

**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 7th Accumulation Period.))))	<u>Case No. ER-2012-0028</u> Tariff No. YE-2012-0065
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STAFF RECOMMENDATION TO APPROVE TARIFF SHEET

Comes now the Staff of the Missouri Public Service Commission and for its recommendation states:

1. After withdrawing the tariff sheet it filed on July 25, 2011, that initiated this file, on August 18, 2011, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) filed one (1) tariff sheet bearing a proposed effective date of September 23, 2011. With the tariff sheet Ameren Missouri proposes to revise the current Fuel and Purchased Power Adjustment rates (FPAC) of its Fuel Adjustment Clause (“FAC”) as follows:

Fuel and Purchased Power Adjustment Rate – AmerenUE			
Service	Proposed FPAC	Current FPAC	Difference
Primary	\$0.00188/kWh	\$0.00419/kWh	\$(0.00231)/kWh
Secondary	\$0.00182/kWh	\$0.00406/kWh	\$(0.00224)/kWh
Large Transmission	\$0.00176/kWh	\$0.00393/kWh	\$(0.00217)/kWh

2. The Commission most recently approved Ameren Missouri’s FAC as part of its *Report and Order* in File No. ER-2011-0028. By these proposed changes in the FPAC, Ameren Missouri requests a decrease in the revenues it bills through its Fuel Adjustment Charge on customers’ bills of \$9,733,915 during Recovery Period 7—October 2011 to May 2012.

3. In the attached Memorandum (Appendix A), the Missouri Public Service Commission Energy Department and Energy Resource Analysis Section Staff recommend that

the Commission issue an Order that approves the following proposed tariff sheet, as filed on August 18, 2011, to become effective on September 23, 2011, for billing months beginning October 2011 and thereafter, as requested by Ameren Missouri:

MO. P.S.C. Schedule No. 5

5th Revised Sheet No. 98.14 Canceling 4th Revised Sheet No. 98.14.

4. In its memorandum Staff discusses that the FPA_c changes not only include ninety-five percent (95%) of the difference between Ameren Missouri's actual fuel and purchased power costs net of off-system sales revenue and Ameren Missouri's Base Energy Cost during the accumulation period of February 1, 2011 through May 31, 2011--accumulation period seven ("AP7"), plus monthly interest on the difference accumulated through the end of that accumulation period, but also true-ups of the first and second recovery periods ("RP1" and "RP2"), plus accrued interest, due to the Commission's findings in File Nos. ER-2010-0274 and ER-2011-0321 that the NBFC rates originally used in those recovery periods were erroneous and order that Ameren Missouri address the impact of the error in its the next fuel adjustment clause rate filing, as well as the refund for overcollecting for the first two accumulation periods that the Commission ordered in File No. EO-2010-0255 due to Ameren Missouri's imprudence in not treating certain sales of electricity as off-system sales in violation of its tariff, plus additional accrued interest.

5. Staff has verified that AmerenUE has filed its annual report and is not delinquent on any assessment. The Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends the Commission issue an order that approves the following proposed tariff sheet, as filed on August 18, 2011, to become effective on September 23, 2011, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 5

5th Revised Sheet No. 98.14 Canceling 4th Revised Sheet No. 98.14.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams
Deputy General Counsel
Missouri Bar No. 35512

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronically mailed to all counsel of record this 24th day of August, 2011.

/s/ Nathan Williams

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. ER-2012-0028, Tariff Tracking Nos. YE-2012-0038, YE-2012-0065
Union Electric Company d/b/a Ameren Missouri

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

/s/ John Rogers 8/24/2011
Energy Department / Date

/s/ Nathan Williams 8/24/2011
Staff Counsel Division / 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 Orders from File Nos. ER-2011-0028, ER-2010-0274, ER-2011-0321 and EO-2010-0255

DATE: August 24, 2011

On July 25, 2011, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, Original Sheet No. 98.21 bearing a proposed effective date of September 23, 2011, to revise its Fuel and Purchased Power Adjustment ("FPA") rates (Item 14 on Tariff Sheet No. 98.21) of its Fuel Adjustment Clause ("FAC"). However, there already exists an Original Sheet No. 98.21, which bears an issue date of July 18, 2011 and an effective date of July 31, 2011. Therefore, on August 18, 2011, Ameren Missouri, following discussions with Staff, withdrew Original Sheet No. 98.21 filed on July 25, 2011 and filed 5th Revised Sheet No. 98.14 canceling 4th Revised Sheet 98.14. That tariff sheet bears a proposed effective date of September 23, 2011, and, if effective, changes the FPA rates used to determine the Fuel Adjustment Charge on customers' bills. Staff recommends the Missouri Public Service Commission ("Commission") approve 5th Revised Sheet No. 98.14. The values and calculations contained on 5th Revised Sheet No. 98.14, along with the underlying data, are identical to those that were on Original Sheet No. 98.21, which Ameren Missouri filed on July 25, 2011.

