

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

In The Matter Of Union Electric Company, d/b/a        )  
Ameren Missouri's 2013-2014 ACA Audit                )        File No. GR-2014-0238

**RESPONSE TO STAFF RECOMMENDATION**

COMES NOW Union Electric Company d/b/a Ameren Missouri (Ameren Missouri or Company) and for its *Response to Staff Recommendation*, states as follows:

1.       On June 11, 2015, the Staff (Staff) of the Missouri Public Service Commission (Commission) filed a Staff Recommendation (Report) in this case. The Commission ordered Ameren Missouri to respond no later than July 17, 2015.

2.       The Report identified an accounting adjustment to the Company's ACA balances and recommended that the Commission order Ameren Missouri to respond to certain other comments, concerns, and recommendations that do not have any associated dollar adjustment. Specifically, Staff requested that the Company respond to portions of Staff's Report concerning Reliability and Hedging. Staff also requested a response concerning the ACA adjustment recommended. Each of these issues is addressed below.

**I.       ACA Balance Adjustment**

3.       The *Staff Recommendation* proposed an adjustment to the Company's filed ACA balances and Ameren Missouri does not object to the adjustment identified on page 10 of Staff's Report.

**II.      Reliability Analysis and Gas Supply Planning**

4.       Staff's recommendations and comments concerning reliability and supply planning address four topics: (1) Demand Studies – Peak Day Forecast Compared to Actual Cold

Day Demand; (2) Rolla Area Peak Day Demand Estimation; (3) Method for Consideration of Wind Speed, and; (4) Reserve Margin on TETCO System for Cape Girardeau Area.

5. With respect to all four issues, Ameren Missouri would respond that it currently undertakes industry-accepted and appropriate measures to predict demand and to prepare gas supply plans to meet peak load requirements. Weather conditions, historical observations, and resource planning practices employed are sufficient to meet requirements and to ensure deliverability of peak requirements at an economic cost to consumers. Load forecasting and resource adequacy practices are dynamic, and analysis techniques evolve over time. Computer software and modeling technology are important tools in the analytical study of demand requirements. The Company reviews the various methods and technology available and employs prudent practices to manage the gas supply system. The Company is always willing to work with Staff and answer questions concerning any issues Staff identifies or respond to questions they may have about the Company's analysis.

6. The Company considers actual weather in the context of load planning. Forecasts are based on observed historic weather trends as a predictive methodology. Moreover, the Company maintains adequate resources to meet demand on all aspects of its system. Recently, the Company updated its methodology for the predictive capability of analyzing weather impacts on specific portions of its systems. The Company will utilize the enhanced data granularity and incorporate that data into its planning efforts. The Company is willing and prepared to provide further explanation concerning the impact of these systems to the Commission Staff to the extent that Staff is interested. Incorporating actual weather data is important, but it must be noted that weather extremes will occur beyond historic norms. The Company is confident in its ability to

meet demand and has not experienced a situation in recent years where extreme cold has caused any immediate concerns about the deliverability of gas to customers.

7. Staff recommends that the Company specifically address a concern related to the prediction of sales versus transportation load and the implications for Rolla area peak day demand estimates. The Company will track the data as noted in Staff's recommendation, consider any implications for load planning that the data might hold, and confer with Staff regarding the Company's findings. To date, the Company is not concerned that the accuracy of the Rolla Area forecast model could cause reliability problems for delivery to customers, but will remain vigilant and take appropriate action to protect customers in a cost-effective manner.

8. Staff expressed concern for how wind speed is considered in load planning. The effect of wind speed, or wind chill, on peak day delivery requirements has always been incorporated (indirectly) in the Heating Degree Day (HDD) analysis and in the peak day forecast. Today, Ameren Missouri has available software resources that will provide more granularity as to the impact of weather conditions on system requirements, and will make use of those resources. That software will incorporate the effects of wind speed, and the Company will make use of that data in its peak day planning process.

9. Staff expressed concern related to the implications of storage deliverability and the reserve margin on TETCO for the Cape Girardeau Service Area. The Company is confident in its ability to meet peak day requirements for the Cape Girardeau area, but understands Staff's inquiry concerning storage ratchets. In recent years, the influx of domestically-produced natural gas made possible by technological advances in fracking recovery has changed the market for natural gas and the relative value of the resources that the Company uses to meet demand requirements. Today, the Company can also meet demand requirements through firm delivery

contracts more so than in the past. In addition, the Company has recently adjusted storage resources to better align with changing customer demand and continue to evaluate alternative supply sources. As a result, the Company has been shifting its reliance on contractual storage with deliverability ratchets to firm capacity. The Company will continue to closely monitor resource adequacy to meet the Cape Girardeau area peak load requirements, and assure those requirements can be met in a manner that is economical to Ameren Missouri's customers.

### **III. Hedging**

10. Staff has requested that the Company continue to provide mark-to-market summary data to Staff. The Company agrees to continue to do so and to cooperate with Staff by providing information that Staff finds useful in conducting its review and associated analysis with respect to Ameren Missouri's PGA.

WHEREFORE, Ameren Missouri respectfully submits this response to the *Staff Recommendation* filed on June 11, 2015.

Respectfully Submitted,

/s/ Matthew R. Tomc

**Matthew R. Tomc**, #66571

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

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing *Response to Staff Recommendation* was served on the parties of record in this case via electronic mail (e-mail) on this 17<sup>th</sup> day of July, 2015.

*/s/ Matthew R. Tomc*

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Matthew R. Tomc