

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

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Purchased)
Gas Adjustment (PGA) and Actual Cost)
Adjustment (ACA).)

File No. GR-2016-0236

RESPONSE TO STAFF RECOMMENDATION

Pursuant to the Order Directing Filing issued by the Missouri Public Service Commission ("Commission") on December 5, 2017, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") responds to the *Staff Recommendation Regarding Ameren Missouri's 2015-2016 Actual Cost Adjustment Filing* and its attached Memorandum, (collectively, "Staff Recommendation").¹

I. Introduction

1. The Staff Recommendation included a request for the Commission to order the Company to establish specific ACA account balances as of August 31, 2016. Additionally, while Staff had no recommended dollar adjustments, it specifically requested, and the Commission's Order required, the Company to respond to the following sections of the Staff Recommendation:

Section II. Reliability Analysis and Gas Supply Planning;

A. Storage Planning;

B. Reserve Margins; and

Section III. Hedging

Ameren Missouri offers the responses to Staff's recommendations in the following paragraphs.

¹ The Staff Recommendation was also submitted to the Commission on December 5, 2017.

Section II. Reliability Analysis and Gas Supply Planning

2. As noted in the Staff Recommendation, Staff reviewed Ameren Missouri's "plans and decisions regarding estimated peak day requirements and the capacity levels to meet those requirements, peak day reserve margin and the rationale for this reserve margin, and natural gas supply plans for various weather conditions."² While Staff proposed no financial adjustments for the 2014-2015 ACA period, it did note the following comments and recommendations, which the Company has responded to below:

A. Storage Planning

3. Staff expressed concern regarding whether Ameren Missouri has sufficient flexibility to accommodate warmer November weather with its current storage planning, and suggested the Company "adjust its ending October planned balances to accommodate the potential for warmer weather in the first half of November."³ Ameren Missouri has reviewed Staff's comments regarding its November storage planning, and will take Staff's recommendation into consideration as it makes future storage plans.

B. Reserve Margins

4. Staff noted the reserve margins for the various service areas, and encouraged Ameren Missouri to continue to monitor its pipeline contracts and maintain appropriate reserve margins.⁴ The Company accepts Staff's recommendation, and will continue to both monitor its pipeline contracts and maintain reserve margins appropriate for the respective service areas.

² Staff Memorandum, p. 3.

³ *Id.*

⁴ *Id.*

Section III. Hedging

5. Staff again noted that it had no dollar adjustments related to hedging. However, Staff recommended that the Company:⁵

- evaluate its hedging strategy in response to changing market dynamics as to how much the existing strategy actually benefits its customers while balancing market price risk;
- carefully plan for the price protected volumes based on reasonably-forecasted normal requirements consistent with its hedging goal; and
- continue to assess and document the effectiveness of its hedges for the 2016-2017 ACA period and beyond.

6. Ameren Missouri continues to review its hedging strategies, as well as to provide detailed commodity costs and hedging costs for all its gas supply in its responses to the data requests for each annual ACA audit.

WHEREFORE, Ameren Missouri requests that the Commission accept its response to Staff's recommendations and give them due consideration in rendering any applicable decision.

Respectfully submitted,

By: /s/ Paula N. Johnson

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⁵ Staff Memorandum, p. 4.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served via e-mail on counsel for all parties of record on this 5th day of January, 2018.

/s/ Paula N. Johnson _____