

**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 11th Accumulation	)	<b><u>File No. ER-2013-0310</u></b>
Period	)	Tariff No. YE-2013-0240

**STAFF RECOMMENDATION TO APPROVE TARIFF SHEET**

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

1. On November 26, 2012, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 4<sup>th</sup> Revised Sheet No. 98.21 bearing a proposed effective date of January 25, 2013. With the tariff sheet Ameren Missouri proposes to revise the current Fuel and Purchased Power Adjustment (FPA<sub>C</sub>) per kWh rate of its Fuel Adjustment Clause ("FAC") to \$0.00440 per kWh (without voltage level adjustment).

2. Ameren Missouri also proposes the FPA<sub>C</sub> rates with voltage level adjustments below:

	Proposed Recovery Period (RP) RP11 FPA <sub>C</sub>	Current RP10 FPA <sub>C</sub>	Difference
Secondary	\$0.00465/kWh	\$0.00269/kWh	\$0.00196/kWh
Primary	\$0.00450/kWh	\$0.00261/kWh	\$0.00189/kWh
Large Transmission	\$0.00436/kWh	\$0.00253/kWh	\$0.00183/kWh

Based on a monthly usage of 1,100 kWh, the proposed change to the Secondary FPA<sub>C</sub> per kWh rate will increase the Fuel Adjustment Charge of an Ameren Missouri residential customer's bill from \$2.96 to \$5.12, an increase of \$2.16 per month.

3. 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.

4. In its *Memorandum* attached hereto as Appendix A and incorporated herein, Staff recommends the Commission issue an Order that approves the following proposed tariff sheet as filed on November 26, 2012, to become effective on January 25, 2013, as requested by Ameren Missouri:

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

4<sup>th</sup> Revised Sheet No. 98.21 Canceling 3<sup>rd</sup> Revised Sheet No. 98.21.

5. In its *Memorandum*, Staff discusses that the FPA<sub>c</sub> 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 11<sup>th</sup> accumulation period ("AP11"), but also interest for AP 11 and an amount for the true-up of the 8<sup>th</sup> recovery period ("RP8") with interest that is the subject of Commission approval in Case No. ER-2013-0311.

6. On December 7, 2012, Ameren Missouri filed an application asking the Commission for a waiver or variance from Commission Rule 4 CSR 240-20.100(6)(A)16 concerning the treatment of the costs of landfill gas for operation of the Company's Maryland Heights landfill gas facility.

7. On December 11, 2012, Staff filed its response that some, perhaps all, of the costs of landfill gas purchased from the landfill owner for operation of Ameren Missouri's Maryland Heights landfill gas facility are RES compliance costs and

that Rule 4 CSR 240-20.100(6)(A)16 is clear that a company may not recover RES costs using a fuel adjustment clause ("FAC"). However, Staff did not oppose a variance from the rule in this instance given the timing of the issue, that Ameren Missouri may seek recovery of prudently incurred RES costs (whether in permanent rates, a Renewable Energy Standard Rate Adjustment Mechanism or deferral in a regulatory asset), that customers will ultimately pay for prudently incurred RES costs, and the negligible impact the Maryland Heights RES costs have on overall net fuel costs in the FAC.

8. Staff's non-opposition is also due to Ameren Missouri's commitment to work with the parties to resolve these issues before the Company files its next general electric rate case. Staff's non-opposition should not be viewed as an agreement to the treatment of RES costs in a future rate case. Staff anticipates it will be recommending exclusion of RES costs from the net base energy cost calculation when these costs are reset in Ameren Missouri's next general electric rate case.

9. Based on the Commission's approval of Ameren Missouri's request for a waiver from Commission Rule 4 CSR 240-20.100(6)(A)16, Staff will continue to work with the Company to reach a resolution concerning the treatment of the costs of landfill gas purchased for the Company's Maryland Heights generating units.

10. Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2011 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). Other than Commission approval of the RP8 true-up amount in Case No. ER-2013-0311, which Staff is

recommending in that case the Commission approve, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

**WHEREFORE**, Staff recommends that, conditioned on Commission approval of the 8<sup>th</sup> recovery period true-up amount with interest proposed in Case No. ER-2013-0311, the Commission issue an Order that approves the following proposed tariff sheet, as filed on November 26, 2012, to become effective on January 25, 2013, as requested by Ameren Missouri:

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

4<sup>th</sup> Revised Sheet No. 98.21 Canceling 3<sup>rd</sup> Revised Sheet No. 98.21.

Respectfully submitted,

**/s/Jennifer Hernandez**

Jennifer Hernandez  
Senior Staff Counsel  
Missouri Bar No. 59814

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751- 8706 (Telephone)  
(573) 751-9285 (Fax)  
[jennifer.hernandez@psc.mo.gov](mailto:jennifer.hernandez@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served electronically on this **26th day of December, 2012**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

**/s/Jennifer Hernandez**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. ER-2013-0310, Tariff Tracking YE-2013-0240  
Union Electric Company d/b/a Ameren Missouri

FROM: Matthew Barnes, Utility Regulatory Auditor IV  
David Roos, Regulatory Economist III  
Michelle Bocklage, Rate & Tariff Examiner II

/s/ John Rogers 12/26/2012  
Energy Unit / Date

/s/ Jennifer Hernandez 12/26/2012  
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 Orders from File Nos. ER-2011-0028 and ER-2010-0274.

DATE: December 26, 2012

On November 26, 2012, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") filed one (1) tariff sheet, 4<sup>th</sup> Revised Sheet No. 98.21 bearing a proposed effective date of January 25, 2013, canceling 3<sup>rd</sup> Revised Sheet No. 98.21. The filed tariff sheet, 4<sup>th</sup> Revised Sheet No. 98.21, revises Ameren Missouri's Fuel and Purchased Power Adjustment ("FPA") per kWh rates of its Fuel Adjustment Clause ("FAC"). Staff recommends the Missouri Public Service Commission ("Commission") approve 4<sup>th</sup> Revised Sheet No. 98.21.

Ameren Missouri's November 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  $FPA_{11}$ .<sup>1</sup> That dollar amount ("FPA<sub>11</sub> Amount") is \$83,568,227, which results in a  $FPA_{11}$  of \$0.00328 per kWh and a proposed  $FPA_C$ <sup>2</sup> of \$0.00440 per kWh, which is \$0.00185 per kWh greater than the current  $FPA_C$  of \$0.00255 per kWh.

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<sup>1</sup>  $FPA_{RP}$  is defined in Ameren Missouri's FAC tariff sheets 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 11,  $FPA_{RP}$  in this recommendation is referred to as  $FPA_{11}$ .

<sup>2</sup>  $FPA_C$  is defined in Ameren Missouri's FAC tariff sheets as "Fuel and Purchased Power Adjustment rate applicable starting with the Recovery Period following the applicable Filing Date."  $FPA_C + FPA_{RP} - FPA_{RP-1}$

#### Calculation of FPA<sub>11</sub> Amount

Ameren Missouri's work papers show the following components of the FPA<sub>11</sub> Amount<sup>3</sup> of \$83,568,227 to be the sum of:

1. Customer Responsibility for Accumulation Period 11 ("AP11") equal to \$82,168,367<sup>4</sup> (Line 5 on 4<sup>th</sup> Revised Sheet No. 98.21);
2. Interest for AP11 equal to \$72,297;
3. True-Up for Recovery Period 8 ("RP8") with interest equal to \$1,327,563<sup>5</sup>.

#### Calculation of FPA<sub>11</sub>

FPA<sub>11</sub> of \$0.00328 per kWh is equal to the Customer Responsibility for AP<sub>11</sub> with interest plus the True-Up Amounts for RP<sub>8</sub> for a total of \$83,568,227 divided by the Recovery Period 11 ("RP11") the expected retail estimated usage in kWh of the Company's load settled at its MISO CP node (AMMO.UE or successor node) of 24,483,956,796 kWh. The FPA<sub>11</sub> per kWh rate will apply during RP11—Ameren Missouri's billing months of February 2013 through September 2013.

