

151 FERC ¶ 61,168
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

May 20, 2015

In Reply Refer To:
Union Electric Company
Docket No. ER15-1413-000

Troutman Sanders LLP
401 9th Street, NW
Suite 1000
Washington, DC 20004

Attention: Christopher R. Jones

Dear Mr. Jones:

1. On March 31, 2015, pursuant to section 205 of the Federal Power Act (FPA),¹ Part 35 of the Commission's regulations,² and Order No. 618,³ Union Electric Company (Union Electric) submitted for filing proposed depreciation rates for use in its formula transmission rate established under Attachment O of Midcontinent Independent System Operator, Inc.'s (MISO) Open Access Transmission, Energy and Operating Reserve Markets Tariff (MISO Tariff), along with a supporting study.

2. Union Electric states that its formula transmission rate is contained within Attachment O of the MISO Tariff. Union Electric explains that, unlike other MISO transmission owners that have company-specific formula rates with stated depreciation rates, it uses the generic Attachment O rate template. As such, Union Electric explains that its depreciation rates have been included in its annual formula rate updates, but before now, no filing has been made to formally place the depreciation rates on file with the Commission.

¹ 16 U.S.C. § 824d (2012).

² See 18 C.F.R. pt 35 (2014).

³ *Depreciation Accounting*, Order No. 618, FERC Stats. & Regs. ¶ 31,104 (2000).

3. Union Electric states that the proposed depreciation rates were recently approved by the Missouri Public Service Commission (Missouri Commission) for service to Union Electric's bundled retail customers as part of a stipulation and agreement between Union Electric and Missouri Commission staff.⁴ Union Electric states that the proposed depreciation rates are based on the straight line method, using the average service life procedure, and are applied on a remaining life basis. Union Electric further states that the calculations are based on attained ages and estimated average service lives, and forecasted net salvage characteristics for each depreciable group of assets.

4. Union Electric notes that the Commission has recognized that a change in depreciation rates "affects the timing of recovery of the costs and does not change the overall amount of recovery" and "does not change the value of the underlying asset, and would not result in any over- or under-recovery of costs."⁵ Union Electric further states that the changes to the depreciation rates do not result in material changes to the annual depreciation expense included in its Attachment O revenue requirement. Specifically, Union Electric states that the increase in depreciation expense for Transmission Plant of approximately \$196,903 is offset (though not entirely) by a decrease in depreciation expense for General Plant.

5. Union Electric states that it has not included revised formula rate tariff sheets with this filing because, as noted above, it uses MISO's generic Attachment O rate template and does not have its own company-specific Attachment O formula on file. Union Electric explains that the enclosed schedule of depreciation rates, Rate Schedule No. 23, is being tendered as a stand-alone rate schedule to the Union Electric open access transmission tariff (Union Electric Tariff) that will serve as an input when Union Electric populates the template Attachment O.

6. Union Electric requests that these changes be made effective June 1, 2015. However, Union Electric states that, because it uses a historical formula rate, these depreciation changes will not impact billings under the Attachment O formula rates until those are updated on June 1, 2016, based on 2015 actual data as reported on FERC Form 1.

⁴ Filing at 2 (citing *In the Matter of Union Electric Company, d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service*, MPSC Case No. ER-2014-0258, Order Approving Stipulation and Agreement as to Depreciation (Mar. 11, 2015)).

⁵ Filing at 3.

7. Additionally, Union Electric requests waiver of the full requirements of 18 C.F.R. § 35.13 because its request is a single-issue section 205 rate filing and good cause exists for granting a waiver of the requirement to file the full range of information required.⁶

8. Notice of Union Electric's March 31, 2015 filing was published in the *Federal Register*, 80 Fed. Reg. 18,613 (2015), with interventions and protests due on or before April 21, 2015. None was filed.

9. We conditionally accept the proposed depreciation rates for filing, effective June 1, 2015, as requested. While we accept the rates proposed herein for filing, we find that those depreciation rates recovered through Attachment O transmission rates should be reflected in Attachment O of the MISO Tariff rather than in the Union Electric Tariff. Including this information in Attachment O of the MISO Tariff will provide a more transparent linkage between the approved depreciation rates and the formula rate in which they serve as inputs. Accordingly, we direct Union Electric to work with MISO, as the MISO Tariff administrator, to file revisions to Attachment O of MISO's Tariff to include the depreciation rates accepted herein for recovery through Union Electric transmission rates under the generic Attachment O rate template, within 90 days of the date of this order.⁷

10. Finally, we grant Union Electric's request for waiver of the requirements of section 35.13 of the Commission's regulations,⁸ consistent with our prior approval of formula rates.⁹

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁶ 18 C.F.R. § 35.13 (2014).

⁷ Accordingly, we reject the Union Electric Tariff record filed in the instant proceeding.

⁸ 18 C.F.R. § 35.13 (2014).

⁹ *E.g.*, *Ameren Illinois Co.*, 141 FERC ¶ 61,264 at P 38; *DATC Midwest Holdings, LLC*, 139 FERC ¶ 61,224, at P 98 (2012); *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,234, at P 19 (2012).