

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

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| In re: Union Electric Company's |) | |
| 2005 Utility Resource Filing pursuant to |) | Case No. EO-2006-0240 |
| 4 CSR 240 – Chapter 22 |) | |

**STIPULATION AND AGREEMENT
BETWEEN AMERENUE AND STAFF**

COME NOW Union Electric Company, d/b/a AmerenUE (AmerenUE) and the Staff of the Missouri Public Service Commission (Staff) and for their agreement to resolve all Staff alleged deficiencies in AmerenUE's December 2005 Chapter 22 Integrated Resource Plan (IRP) filing, state as follows:

**4 CSR 240-22.010
Policy Objectives**

1. AmerenUE commits to finance all aspects of the demand-side analysis described in paragraph 14 of this document and outlined in Attachment A and the programs that result from the analysis. AmerenUE agrees to demonstrate its ongoing commitment to demand-side analysis in its 2008 filing by providing, at a minimum: (a) a demand-side annual budget, (b) a list of employees involved in demand-side analysis, and (c) AmerenUE's procedures implemented to introduce future demand-side programs. 4 CSR 240-22.010(A). This is in response to Staff's Deficiency 27.

**4 CSR 240-22.020
Definitions**

2. AmerenUE will place the load analysis and forecasting results for the entire 20 year planning horizon into the body of the formal IRP report rather than in the

supporting workpapers. 4 CSR 240-22.020(43). This is in response to Staff's Deficiency 3.

4 CSR 240-22.030
Load Analysis and Forecasting

3. AmerenUE agrees to use a single methodology for the peak load forecast and for the integration analysis. 4 CSR 240-22.030(5). This is in response to Staff's Deficiency 1.

4. AmerenUE will attempt to separate the weather components from the statistically adjusted variables used within its modeling process to allow a focus on the impact of weather on energy usage in a manner that can be separated from the appliances used by the customers. AmerenUE will incorporate the use of weather normalized data in preparing its forecast, in addition to performing the forecast using actual usage data. Results of both analysis methods will be reviewed with Staff, and other interested parties, and a decision will be made to choose the analytical method that produces the most accurate forecast. If the work, as specified within the rule, does not prove to be useful, AmerenUE will file for the appropriate waiver to this rule. 4 CSR 240-22.030(1)(B) and (C). This is in response to Staff's Deficiency 4.

5. For purposes of demand side management analysis, AmerenUE will develop load profiles by each major class and these loads will be adjusted to match net system loads. In addition, AmerenUE will develop weather normalized representations of these loads which will be aggregated to a weather normalized system load shape. 4 CSR 240-22.030(4). This is in response to Staff's Deficiency 5.

4 CSR 240-22.040
Supply-Side Resource Analysis

6. AmerenUE agrees to evaluate wind generation even if it does not need the capacity in its 2008 filing. In addition, AmerenUE will not limit its analysis to 100 MW of wind power. The parties agree this action will demonstrate that AmerenUE did a review of the “energy value” of wind. 4 CSR 240-22.040(2). This is in response to Staff’s Deficiency 11.

7. AmerenUE will include in its resource planning work its environmental compliance strategy as it becomes finalized. In addition, the semi-annual resource planning meetings will include a unit-by-unit update of AmerenUE’s environmental compliance plans, including annual cash expenditures and projected environmental compliance completion dates. 4 CSR 240-22.040(2) and 240-22.080(10). This is in response to Staff’s Deficiencies 12 and 25.

8. Through the use of an appropriate Request for Proposals (RFPs), AmerenUE agrees to investigate possible new supply-side resources outside the Midwest Independent Transmission System Operator (MISO) footprint if those resources could reduce costs. Only those RFP responses from outside the MISO footprint that are competitive with RFP responses inside the MISO footprint will be considered for an impact study in order to determine the total cost for use in the final analysis of capacity options. AmerenUE will identify the process used to insure its distribution system is capable of delivering energy to its load. 4 CSR 240-22.040(3), (6) and (7). This is in response to Staff’s Deficiency 7.

9. AmerenUE agrees to include several alternative plans with and without Callaway in AmerenUE’s 2008 filing consistent with 4 CSR 240-22.060(1). AmerenUE

also agrees that merely substituting an identical unit in age and cost as that of the current Callaway plant does not meet the intent of scenarios developed to address the “without Callaway” resource plans. This is in response to Staff’s Deficiency 9.

10. AmerenUE agrees to include existing plant upgrade projects showing favorable screening results into a resource plan. 4 CSR 240-22.040(4) and (8). This is in response to Staff’s Deficiency 10.

