

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

In re: Union Electric Company's	)	
2008 Utility Resource Filing pursuant to	)	Case No. EO-2007-0409
4 CSR 240 – Chapter 22.	)	

**APPLICATION FOR REHEARING  
AND MOTION FOR CLARIFICATION**

**COMES NOW**, Union Electric Company, d/b/a AmerenUE (AmerenUE or the Company), pursuant to § 386.500, RSMo. (2000) and 4 CSR 240-2.160, and in support of its *Application for Rehearing and Motion for Clarification*, states as follows:

**Request for Rehearing**

1. On February 19, 2009, the Missouri Public Service Commission (Commission) issued its *Final Order Regarding AmerenUE's 2008 Integrated Resource Plan* (IRP Order). The IRP Order requires AmerenUE to file its next IRP no later than April 1, 2010, a requirement which is not reasonable<sup>1</sup> given the scope and magnitude of the analyses that are required, the expected stakeholder involvement in the process leading up to the next IRP filing, and the overall work that must be undertaken by AmerenUE in connection with its next IRP filing. Moreover, the provisions of the IRP rules require IRP filings every three years, whereas the Commission's order moves up that schedule by nearly one year (approximately 10 months).<sup>2</sup>

2. Consequently, and for the reasons set forth below, AmerenUE respectfully requests the Commission to amend the April 1, 2010 date and to instead accept a filing of AmerenUE's next IRP by November 1, 2010.<sup>3</sup> The November 1, 2010 date will allow

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<sup>1</sup> § 386.500.2, RSMo. (Rehearing applications can be based upon grounds where the applicant considers the order to be "unlawful, unjust or unreasonable.")

<sup>2</sup> *Id.* The every three year requirement is contained in 4 CSR 240-22.080(1).

<sup>3</sup> The November 1 filing date will allow the Commission nearly a year, in fact the same time typically devoted to a full-blown rate case, to consider and process the IRP filing, before AmerenUE might make a decision respecting a new baseload unit, including a possible second unit at the Callaway Plant site.

AmerenUE to conduct a proper analysis in compliance with the IRP rules, to have the quantity and quality of stakeholder involvement AmerenUE believes is appropriate, particularly given the importance of AmerenUE's next IRP, and to properly meet the commitments AmerenUE has made with respect to its next IRP filing, some of which go beyond the IRP rule requirements. Indeed, as discussed in more detail below, the April 1, 2010 filing date would impair AmerenUE's ability to do the kind of job it believes is appropriate to meet the IRP rules and to meet its other commitments.

3. It is clear that all parties in this case agree that AmerenUE's next IRP filing has especially important implications for AmerenUE and its customers – e.g., it will involve a decision about whether or not a new baseload power plant is needed to serve AmerenUE's customers and, if one is needed, a choice of what type of baseload power plant should be constructed. As the Office of the Public Counsel's (OPC) witness, Ryan Kind stated at the October 7, 2008, on-the-record proceeding:

...you don't want detail just for the sake of detail, but when you are making really critical decisions about how much, for instance, of a new base load plant you might need, do you need 500 megawatts , 1,000 megawatts, it's important to get things right.<sup>4</sup>

At that same proceeding, the importance of getting things right was echoed by Staff's attorney, Steven Dottheim, who recognized that no prior IRP involved:

... anything as momentous as a possible 1600 megawatt nuclear unit.<sup>5</sup>

AmerenUE recognizes the importance of its next IRP filing and is committed to ensuring that it produces a full and through examination of the factors relevant to this decision. This undertaking requires a significant amount of time. As noted, the Commission's IRP Order

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<sup>4</sup> Tr. Vol 2, p. 49, l. 15-20.

<sup>5</sup> Tr. Vol. 2, p. 72, l. 8-9.

establishes a date that AmerenUE cannot meet and still properly fulfill all of the commitments it has made for its next IRP filing.

5. By way of comparison, preparation of AmerenUE's 2008 IRP was started in August of 2006 and the IRP was filed on February 5, 2008, an approximately 18 month process, including the Initiation phase that involves developing and discussing the project plan, engaging consultants, and filing requests for waivers. The IRP Order provides just 13 months to complete a *more* involved process which may underlie one of the most important decisions in the history of the Company.<sup>6</sup> AmerenUE's next IRP filing requires significantly more work than merely updating its current IRP. Production of its new IRP will be an intensive and time-consuming process. Although there will be some areas where the Company can use existing analyses, there are many areas which require a substantial amount of new work. This is necessary to both comply with the commitments AmerenUE has made in this case and to ensure the end result is the best product that can be produced for use in making the important decisions which lie in AmerenUE's future and with regard to future service to AmerenUE's customers.

