

In Re: Union Electric Company's 2008 Utility Resource Filing Pursuant to 4 CSR 240 - Chapter 22.) Case No. EO-2007-0409)

****Denotes Highly Confidential Information****

2. The Commission's February 19, 2009 Final Order Regarding AmerenUE's 2008 Integrated Resource Plan (Final Order) establishes April 1, 2010 as the filing date for AmerenUE's next 4 CSR 240-22.010 - .080 electric resource planning compliance filing. AmerenUE's February 27, 2009 filing requests that the Final Order of the Commission be amended to provide it an electric resource planning compliance filing date of November 1, 2010. AmerenUE's February 27, 2009 filing also requests clarification that the current Chapter 22 rules should govern AmerenUE's next Chapter 22 electric resource planning compliance filing, even if Chapter 22 is changed in the course of AmerenUE's work on its next Chapter 22 electric resource planning compliance filing.

3. The Staff views the instant timing issue most seriously. In general, the Staff does not want to be in the position of opposing a request for additional time, since, among other reasons, the Staff itself is often in the position of requesting additional time. But there are times when the circumstances do not permit the Staff to agree to an extension for the full amount of time requested. This is one of those times. The Commission noted in its Final Order that a key concern is the amount of time that it and stakeholders have to process AmerenUE's next Chapter 22 electric resource planning compliance filing before AmerenUE makes a final decision whether and what to build as its next baseload unit.¹ The Commission's Final Order states, in part, at page 12:

¹ The Commission's Final Order states, in part, at page 12 respecting the date for the start of construction of Callaway 2 as follows:

... The rule requires AmerenUE to make the next IRP filing in April 2011. In its application to the Nuclear Regulatory Commission, AmerenUE indicated if it decides to proceed with Callaway 2, it would like to start construction in April 2012. The Commission will order AmerenUE to file its next IRP in April 2010.

AmerenUE's July 24, 2008 combined Construction and Operating License Application (COLA) to the Nuclear Regulatory Commission (NRC) shows at Part 2: Final Safety Analysis Report, Chapter 1, page 1-7, the date for the start of plant construction as April 2012 and the date of **_____**. The Staff

AmerenUE concedes further study is needed before it makes a final decision on whether to build Callaway 2. To that end, it has committed to completing and filing its next IRP at least six months before making a final decision to build, or not build the new nuclear plant. The company also promises to informally cooperate with all interested parties in the months leading up to the filing of the formal IRP plan. However, as illustrated by the fact that this case is still pending and hotly contested more than a year after AmerenUE filed its 2008 IRP, six months does not allow the Commission and the other parties a sufficient time to review and contest AmerenUE's next IRP filing.

AmerenUE stated at pages 1 and 7, respectively, of its Application For Rehearing And Motion For Clarification as follows:

. . . AmerenUE respectfully requests the Commission to amend the April 1, 2010 date and to instead accept a filing of AmerenUE's next IRP by November 1, 2010.³ . . .

³ The November 1 filing date will allow the Commission nearly a year, in fact the same time typically devoted to a full-blown rate case, to consider and process the IRP filing, before AmerenUE might make a decision respecting a new baseload unit, including a possible second unit at the Callaway Plant site.

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. . . November 1, 2010 is the earliest date that the Company can realistically complete a quality IRP filing. As noted, a November 1 filing would allow a full 11 month [sic] of processing and review time before the earliest date by which a decision on another baseload unit would be made. This full 11 months will occur after a process in which stakeholders are involved, meaning that parties to the next IRP case will be familiar with much of the analysis and results that will be contained in the next IRP when it is filed.

4. From the start, the Staff wants to make clear that how the Commission decides to proceed in File No. EO-2009-0126, File No. EW-2009-0275, or any other case/file the Commission might establish for the purpose of addressing Callaway 2, or whatever may be AmerenUE's next baseload generating unit, should not affect the date the Commission is now setting for the filing of AmerenUE's next Chapter 22 electric resource plan compliance filing.