11. AmerenUE will continue actively investigating opportunities for sales of capacity and will incorporate into its 2008 IRP filing a capacity sales analysis for those sales which could impact the timing of large capacity additions. 4 CSR 240-22.040(5). This is in response to Staff’s Deficiency 13.

12. In addition to its current practices to obtain purchased power, AmerenUE agrees to develop and issue RFPs for short-term and long-term Power Purchase Agreements as a part of its Integrated Resource Planning process, with appropriate disclosures which will be discussed with Staff and the other parties prior to the issuance of the RFPs, with the intent that the appropriate disclosures not render the issuance of the RFPs a useless exercise. Furthermore, AmerenUE will share the RFPs with Staff and the other parties at least 30 days prior to the RFPs being issued for the purpose of AmerenUE receiving and considering comments from Staff and the other parties. 4 CSR 240-22.040(5). This is in response to Staff’s Deficiency 8.

4 CSR 240-22.050
Demand-Side Resource Analysis

13. AmerenUE will work to identify and define potential waiver requests for its 2008 IRP filing. Waiver requests will include an explanation of the intent of the rule

and how that intent is addressed with the waiver. Waiver requests will be filed at least one year prior to AmerenUE's 2008 IRP filing. 4 CSR 240-22.050(1), (2)(A)1, (2)(C)A. and (2)(C)2.B. This is in response to Staff's Deficiencies 16 and 17.

14. AmerenUE will perform a cost/benefit analysis of potential DSM programs, including engaging a consultant to assist in this evaluation, to work on program design and for the creation of an implementation plan. The process and timetable for this work is outlined in Attachment A. The goal is to complete this work by July 1, 2007. AmerenUE will send Staff and the other parties a draft of the RFP as well as its anticipated bidders' list for comment prior to issuing the RFP. AmerenUE will also share its evaluation of bids to the RFP. AmerenUE will provide status updates of the DSM planning work at the semi-annual resource planning meetings and on an ad hoc basis when deemed necessary. 4 CSR 240-22.050(1), (3), and (6). This is in response to Staff's Deficiencies 14 and 20.

15. AmerenUE will conduct market research studies, customer surveys, pilot demand-side programs, test marketing programs and other activities as necessary to develop the information necessary to design and implement cost-effective demand-side programs. 4 CSR 240-22.050(5). This is in response to Staff's Deficiency 15.

16. If the approach to demand-side analysis described in paragraph 14 of this document does not result in more than four energy efficiency and five demand-response programs in AmerenUE's December 2008 filing, AmerenUE will research and document why so few demand-side programs are cost effective. 4 CSR 240-22.050(7)(B). This is in response to Staff's Deficiency 18.

17. AmerenUE will evaluate the potential load building impacts of proposed DSM programs. 4 CSR 240-22.050(10) and 4 CSR 240-22.060(5). This is in response to Staff's Deficiencies 19 and 22.

**4 CSR 240-22.060
Integrated Resource Analysis**

18. AmerenUE agrees to analyze alternative resource plans given its recent purchase of 1350 MWs of combustion turbine generators. 4 CSR 240-22.060(3). This is in response to Staff's Deficiency 21.

**4 CSR 240-22.070
Risk Analysis and Strategy Selection**

19. AmerenUE will include in its December 2008 filing, a discussion of the rationale used by its decision-makers to judge the appropriate tradeoffs between competing planning guidelines, expected performance and risk. This discussion will include identification of the decision-makers by name and title. 4 CSR 240-22.070(1). This is in response to Staff's Deficiency 23.

20. AmerenUE and Staff agree to meet prior to August 1, 2007 for discussions regarding the Expected Value of Better Information calculations provided in AmerenUE's December 2005 filing and potential modifications of AmerenUE's methodology for use in AmerenUE's December 2008 filing. 4 CSR 240-22.070(8). This is in response to Staff's Deficiency 24.

21. AmerenUE agrees contingency planning is an on-going process. AmerenUE agrees to continue to develop and update its contingency plan in its resource planning filing in December 2008. Contained within AmerenUE's contingency analysis will be either a contingency plan or an explanation why a contingency plan is not needed

for at least each of the risk factors identified in 4 CSR 240-22.070(2). 4 CSR 240-22.070(10). This is in response to Staff's Deficiency 26.

4 CSR 240-22.080
Filing Schedule and Requirements

22. AmerenUE will provide workpapers as created and used to develop its Resource Plan. AmerenUE agrees to minimize the use of hard numbers (no formula linked to the number) and, in situations where hard numbers need to be used, AmerenUE will document the source of the number and/or explain how the number was derived. 4 CSR 240-22.080(7). This is in response to Staff's Deficiency 2.