6. The Company has agreed to repeat and improve upon the stakeholder process it used in developing its current IRP filing, and has made several additional commitments. In looking at the commitments made in the Partial Stipulation and Agreement alone, which was approved by the Commission in its IRP Order, AmerenUE agreed to undertake the following additional analyses:

- analyze transmission upgrades that could alleviate transmission outlet capacity constraints which limit bulk power sales made from the Company's Audrain facility;
- analyze technologies which do not generate electricity but which substitute for electricity at the point of use;
- analyze customer decision making processes for energy efficiency investments/expenditures and benchmark electricity consumption by end us;

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<sup>6</sup> A schedule showing the time required to properly conduct the next IRP is attached hereto and incorporated herein by this reference as Exhibit A.

- analyze the interactive effects for demand-side (DSM) analysis, for example, whether more efficient electric lighting can decrease the energy used for air conditioning;
- analyze extreme outcomes with their associated probabilities in the risk assessment portion of the IRP analysis; and
- develop the process to monitor and report on trends in the critical uncertain factors identified in its IRP analysis.<sup>7</sup>

7. Outside of the Stipulation and Agreement, AmerenUE has committed to complete a Renewable Portfolio study,<sup>8</sup> a Life Extension study of its Meramec power plant<sup>9</sup> a Venice Repowering study,<sup>10</sup> and a DSM potential study.<sup>11</sup> All of this work will improve AmerenUE's IRP and better inform the decisions based upon the IRP; however, they all require a significant investment of time and effort, and require significant planning that is just now getting underway.

8. Perhaps the single item which most significantly lengthens the project timeline for AmerenUE's next IRP is the study relating to the potential for DSM to offset some of AmerenUE's generation needs. This study is essential to AmerenUE's efforts to improve its IRP process but is also a central reason why AmerenUE cannot adequately complete its next IRP filing by April 1, 2010. This potential study is designed to provide AmerenUE with DSM information – e.g., the impact of DSM programs upon the Company's load requirements – specific to the Company's service territory. Previously and without a DSM potential study, AmerenUE was forced to rely upon results of DSM efforts in other states.<sup>12</sup> The importance of this work was pointed out multiple times by the parties in the current IRP process and the lack of this AmerenUE specific information was identified as a deficiency by every party which filed a

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<sup>7</sup> Joint Filing and Partial Stipulation and Agreement, August 12, 2008.

<sup>8</sup> AmerenUE's Supplemental Filing, Exhibit E, August 12, 2008.

<sup>9</sup> Tr. Vol. 2, p. 61, l. 5-9 and IRP Plan, Risk Analysis and Strategy Selection, February 2008, p. 58.

<sup>10</sup> IRP Plan, Risk Analysis and Strategy Selection, February 2008, p. 99.

<sup>11</sup> *AmerenUE Response to Reports*, September 12, 2008, p. 19-20.

<sup>12</sup> Id.

report on AmerenUE's current IRP.<sup>13</sup> For example, the Missouri Industrial Energy Consumers (MIEC) stated:

MIEC has reservations about the specifics of certain aspects of the IRP, particularly the energy efficiency programs. This aspect of IRP is largely uncharted territory in the AmerenUE service territory. Estimates of the efficacy of the various EE programs, including costs to implement, marketing techniques, required level of incentives, and customer response are based on experience in other states and may or may not be representative of Missouri customers. These are all critical issues and are matters of first impression in the AmerenUE service territory. Further analysis and development will be required to refine these estimates.<sup>14</sup>

As AmerenUE previously shared with the Commission, the DSM potential study is expected to take until the end of 2009 to complete and incorporate into its analysis.<sup>15</sup> AmerenUE views the DSM potential study as a cornerstone of its next IRP filing. Much of the analysis required by Chapter 22 will be impacted by the results of this study, making the study a critical path item on the project timeline. To that end, it is essential that the project plan for the next IRP incorporates time for the study to be completed, disseminated, reviewed and integrated. The discussions and engagement surrounding DSM were significant in the current IRP process and that attention is expected to increase. As Mr. Kind testified:

Again, while you've got a big risk there on what load growth is going to be, just because of economic growth and because of the effectiveness of DSM programs... There's a whole lot of these sorts of issues that we really didn't get into in this IRP filing... And another reason we couldn't get into them is that they are just beginning large scale DSM program rollout, and we just don't

