

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company, d/b/a)
Ameren Missouri's Tariff to Increase Its Revenues) Case No. ER-2014-0258
for Electric Service)

**STATEMENT OF POSITION OF
WAL-MART STORES EAST, LP, AND SAM'S EAST, INC.
IN CONFORMITY WITH THE FIRST AMENDED
JOINT LIST OF ISSUES, LIST AND ORDER OF WITNESSES,
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Wal-Mart Stores East, LP, and Sam's East, Inc., (collectively "Walmart") submit this Statement Of Position.

The initial Joint List Of Issues, List And Order Of Witnesses, Order Of Cross-Examination, And Order Of Opening Statements ("List of Issues") was amended late in the day February 19, 2015, before Walmart was able to file its Statement Of Position. The First Amended Joint List Of Issues, List And Order Of Witnesses, Order Of Cross-Examination, And Order Of Opening Statements ("First Amended List Of Issues"), contains extensive revisions from the initial List of Issues, including the addition of new issues, revisions to existing issues and revisions to the order of numerous issues. Due to the timing of the First Amended List Of Issues, the undersigned counsel was unable to revise Walmart's Statement Of Position and obtain client approval for filing by close of business February 19, 2015.

Accordingly, Walmart submits this Statement Of Position in conformity with the First Amended List Of Issues. No surprise or prejudice will result from the filing of Walmart's Statement Of Position. Walmart's prefiled testimony and position on the issues have been filed of record and available since at least December 5, 2014.

Walmart's position has not changed since that time and this Statement Of Position only

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summarizes Walmart's previously filed position into the revised format of the First Amended List Of Issues. The impact of filing this Statement Of Position is no different than if Walmart had filed an initial Statement Of Position on February 19, 2015, and an amended Statement Of Position on February 20, 2015.

After the General Statement Of Position below, the issues and Walmart's positions are set forth in the same order as the First Amended List Of Issues previously filed herein.

GENERAL STATEMENT OF POSITION

Walmart operates approximately 145 retail units and employs 40,011 associates in Missouri. In fiscal year ending 2014, Walmart purchased \$7.4 billion worth of goods and services from Missouri-based suppliers, supporting 50,662 supplier jobs.

Walmart has approximately 48 stores and a distribution center serviced by Ameren, primarily on the Large General Service ("LGS") and Small Primary ("SP") rate schedules. In addition, there are 10 Walmart stores and one Sam's Club within 50 miles of Noranda's smelter in New Madrid, MO, that could be impacted by the outcome of this docket. Ameren only serves a portion of these facilities, while others receive electrical service from other utilities.

Walmart advocates that rates be set based on the utility's cost of service. This produces equitable rates that reflect cost causation, sends proper price signals, and

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minimizes price distortions. Under normal circumstances, Noranda's requested rate relief would be both out of the ordinary and inappropriate. However, the specific and extraordinary circumstances of this docket warrant the Commission's consideration of whether movement away from cost-based rates for Noranda is in the public interest.

SPECIFIC STATEMENT OF POSITION

1. Regulatory Policy and Economic Considerations

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

2. Advertising & Communications

A. *What amount of advertising or communications expense should be included in Ameren Missouri's revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

B. *What amount, if any, of the costs incurred by Ameren Missouri for its Community Lights campaign should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

C. *What amount, if any, of the costs incurred by Ameren Missouri for its Social Media campaign should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

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D. *What amount, if any, of the costs incurred by Ameren Missouri for its Energy Efficiency campaign should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

E. *What amount, if any, of the costs incurred by Ameren Missouri for its Cardinal Digital Outdoor Signs should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

F. *What amount, if any, of the costs incurred by Ameren Missouri for its Storm Response campaign should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

G. *What amount, if any, of the costs incurred by Ameren Missouri for its Reliability Fair should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

H. *What amount, if any, of the costs incurred by Ameren Missouri for its Solar Energy Center Artwork should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

I. *What amount, if any, of the costs incurred by Ameren Missouri for its Downtown Banners should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time,

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but reserves the right to do so as additional evidence is presented to the Commission.