23. AmerenUE agrees to have all workpapers, including the workpapers of its consultants, available at the time of filing. 4 CRS 240-22.080(7). This is in response to Staff's Deficiency 6.

Terms Not Linked to a Specific Section of 4 CSR 240-22

24. AmerenUE and Staff recognize that the Chapter 22 IRP rules need to be reviewed for possible modification through a rulemaking. If Chapter 22 IRP requirements are changed, i.e., added, rescinded or modified, then portions of this Stipulation and Agreement may be affected in the same or a similar manner. In order to ensure that AmerenUE and Staff have the same understanding about any effect on this Stipulation and Agreement resulting from the Commission issuing a Final Order of Rulemaking or otherwise effectuating changes to the Chapter 22 IRP rules, a meeting between AmerenUE and Staff will be held in order for AmerenUE and Staff to work through the Stipulation and Agreement in an attempt to reach a consensus on which sections of this Stipulation and Agreement are affected and in what manner. The other Parties to this proceeding may attend the meeting.

25. This Stipulation and Agreement does not restrict either AmerenUE or Staff from taking the position of its choice in any Commission case to review the Chapter 22 IRP rules, or in AmerenUE's pending electric rate increase case, Case No. ER-2007-0002.

26. AmerenUE and Staff agree to hold semi-annual resource planning meetings until AmerenUE's December 2008 IRP filing is made. The meetings will be open to all the parties in this case, regardless of the fact that they are not signatories to this Stipulation and Agreement. At these meetings, AmerenUE will provide an update on the incorporation of the terms of this Stipulation and Agreement into its December 2008 filing. The meetings will also be used to facilitate discussion and gather input from participants on specific aspects of the IRP process. The first meeting will be held within a month of the Commission's approval of this Stipulation and Agreement. Other meetings may be scheduled to discuss specific issues.

27. All actions agreed upon by AmerenUE are to be completed for the December 2008 filing, unless otherwise stated.

28. The reference to identified deficiencies in the paragraphs above and AmerenUE's agreement to take any particular action or to provide any particular analysis in its December 2008 filing does not constitute an admission on the part of AmerenUE that its December 2005 filing contained deficiencies

29. The Staff may file suggestions, a memorandum or other pleading in support of this Stipulation and Agreement and AmerenUE and the other parties shall have the right to file responsive suggestions, memorandum or other pleading in response. The

contents of any suggestions, memorandum or other pleading provided by Staff, AmerenUE or any other party are its own.

30. Neither the Staff nor AmerenUE shall be deemed to have approved or acquiesced in any question of Commission authority, accounting authority order principle, cost of capital methodology, capital structure, decommissioning methodology, ratemaking principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence that may underlie this Stipulation and Agreement, or for which provision is made in this Stipulation and Agreement.

31. This Stipulation and Agreement represents a negotiated settlement. Except as specified herein, the Staff and AmerenUE to this Stipulation and Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation and Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation and Agreement in the instant proceeding, or in any way condition its approval of same.

32. The provisions of this Stipulation and Agreement have resulted from extensive negotiations between the Staff and AmerenUE and are interdependent. In the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement in total, it shall be void and neither the Staff nor AmerenUE shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof, unless otherwise agreed to by AmerenUE and Staff.

33. When approved and adopted by the Commission, this Stipulation and Agreement shall constitute a binding agreement between the Staff and AmerenUE. The Staff and AmerenUE shall cooperate in defending the validity and enforceability of this Stipulation and Agreement and the operation of this Stipulation and Agreement according to its terms.

34. This Stipulation and Agreement does not constitute a contract with the Commission. Acceptance of this Stipulation and Agreement by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Stipulation and Agreement is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

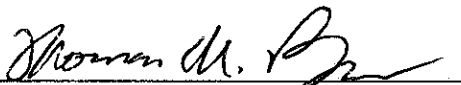
35. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void thereon, neither this Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any party has to a hearing on the issues presented by the Stipulation and Agreement, for cross-examination, or for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the parties shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony or exhibits that have been offered or received in support of this Stipulation and Agreement shall thereupon become privileged as reflecting the substantive content of

settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever, unless otherwise agreed to by AmerenUE and Staff.

36. In the event the Commission accepts the specific terms of the Stipulation and Agreement, the Staff and AmerenUE waive their respective rights to cross-examine witnesses; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510 RSMo 2000. This waiver applies only to a Commission Order Approving Stipulation and Agreement or other Report and Order approving this Stipulation and Agreement issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation and Agreement.


WHEREFORE, for the foregoing reasons, AmerenUE and Staff respectfully request that the Commission issue an Order approving the terms and conditions of this Stipulation and Agreement.

Respectfully submitted,



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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 15th day of August 2006.

