

**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 Audited in its)	Case No. GR-2006-0333
2005-2006 Actual Cost Adjustment.)	

**STAFF'S RESPONSE TO
AMERENUE'S RESPONSE TO STAFF'S RECOMMENDATION**

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission in the above-captioned matter and for its Response to the Commission's October 23 Order Directing Filing and in response to AmerenUE's Response to Staff's Recommendation states as follows:

1. AmerenUE collects a small percentage of gas from its transportation customers for natural gas that Ameren either uses to transport gas or loses in the transportation process. AmerenUE erroneously did not collect this percentage from two of its transportation customers. In its initial Recommendation, the Staff recommended AmerenUE adjust its 2006/2007 ACA balances to correct the error in the application of its line-loss percentage for these two transportation customers. In its Response to Staff's Recommendation, the Company states it agrees with the proposed adjustment, however it has already made its 2006/2007 filing. Thus, it proposes to adjust its ACA balance in its 2007/2008 ACA filing. AmerenUE estimates the amount of the adjustment to be \$18,000. Due to the minor amount of the adjustment involved, the Staff does not object to the Company's proposal to adjust its 2007/2008 ACA balance for the line-loss error.

2. Staff expects to receive the 2007 Demand Studies that AmerenUE used for its analysis and planning for the 2007/2008 ACA. Based on a phone conversation with

AmerenUE on October 24, 2007, it is AmerenUE's intention to have the Demand Studies, complete with Staff's requested additional analysis, submitted to Staff by December 1, 2007. Staff agrees with this proposed date.

3. AmerenUE's response to Staff's recommendation in GR-2006-0333 takes exception to Staff's analysis related to Storage Monitoring and Plan Review – Marble Hill Service Area. AmerenUE states that this type of sale will occur again and AmerenUE won't always be able to make that sale at a gain. AmerenUE states that it would be inappropriate for Staff's evaluation to hinge on whether the sale was made at a gain or a loss and that Staff should review all of the reasons a particular decision is made.

4. Staff's recommendation does not state that it would have made an adjustment had the Company sold the gas at a loss. It states as follows:

“The Company Storage Plan (DR No. 67) states: ‘...seasonal storage services will be filled to near maximum inventory levels while no-notice storage will be approximately 95% full to allow for possible early winter season injections; to allow for injections on warm winter days when flowing gas supplies may exceed city gate demand.’ The 95% threshold was a change from 90% from the prior 2004/2005 ACA Review period. Although the NGPL storage is *not* no-notice, it does allow for injections or withdrawals in the winter months. By planning to fill to near maximum, the Company has no flexibility to inject, if necessary, for a warm November. The AmerenUE storage plan for this winter (DR No. 74) shows the planned storage level at 97.2% of Maximum Storage Quantity (MSQ) at the end of October. AmerenUE actually filled NGPL storage to 96.4% by the end of September and to 100% by the end of October. Because of the warm weather in November (87% of normal) and little ability to inject into storage, the Company made an off-system sale of 5,850 MMBtu. Staff cannot find fault with this decision as the Company sold the gas at a higher price than the purchase price. The Company sold this gas at a profit, which the Company flowed through the ACA to rate payers as a reduction to gas costs. It is Staff's recommendation that the Company evaluate its plan to fill this storage to near full at the end of October giving it the option of injecting into storage when the weather is warm in November, so that an off-system sale is not the only option for dealing with excess gas...”

5. The first thing Staff considers is the prudence of the Company's decisions and the impact on customers when determining whether to recommend an adjustment. Had AmerenUE sold the gas at a loss, but fully documented the facts and circumstances that resulted in a loss, Staff would not necessarily have recommended an adjustment. Staff would have questioned AmerenUE further regarding its plan and decisions for storage for this service area. Since there was no loss on the sale, there was no negative impact on customers. Staff did recommend that the Company evaluate its plan to fill storage to near full capacity at the end of October so that it has the flexibility to inject gas into storage if the weather is warmer than normal during the month of November, so that an off-system sale is not the only option for dealing with excess gas.

6. Staff still recommends that the Company reevaluate its gas storage operations for its Marble Hill Service Area.

WHEREFORE Staff requests the Commission accept this response in Compliance with its October 23rd Order Directing filing and Order AmerenUE to comply with Staff's recommendations in this case.

Respectfully submitted,

/s/ Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 1st day of November 2007.

/s/ Lera L. Shemwell