- J. *What amount, if any, of the costs incurred by Ameren Missouri for its Louie the Lightning Bug balloon should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

3. Dues, including EEI and Environmental Working Groups Dues

- A. *What amount should be included in Ameren Missouri's revenue requirement for dues?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *What amount, if any, of the dues paid by Ameren Missouri to EEI should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. *What amount, if any, of the dues paid by Ameren Missouri to the Utility Water Act Group should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- D. *What amount, if any, of the dues paid by Ameren Missouri to the Utility Air Regulatory Group should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the

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- E. *What amount, if any, of the dues paid by Ameren Missouri to the United Solid Waste Activities Group should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- F. *What amount, if any, of the dues paid by Ameren Missouri to the Midwest Ozone Group should be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

4. Weather Normalization

- A. *What level of weather normalized sales should be used to establish the billing units used to set rates?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *How should the LGS and SPS weather normalization adjustments be allocated to the various rate blocks in order to establish normalized revenues at present rates?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. *What capacity factor should be used for solar distributed generation systems for purposes of calculating the solar annualization adjustment to test year billing units proposed by the Company and Staff?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the

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- D. *What level of sales to Noranda should be assumed for the test year for purposes of establishing billing units?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

5. Income Tax

- A. *Should Ameren Missouri's Net Operating Loss Carryforward Related to ADIT be included in Ameren Missouri's rate base?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *Should the Company's IRC Section 199 Deduction be computed without regard to Net Operating Loss Carryovers from prior years in determining the Company's income tax expense?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

6. Coal Issues

- A. *Should the value of Ameren Missouri's coal inventory include the value of coal in transit?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *What amount should be included in the revenue requirement for coal refinements revenues for the Labadie Energy Center?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the

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7. Amortizations

- A. *Should the amount of solar rebates paid by Ameren Missouri and recorded to a solar rebate regulatory asset through the end of the true-up period be included in Ameren Missouri's revenue requirement using a 3-year amortization period?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *Should the amount of pre-MEEIA energy efficiency expenditures incurred by Ameren Missouri and recorded to a regulatory asset through the end of the true-up period be included in Ameren Missouri's revenue requirement and, if so, over what period should they be amortized?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. *Should the amount of Fukushima flood study costs incurred by Ameren Missouri and recorded to a regulatory asset be included in Ameren Missouri's revenue requirement and, if so, over what period should they be amortized?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

8. Noranda AAO

- A. *Should the sums authorized for deferral in Case No. EU-2012-0027 be included in Ameren Missouri's revenue requirement and, if so, over what period should they be amortized?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the

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9. Board of Directors-Related Expenditures

- A. *Should Ameren Missouri's allocated share of compensation paid to Ameren Corporation directors be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

10. Uncollectibles

- A. *What level of uncollectible accounts expense should be included in the revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

11. Storm Expense and Two-Way Storm Costs Tracker

- A. *Should the Commission continue a two-way storm restoration cost tracker whereby storm-related non-labor operations and maintenance ("O&M") expenses for major storms would be tracked against the base amount with expenditures below the base creating a regulatory liability and expenditures above the base creating a regulatory asset, in each case along with interest at the Company's AFUDC rate?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *If the storm cost tracker is not continued, what annualized level of major storm costs should the Commission approve in this case?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

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- C. *Should an amount of major storm cost over-recovery by Ameren Missouri be included in Ameren Missouri's revenue requirement and, if so, over what period should it be amortized?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

12. Vegetation Management and Infrastructure Inspection Trackers

- A. *What amount should be included in the revenue requirement for Vegetation Management and Infrastructure Inspection?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *Should the vegetation management and infrastructure inspection trackers be continued?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. *If the vegetation management and infrastructure inspection trackers are not continued, what annualized level of vegetation management and infrastructure-inspection costs should the Commission approve in this case?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

13. Union Proposals

- A. *Can the Commission mandate or require that the Company address its workforce needs in a particular manner and, if so, should it do so?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the

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- B. Should the Commission require the additional reporting requested by Mr. Walters?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

14. Rate Case Expense

- A. What is the appropriate amount to include in Ameren Missouri's revenue requirement for Rate Case Expense?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

15. Miscellaneous Revenue Requirement Issues

- A. What amount of corporate franchise tax should be included in the revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. Should the investment through December 31, 2014, in an extension of the Nuclear Regulatory Commission ("NRC") license for the Callaway Energy Center be included in rate base if the extension is issued by the NRC by the filing of reply briefs in this case?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. How should the DOE breach-of-contract settlement amounts be treated in the case?*

Response – Walmart does not take a position on this issue at this time, but

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reserves the right to do so as additional evidence is presented to the Commission.