(footnote continued)

notes that at Part 3: Environmental Report, Chapter 1, page 1-8 shows the date for the **

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Also, the Staff hopes the fact that the Commission is now setting a date for AmerenUE's next Chapter 22 electric resource plan compliance filing will not cause AmerenUE to object to Staff discovery regarding Callaway 2, or whatever may be AmerenUE's next baseload generating unit, in for example a case sought to be established relating to Callaway 2, or whatever may be AmerenUE's next baseload generating unit, or even discovery outside the context of a case established by the Commission, on the basis that the Commission has or will set a filing date of April 1, June 1, July 1, or November 1, 2010 for AmerenUE's next Chapter 22 electric resource plan compliance filing. The Staff does not believe that it is limited to conducting discovery regarding Callaway 2, or whatever may be AmerenUE's next baseload generating unit, to AmerenUE's next Chapter 22 electric resource plan compliance filing proceeding, which filing will not occur until April 1, June 1, July 1, or November 1, 2010.²

5 The Staff generally agrees with AmerenUE's statements in its Application For Rehearing And Motion For Clarification concerning the overall scope and magnitude of the analyses required for it to prepare its next Chapter 22 electric resource planning compliance filing. Of particular importance in the electric resource planning process and scope are the demand side management (DSM) potential study, the renewable energy standard (RES) potential study, the new financial options analysis work, and the involvement of stakeholder groups in the various planning process activities.

6 Recently, AmerenUE initiated a DSM potential study to address deficiencies cited by several stakeholders. The currently-underway DSM potential study is designed to obtain "primary" data from AmerenUE's own customers to understand customers' preferences

² The Staff notes the Commission's February 25, 2009 Order Directing AmerenUE To Produce Documents Sought By Public Counsel in File No. EO-2009-0126, and would cite Section 393.140(9) RSMo. 2000: "The commission may require of all such corporations or persons specific answers to questions upon which the commission may need information . . ."

regarding possible DSM programs as compared to using “secondary” data from other utilities, States and regions. The DSM potential study is a study that is occurring now respecting DSM potential. The DSM potential study is not a potential DSM study. The DSM potential study is not a number of DSM programs. The Staff believes that the DSM potential study is critical for analyzing the potential benefits and costs of DSM program options for all customer classes of AmerenUE. The Staff believes that little meaningful experience or data can be obtained from existing or prior AmerenUE DSM programs for AmerenUE’s next electric resource planning compliance filing, since only a few AmerenUE DSM programs have been implemented and since there is not adequate time to obtain meaningful experience and data from AmerenUE DSM programs for use in the next electric resource planning process, regardless of whether the compliance filing is required for April 1, June 1, July 1, or November 1, 2010. Therefore, the DSM potential study, which is now expected to be completed in September 2009, is critical to the quality of DSM-related inputs to the electric resource planning process. It appears to the Staff that the current in-progress DSM potential study is on the “critical path” of the electric resource planning process. (In project management, “critical path” is the sequence of project activities which comprise the longest overall duration, but determines the shortest time possible to successfully complete the project. If any delay of an activity on the critical path negatively impacts that activity’s completion, there is no time available from another activity on the critical path that can accommodate the delay with a shorter schedule by itself.)

7 Similarly, the Staff recognizes, especially in light of the RES requirements after the adoption of Proposition C on November 4, 2008, the importance of the currently-underway RES potential study for AmerenUE, which study now has a delivery date several months earlier than the September 2009 delivery date of the DSM potential study. The RES potential study is a

study that is occurring respecting RES potential. The RES potential study is not a potential RES study. The RES potential study is not a number of RES programs. The DSM potential study and the RES potential study both require a significant amount of consulting resources and AmerenUE resources.

8. AmerenUE identifies in paragraph 9 at page 7 of its Application For Rehearing And Motion For Clarification, as a “new and potentially lengthy addition” to AmerenUE’s Chapter 22 timeline, AmerenUE’s “commitment to undertake an analysis of the financing alternatives which might be available to finance a second nuclear or other baseload power plant:”

. . . The Company believes this topic alone will, by the time the IRP process is done, add at least two additional months to the IRP development process, which additional time has been incorporated into the timeline depicted in Exhibit A. Certainly, while aspects of this analysis can be discussed early in the IRP process, much of the hard data necessary to complete this analysis may not be available until much later in the schedule, perhaps as late as May 2010.

