this minor change.

On pages 94 and 95 in the Rate Design section of the Order, the Commission states:

The Commission generally accepts the joint position, but will modify that position to provide that the revenue neutral reduction in the large transmission service class's rate shall be set at a level that leaves that class' total revenue contribution unchanged. The joint position's revenue increase for the residential class shall be reduced by the amount taken from the large transmission class' revenue reduction.

Also, on page 100 of the Order, in Street Lighting section, the Commission states:

The entire lighting class is exempted from the rate increase that will result from this report and order. The additional revenue that would have been collected from the lighting class under a system average rate increase shall instead be collected from the other rate classes on a pro rata basis.



Staff finds that the tariff sheets as filed on June 8, 2010, and substituted and supplemented on June 10, 2010, comply with the Commission's Orders regarding class cost of service.

### RATE DESIGN

On page 93, paragraph 37 in the Rate Design section of the Order, the Commission states:

The Commission finds that \$8.00 per month is a reasonable residential customer charge.

On pages 93 and 94, paragraphs 38 and 39 in the Rate Design section of its Order, summarizing its rate design determinations, the Commission states:

- Customer charges for Small General Service should be \$9.28 for single-phase service and \$18.56 for three-phase service,
- Customer charges on Small Primary, Large Primary, and Large Transmission rate schedules being the same,
- Rates for Rider B voltage credits be the same under all applicable rate schedules,
- Rates for the Reactive Charge be the same for all applicable rate schedules,
- Rates associated with Time-of-Day meter charge be same for all applicable non-residential rate schedules, then each will be increased by the same percentage and each will be the same.

The Commission approved the Third Non-unanimous Stipulation and Agreement which included on page 2, paragraphs 1 and 2 the funding source for the pilot low-income program as stated below:

1. The Commission should establish a pilot program ("Program") to assist certain low-income customers with the payment of their electric bills to AmerenUE. The Program shall provide a comprehensive approach including: a) tiered bill credits, b) arrearage forgiveness, and c) a requirement for eligible participants to apply for available Low-Income Home Energy Assistance Program ("LIHEAP") and weatherization assistance.

2. The Program shall last two years, and it shall be funded by an annual contribution of \$500,000 in twelve equal monthly installments from AmerenUE, with the first contribution being made by July 1, 2010, and an annual contribution estimated to be \$581,000 to be collected from AmerenUE's customers. The amounts contributed by customers shall be collected through a surcharge added to the customer charge for each customer class. The surcharge shall take effect on the effective date of new rates established in this rate case, and will automatically terminate at the end of two years thereafter.

Staff finds that the tariff sheets as filed on June 8, 2010, and substituted and supplemented on June 10, 2010, comply with the Commission's Orders regarding rate design.

## DEPRECIATION

Staff has reviewed the depreciation rates in the schedule labeled "Schedule Report and Order-Rice-1" and verified that they comply with the Order. Therefore, Staff recommends that the Commission, as AmerenUE requested, approve the depreciation rates shown in "Schedule Report and Order-Rice-1" to become effective on June 21, 2010.

## RECOMMENDATIONS

Staff has reviewed the filed tariff sheets, and is of the opinion that, based on an authorized increase in revenues of \$229,552,309, AmerenUE is in compliance with the Commission's Orders. Staff therefore recommends that the Commission approve the following proposed tariff sheets, as filed on June 8, 2010, and substituted and supplemented on June 10, 2010, to become effective by June 21, 2010 as requested in AmerenUE's Motions, with less than 30 days' notice for good cause shown pursuant to Section 393.140(11) RSMo 2000:

### MO.P.S.C. SCHEDULE No. 5 (Rates)

38 <sup>th</sup> Revised Sheet No. 28	Cancelling 37 <sup>th</sup> Revised Sheet No. 28
26 <sup>th</sup> Revised Sheet No. 32	Cancelling 25 <sup>th</sup> Revised Sheet No. 32
1 <sup>st</sup> Revised Sheet No. 32.1	Cancelling Original Sheet No. 32.1
29 <sup>th</sup> Revised Sheet No. 34	Cancelling 28 <sup>th</sup> Revised Sheet No. 34
2 <sup>nd</sup> Revised Sheet No. 34.1	Cancelling 1 <sup>st</sup> Revised Sheet No. 34.1
36 <sup>th</sup> Revised Sheet No. 37	Cancelling 35 <sup>th</sup> Revised Sheet No. 37
2 <sup>nd</sup> Revised Sheet No. 37.1	Cancelling 1 <sup>st</sup> Revised Sheet No. 37.1
13 <sup>th</sup> Revised Sheet No. 67.1	Cancelling 12 <sup>th</sup> Revised Sheet No. 67.1
8 <sup>th</sup> Revised Sheet No. 67.4	Cancelling 7 <sup>th</sup> Revised Sheet No. 67.4
13 <sup>th</sup> Revised Sheet No. 68	Cancelling 12 <sup>th</sup> Revised Sheet No. 68
1 <sup>st</sup> Revised Sheet No. 68.3	Cancelling Original Sheet No. 68.3
1 <sup>st</sup> Revised Sheet No. 98.1	Cancelling Original Sheet No. 98.1
1 <sup>st</sup> Revised Sheet No. 98.2	Cancelling Original Sheet No. 98.2
1 <sup>st</sup> Revised Sheet No. 98.3	Cancelling Original Sheet No. 98.3
1 <sup>st</sup> Revised Sheet No. 98.4	Cancelling Original Sheet No. 98.4
1 <sup>st</sup> Revised Sheet No. 98.5	Cancelling Original Sheet No. 98.5
1 <sup>st</sup> Revised Sheet No. 98.6	Cancelling Original Sheet No. 98.6
4 <sup>th</sup> Revised Sheet No. 98.7	Cancelling 3 <sup>rd</sup> Revised Sheet No. 98.7
Original Sheet No. 98.8	
Original Sheet No. 98.9	
Original Sheet No. 98.10	
Original Sheet No. 98.11	
Original Sheet No. 98.12	
Original Sheet No. 98.13	
Original Sheet No. 98.14	
20 <sup>th</sup> Revised Sheet No. 99	Cancelling 19 <sup>th</sup> Revised Sheet No. 99

MO.P.S.C. SCHEDULE No. 5 (Rules)

3 <sup>rd</sup>	Revised Sheet No. 166	Cancelling 2 <sup>nd</sup>	Revised Sheet No. 166
7 <sup>th</sup>	Revised Sheet No. 170	Cancelling 6 <sup>th</sup>	Revised Sheet No. 170

Staff recommends the Commission approve the depreciation rates shown in “Schedule Report and Order-Rice-1” and order them to become effective on June 21, 2010.

Staff has verified that AmerenUE has filed its 2009 annual report and is not delinquent on any assessment. Any modification of the Report and Order in this case pursuant to the granting of rehearing may negate this recommendation. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.