16. Return on Common Equity ("ROE")

- A. *In consideration of all relevant factors, what is the appropriate value for Return on Equity ("ROE") that the Commission should use in setting Ameren Missouri's Rate of Return?*

Response – The Commission should closely examine the Company's proposed increase in ROE, especially when viewed in light of (a) the resulting revenue requirement increases, (b) ROEs authorized by the Commission in the last Ameren rate case and those authorized in recent Kansas City Power & Light ("KCP&L") and KCP&L Greater Missouri Operations ("GMO") rate cases, and (c) rate case ROEs approved by commissions nationwide. Unless the Commission determines that Ameren has sufficiently and substantially demonstrated that the economic environment faced by the Company has significantly changed in the time elapsed from the Commission's Report and Order in Case No. ER-2012-0166, the Commission should approve a ROE no higher than the currently allowed ROE of 9.8 percent.

17. Lobbying Expenditures

- A. *Should rent allocated to Ameren Missouri for Ameren Services' office in Washington D.C. be included in the revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

18. Incentive Compensation

- A. *Should the safety component of the EIP-O incentive compensation plan be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

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- B. *Should payments made under the BNA program be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. *Should payments made to non-union employees made under the BBI program be included in revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

19. Class Cost of Service, Revenue Allocation and Rate Design

- A. *What methodology should the Commission use to allocate generation fixed costs among customer classes?*

Response – Walmart advocates that rates be set based on the utility's costs of service. This produces equitable rates that reflect cost causation, sends proper price signals, and minimizes price distortions. The Commission determined in Case No. ER-2010-0036 that the Company's cost of service study was the "most reliable" of the studies submitted in that case. See Report and Order, May 28, 2010, Case No. ER-2010-0036, page 87.

- B. *How should the non-fuel, non-labor components of production, operation and maintenance expense be classified and allocated?*

Response – Walmart advocates that rates be set based on the utility's costs of service. This produces equitable rates that reflect cost causation, sends proper price signals, and minimizes price distortions. The Commission determined in Case No. ER-2010-0036 that the Company's cost of service study was the "most reliable" of the studies submitted in that case. See Report and Order, May 28, 2010, Case No. ER-2010-0036, page 87.

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- C. *How should any rate increase be collected from the several customer classes?*
- 1) LGS and SP have provided a rate of return above their cost of service levels in every rate case back to, and including the Company's 2007 rate case.
 - 2) The Company recognizes in its filing that rates are not currently set at cost of service levels. According to Ameren's cost of service study in this case the revenue neutral revenue change required For LGS and SP is a reduction of approximately \$59.8 million, or 7.44 percent.
 - 3) However, the Company chooses to ignore its own cost of service study and proposes an across the board equal percentage increase for all rate classes. This recommendation fails to make any movement towards cost of service rate levels for each customer class and would require LGS and SP customers to pay rates that are, in total, approximately \$68.7 million, or 8.5 percent above cost of service.
 - 4) Instead, the Commission should allocate any revenue increase in this docket using the following steps:
 - a) Apply a 25 percent revenue neutral movement towards cost of service, per the Commission's approved cost of service study results, to the revenue requirement for each rate class;
 - b) Allocate the approved overall revenue requirement increase on an equal percent basis to all customer classes; and
 - c) If the difference between the Company's proposed revenue requirement and the Commission's approved revenue requirement results in steps a) and b) assigning a rate class an increase above 9.65 percent, mitigate that increase so that no class receives a rate increase in excess of 9.65 percent.
 - 5) Ameren's proposed equal percentage intraclass allocation for LGS

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and SP does not reflect the underlying cost of service and shifts cost responsibility within the rate class in that it charges customers for demand-related costs on energy charges.

- a) Instead, the Commission should allocate any revenue requirement increase within LGS and SP as follows:
 - i) Maintain the second and third block energy rates at their current rates and increase the customer charges by the customer class percent revenue increase; and
 - ii) Apply half of the remaining increase to the first block energy charge and the other half of the remaining increase to the demand charge.