9. Exhibit A in AmerenUE’s Application For Rehearing And Motion For Clarification is a high level electric resource planning process schedule for a November 1, 2010 filing of AmerenUE’s next Chapter 22 compliance plan. Although the Staff has already stated that it seeks to accommodate parties on timing and schedule matters, the Staff cannot do so in this instance. The Staff believes the schedule in Exhibit A contains more time than is necessary for the electric resource planning process given the fact that AmerenUE’s next electric resource plan will be its third electric resource plan filing since December 2005 and the fact that electric resource planning should be a continuous and ongoing process, not a project with discrete start and stop, beginning and end, dates. Some electric resource planning work products can be used “as is” from prior AmerenUE electric resource plans, other electric resource planning work products will need careful review and various degrees or levels of updating, while still other

work products will require even more significant review, original analysis and likely will be on the critical path for AmerenUE's electric resource planning compliance filing.

10. Concerning Exhibit A in AmerenUE's Application For Rehearing And Motion For Clarification, the Staff believes there are opportunities for AmerenUE to shorten the filing date for its next Chapter 22 compliance filing from November 1, 2010 to June 1 or July 1, 2010, through a number of process management steps including:

- Dedication of additional resources to the DSM potential study and to the RES potential study to shorten the delivery dates (now September and June 2009, respectively) of these projects.
- Shortening the DSM/RES Pre-Analysis period (now three months) by performing some of this work during the Pre-Analysis phase and during (and coincident with) the Analysis phase.
- Shortening the net amount of time for analyzing financial options including stakeholder involvement (now two months) by performing much of this work coincident with the Pre-Analysis and Analysis phases.
- Shortening the Reporting phase (now two months) through work management and dedication of necessary additional resources.

11. Concerning the April 1, 2010 resource plan filing date in the Commission's February 23, 2009 Final Order, the Staff believes that six months from September 2009, the delivery date for the DSM potential study, may not be enough time for AmerenUE to properly perform all critical path resource planning process activities following delivery of the DSM potential study. (It is the Staff's understanding that whereas the delivery date for the RES potential study at one time also had been September 2009, the delivery date for the RES potential study is now several months earlier.) Thus, the Staff believes that it would be appropriate to provide AmerenUE two or three additional months to June 1 or July 1, 2010 to submit its Chapter 22 electric utility resource planning compliance filing. The Staff makes its recommendation with the expectation that there will be significant time spent by stakeholders in

meetings with AmerenUE personnel during the electric resource planning process. During the last AmerenUE resource planning process there were stakeholder meetings on over 30 separate days and nearly all of these stakeholder meetings were at AmerenUE facilities in or near St. Louis. An April 1, 2010 electric resource planning compliance filing date would necessitate that the anticipated approximately 30 days of stakeholder meetings would have to occur approximately in the next 12 months.

12. Concerning what electric utility resource planning rules are to be used for AmerenUE's next electric resource planning compliance filing, the Staff has a number of stakeholder workshops planned for May through July, 2009 respecting amendments (revisions, additions, and deletions) to the Chapter 22 electric utility resource planning rules, and anticipates sending a draft of the workshop vetted electric resource planning rules to the Commission in September 2009. It is not known when amended electric resource planning rules may be adopted by the Commission or when amended electric resource planning rules may eventually go into effect. But it is expected that the earliest that amended electric resource planning rules would go into effect would be the first quarter of 2010, much later than necessary for use in AmerenUE's pending electric resource planning process. As a consequence, the Staff believes that AmerenUE's request that the Commission clarify its Final Order that the current Chapter 22 rules be used by AmerenUE in developing and processing its next electric resource planning compliance filing should be granted.

Wherefore, the Staff in Reply to the Office of the Public Counsel's Response to Union Electric Company, d/b/a AmerenUE's Application For Rehearing And Motion For Clarification advises the Commission that it has no objection to the Missouri Public Service Commission (1) changing the filing date for AmerenUE's next 4 CSR 240-22.010 - .080 filing from April 1, 2010

to June 1 or July 1, 2010, and (2) clarifying that the current Chapter 22 Electric Utility Resource Planning rules should be used by AmerenUE in developing its next electric resource planning compliance filing.

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 18th day of March 2009.

/s/ Steven Dottheim