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<sup>13</sup> *Review of Union Electric Utility Resource Planning Compliance Filing (by OPC)*, June 19, 2008, p. 3-4; *Report of the Missouri Industrial Energy Consumers on AmerenUE's Integrated Resource Plan*, June 18, 2008, p. 1-2; *Report of Intervenor Sierra Club, et al. On AmerenUE's IPR Compliance with 4 CSR 240, Chapter 22*, June 18, 2008, p. 8; *Missouri Department of Natural Resources Energy Center Review of AmerenUE Demonstration of Compliance with Stip for Case No. EO-2006-0240 Dated May 9, 2008 and Integrated Resource Plan Filing Dated February 5, 2008*, June 18, 2008, p. 5-6; and *Staff Report on AmerenUE's Integrated Resource Planning Compliance Filing*, June 19, 2008, p. 11-14. Tr. Vol. 2, p. 78, l. 25 (Lewis Mills) and p. 50, l. 15 through p. 16, l. 14 (Ryan Kind).

<sup>14</sup> *Report of the Missouri Industrial Energy Consumers on AmerenUE's Integrated Resource Plan*, June 18, 2008, p. 1-2.

<sup>15</sup> *Id.* at p. 20.

know what the results of that are going to be and what that means for future capacity needs.<sup>16</sup>

An expedited filing schedule will necessarily mean that AmerenUE will have very little actual DSM experience to incorporate into its IRP analysis. The lower level of actual experience upon resulting from the April 1, 2010 filing date would be unfortunate. This is because actual experience from the DSM study can help improve the validity of the assumptions relating to the levels of energy and peak demand savings attributable to both energy efficiency initiatives and demand response initiatives at various levels of cost that will be used in the IRP analyses. An IRP based on analyses that do not take into account the best possible AmerenUE-specific DSM information may not provide a sufficiently solid basis to support the important decisions that may need to be made in reliance on the IRP. In summary, truncating the time necessary to obtain this actual DSM experience is unwise from the standpoint of the Company's customers, the Commission, the Staff, stakeholders and AmerenUE.

The DSM study is scheduled to be completed by the end of September 2009. However, the volume and complexity of the resultant data<sup>17</sup> necessitates *at least* three additional months of analysis and review so that the study can be fully incorporated into AmerenUE's next IRP filing. Simply put, the next stages of the IRP analysis cannot occur until this study has been completed. Therefore, the timing of all other IRP project activities must be referenced from and start at this point, the end of 2009. Presuming many portions of the new IRP development will require significant time for the work to be performed properly (four months for integration analysis, four months for risk analysis and strategy selection and two months for reporting), AmerenUE believes it cannot complete a thorough IRP process by the April 1, 2010 date set forth in the

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<sup>16</sup> Tr. Vol. 2, p. 151, l. 2-18.

<sup>17</sup> The Statement of Work for the DSM Potential Study is 28 pages long. Global Energy Partners, LLC is responsible for production of the final report with significant input and assistance from Ameren Services and AmerenUE.

Commission's IRP Order. November 1, 2010 is the earliest date that the Company can realistically complete a quality IRP filing. As noted, a November 1 filing would allow a full 11 month of processing and review time before the earliest date by which a decision on another baseload unit would be made. This full 11 months will occur after a process in which stakeholders are involved, meaning that parties to the next IRP case will be familiar with much of the analysis and results that will be contained in the next IRP when it is filed.

9. Another new and potentially lengthy addition to AmerenUE's IRP timeline is the Company's commitment to undertake an analysis of the financing alternatives which might be available to finance a second nuclear or other baseload power plant. AmerenUE anticipates fulfilling this commitment by holding a series of workshops with input from the stakeholders. The Company believes this topic alone will, by the time the IRP process is done, add at least two additional months to the IRP development process, which additional time has been incorporated into the timeline depicted in Exhibit A. Certainly, while aspects of this analysis can be discussed early in the IRP process, much of the hard data necessary to complete this analysis may not be available until much later in the schedule, perhaps as late as May 2010. For example, an evaluation of the Cash Flow Metrics (CMR) financing method requires complete cost and financial data based on specific scenarios, which will only be available after the integration stage of the IRP development process (which is not expected to be complete until May 2010). This means that full evaluation of CMR (versus other options, such as including construction work in progress in rate base) would not occur until the May to August 2010 timeframe, during the Risk and Strategy phase of the development (see Exhibit A hereto). It is critical to have enough time allocated to work through the financial analysis after that data is available. An April 1, 2010 filing date will not provide that time, and as a result, a November 1, 2010 filing date is necessary.

