BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a	)	
AmerenUE's Tariffs Increasing Rates for	)	**Case No. GR-2007-0003**
Natural Gas Service Provided to Customers	)	Tariff No. YG-2007-0008
in the Company's Missouri Service Area	)	

DISSENTING OPINION OF COMMISSIONER STEVE GAW

This Stipulation permits AmerenUE to refuse service to any new customers using more than 40,000 Ccf, about the amount used by a small shopping center. In the Agenda, prior to the vote on this case, AmerenUE stated that this provision was desired specifically because of requests that had been received or were anticipated to be received from new Ethanol plants. This is of great concern to this Commissioner. Economic development is critically important to the people of the state. It is particularly important in rural areas of the state that are highly dependent on agriculture and struggling with challenges to local economic conditions.

The benefits of the development of Ethanol plants in rural Missouri should not be ignored. Nor should the decision about whether such a plant or any new industry providing for jobs and economic growth be left exclusively in the hands of a utility. Yet, this is exactly what the proposed tariff attached to the Stipulation and Agreement states.[1] The explanation given for this portion of the Stipulation is that the capacities of all three transmission lines serving the AmerenUE system are at or near capacity. The parties stated at the on-the-record conference the ability of AmerenUE to refuse to serve such a customer was necessary to preserve the reliability of AmerenUE in serving existing customers. While reliability is an important goal, allowing the

[1]Schedule 1, page 72 of 84, attached to the Stipulation and Agreement in Case No. GR-2007-0003, Union Electric Company Gas Service, Tariff P.S.C. Mo. No. 2, Original Sheet No. 42.1 states in part: *Application for firm system gas service to new General Service sales customers with an annual load exceeding 40,000 Ccf will be granted only if in the Company's* ***sole judgment****, sufficient gas supplies, storage availability and/or pipeline capacity exists.*

utility to present a solution that prevents significant and important economic development in rural Missouri, without a plan to solve load problems, is unacceptable.

There are two issues which should be addressed by the Stipulation and Agreement that are not. First, there is a question as to the legal authority that would allow the company, with a statutory obligation to provide service, to refuse service to a customer within its service territory. The legality of such a waiver should be addressed prior to granting it. Second, this Commission should demand a plan from AmerenUE as to how it intends to address the transmission capacity constraints. Failure to do so would appear on the surface to prevent AmerenUE from serving the growth in load over time for all customers, in addition to the significant impediments that result to economic development in the AmerenUE territory.

Further, this Stipulation continues to allow the unfair charging of former customers of AmerenUE who reconnect to the system at the same address within 12 months, as though they had never left the system. As stated in the recent Atmos case,[2] this Commissioner believes that consumers should not be charged by a utility for services they are not receiving.

This Stipulation also provides for the merging of PGA prices for consumers in different areas, served by different pipelines. The merging of the prices of the districts, even with the credits and surcharges,[3] moves away from the concept of having consumers pay for flowed-through cost of the gas they receive. The result may lead to subsidization of one territory's ratepayers by the other territory's ratepayers. It appears to this Commissioner that this subsidization would be made by only the northern area. The negative impact on ratepayers in this area is enhanced because this rate is based upon volumes of gas used. Consequently, the colder winters in the north will mean increased usage and enhanced cost to those consumers.

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[2] Case No. GR-2006-0387.

[3] Contrary to normal PGA charges to customers set by actual volumetric design, these credits and surcharges, used to attempt to account for the lower priced Panhandle system, is the same for all customers regardless of the amount of gas a consumer uses.

While some theorize that the difference in prices will decrease between supplies from the different transmission lines, that is still speculation. Staff's theory is that future changes in gas supply, will cause upward price movement to those on the Panhandle Eastern Pipeline System (PEPL) and downward price movement on the Texas Eastern Transmission Corporation System (TETCO). However, this is speculation on the staff's part and does not take into account the access to gas by the northern system from the Rocky Mountain Energy line currently under construction. The theory loosely speculates that the price of gas to customers on the northern AmerenUE system could be reduced because costs associated with the three systems served by AmerenUE will converge. However, if staff is incorrect and costs remain different in the transmission systems, then the decision to move toward one PGA rate for all of the AmerenUE systems is again moving away from the policy of a pass-through of gas costs and based on a suspect theory.

There may be occasions when benefits to all of the customers would warrant this policy move to a single PGA. However, given the uncertainty as to the future prices of gas and transportation costs on the relevant transmission lines, now is the wrong time to make this decision. This decision could easily be deferred until the next rate case when there will be historical data to indicate whether the staff's theory regarding the convergence of the prices on the different transmission systems is correct.

Finally, while conservation and efficiency efforts are at least present in this Stipulation, conservation efforts do not appear to involve company contributions. With the reduction in the volumetric component in rates, AmerenUE will have less risk to its revenue stream. With this decreasing risk should come additional company efforts to conserve energy. Yet, additional contributions of the company toward conservation are missing. The effort is instead made with ratepayer dollars. This Commissioner would like to see a consistent policy from this

Commission promoting investment in conservation and energy efficiency as well as greater effort by utilities.

For these reasons, I must dissent.

Respectfully Submitted

Steve Gaw
Commissioner

Dated at Jefferson City, Missouri,
on this 22nd day of March, 2007.