D. What should the Residential Class customer charge be?

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

E. Should the Commission approve Wal-Mart's proposed shift to increase the demand component of the hours-use rate design for Large General Service and Small Primary Service?

Response – Yes. Ameren's rate design proposal for LGS and SP does not reflect the underlying cost of service and shifts cost responsibility within the rate class in that it charges customers for demand-related costs on energy charges.

F. Should the Commission approve Wal-Mart's recommendation to require the Company to present analyses of alternatives to the hours-use rate design in its next rate case?

Response – Yes. The hours-use structure is not the simplest manner as it requires the analyst to have more than a basic understanding of the rate structure in order to understand the interplay of the energy rate and load factor. Additionally, it is not the most transparent structure, as, in addition to the underlying demand-related cost issue discussed above, it does not

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provide clear energy and price signals, as changes in billed demand and energy have impacts that are not easily calculated without a copy of the tariff and a spreadsheet. The Commission should order Ameren to develop alternative rate designs for LGS and SP that more closely reflect the Company's cost of service and do not use the hours-use rate design for the energy charge and present those alternatives in its next base rate case.

- G. *Is there a customer-related component of distribution plant accounts 364-368 and related operations and maintenance expenses?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- H. *What is the proper method for allocating the demand-related component of distribution plant accounts 364-368?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- I. *What methodology should the Commission use to allocate off-system sales revenues among customer classes?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

20. Depreciation

- A. *What amount of depreciation expense, including for the Meramec Energy Center retirement, should be included in Ameren Missouri's revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

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- B. *What amount of depreciation expense should be included in Ameren Missouri's revenue requirement for Accounts 364 and 369 (minor account 1)?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

21. Economic Development Rate Design Mechanisms

- A. *Should the Commission expand the application of Ameren Missouri's existing Economic Development Riders?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *Should the Commission modify Ameren Missouri's existing Economic Development Riders to require recipients to participate in the Company's energy efficiency programs?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. *Should the Commission open a docket to explore the role economic development riders have across regulated industries (i.e. water, electric, natural gas) and/or to further explore issues raised by parties in this case and issues the Commission inquired about at the beginning of the case?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

22. MEEIA Low Income Exemption

- A. *Should the Commission approve an exemption of MEEIA charges for low income customers? If so, should the cost of exemption be paid by only residential customers or all customers?*

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Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

23. Street Lighting

- A. *Can the Commission mandate or require that the Company sell its street lights to the Cities?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *Should the Commission approve a revenue-neutral adjustment between customer-owned and Company-owned lighting rates?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. *Should the Commission eliminate the termination fees from the Ameren Missouri-owned lighting rate?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

24. LED Street Lighting

- A. *Should the Commission order Ameren Missouri to continue to study the cost-effectiveness of replacement of all or parts of existing company-owned street lights with LED lights, and, no later than twelve (12) months following the Commission's Report and Order in this case, to file either proposed LED lighting tariffs or an update to the Commission on when it will file a proposed LED lighting tariff to replace existing company-owned street lights?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the

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Commission.

25. Other Tariff issues

- A. *Should the Commission order the Company to eliminate the 7(M) lighting class (Municipal Incandescent Street Lighting)?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

26. Supplemental Service

- A. *Should the Commission eliminate or modify the terms of Ameren Missouri's Supplemental Service tariff (aka. Rider E)?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

27. Ameren Services Allocations

- A. *What level of Ameren Services Company allocations should be included in the Company's revenue requirement?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *Should the Commission open a separate docket to further examine Ameren Services Company's costs after this rate case is over?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

28. Net Base Energy Costs

- A. *At what level should net base energy costs be set in this case?*

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Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

29. Labadie ESPs

- A. *Should the Company's investment in electrostatic precipitators installed at the Labadie Energy Center be included in the Company's rate base?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *Should Ameren Missouri's rate base be reduced by \$408,048 because of damage to collector plates used in the Labadie ESP project?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

30. Fuel Adjustment Clause ("FAC")

- A. *Did the Company fail to comply with the "complete explanation" provisions of 4 CSR 240-3.161(3)(H) and (I) and, if so, would this justify the elimination of the Company's fuel adjustment clause?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- B. *Did the company fail to provide information on the magnitude, volatility and the Company's ability to manage the costs and revenues that it proposes to include in its FAC and, if so, would this justify the elimination of the Company's fuel adjustment clause?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- C. *If the FAC continues should the sharing percentage be changed to*

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90%/10%?

