

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

In the Matter of Recommendation In)	
Union Electric Co. d/b/a AmerenUE's)	Case No. GR-2006-0087
2004-2005 Actual Cost Adjustment)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and files its memorandum with recommendations in this case. Staff states:

1. On October 14, 2005, Union Electric Company, d/b/a AmerenUE (Company) filed four tariff sheets to become effective November 1, 2005.

2. The Procurement Analysis Department (Staff) has reviewed the Company's 2004-2005 Actual Cost Adjustment (ACA) filing and the results of Staff's analysis are contained in Appendix A to this pleading.

3. Staff audited and evaluated the Company's gas purchasing practices to determine the prudence of the Company's purchasing and operating decisions. Staff conducted a reliability analysis of estimated peak day requirements and the capacity levels needed to meet those requirements; peak day reserve margin and the reasons for this reserve margin; and a review of normal and cold weather requirements. Staff also reviewed the Company's hedging for the period to determine the reasonableness of the Company's hedging plans and risk management strategy.

4. Staff recommends that the Company be required to respond to Staff's recommendations within thirty (30) days, and make several adjustments to the ACA balance as detailed in Staff's memorandum.

WHEREFORE, the Staff recommends that the Commission accept Staff's recommendations and issue an Order consistent with Staff's Recommendations.

Respectfully submitted,

/s/ Robert V. Franson
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all counsel of record this 29th day of December, 2006.

/s/ Robert V. Franson