

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

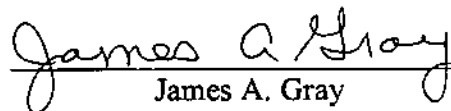
In the Matter of Union Electric Company)
d/b/a AmerenUE's Purchased Gas)
Adjustment (PGA) Factors to be Audited)
in its 2005-2006 Actual Cost Adjustment.)

Case No. GR-2006-0333

AFFIDAVIT OF JAMES A. GRAY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Gray, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was given by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


James A. Gray

Subscribed and sworn to before me this 20th day of October, 2006.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #008942086


Notary Public

My commission expires 9-21-10

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2006-0333 File No. JG-2007-0254
Union Electric Company d/b/a Ameren UE

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

<u>/s/ Thomas Imhoff</u> <u>10/23/06</u> Utility Operations Division/Date	<u>/s/ Lera Shemwell</u> <u>10/23/06</u> General Counsel's Office/Date
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SUBJECT: Staff Recommendation for Union Electric d/b/a Ameren UE's Winter Season PGA Filing - Effective November 1, 2006

DATE: October 23, 2006

On October 17, 2006, Union Electric Company d/b/a Ameren UE (UE or Company), of St. Louis, Missouri, filed four (4) tariff sheets requesting an effective date of November 1, 2006. These tariff sheets were filed to reflect changes in UE'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. UE requests that the tariff sheets go into effect on November 1, 2006.

For the area served by Panhandle Eastern Pipe Line Company (PEPL), including the cities of Columbia, Jefferson City, Mexico, and Wentzville; and excluding the Rolla Service Area, the effect of these changes will decrease the PGA factor for the 2006-2007 winter season to \$0.8656 per hundred cubic feet (Ccf) from the PGA of \$0.950 per Ccf currently in effect. This represents a decrease of \$.844 per Ccf, or approximately a 9% decrease.

For the Rolla Service Area, including the cities of Rolla and Owensville, formerly served under the tariff of Aquila Inc. d/b/a Aquila Networks – MPS' Eastern System, the effect of these changes will increase the PGA factor for the 2006-2007 winter season to \$1.3907 per Ccf from the PGA of \$1.3823 per Ccf currently in effect. This represents an increase of \$.0084 per Ccf, or approximately a 0.6% increase.

For the area served by Texas Eastern Transmission Corporation (TETCO), including the city of Cape Girardeau, the effect of these changes will decrease the PGA factor for the 2006-2007 winter season to \$0.9984 per Ccf from the PGA of \$1.1111 per Ccf currently in effect. This represents a decrease of \$0.1127 per Ccf, or approximately a 10% decrease.

For the area served by Natural Gas Pipeline Company of America (NGPL), including the community of Marble Hill, the effect of these changes will increase the PGA factor for the 2006-2007 winter season to \$0.94890 per Ccf from the PGA of \$0.7890 per Ccf currently in effect. This represents an increase of \$.1599 per Ccf, or approximately a 20% increase.

Case No. GR-2006-0333, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Case No. GR-2006-0087 was established to track the Company's PGA factors to be reviewed in its 2004-2005 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2006-0087 and GR-2006-0333.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2007.

Staff has verified that this company has filed its 2006 annual report and is not delinquent on any of its 2006 assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff has reviewed this filing and has determined that it was calculated in conformance with AmerenUE's PGA Clause. Staff does not render an opinion as to the reasonableness of UE's gas purchasing practices at this time. That will be addressed in the PAD's audit recommendations concerning the prudence of UE's procurement of its gas supplies for the upcoming winter season. 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 be approved, interim subject to refund:

P.S.C. MO. No. 2

92 nd Revised SHEET No. 30	Cancelling 91 st Revised SHEET No. 30
5 th Revised SHEET No. 30.1	Cancelling 4 th Revised SHEET No. 30.1
98 th Revised SHEET No. 31	Cancelling 97 th Revised SHEET No. 31
93 rd Revised SHEET No. 32	Cancelling 92 nd Revised SHEET No. 32