

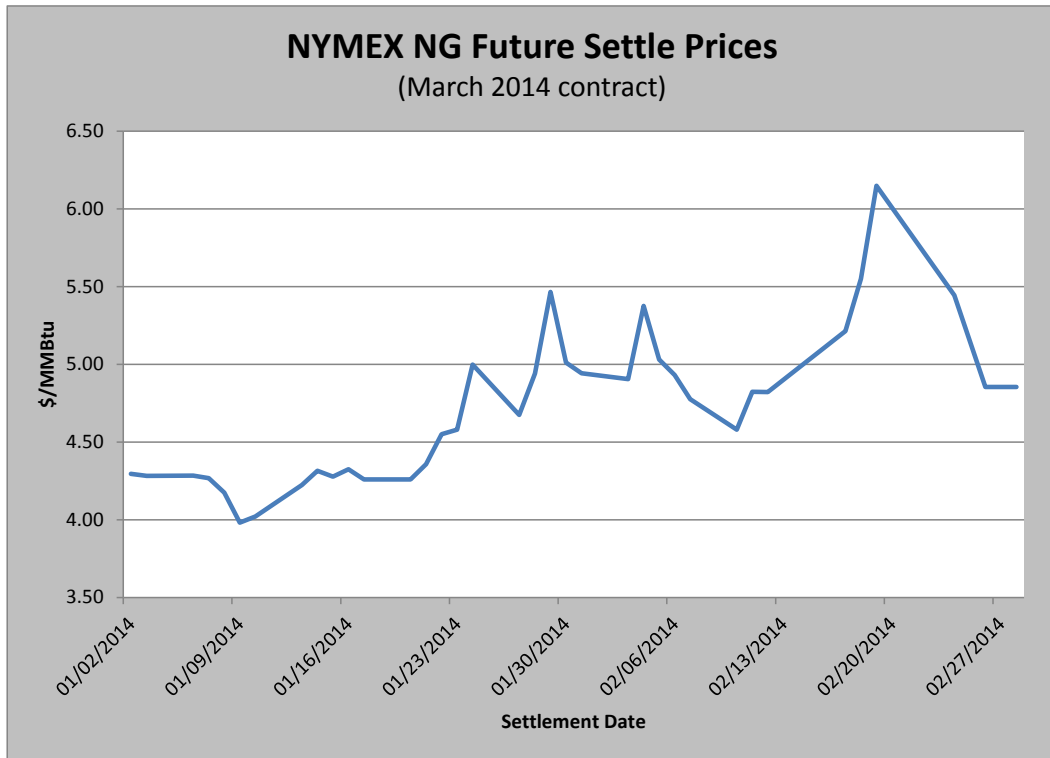
In the Matter of a Working Docket to Address)
The Hedging Practices of Electric Utilities) File No. EW-2013-0101
Used to Mitigation the Rising Costs of Fuel.)

COMES NOW Union Electric Company, d/b/a Ameren Missouri (“Ameren Missouri” or “Company”), and pursuant to the Commission’s *Order Inviting Responses to Staff Reports Regarding Hedging Practices of Missouri Utilities* states as follows:

2. The Additional Staff Report provides some general background and an overview of the utilities' answers to the Staff's questions, and then offers conclusions. The conclusions reference new supplies of natural gas and the evolving use of natural gas. The Staff indicates that there have been "dramatic changes" in the natural gas market and on that basis suggests that it continue to have "periodic, informal, free discussions" with each electric utility. Staff's reference to "dramatic changes," based on its prior report and the Additional Report as well as discussions the Company has had with the Staff, is taken by the Company to in part reference the lower natural gas prices that have been observed in the past few years as compared to higher price levels a few years ago. During the course of discussions in this workshop docket the Staff

has at times suggested or at least raised the question of whether these lower natural gas prices might warrant changes or perhaps significant changes in hedging practices, although Staff has made no such recommendation.

3. The Company welcomes the opportunity to have a yearly confidential meeting with Staff and the Office of the Public Counsel as the Staff suggests. The Company will, as it always has, continue to consider and examine its hedging practices with the goal always being to mitigate the volatility of the cost of natural gas used to fire its generation. As the Company (and the other utilities) discussed with participants during this workshop process, hedging is a risk mitigation tool not a price speculation tool, and risks exist even if overall price levels are lower than in the past. Recent data from this past winter demonstrates that markets continue to be volatile. As the graph below shows, during the course of January and February (approximately six weeks) the NYMEX posted settle prices for the March 2014 natural gas future contract were as high as \$6.10 per MMBtu and as low as \$4.00 per MMBtu, which is over a 40 percent move. The physical spot market during this time period transacted at prices over \$30 per MMBtu and at some locations over \$40 per MMBtu, which equates to a move in prices of over 600 percent. The measured volatility demonstrated by these price movements is significant.



4. This kind of volatility is just the kind of risk the Company in particular, and the utilities in general, have been discussing in this workshop, despite the fact that the overall price level of gas has fallen materially as compared to a few years ago. And it this is the kind of risk that the Company's hedging practices are designed to mitigate.

5. The Company looks forward to periodically reviewing hedging-related issues with the Staff during the suggested yearly meetings and appreciates the opportunity to have participated in this workshop.

Respectfully submitted,

/s/ James B. Lowery
James B. Lowery MBN#40503
Smith Lewis, LLP
111 S. Ninth Street, Ste. 200
P.O. Box 918
Columbia, MO 65205
Telephone: (573) 443-3141
Fax: (573) 442-6686
Email: lowery@smithlewis.com

Thomas M. Byrne MBN#33340
Director – Assistant General Counsel
Wendy K. Tatro MBN #60261
Corporate Counsel
Ameren Services Company
1901 Chouteau Ave.
P.O. Box 66149
St. Louis, MO 63166-6149
Telephone: (314) 554-2514
(314) 554-3484
Facsimile: (314) 554-4014
E-Mail: AmerenMOService@ameren.com

**ATTORNEYS FOR
UNION ELECTRIC COMPANY
d/b/a AMEREN MISSOURI**