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

D. What transmission charges should be included in the FAC?

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

E. If the FAC continues, what costs and revenues should be included in the Company's FAC:

1. *Should only fuel and purchased power costs, transportation of the fuel commodity, transmission associated with purchased power costs and off-system sales revenues be included?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

2. *If costs and revenues other than those listed in item 1 above are included in the GAC, should cost or revenue types in which the Company has incurred less than \$360,000 in the test year be included, and what charges and revenues from MISO should be included?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

3. *Should transmission revenues continue to be included in the FAC?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

31. Noranda Rate Proposal

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- A. *Is Noranda experiencing a liquidity crisis such that it is likely to cease operations at its New Madrid smelter if it cannot obtain relief of the sort sought here?*

Response - Walmart advocates that rates be set based on the utility's cost of service. This produces equitable rates that reflect cost causation, sends proper price signals, and minimizes price distortions. Under normal circumstances, Noranda's requested rate relief would be both out of the ordinary and inappropriate. However, the specific and extraordinary circumstances of this docket warrant the Commission's consideration of whether movement away from cost-based rates for Noranda is in the public interest. Walmart does not oppose the Commission granting some rate relief for Noranda, subject to the conditions regarding the structure of the requested relief outlined in Walmart's testimony.

1. *If so, would the closure of the New Madrid smelter represent a significant detriment to the economy of Southeast Missouri, to local tax revenues, and to state tax revenues?*

Response – There are 10 Walmart stores and one Sam's Club within 50 miles of Noranda's smelter in New Madrid, MO, that could be impacted by the outcome of this docket. Ameren only serves a portion of these facilities, while others receive electrical service from other utilities.

2. *If so, can the Commission lawfully grant the requested relief?*

Response – Walmart believes the Commission can lawfully grant Noranda relief consistent with the conditions regarding the structure of the requested relief outlined in Walmart's testimony.

3. *If so, should the Commission grant the requested relief?*

Response – Given the specific and extraordinary circumstances of this docket, Walmart does not oppose the Commission granting some rate relief for Noranda, subject to the conditions regarding the structure of the requested relief outlined in Walmart's testimony.

- B. *Would rates for Ameren Missouri's ratepayers other than Noranda be*

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lower if Noranda remains on Ameren Missouri's system at the reduced rate?

Response – Noranda has provided a range of estimates of the annual revenue requirement impact of the lost smelter load. All of the values in the range exceed Noranda's stated impact of their proposed relief. However, when the potential impacts of Ameren's base rate revenue requirement increase in the instant case are considered, it is unclear whether the lost load impact exceeds the cost of Noranda's proposed relief. However, Noranda's load constitutes approximately 11.3 percent of Ameren's load on an energy basis, so the smelter closing or otherwise leaving Ameren's system will constitute a significant reduction to Ameren's load. Additionally, usage by all other customers on Ameren's system declined by 0.68 percent a year on average from 2004 to 2013. As the result, there appears to be little to no new load to "pick up the slack" for cost recovery if the smelter is shut down.

- C. *Would it be more beneficial to Ameren Missouri's ratepayers other than Noranda for Noranda to remain on Ameren Missouri's system at the requested reduced rate than for Noranda to leave Ameren Missouri's system entirely?*

Response – Noranda has provided a range of estimates of the annual revenue requirement impact of the lost smelter load. All of the values in the range exceed Noranda's stated impact of their proposed relief. However, when the potential impacts of Ameren's base rate revenue requirement increase in the instant case are considered, it is unclear whether the lost load impact exceeds the cost of Noranda's proposed relief. However, Noranda's load constitutes approximately 11.3 percent of Ameren's load on an energy basis, so the smelter closing or otherwise leaving Ameren's system will constitute a significant reduction to Ameren's load. Additionally, usage by all other customers on Ameren's system declined by 0.68 percent a year on average from 2004 to 2013. As the result, there appears to be little to no new load to "pick up the slack" for cost recovery if the smelter is shut down.

