

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

In the Matter of the First True-Up	)	
Filing Under the Commission-	)	
Approved Fuel Adjustment Clause of	)	Case No. ER-2010-0274
Union Electric Company d/b/a Ameren Missouri.	)	

**APPLICATION OF AMEREN MISSOURI CONTAINING ITS  
FIRST FUEL ADJUSTMENT CLAUSE TRUE-UP**

COMES NOW Union Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”), by and through counsel and, pursuant to 4 CSR 240-3.161(8) and 4 CSR 240-20.090(5), hereby submits its Application respecting the true-up of amounts to be collected or refunded under its fuel adjustment clause (“FAC”) arising from the first Recovery Period.<sup>1</sup> In support of its Application, Ameren Missouri states as follows:

1. Union Electric Company is a Missouri corporation doing business under the fictitious names of AmerenUE and Ameren Missouri, in good standing in all respects, with its principal place of business located at 1901 Chouteau Avenue, St. Louis, Missouri 63103. Ameren Missouri is engaged in providing electric and gas utility services in portions of Missouri as a public utility under the jurisdiction of the Commission. There is already on file a certified copy of Ameren Missouri’s Certificate of Corporate Good Standing (*see* Case No. EF-2009-0266), and Ameren Missouri’s Fictitious Name Registrations as filed with the Missouri Secretary of State’s Office (*see* Docket Nos. EN-2011-0069 and GO-98-486), and said documents are incorporated herein by reference and made a part hereof for all purposes. To the best of Ameren Missouri’s knowledge, it has no pending actions or final unsatisfied judgments or decision against it from any state or federal agency or court that involve customer service or rates, which

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<sup>1</sup> Capitalized terms in this Application, unless otherwise defined, have the meaning given them in the Company’s FAC tariff, Rider FAC.

action, judgment or decision has occurred within three (3) years of the date of this Application, except the August 24, 2010 judgment of the Pemiscot County Circuit Court and Stoddard County Circuit Court (in consolidated writ of review proceedings) in Case Nos. 09PE-CV00070-01 and 10PE-CC00418, which judgment involves the review proceedings involving Ameren Missouri's 2008 electric rate case (Commission Case No. ER-2008-0318), and which judgment has been suspended pending appeal to the Missouri Court of Appeals for the Southern District of Missouri (Case No. SD30865). In addition, Ameren Missouri has no annual report or assessment fees that are overdue.

2. Communications with regard to this Application should be directed to:

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3. In its Report and Order issued January 27, 2009, in Case No. ER-2008-0318, the Commission approved the Company's use of a FAC. On September 9, 2009, in Case No. ER-2010-0044, the Commission approved the Company's first Fuel and Purchased Power ("FPA")

rate adjustment arising from the Accumulation Period prescribed by the Company's FAC tariff for the period March 1, 2009 through May 31, 2009.<sup>2</sup> The difference between Actual Net Fuel Costs and Net Base Fuel Costs for the subject Accumulation Period was to be recovered from or refunded to customers during the Recovery Period at issue in this case, which ran from October 1, 2009 through September 30, 2010.

4. As explained in the Direct Testimony of Jeff L. Dodd being submitted herewith, during Ameren Missouri's first Recovery Period, at issue here, Ameren Missouri under-collected (after accounting for interest) approximately \$482,000. As Mr. Dodd testifies, the under-collection occurred for two reasons. First, because the FPA rate is calculated based upon estimated kilowatt-hour ("kWh") sales for the Recovery Period, the FPA rate will never exactly match the FPA rate that is appropriate once actual sales are recorded. Consequently, a difference exists between the estimate and the actual kWh billed that must be trued-up. The difference between estimated and actual kWh sales resulted in an over-refund during the Recovery Period at issue of approximately \$228,848. However, the mistake in calculating Net Base Fuel Costs resulted in the refund to customers being too large by an additional \$579,709. Therefore, during the Recovery Period at issue customers received a net refund that was a total of \$808,557 larger than it should have been. After subtracting interest due to customers of \$327,002 offset by interest due to the Company of \$684, an additional \$482,239 should be collected from customers.

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<sup>2</sup> Given the timing of the initial approval of the use of the FAC, the first Accumulation Period covered just three months, instead of four months, as is normal under the terms of the FAC tariff. In addition, given a change to the Company's FAC tariff agreed-upon among the parties and approved by the Commission in Case No. ER-2010-0036, the Company requested and received permission from the Commission to make its first true-up filing on the first Filing date occurring after the end of the first Recovery Period, which Filing Date is December 1, 2010. *See* Order Granting Motion for Extension of True-Up Filing, issued in this case on April 28, 2010.

5. The mistake occurred when the NBFC component of the FPA rate calculation was incorrectly expressed in cents per kWh using kWh at the transmission level rather than “at the generation level,” as prescribed by the FAC tariff. The calculation must be made at the generation level; otherwise one fails to account for the fact that line losses occur between the generating units and the load – e.g., to deliver 100 kWhs to load one must generate (and burn fuel for) more than 100 kWhs. This mistake means that the NBFC component of the FPA rate was higher than it should have been due to the fact that the denominator was smaller than it should have been. This mistake causes the comparison of Actual Net Fuel Costs to be made against erroneous Net Base Fuel Cost inputs, with the result being that Ameren Missouri did not in fact recover the entire difference between its true Net Base Fuel Costs and the Actual Net Fuel Costs from the first Accumulation Period during the first Recovery Period. The same mistake occurred and will need to be corrected in connection with future true-up filings for four additional Accumulation Periods, which relate to the following four Recovery Periods: the 12-month Recovery Periods ending January 31, 2011, May 31, 2011, September 30, 2011, and January 31, 2012

6. In support of its Application and pursuant to 4 CSR 240-3.161(8)(A), Ameren Missouri is filing the following information as part of the direct testimony of Jeff L. Dodd: “1. Amount of costs that it has over-collected or under-collected through the RAM by rate class and voltage level; 2. Proposed adjustments or refunds by rate class and voltage level; [and] 3. Electric utility’s short-term borrowing rate.” Moreover, in further support of its Application and pursuant to 4 CSR 240-3.161(B), Ameren Missouri is submitting the following information to the Commission and serving it upon the parties: “1. Workpapers detailing how the determination of the over-collection or under-collection of costs through the RAM was made including any

model inputs and outputs and the derivation of any model inputs; 2. Workpapers detailing the proposed adjustments or refunds; [and] 3. Basis for the electric utility's short-term borrowing rate."

WHEREFORE, Ameren Missouri hereby requests that the Commission make and enter its order approving the under-collection amount arising from its first Recovery Period as calculated by Ameren Missouri and authorize Ameren Missouri to include those amounts in its next FPA rate filing, and that it determine in this true-up proceeding that the mistake outlined above should be corrected in the remaining true-up filings where the mistake will have an impact, which will be the next four true-up filings following this one, covering the 12-month Recovery Periods ending January 31, 2011, May 31, 2011, September 30, 2011, and January 31, 2012.

Respectfully submitted,

SMITH LEWIS, LLP

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document was served via e-mail on all counsel of record to the case in which the fuel adjustment clause in effect for the true-up filing made herein was approved, on this 1st day of December, 2010.

/s/James B. Lowery