

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 19th day of
October, 2011.

In The Matter of a Determination of Special)
Contemporary Resource Planning Issues to be)
Addressed by Ameren Missouri in its Next)
Triennial Compliance Filing or Next Annual)
Update Report)

File No. EO-2012-0039

**ORDER ESTABLISHING SPECIAL CONTEMPORARY RESOURCE
PLANNING ISSUES**

Issue Date: October 19, 2011

Effective Date: October 29, 2011

A provision in the Commission's revised electric utility resource planning rule, 4 CSR 240-22.080(4), requires Missouri's electric utilities to consider and analyze special contemporary issues in their triennial compliance filings and in their annual update reports. The regulation requires the Commission to issue an order by November 1 of each year specifying the list of special contemporary issues that each electric utility is to address. The regulation also provides that by September 15, Staff, Public Counsel, and other interested parties may file suggested issues for consideration. The regulation then allows the utilities and other parties until October 1 to file comments regarding the suggested issues.

Staff, Public Counsel, the Missouri Department of Natural Resources (MDNR), the Missouri Industrial Energy Consumers (MIEC), and a group of environmental organizations led by the Natural Resources Defense Council (NRDC)¹ filed suggested special contemporary issues for Ameren Missouri analysis and response in its next IRP filing. Staff, MDNR, NRDC, and Ameren Missouri filed responses to those suggestions. The

¹ The other organizations joining with the NRDC are Sierra Club, Renew Missouri, Mid-Missouri Peaceworks, and Great Rivers Environmental Law Center.

Commission must now determine what special contemporary issues Ameren Missouri should address.

This is not a contested case. The Commission does not need to hear evidence before reaching a decision and does not need to make findings of fact and conclusions of law in announcing that decision.² The Commission's rule gives the Commission broad discretion in determining what issues a utility should be required to address, indicating:

[t]he purpose of the contemporary issues lists is to ensure that evolving regulatory, economic, financial, environmental, energy, technical, or customer issues are adequately addressed by each utility in its electric resource planning. Each special contemporary issues list will identify new and evolving issues but may also include other issues such as unresolved deficiencies or concerns from the preceding triennial compliance filing.³

It is also important to note that the Commission's IRP rules require Ameren Missouri to file a full IRP study once every three years. Ameren Missouri last filed an IRP study in February 2011 and that study is still under consideration by the Commission in Case No. EO-2011-0271, with a hearing scheduled for December 2011. Ameren Missouri does not need to file its next full IRP study until April 1, 2014.⁴ That means Ameren Missouri will need to address the special contemporary issues identified in this order in its 2012 annual update report, not in a full IRP study.

That distinction is important because in its annual update report, the electric utility is only expected to address "changing conditions since the last filed triennial compliance filing or annual update filing."⁵ For that reason, the requirement to examine special contemporary issues should not be allowed to expand the limited annual update report into something more closely resembling a triennial compliance report.

² *State ex rel. Public Counsel v. Public Service Com'n*, 259 S.W.3d 23, (Mo App. W.D. 2008)

³ 4 CSR 240-22.080(4).

⁴ 4 CSR 240-22.080(1)(C).

⁵ 4 CSR 240-22.080(3)(B).

In preparing a list of special contemporary issues, the Commission is also mindful of the limited amount of time available to Ameren Missouri to address the identified issues. The company must file its annual update report no less than 20 days before its annual update workshop, which must be held on or about April 1 of each year.⁶ That means Ameren Missouri will have only a few months in which to prepare and report its analysis of the identified issues. Therefore, the Commission must choose the identified issues wisely to allow Ameren Missouri an opportunity to thoroughly address the chosen issues. Requiring the company to address every issue proposed by the various parties within the available time would only result in a superficial analysis that would be less helpful than a more detailed analysis of appropriately limited issues.

Ameren Missouri's response to the issues suggested by the other parties establishes an appropriate framework for consideration of which proposed special issues Ameren Missouri should be required to address. As Ameren Missouri indicates, there is no reason to require Ameren Missouri to further address issues that have been addressed or that have been identified as alleged deficiencies in the company's 2011 IRP filing. The Commission will address those issues in the ongoing review of the 2011 IRP filing in Case No. EO-2011-0271.

Furthermore, the Commission will not require Ameren Missouri to address in its annual update issues that are not truly urgent. Such issues may be important and may be appropriately addressed in Ameren Missouri's next triennial compliance report, but do not need to be addressed as a special issue in the company's annual update report.

⁶ 4 CSR 240-22.080(3).

The Commission's rule also allows the Commission to adopt special contemporary issues that have not been proposed by any party.⁷ The Commission notes that potential or anticipated changes in state and federal environmental or renewable energy standards could have a substantial impact on Missouri's electric utilities. Therefore, the Commission will direct the utilities to examine the potential or proposed changes in state or federal regulations and explain how the adoption of such changes would affect their compliance plans.

The Commission is also concerned about the type and amount of any federal or state subsidies the electric utilities expect to receive in conjunction with their proposed resource planning. Therefore, the Commission will direct the utilities to disclose and discuss the amount of any estimated federal or state subsidies either implicit or explicitly part of their proposed resource planning.

After considering these factors, the Commission will adopt the list of special contemporary issues set forth in this order.

THE COMMISSION ORDERS THAT:

1. Ameren Missouri shall analyze and document the following special contemporary issues in its 2012 annual update report:

- a. Evaluate the need and options for mitigation to comply with current and pending EPA rules based on currently available assessments of the rule requirements and costs of mitigation measures including ranges of uncertainty for capital costs for large retrofits;
- b. Include evaluation of plans with reduced levels of DSM consistent with Ameren Missouri's updated preferred resource plan;

⁷ 4 CSR 240-22.080(4)(C).

- c. Update forecasts for natural gas prices and include the effects of lower gas prices in scenarios used for risk analysis; and
 - d. Evaluate coal price uncertainty as an independent uncertain factor to generally reflect uncertainties that could drive the cost of coal to Ameren Missouri.
 - e. Analyze potential or proposed changes in state or federal environmental or renewable energy standards and report how those changes would affect Ameren Missouri's plans for compliance with those standards.
 - f. Analyze the levelized cost of energy needed to comply with the current Renewable Energy Standards law compared to the cost of energy resulting from a portfolio comprised solely of existing resources with no additional renewable resources.
 - g. Disclose and discuss the amount and impact of every state or federal subsidy Ameren Missouri expects to receive with regard to any or all fuel sources it intends to use during the IRP study period.
2. This order shall become effective on October 29, 2011.

BY THE COMMISSION

(S E A L)



Steven C. Reed
Secretary

Gunn, Chm., Davis, Jarrett, and
Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge