

FILED

JAN 25 2011

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

Missouri Public  
Service Commission

In the Matter of the First Prudence Review of )  
Costs Subject to the Commission-Approved Fuel )  
Adjustment Clause of Union Electric Company )  
d/b/a AmerenUE. )

File No. EO-2010-0255

**CORRECTION TO STAFF'S  
PRUDENCE REPORT AND RECOMMENDATION**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Correction to its Report on Staff's Prudence Review of Costs Related to the Fuel Adjustment Clause for the Electric Operations of Union Electric Company d/b/a AmerenUE ("AmerenUE") for the period March 1 through September 30, 2009, and recommendation,<sup>1</sup> states to the Missouri Public Service Commission ("Commission"):

1. In its memorandum correcting its Report on Staff's Prudence Review of Costs Related to the Fuel Adjustment Clause for the Electric Operations of Union Electric Company d/b/a AmerenUE ("AmerenUE") for the period March 1 through September 30, 2009 (attached as Appendix A), Staff revises its calculation of the amount that Staff asserts AmerenUE over-collected during recovery periods 1 and 2 for the March 1 to September 30, 2009 period from \$24,073,236 to \$17,169,838 and advises the Commission it informed the parties to this case of the Staff's correction on October 7, 2010.

**WHEREFORE**, the Staff of the Missouri Public Service Commission hereby corrects its report on its prudence review of the costs and revenues associated with AmerenUE's Commission-approved fuel adjustment clause for the period March 1 through September 30, 2009, and recommends the Commission find AmerenUE imprudent for not including all costs

<sup>1</sup> Adjustments to the Fuel and Purchased Power Adjustment factor based on the March 1, 2009 to May 31, 2009 and June 1, 2009 to September 31, 2009 accumulation periods were the subjects of Case Nos. ER-2010-0044 and ER-2010-0165, respectively.

Staff Exhibit No. 9  
Date 1-10-11 Reporter Jenni  
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and revenues associated with certain sales of energy to American Electric Power Operating Companies and to Wabash Valley Power Association, Inc. during that period in determining the associated FAC charges and order AmerenUE to refund to its customers the sum of \$17.2 million plus interest accrued after May 2010 by an adjustment to its FAC charge.

Respectfully submitted,

/s/ Nathan Williams  
Nathan Williams  
Deputy Staff Counsel  
Missouri Bar No. 35512

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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 12<sup>th</sup> day of October 2010.

/s/ Nathan Williams

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
File No. EO-2010-0255, Union Electric Company, d/b/a AmerenUE

FROM: Dana Eaves, Utility Regulatory Auditor III

John Rogers 10/12/10  
Energy Department / Date

Jaime Ott 10/12/10  
Staff Counsel's Office / Date

SUBJECT: Correction to Staff's Report of Staff's Prudence Review of Costs Related to the Fuel Adjustment Clause (FAC) for the Electric Operations of AmerenUE [(k/n/a "Ameren Missouri")] from March 31, 2009, to September 30, 2009 to revise the recommended amount to refund to ratepayers from \$24,073,236 to \$17,169,838.

DATE: October 12, 2010

On August 31, 2010, Staff of the Missouri Public Service Commission (Staff) filed in File No. EO-2010-0255 its Prudence Review of Costs Related to the Fuel Adjustment Clause (FAC) for the Electric Operations of AmerenUE [(k/n/a "Ameren Missouri")] from March 31, 2009, to September 30, 2009 (Prudence Review). Contained in the Prudence Review is the following Staff conclusion and recommendation concerning AmerenUE's exclusion of certain costs and revenues from the FAC related to AmerenUE's sale of energy to American Electric Power Operating Companies (AEP) and Wabash Valley Power Association, Inc. (WVPA):

AmerenUE was imprudent in not including the costs and revenues associated with AEP and WVPA contracts in the FPA calculation for accumulation periods 1 and 2. When those costs and revenues are included in the period March 1 to September 30, 2009, the period of this prudence review, the result is that AmerenUE overcharged its customers during recovery periods 1 and 2 for the March 1 to September 30, 2009 period. Therefore, Staff proposes that the amount of \$24,073,236 for the period March 1 to September 30, 2009, be refunded to ratepayers as a prudence review adjustment concurrently with AmerenUE's next FAC true-up adjustment.

Staff determined the proposed refund amount by modifying AmerenUE's FPA model filed in support of this case for both accumulation periods. Staff began by removing the kW's and MWh's associated with the AEP and WVPA contracts from the list of wholesale contracts in the calculations that determine the fixed and variable retail allocation factors. This change accounts for the fuel costs to generate power for the AEP and WVPA contracts. Secondly, Staff included the revenue amounts in the model as reported in AmerenUE's response to Staff's Data Request 49. Staff then compared the modified FPA model result with AmerenUE's filed FPA to calculate the proposed refund amounts, including interest, for accumulation periods 1 and 2.

On September 29, 2010, the Commission adopted the following parties' proposed procedural schedule:

- Direct Testimony by AmerenUE - October 20, 2010
- Direct or Rebuttal Testimony By All Other Parties - November 24, 2010

- Surrebuttal and Cross-Surrebuttal Testimony by All Parties - December 22, 2010
- List of Issues, List and Order of Witnesses, Order of Cross-Examination, and Order of Opening Statements - January 4, 2011
- Statements of Position - January 7, 2011
- Hearing - January 10 and 11, 2011 beginning at 8:30 a.m.

On September 27, 2010, AmerenUE contacted Staff to discuss Staff's calculation of the \$24,073,236 amount of the refund to ratepayers. After those discussions, on October 7, 2010, Staff and AmerenUE agreed the correct calculation of the refund amount is \$17,169,838 for the prudence review period of March 1 to September 30, 2009, not \$24,073,236. That same day, October 7, 2010, Staff communicated to all the other parties to this case that Staff had corrected the refund amount to \$17,169,838, that AmerenUE agreed that if a refund is due to ratepayers for the alleged imprudence during the period March 1 to September 30, 2009, the amount of the refund is \$17,169,838, and Staff provided the summary workpapers from the AmerenUE FPA model Staff used to calculate the corrected refund amount (A copy of those workpapers is attached as Schedule 1).

Staff recommends the amount of \$17,169,838 for the period March 1 to September 30, 2009, be refunded to ratepayers as a prudence review adjustment concurrently with AmerenUE's next FAC true-up adjustment.