- D. *Is it appropriate to redesign Ameren Missouri's tariffs and rates on the basis of Noranda's proposal, as described in its Direct Testimony and updated in its Surrebuttal Testimony?*

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Response – No. If the Commission approves rate relief for Noranda, the Commission should reject Noranda's proposed 10(M) schedule and instead implement the rate relief using an economic development rider. The rider should be applied to all rate classes, with either a \$/MWH relief rate or some form of surcredit, as approved by the Commission, for Noranda, and surcharge rates or base rate multipliers for the other classes.

The rider should be structured as follows:

- 1) Terms and conditions governing the application of the rider should be made explicit, including a description of when and how the rider is calculated, reconciled from period to period, updated with new rates, and the expiration date of the rider;
- 2) If the Commission chooses to set a \$/MWH rate for Noranda, a calculation should be made of the rate to be charged to Noranda in any given year, as well as a calculation of the base rate revenue requirement shortfall for that year to be allocated to the other rate classes;
- 3) If the Commission instead chooses to set a \$/year of revenue requirement relief for Noranda, that revenue requirement should be used as the revenue requirement for a surcredit to be applied to Noranda's bills and for the surcharge revenue requirement to be allocated to the other rate classes;
- 4) A calculation should be made of the allocation of the revenue requirement shortfall by rate class;
- 5) A determination should be made of the surcharge base rate multipliers, as approved by the Commission, for each customer class;
- 6) Any low-income provisions as determined by the Commission to be appropriate should be taken into account;
- 7) A provision should be included terminating the rider if Noranda's smelter closes, and delineating the process for Ameren to seek recovery of any uncollected amounts that have been credited to Noranda, but not collected from customers at that time; and
- 8) Any other necessary provisions.

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An example is AEP Ohio's Economic Development Cost Recovery Rider, which recovers AEP Ohio's costs for the subsidies paid to Ormet Primary Aluminum Corporation, Eramet Marietta, Inc., Globe Metallurgical, Inc., and the Timken Company, uses a base rate multiplier as a surcharge. The surcharge is set periodically by the Public Utilities Commission of Ohio, most recently in Case No. 14-1329-EL-RDR.

1. *If so, should Noranda be exempted from the FAC?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

2. *If so, should Noranda's rate increases be capped in any manner?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

3. *If so, can the Commission change the terms of Noranda's service obligation to Ameren Missouri and of Ameren Missouri's service obligation to Noranda?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

4. *If so, should the resulting revenue deficiency be made up by other rate payers in whole or in part?*

Response – If the Commission approves rate relief for Noranda, the Commission should reject Noranda's proposed 10(M) schedule and instead implement the rate relief using an economic development rider as described above. The rider should be applied to all rate classes, with either a \$/MWH relief rate or some form of surcredit, as approved by the Commission, for Noranda, and surcharge rates or base rate multipliers for the other classes.

5. *If so, how should the amount of the resulting revenue deficiency be*

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calculated?

Response – If the Commission approves rate relief for Noranda, the Commission should reject Noranda's proposed 10(M) schedule and instead implement the rate relief using an economic development rider as described above. The rider should be applied to all rate classes, with either a \$/MWH relief rate or some form of surcredit, as approved by the Commission, for Noranda, and surcharge rates or base rate multipliers for the other classes.

6. *If so, can the resulting revenue deficiency lawfully be allocated between ratepayers and Ameren Missouri's shareholders?*

Response – If the Commission approves rate relief for Noranda, the Commission should reject Noranda's proposed 10(M) schedule and instead implement the rate relief using an economic development rider as described above. The rider should be applied to all rate classes, with either a \$/MWH relief rate or some form of surcredit, as approved by the Commission, for Noranda, and surcharge rates or base rate multipliers for the other classes.

- i. *How should the revenue deficiency allocated to other ratepayers be allocated on an interclass basis?*

Response – If the Commission approves rate relief for Noranda, the Commission should reject Noranda's proposed 10(M) schedule and instead implement the rate relief using an economic development rider as described above. The rider should be applied to all rate classes, with either a \$/MWH relief rate or some form of surcredit, as approved by the Commission, for Noranda, and surcharge rates or base rate multipliers for the other classes.