#### Calculation of FPA<sub>C</sub>

Ameren Missouri's requested 4<sup>th</sup> Revised Sheet No. 98.21 canceling 3<sup>rd</sup> Revised Sheet No. 98.21, when effective, will change the current FPA<sub>C</sub> per kWh rate (without voltage level adjustment on line 11 of the Company's requested 4<sup>th</sup> Revised Sheet No. 98.21) to \$0.00440 per kWh which is the cumulative sum of: 1) FPA<sub>10</sub> of \$0.00112 per kWh, and 2) FPA<sub>11</sub> of \$0.00328 per kWh.

#### Calculation of FPA<sub>C</sub> Rates With Voltage Level Adjustments

Because of a difference in line losses, there are different current FPA<sub>C</sub> per kWh rates for service taken at Secondary, Primary, and Large Transmission voltage levels. Listed below are the proposed RP11 FPA<sub>C</sub> per kWh rates, the current RP10 FPA<sub>C</sub> per kWh rates and the difference between them for Secondary, Primary, and Large Transmission service:

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<sup>3</sup> 4<sup>th</sup> Revised Sheet No. 98.21, lines 1 through 7, include the complete calculation of the FPA<sub>11</sub> Amount of \$83,568,227.

<sup>4</sup> AP11 included the period of June 1, 2012 through September 30, 2012. The customer responsibility for AP11 is equal to ninety-five percent (95%) of the difference between Ameren Missouri's actual Total Energy Cost during AP11 and Ameren Missouri's Base Energy Cost during AP11 - \$82,168,367.

<sup>5</sup> Approval of the True-Up for RP8 is the subject of File No. ER-2013-0311.

	Proposed RP11 FPA <sub>C</sub>	Current RP10 FPA <sub>C</sub>	Difference
Secondary	\$0.00465/kWh	\$0.00269/kWh	\$0.00196/kWh
Primary	\$0.00450/kWh	\$0.00261/kWh	\$0.00189/kWh
Large Transmission	\$0.00436/kWh	\$0.00253/kWh	\$0.00183/kWh

Based on a monthly usage of 1,100 kWh, the proposed change to the Secondary FPA<sub>C</sub> per kWh rate will increase the Fuel Adjustment Charge of an Ameren Missouri residential customer's bill from \$2.96 to \$5.12, an increase of \$2.16 per month.

Staff reviewed proposed 4<sup>th</sup> Revised Sheet No. 98.21, 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 AP11 and verified that the actual fuel and purchased power costs net of off-system sales revenues reflected therein match the fuel and purchased power costs net of off-system sales revenues on line 1 of Ameren Missouri's requested 4<sup>th</sup> Revised Sheet No. 98.21 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 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 AP11.

#### Landfill Gas Facility

On December 12, 2012, the Commission filed its *Report and Order* in Case No. ER-2012-0166. Beginning on page 118 of its *Report and Order* the Commission's discussion and approval of Ameren Missouri's request for a waiver from Commission Rule 4 CSR 240-20.100(6)(A)16 concerning Ameren Missouri's treatment of the costs of landfill gas purchased for operation in the Company's Maryland Heights generating facility, which fuel costs are currently flowing through its FAC:

On December 7, 2012, Ameren Missouri filed an application asking the Commission for a waiver or variance from Commission Rule 4 CSR 240-20.100(6)(A)16 concerning the treatment of landfill gas purchased from the landfill owner for operation of the Company's Maryland Heights landfill gas facility. That regulation provides that RES compliance costs may only be recovered through a RESRAM or as part of a general rate proceeding. Such costs may not be recovered through a fuel adjustment clause.

