

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0087, File No. JG-2006-0275,
Union Electric Company d/b/a AmerenUE

FROM: James A. Gray, Energy Department - Tariffs/Rate Design

/s/ Thomas Imhoff 10/25/05
Energy Department/Date

/s/ Thomas R. Schwarz, Jr. 10/25/05
General Counsel's Office/Date

SUBJECT: Staff Recommendation For Union Electric Company's Scheduled Winter Season
PGA Filing Effective November 1, 2005.

DATE: October 25, 2005

On October 14, 2005, Union Electric Company d/b/a AmerenUE (AmerenUE or Company) of St. Louis, Missouri, filed four (4) tariff sheets proposed to become effective November 1, 2005. These tariff sheets were filed to reflect scheduled changes in AmerenUE's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. The winter season includes the months of November through March.

For most of AmerenUE's service areas served by Panhandle Eastern Pipe Line Company, which includes the cities of Columbia, Jefferson City, Mexico, and Wentzville, the effect of these changes will increase the PGA factor for the 2005-2006 winter season to \$0.9977 per hundred cubic feet (Ccf) from the 2004-2005 winter season PGA of \$0.7900 per Ccf. A customer last winter using 546 Ccf had a bill of \$638; if weather is normal this year, the same customer would use approximately 605 Ccf, for a bill of \$874, before taxes. This is a 37% increase.

For the Rolla service area, which includes the cities of Rolla and Owensville, the effect of these changes will increase the PGA factor for the 2005-2006 winter season to \$1.3986 per Ccf from the 2004-2005 winter season PGA of \$1.2102 per Ccf. A customer last winter using 640 Ccf had a bill of \$962; if weather is normal this year, the same customer would use approximately 711 Ccf, for a bill of \$1,198, before taxes. This is a 25% increase.

For the area served by Texas Eastern Transmission Corporation, which includes the city of Cape Girardeau, the effect of these changes will increase the PGA factor for the 2005-2006 winter

season to \$1.2685 per Ccf from the 2004-2005 winter season PGA of \$0.8900 per Ccf. A customer last winter using 535 Ccf had a bill of \$680; if weather is normal this year, the same customer would use approximately 578 Ccf, for a bill of \$950, before taxes. This is a 40% increase.

For the area served by Natural Gas Pipeline Company of America, which includes the communities of Jackson and Marble Hill, the effect of these changes will increase the PGA factor for the 2005-2006 winter season to \$0.8749 per Ccf from the 2004-2005 winter season PGA of \$0.6333 per Ccf. A customer last winter using 533 Ccf had a bill of \$541; if weather is normal this year, the same customer would use approximately 576 Ccf, for a bill of \$719, before taxes. This is a 33% increase.

Staff has been monitoring the rapidly changing natural gas market situation along with the Office of the Public Counsel and the local distribution companies. If it appears that AmerenUE's PGA rate should be reduced, Staff will promptly notify AmerenUE. The Staff's Procurement Analysis Department (PAD) will address AmerenUE's procurement of its natural gas for this upcoming winter season. Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, PAD has requested permission to submit its results and recommendations regarding information included in this ACA filing to the Commission on or before December 29, 2006. Also, in Case No. GW-2006-0110, Staff is currently reviewing several aspects of the procurement policies of Missouri's local distribution companies, including AmerenUE. This highly abbreviated review of AmerenUE's purchasing policies may result in Staff or other parties filing a complaint against AmerenUE if any of these parties believe that AmerenUE has been imprudent in their purchasing practices. Staff does not believe that this abbreviated review obviates the need for a thorough PAD audit as is now provided for in the normal process. Also, Staff does not believe that a lack of any findings by parties in this abbreviated review should be treated by any parties as a final determination that a utility has been prudent in its purchasing practices as is now determined through a thorough PAD audit.

At this time, Staff does not render an opinion as to the gas purchasing practices of AmerenUE. Staff's review of this PGA filing has focused on the compliance of AmerenUE's calculations, market assumptions, storage position, hedging positions and other relevant factors in support of its tariff filing in accordance with its approved PGA Clause.

Case No. GR-2006-0087, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2004-2005 ACA filing. Case No. GR-2006-0087 was prematurely closed on September 1, 2005 and should now be reopened. Case No. GR-2005-0102 was established to track the Company's PGA factors to be reviewed in its 2003-2004 ACA filing. Interim subject to refund status should be maintained pending final Commission decisions in Case Nos. GR-2006-0087 and GR-2005-0102.

The Commission's Energy Department - Tariffs/Rate Design Staff (Staff) has verified that this company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing. The following Cases involving this Company are pending before the Commission:

GW-2004-0452	EC-2006-0002	GW-2006-0110
GR-2005-0102	EO-2006-0096	ED-2006-0117
EO-2005-0293	EO-2006-0098	EE-2006-0124
EC-2005-0398	EC-2002-1	EE-2005-0486

Staff has reviewed this filing and has determined that it was calculated in conformance with AmerenUE's PGA Clause. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days notice is demonstrated by AmerenUE's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheets, filed on October 14, 2005, be approved, interim subject to refund:

P.S.C. MO. No. 2

90th Revised SHEET No. 30 Cancelling 89th Revised SHEET No. 30
3rd Revised SHEET No. 30.1 Cancelling 2nd Revised SHEET No. 30.1
96th Revised SHEET No. 31 Cancelling 95th Revised SHEET No. 31
91st Revised SHEET No. 32 Cancelling 90th Revised SHEET No. 32

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

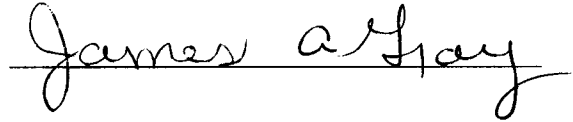
In the Matter of Union Electric Company,)
d/b/a AmerenUE's Purchased Gas)
Adjustment Factors to be Reviewed in its)
2004-2005 Actual Cost Adjustment.)

Case No. GR-2006-0087

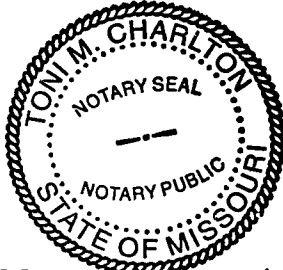
AFFIDAVIT OF JAMES A. GRAY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Gray, of lawful age, on oath states: that he has participated in the preparation of the foregoing written memorandum, consisting of three pages to be presented in the above case; that the information in the attached written report were given by AmerenUE; that he has knowledge of the matters set forth in such memorandum; and that such matters are true to the best of his knowledge and belief.



Subscribed and sworn to before me this 25th day of October 2005.



My commission expires _____



Notary Public
TONI M. CHARLTON
Notary Public - State of Missouri
My Commission Expires December 28, 2008
Cole County
Commission #04474301