### **Request for Clarification**

11. AmerenUE also asks the Commission to clarify that AmerenUE's next IRP filing may be developed using the IRP rules in their current form. There is currently discussion about updating the IRP rules by December of this year. AmerenUE supports the Commission's efforts to improve the current IRP rules and will actively participate in this process. However, changing the rules in the middle of the development of AmerenUE's next IRP is not conducive to producing a quality end-product and would, in fact, be counterproductive to the point that it could impair the timely development and filing of the next IRP. AmerenUE is committed to making its next IRP filing as thorough as possible. To do so, AmerenUE needs to be in a position to proceed with its IRP analysis and development under rules that are known to it and that may be applied in a systematic and orderly fashion. Consequently, AmerenUE requests that the Commission clarify that the current IRP rules will govern AmerenUE's next IRP filing, even if the rules are changed in the middle of its work on its next IRP filing.

WHEREFORE, for all of the reasons discussed above, AmerenUE asks that the Commission find that its previous order requiring AmerenUE to file its next IRP by April 1, 2010 is not reasonable and should be amended to provide a filing date of November 1, 2010. In addition, AmerenUE asks the Commission to clarify its prior order to provide clarify that the current IRP rules will govern AmerenUE's next IRP filing, even if the rules are changed in the middle of its work on its next IRP filing.

Respectfully submitted,

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Dated: February 27, 2009

## CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 27<sup>th</sup> day of February, 2009.

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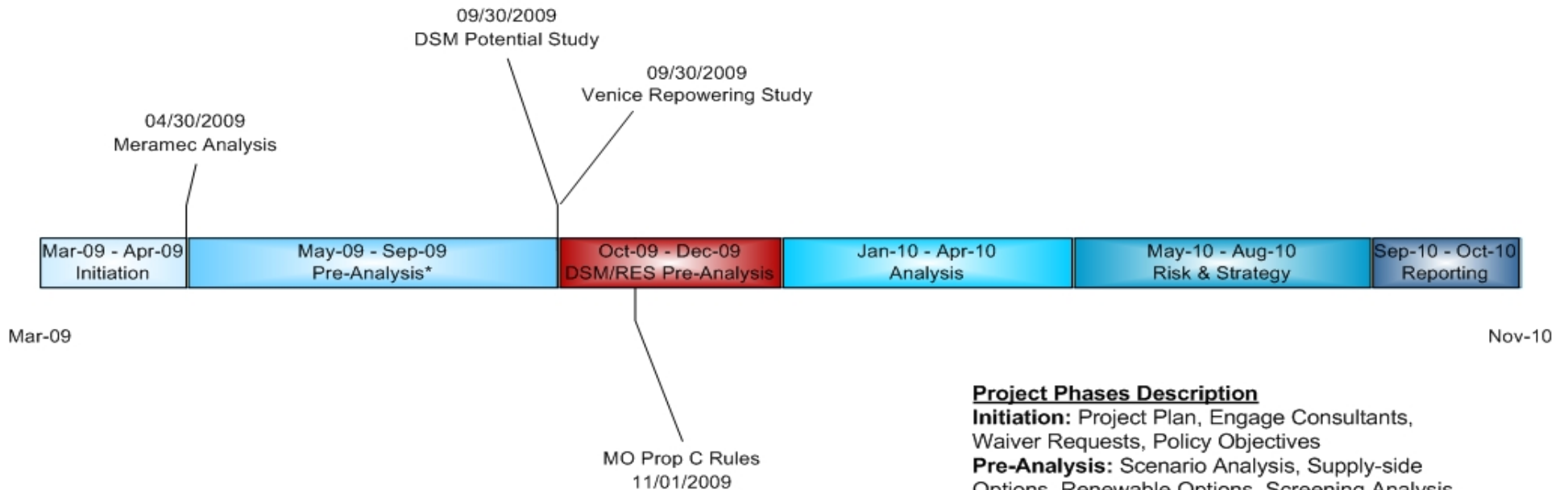
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## Exhibit A

### Integrated Resource Planning Project Schedule March 2009 through October 2010



#### **Project Phases Description**

**Initiation:** Project Plan, Engage Consultants, Waiver Requests, Policy Objectives

**Pre-Analysis:** Scenario Analysis, Supply-side Options, Renewable Options, Screening Analysis, Forecasting

\*Includes extra time for Financing workshops

**DSM/RES Pre-Analysis:** DSM Potential Study Dissemination, DSM Integration input development, Renewable Standards analysis

**Analysis:** Development of Alternative Resource Plans, Integrated Analysis

**Risk Analysis & Strategy Selection:** Subjective Probabilities, Uncertainty Analysis, Preferred Plan Selection, Contingency Planning