

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 24th day
of January, 2008.

In the Matter of Union Electric Company,)
d/b/a AmerenUE's Purchased Gas)
Adjustment (PGA) Factors to be Audited)
in Its 2005-2006 Actual Cost Adjustment.)

Case No. GR-2006-0333

ORDER ESTABLISHING ACA BALANCE AND CLOSING CASE

Issue Date: January 24, 2008

Effective Date: February 3, 2008

This case was opened for the purpose of receiving the 2005-2006 Purchased Gas Adjustment filings and Actual Cost Adjustment filing of Union Electric Company, d/b/a AmerenUE. On September 21, 2007, the Procurement Analysis Department of the Staff of the Commission (Staff) filed a memorandum indicating that Staff had reviewed the Actual Cost Adjustment (ACA) filing of AmerenUE. On October 5, 2007, Staff filed an amendment to its recommendation.

Staff recommended that the Commission issue an order requiring AmerenUE to establish the ACA account balances in its next ACA filing to reflect the following ending balances to be collected from (or refunded to) the ratepayers:

	Balance per AmerenUE Filing	Staff Adjustments	Ending Balances
Natural Gas Pipeline Co. of America: Firm Sales ACA	\$36,773	\$4,736	\$41,509
Interruptible Sales	0	0	0
Panhandle Eastern Pipeline Co: Firm Sales ACA	\$(3,928,900)	\$(26,707)	\$(3,955,607)
Interruptible Sales	\$188,749	\$(225)	\$188,524
Former Aquila Eastern System Incremental: Firm Sales	\$11,116	0	\$11,116
Texas Eastern Transmission Corp: Firm Sales	\$(1,495,196)	0	\$(1,495,196)
Interruptible Sales	\$(279,044)	\$(3,576)	\$(282,620)

Staff also recommended that AmerenUE take the following actions:

- a) Correct the line-loss error for its transportation customers in its 2006/2007 ACA filing so that the error has no impact on the firm sales customers ACA balance.
- b) Continue to assess and document the effectiveness of its hedges for the 2005/2006 period and beyond.
- c) Respond to Staff's concerns in the Reliability Analysis and Gas Supply and Planning section of its recommendation related to: (1) updated demand studies, (2) analysis of capacity requirements by pipeline, (3) analysis and support for growth for peak day capacity estimates, (4) reserve margin and capacity planning, and (5) storage monitoring and plan review for Marble Hill service area.

On October 22, 2007, AmerenUE filed a response to the Staff's recommendation in which it agreed with the ending balances determined by the Staff and stated that it had already made those adjustments in its PGA filing on October 18, 2007, in Case No. GR-2008-0107. With regard to the second recommendation, AmerenUE agreed to make the recommended adjustment for a line-loss error in its 2007/2008 filing since its 2006/2007 filing had already been made. As the amount of the error is minor, Staff does not object to this proposal.

The third recommendation from Staff includes five separate “concerns” of Staff. AmerenUE agreed with the remaining recommendations of Staff with two exceptions. With regard to having demand studies completed and presented to Staff, AmerenUE requested additional time. According to Staff’s Response filed on November 1, 2007, the parties had mutually agreed to those studies being presented to the Staff by December 1, 2007.

Finally, AmerenUE took issue with the Staff’s analysis of the company’s actual storage level as opposed to the planned level. Staff pointed out that by filling the storage unit to 100% by the end of October, AmerenUE was unable to inject additional gas into storage in November. Staff did not recommend any disallowance for this as no harm came to customers since the gas was sold during this time at a price higher than the purchase price. AmerenUE objected to Staff’s analysis fearing that the Staff may have suggested a disallowance if the gas had been sold at a loss rather than a profit.

Staff responded to AmerenUE stating that it never suggested that the Commission should only look at profit or loss in determining the prudence of the actual storage capacity. Instead, Staff stated that in determining the prudence of a company’s decision, it looks first to whether there was harm to the customers. “Had AmerenUE sold the gas at a loss, but fully documented the facts and circumstances that resulted in a loss, Staff would not necessarily have recommended an adjustment.”¹

The Commission recognizes that there may be sound reasons to deviate from the storage plan. If so, the company should fully document the conditions that changed and why the company’s change of plans was prudent. Just because there is a deviation from the plan does not automatically mean the decision was imprudent as long as there is

¹ *Staff’s Response to AmerenUE’s Response to Staff’s Recommendation*, filed November 1, 2007.

proper documentation to support the change. Staff has indicated that this is its approach to prudence reviews and the Commission agrees with that approach.

The ending balances shown in the Staff recommendation are reasonable and shall be approved. AmerenUE shall make any adjustments in its next ACA filing. The Commission will also order AmerenUE to comply with the additional recommendations as modified by its agreements with Staff.

IT IS ORDERED THAT:

1. The Actual Cost Adjustment account balances as stated above are approved.
2. Union Electric Company, d/b/a AmerenUE, shall follow the additional recommendations of the Staff of the Missouri Public Service Commission as discussed above.
3. This order shall become effective on February 3, 2008.
4. This case may close on February 4, 2008.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Clayton,
Appling, and Jarrett, CC., concur.

Dippell, Deputy Chief Regulatory Law Judge