- ii. *How should the revenue deficiency allocated to other ratepayers be allocated on an intra-class basis?*

Response – If the Commission approves rate relief for Noranda, the Commission should reject Noranda's proposed 10(M) schedule and instead implement the rate relief using

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an economic development rider as described above. The rider should be applied to all rate classes, with either a \$/MWH relief rate or some form of surcredit, as approved by the Commission, for Noranda, and surcharge rates or base rate multipliers for the other classes.

7. *If so, what, if any, conditions or commitments should the Commission require of Noranda?*

Response – If the Commission approves rate relief for Noranda, the Commission should reject Noranda's proposed 10(M) schedule and instead implement the rate relief using an economic development rider as described above. The rider should be applied to all rate classes, with either a \$/MWH relief rate or some form of surcredit, as approved by the Commission, for Noranda, and surcharge rates or base rate multipliers for the other classes.

- E. *What is Ameren Missouri's variable cost of service to Noranda?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

1. *Should this quantification of variable cost be offset by an allowance for Off-System Sales Margin Revenue?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

2. *What revenue benefit or detriment does the Ameren Missouri system receive from provision of service to Noranda at a rate of \$32.50/MWh?*

Response – Walmart does not take a position on this issue at this time, but reserves the right to do so as additional evidence is presented to the Commission.

- F. *Should Noranda be served at rate materially different than Ameren*

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Missouri's fully distributed cost to serve them? If so, at what rate?

Response – Given the specific and extraordinary circumstances of this docket, Walmart does not oppose the Commission granting some rate relief for Noranda, subject to the conditions regarding the structure of the requested relief outlined in Walmart's testimony.

G. *Is it appropriate to remove Noranda as a retail customer as proposed by Ameren Missouri in its Rebuttal Testimony?*

Response – The Commission should reject Ameren's proposed wholesale solution with Noranda, as will be detailed by Walmart's counsel in briefs.

1. *Can the Commission cancel the Certificate of Convenience and Necessity that was granted for Ameren Missouri to provide service to Noranda and, if so, would the cancellation of the CCN be in the public interests?*

Response – The Commission should reject Ameren's proposed wholesale solution with Noranda, as will be detailed by Walmart's counsel in briefs.

2. *Can the Commission grant Ameren Missouri's proposal since notification regarding the impact of this proposal on its other customers' bills was not provided to Ameren Missouri's customers?*

Response – The Commission should reject Ameren's proposed wholesale solution with Noranda, as will be detailed by Walmart's counsel in briefs.

3. *If the Commission grants Ameren Missouri's proposal, should the costs and revenues flow through the FAC?*

Response – No. If the Commission approves rate relief for Noranda, the rate relief should be implemented using an economic development rider as described above. The rider should be applied to all rate classes, with either a \$/MWH relief rate or some form of surcredit, as approved by the Commission, for Noranda, and surcharge rates or base rate multipliers for the other classes.

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4. *Can Ameren Missouri and Noranda end their current contract without approval of all of the parties to the Unanimous Stipulation and Agreement in the case in which Ameren Missouri was granted the CCN to serve Noranda?*

Response – The Commission should reject Ameren's proposed wholesale solution with Noranda, as will be detailed by Walmart's counsel in briefs.

Dated this 20th day of February, 2015.

Respectfully submitted,

By /s/ Rick D. Chamberlain

Rick D. Chamberlain
Oklahoma Bar Association No. 11255
State Bar of Texas No. 24081827
BEHRENS, WHEELER & CHAMBERLAIN
6 N.E. 63rd Street, Suite 400
Oklahoma City, OK 73105
Tel.: (405) 848-1014
Fax: (405) 848-3155
E-mail: rchamberlain@okenergylaw.com

and

Marcos A. Barbosa, MO Bar No. 56882
BAKER STERCHI COWDEN & RICE, LLC
2400 Pershing Road, Suite 500
Kansas City, MO 64108
Tel.: (816) 471-2121
E-mail: Barbosa@bscr-law.com

ATTORNEYS FOR WAL-MART STORES
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CERTIFICATE OF SERVICE

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The undersigned certifies that on February 20, 2015, a true and correct copy of the foregoing was served by U.S. mail, postage prepaid, or by electronic mail addressed to all parties by their attorneys of record.

/s/ Rick D. Chamberlain