Included in Ameren Missouri's July 25, 2011 filing are the testimony of Ameren Missouri witness Jeff L. Dodd 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 FPA_7 .¹ That dollar amount (“ FPA_7 Amount”) is \$(9,733,915) which results in a FPA_7 of \$(0.00038) per kWh and a FPA_c of \$0.00174 per kWh.

Ameren Missouri’s work papers show the following components of the FPA_7 Amount:

1. Customer Responsibility for Accumulation Period 7 (“AP7”) with interest;
2. True-Up for Recovery Period 1 (“RP1”) with interest;
3. True-Up for Recovery Period 2 (“RP2”) with interest; and
4. Ordered Refund for Accumulation Periods 1 and 2 from File No. EO-2010-0255 with interest.

Customer Responsibility for AP7 With Interest

AP7 was February 1, 2011 through May 31, 2011. The customer responsibility for AP7 is equal to ninety-five percent (95%) of the difference between Ameren Missouri’s actual fuel and purchased power costs net of off-system sales revenue and Ameren Missouri’s Base Energy Cost during AP7—\$5,572,773, plus monthly interest on the difference accumulated through the end of AP7—\$6,358—for an aggregate of \$5,579,131 to be charged to customers.

True-Up for RP1 With Interest

On December 1, 2010, Ameren Missouri filed its true-up of RP1 in File No. ER-2010-0274. There Ameren Missouri asserted it under-collected \$482,239 during RP1. Staff disagreed with Ameren Missouri’s proposed true-up adjustment and in its December 30, 2010 recommendation and contended that the Company should credit its customers an aggregate of \$121,636 to correct an over-collection from them. This disagreement arose from Ameren Missouri’s claim that the Summer and Winter Net Base Fuel Cost Rates (“NBFC rates”) were erroneous when the Commission first approved the Company’s FAC in Case No. ER-2008-0318. In response to this disagreement over the NBFC rates, in File No. ER-2010-0274, the Commission ordered:

1. The Application of Union Electric Company, d/b/a Ameren Missouri containing its First Fuel Adjustment Clause True-Up is approved.

¹ FPA_{RP} is defined in Ameren Missouri’s tariff as “FPA Recovery Period rate component calculated to recover under/over collection during the Accumulation Period that ended prior to the applicable Filing Date.” Since this filing occurred after the end of Accumulation Period 7, FPA_{RP} in this recommendation is referred to as FPA_7 .

2. Union Electric Company, d/b/a Ameren Missouri is authorized to include the under-collection amount arising from its First Recovery Period as calculated by Ameren Missouri in its next FPA rate filing.
3. Union Electric Company, d/b/a Ameren Missouri shall correct the erroneous calculation of the summer and Winter NBFC rates as identified in this Report and Order in all remaining true-up filings in which that erroneous calculation will have an impact.
4. Union Electric Company, d/b/a Ameren Missouri is authorized to include the under-collection amount arising from its First Recovery Period as calculated by Ameren Missouri in its next FPA rate filing.

This filing is the first FPA rates adjustment filing following the Commission's *Report and Order* in File No. ER-2010-0274, and it contains the amount of \$482,239 from the RP1 true-up plus \$4,434 of associated interest for a total RP1 true-up charge to customers aggregating to \$486,673.

True-Up for RP2 With Interest

In File No. ER-2011-0321, Ameren Missouri filed to recover the RP2 true-up amount. The Summer and Winter NBFC Rates issue decided in File No. ER-2010-0274 also affected the RP2 true-up amount.

As stated above, this filing is the first FPA rates adjustment filing following the Commission's *Report and Order* in File No. ER-2010-0274. This FPA rates adjustment filing includes the amount of \$2,097,030 the Commission ordered in File No. ER-2010-0274 plus \$8,565 of associated interest for a total RP2 true-up charge to customers aggregating to \$2,105,595.

Ordered Refund for Accumulation Periods 1 and 2 from File No. EO-2010-0255 With Interest

On April 27, 2011, the Commission issued its *Report and Order* in *In the Matter of the First Prudence Review of the Costs Subject to the Commission-Approved Fuel Adjustment Clause of Ameren Missouri* in File No. EO-2010-0255. In that *Order*, the Commission directed Ameren Missouri to refund an aggregate of \$17,169,838 (including interest through September 30, 2009) to its customers by adjusting its FAC charge to correct for an over collection of revenues for the period of March 1, 2009 to September 30, 2009 (Accumulation Periods 1 and 2).

This filing is the first FPA rates adjustment filing following the Commission's *Report and Order* in File No. EO-2010-0255. This filing includes the \$17,169,838 customer refund ordered by the Commission plus additional interest of \$735,477 for a total customer refund due to the Commission-determined imprudence of Ameren Missouri of \$17,905,314.

