

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

The Staff of the Missouri)
Public Service Commission,)
Complainant,)
vs.) Case No: EC-2011-0420
Union Electric Company, d/b/a)
Ameren Missouri)
Respondent.)

STIPULATION AND AGREEMENT

COME NOW the Staff of the Missouri Public Service Commission (Staff) and Union Electric Company, d/b/a Ameren Missouri (Ameren Missouri or Company) (collectively, the Signatories) and respectfully state to the Missouri Public Service Commission (Commission) as follows:

1. Ameren Missouri owns and operates a hydroelectric generating station, the Taum Sauk pumped storage facility, located approximately 120 miles southwest of St. Louis in Reynolds County, Missouri. The Taum Sauk facility is generally used as a peaking facility. Water is pumped from the lower reservoir to the upper reservoir during off-peak periods when demand for electricity (and the cost of electricity) is low, and then water is released to flow through turbines to the lower reservoir in order to produce electricity when demand for electricity is high. The Taum Sauk facility is comprised of two 220 megawatt (MW) units.

2. On June 6, 2011 at approximately 10:45 p.m. Taum Sauk Unit 1 “tripped” while pumping, meaning that the unit shut off automatically while operating. Because the unit was emitting smoke, plant personnel called the local fire department as a precaution, but ultimately

no fire was ever witnessed or extinguished. Once the unit cooled down, an Ameren Missouri engineer removed the stator cover plates where burn marks were observed, and performed a visual inspection of the unit. Following inspections and limited dis-assembly by Ameren Missouri, and consultation and review with generator repair experts, approximately two weeks later a decision was made to fully rewind the unit, and work on the rewind is currently under way. Ameren Missouri expects the repairs to Unit 1 to be complete in spring, 2012 at a total cost of approximately \$11 million. Taum Sauk Unit 2 was unaffected by this incident, and has continued to operate since the outage occurred.

3. Ameren Missouri did not report this incident to the manager of the Energy Department of the Commission or his/her designee by the end of the first business day following discovery pursuant to 4 CSR 240-3.190(3) because it did not believe it was required to do so. Specifically, that regulation requires electric utilities to report details of any “accident or event” at a power plant involving serious physical injury or death or property damage in excess of two hundred thousand dollars (\$200,000). Although the cost of repairs to Unit 1 will far exceed \$200,000¹, Ameren Missouri believes that this incident is properly classified as a “forced outage” of Taum Sauk Unit 1 rather than an “accident or event,” which Ameren Missouri believes implies something more than the mere failure of a generating unit. Pursuant to subsections (B) and (C) of the referenced Commission rule, 24-hour reports are required for forced outages of nuclear and fossil units, but not hydroelectric units; therefore, under its belief that the incident at Taum Sauk Unit 1 was a “forced outage” Ameren Missouri relied on these subsections of the reference Commission rule in determining the necessity for reporting.

4. As reflected in its Complaint, the Staff disagrees with the Company’s interpretation of 4 CSR 240-3.190(3), and believes that a 24-hour notification should have been

¹ The incident did not involve any injury or death.

provided. The Staff believes that the phrase “accident or event” is broad enough to encompass this type of incident, and that the intent of the rules was to require a 24-hour report in the case of an incident like the one that occurred at Taum Sauk. Although Staff believes that the Company’s contrary opinion is sincere, it also believes that the violation of the rule is clear and undeniable. Nonetheless, under the circumstances presented in this case, the Staff’s complaint does not seek authorization to pursue statutory penalties against the Company and the Staff agrees that such penalties would be inappropriate given the circumstances that gave rise to the complaint.

5. Both the Staff and Company agree that 4 CSR 240-3.190(3) is subject to interpretation, and that the Signatories as well as other electric utilities in the state would benefit from a Commission determination of the proper interpretation of the rule, including a determination of whether, and to what extent, said rule requires a 24-hour notification in the case of an incident similar to that at Taum Sauk Unit 1.. If the Commission were to determine that the Staff’s interpretation of the rule is correct, then the Company and other electric utilities can act accordingly and therefore avoid the circumstances that led to the complaint. If the Commission were to determine that the Company’s interpretation is correct, then the Commission may want to initiate a rulemaking to amend the rule.

6. Although the Company did not provide 24-hour notification of the Taum Sauk incident, it did provide Staff with substantial information about the incident after discussions with Staff. Specifically, on June 15, 2011 Staff member Guy Gilbert was attending an unrelated meeting at the Taum Sauk Plant, and was provided a tour of the damaged Unit 1 facilities. In addition, on June 21 Ameren Missouri Vice President of Non-Nuclear Generation Mark Birk provided a written summary of what had happened, and on July 5 he provided written answers to

questions submitted by the Staff. Finally, the Company provided a written update 90 days after the incident.

7. The Company and the Staff have also worked together to reach a common understanding about what incidents will be reported in the future. Based on that agreement, the Company has agreed to provide reports of any future incidents at hydroelectric plants, and has also been providing Staff with “courtesy reports” of incidents that both parties agree are not covered by the rules. (See Attachment A). This process has worked to the satisfaction of both the Company and the Staff.

8. The Staff and the Company are both interested in having clear rules that provide for the reporting of all incidents/accidents or events/outages that the Commission or its Staff would like to have reported. If the Commission determines that reporting of the Taum Sauk Unit 1 incident is not required by the current rules, both the Staff and the Company would support amendment of the current rules in a separate rulemaking proceeding to require the reporting of hydroelectric outages.

WHEREFORE, based on the foregoing stipulations, the Signatories respectfully request that the Commission issue its Order determining the proper interpretation of 4 CSR 240-3.190(3), and more specifically, determine whether and under what circumstances said rule requires that a 24-hour notification be given for incidents similar to the June 6, 2011, incident at Taum Sauk Unit 1.

Respectfully submitted,

<u>/s/ Kevin A. Thompson</u>	<u>/s/ Thomas M. Byrne</u>
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Answer was served on the following parties via electronic mail (e-mail) or via certified and regular mail on this 29th day of December, 2011.

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