In recent days, a question has arisen as to whether some or all of the cost of landfill gas purchased from the owner of the landfill and used to operate the company's Maryland Heights landfill gas facility is a RES compliance cost. The parties to this case assumed at the cost of such gas would be recovered through the fuel adjustment clause. The treatment of these landfill gas costs would have a very small impact on this case, but recalculating many of the agreed upon particulars of the fuel adjustment clause at this late date would be difficult.

Because of those difficulties, Ameren Missouri asks the Commission to grant it a waiver from the rule provision to allow it to continue to flow the cost of the landfill gas through its fuel adjustment clause. Ameren Missouri agrees that in the future it will work with Staff and other interested parties to resolve the issues surrounding the landfill gas. The application represents that Staff supports the Company's request for waiver of the rule provision. It also represents that Ameren Missouri has contacted all other parties to this case and that none of them object to the application.

On December 7, the Commission issued an order establishing December 11 as the deadline for any interested party to respond to Ameren Missouri's application. Staff responded on December 11, indicating its support for the requested waiver for purposes of this case only. No other response has been filed.

The Commission finds Ameren Missouri's application to be reasonable and will waive application of the rule provision as requested.

Based on the Commission's approval of Ameren Missouri's request for a waiver from Commission Rule 4 CSR 240-20.100(6)(A)16, Staff will continue to work with the Company to reach a resolution concerning the treatment of the costs of landfill gas purchased for the Company's Maryland Heights generating units.

#### Staff Recommendation

Ameren Missouri timely filed 4<sup>th</sup> Revised Sheet No. 98.21, and is in apparent 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 4<sup>th</sup> Revised Sheet No. 98.21, filed November 26, 2012, become effective on January 25, 2013, the beginning of the first billing cycle of Ameren Missouri's February 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 tariff sheet, as filed on November 26, 2012, to become effective on January 25, 2013, as requested by Ameren Missouri:

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

4<sup>th</sup> Revised Sheet No. 98.21 Canceling 3<sup>rd</sup> Revised Sheet No. 98.21.

Staff has verified that Ameren Missouri is not delinquent on any assessment and has filed its 2011 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 as noted herein.

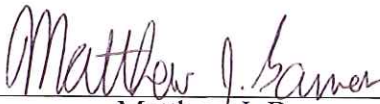
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Adjustment of Union     )  
Electric Company d/b/a Ameren Missouri's     )  
Fuel Adjustment Clause for the 11th         )  
Accumulation Period                             )     Case No. ER-2013-0310

**AFFIDAVIT OF MATTHEW J. BARNES**

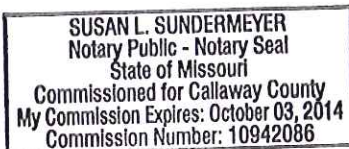
STATE OF MISSOURI     )  
                                   ) ss  
COUNTY OF COLE     )

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 26<sup>th</sup> day of December, 2012.

  
\_\_\_\_\_  
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 11th	)	Case No. ER-2013-0310
Accumulation Period	)	

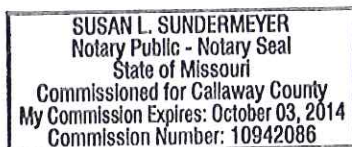
**AFFIDAVIT OF DAVID C. ROOS**


**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 26<sup>th</sup> day of December, 2012.



  
\_\_\_\_\_  
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 11th         )  
Accumulation Period                             )

Case No. ER-2013-0310

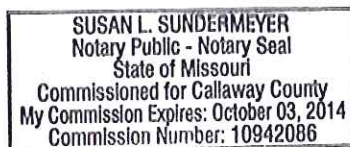
**AFFIDAVIT OF MICHELLE BOCKLAGE**

STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF COLE        )

Michelle Bocklage of lawful age, on oath states: that she 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 her; that she has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of her knowledge and belief.

  
Michelle Bocklage

Subscribed and sworn to before me this 26<sup>th</sup> day of December, 2012.



  
Notary Public