Adjustment for Interest plus Under/Over Recovery for Prior Periods

Line 6 on Ameren Missouri's requested 5th Revised Sheet No. 98.14 is equal to \$(15,306,688) and is derived as follows:

True-up for RP1 with interest	\$ 486,673
True-up for RP2 with interest	\$ 2,105,595
True-up subtotal	\$ 2,592,268
Interest for current FPA filing	\$ 6,358
Ordered refund - File No. EO-2010-0255 - with interest	\$ (17,905,314)
Line 6 total	\$ (15,306,688)

Calculation of FPA₇

Line 7 on the Ameren Missouri requested 5th Revised Sheet No. 98.14 is the FPA₇ Amount which is equal to the sum of the customer responsibility for AP7 with interest and the adjustment for interest and under/over recovery for prior periods.

Line 5 Customer responsibility	\$ 5,572,773
Line 6 Adjustment for interest plus under/over recovery for prior periods	\$ (15,306,688)
Line 7 FPA amount for RP7	\$ (9,733,915)

FPA₇ of \$(0.00038) per kWh is equal to the FPA₇ Amount of \$(9,733,915) divided by the estimated RP7 kWh sales of 25,926,961,348 kWh. The FPA₇ per kWh rate will apply during RP7—Ameren Missouri's billing months of October 2011 through May 2012.

Ameren Missouri's requested 5th Revised Sheet No. 98.14 canceling 4th Revised Sheet No. 98.14., when effective, changes the current FPA_c per kWh rate (without voltage level adjustment) to \$0.00174 per kWh which is the cumulative sum of: 1) the FPA₅ of \$0.00154 per

kWh, 2) the FPA₆ of \$0.00058 per kWh, and 3) FPA₇ of \$(0.00038) per kWh. The proposed current FPA_c per kWh rate of \$0.00174 is on line 12 of the Company's requested 5th Revised Sheet No. 98.14.

Because of a difference in line losses, there are different current FPA_c per kWh rates for service taken at Secondary, Primary, and Large Transmission voltage levels. Listed below are the proposed FPA_c per kWh rates, the current FPA_c per kWh rates and the difference between them for Secondary, Primary, and Large Transmission service.

	Proposed FPA _c	Current FPA _c	Difference
Secondary	\$0.00188/kWh	\$0.00419/kWh	\$(0.00231)/kWh
Primary	\$0.00182/kWh	\$0.00406/kWh	\$(0.00224)/kWh
Large Transmission	\$0.00176/kWh	\$0.00393/kWh	\$(0.00217)/kWh

Based on a monthly usage of 1,100 kWh, the proposed change to the applicable FPA_c will decrease the Fuel Adjustment Charge of an Ameren Missouri residential customer's bill from \$4.61 to \$2.07, a decrease of \$2.54 per month.

The Accumulation Periods, Recovery Periods, and other specifications of Ameren Missouri's FAC are set out in its tariff sheets designated Sheet Nos. 98.1 through 98.14.

Staff reviewed proposed 5th Revised Sheet No. 98.14, the direct testimony of Ameren Missouri witness Jeff L. Dodd 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 AP7. and verified that the actual fuel and purchased power costs match the fuel and purchased power costs in Ameren Missouri's proposed 5th Revised Sheet No. 98.14 and the supporting schedules of witness Jeff L. Dodd. 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 FPA rates. Staff reviewed Ameren Missouri's monthly interest rates that are applied to 95% of the over/under Base Energy Cost amount and verified that the interest rates and calculations of interest amounts are correct for FPA₇. Staff also reviewed and verified the correctness of the following Commission ordered adjustments in this filing: true-up for RP1 with interest, true-up for RP2 with interest, and refund for AP1 and AP2.

Staff Recommendation

Ameren Missouri timely filed revised Sheet No. 98.14, and has complied with the Commission's *Report and Order* in Case No. ER-2011-0028 regarding its FAC, the Commission's *Report and Order* in File No. ER-2010-0274 regarding its true-up of RP1, the Commission's *Report and Order* in File No. ER-2011-0321 regarding its true-up of RP2, the Commission's *Report and Order* in File No. EO-2010-0255 regarding the customer refund for RP1 and RP 2, 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 5th Revised Sheet No. 98.14, filed August 18, 2011, become effective on September 23, 2011, the beginning of the first billing cycle of Ameren Missouri's October 2011 billing month. Thus, the tariff sheet was filed with 36 days' notice. Staff recommends the Commission issue an order approving the following proposed tariff sheet, as filed on August 18, 2011, to become effective on September 23, 2011, as requested by Ameren Missouri:

MO.P.S.C. Schedule No. 5

5th Revised Sheet No. 98.14 Canceling 4th Revised Sheet No. 98.14.

Staff verified that Ameren Missouri is not delinquent on any assessment and has filed its 2010 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).

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

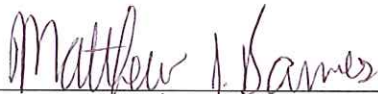
In the Matter of the Adjustment of)
Union Electric Company d/b/a)
Ameren Missouri's Fuel Adjustment)
Clause for the 7th Accumulation)
Period)

Case No. ER-2012-0028

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 24th day of August, 2011.





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)	Case No. ER-2012-0028
the 7th Accumulation Period)	

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 24th day of August, 2011.





Notary Public