

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

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

**Case No. EO-2016-**

**STAFF'S NOTICE OF START OF FIFTH PRUDENCE AUDIT**

**COMES NOW** the Staff of the Missouri Public Service Commission, and for its Notice of Start of Fifth Prudence Audit, respectfully states to the Missouri Public Service Commission ("Commission") as follows:

1. The tariff of Union Electric Company d/b/a Ameren Missouri provides as part of its fuel adjustment clause that, "Prudence reviews of the costs subject to this Fuel and Purchased Power Adjustment Clause shall occur no less frequently than every eighteen months, . . . ." <sup>1</sup> This comports with the language of both Commission Rule 4 CSR 240-20.090(7) and § 386.266.4(4) RSMo Supp. 2012.

2. Commission Rule 4 CSR 240-20.090(7)(B), in part, provides: "The Staff shall file notice within ten (10) days of starting its [rate adjustment mechanism] prudence audit." It also establishes the following schedule by which certain events are to take place based on the date the Staff starts its prudence audit:

| <b>Time from start of Staff prudence audit to event</b> | <b>Event</b>                                                                                |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Within 180 days                                         | Submission of Staff recommendation to Commission regarding Staff's examination and analysis |
| Within 190 days                                         | Request for hearing                                                                         |
| Within 210 days                                         | Commission Order, if no hearing requested                                                   |

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<sup>1</sup> Union Electric Company Tariff MO. P.S.C. Schedule No. 6, Original Sheet No. 73.10; and Original Sheet No. 72.8.

3. Staff plans to conduct a prudence review of the costs and revenues associated with Ameren Missouri's fuel adjustment clause for the period June 1, 2014, to September 30, 2015.<sup>2</sup> This audit period corresponds to the 17th through 20th sequential accumulation periods since the Commission first authorized a fuel adjustment clause for Ameren Missouri.

4. Staff initiated this prudence audit of the costs and revenues associated with Ameren Missouri's commission-approved fuel adjustment clause on March 7, 2016. Staff plans to file its recommendation and report on its review of this prudence audit period of June 1, 2014 through September 30, 2015, by Wednesday, August 31, 2016, within the 180 day requirement of the rule. This is Staff's fifth prudence audit of Ameren Missouri's fuel adjustment clause. Staff filed its recommendations and reports to the Commission for prior prudence audits of Ameren Missouri's FAC as follows:

| <b>Prudence Audit</b> | <b>File No.</b> | <b>Date Filed</b> | <b>Audit Period</b>                |
|-----------------------|-----------------|-------------------|------------------------------------|
| 1                     | EO-2010-0255    | August 31, 2010   | March 1, 2009 - September 30, 2009 |
| 2                     | EO-2012-0074    | February 29, 2012 | October 1, 2009 - May 31, 2011     |
| 3                     | EO-2013-0407    | August 28, 2013   | June 1, 2011 - September 30, 2012  |
| 4                     | EO-2015-0060    | February 27, 2015 | October 1, 2012 - May 31, 2014     |

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<sup>2</sup> The Staff notes rate adjustments based on the four four-month accumulation periods during the prudence audit period were the subjects of File Nos. ER-2015-0128, ER-2015-0233, ER-2016-0016 and ER-2016-0130, accumulation periods 17 through 20, respectively.

5. The following table identifies Ameren Missouri's Commission-approved FAC tariff sheets which were applicable for service provided by Ameren Missouri to its customers during the period June 1, 2014 through January 31, 2016:

| <b>June 1, 2014<br/>through May 29, 2015</b>                                                                                                                                                                                                                                                     | <b>May 30, 2015<br/>Through September 30,<br/>2015</b>                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 <sup>st</sup> Revised Sheet No. 72<br>1 <sup>st</sup> Revised Sheet No. 72.1<br>1st Revised Sheet No. 72.2<br>1st Revised Sheet No. 72.3<br>1st Revised Sheet No. 72.4<br>1st Revised Sheet No. 72.5<br>1st Revised Sheet No. 72.6<br>1st Revised Sheet No. 72.7<br>1st Revised Sheet No. 72.8 | 1 <sup>st</sup> Revised Sheet No. 73<br>Original Sheet No. 73.1<br>Original Sheet No. 73.2<br>Original Sheet No. 73.3<br>Original Sheet No. 73.4<br>Original Sheet No. 73.5<br>Original Sheet No. 73.6<br>Original Sheet No. 73.7<br>Original Sheet No. 73.8<br>Original Sheet No. 73.9<br>Original Sheet No. 73.10 |

6. Tariff sheet numbers 72 and 73 both provide for four-month accumulation periods as follows: February through May, June through September and October through January.

7. The Staff's Energy Resource Analysis Section is primarily responsible for conducting the prudence audit and may change its audit approach during this audit, and in future prudence audits as well, based on the particular circumstances existing at the time of the audit. In performing its audit Staff's Energy Resource Analysis Section is guided by Commission Rules 4 CSR 240-3.161 and 4 CSR 240-20.090. Staff plans to include in its recommendation the following:

## **Section 1 - Standard of Prudence**

A. The standard requires documentation and includes other Commission principles as appropriate, such as the Commission's Affiliate Transactions Rules, which also require documentation.

## **Section - 2 Audit Scope**

- A. Presently Known Areas To Review
  - 1. Ameren Missouri's Total Book Costs of Fuel Consumed in Ameren Missouri's Generating Units;
  - 2. Costs Associated with Ameren Missouri's Fuel Hedging Program;
  - 3. Purchased Power Energy Charges, Including Applicable Transmission Fees;
  - 4. MISO Variable Costs;
  - 5. Emissions Allowance Costs and Revenues; and
  - 6. Off-System Sales.
- B. Tests/Investigations to Address/Discover Other Significant Items Impacting Fuel and Purchased Power Cost Recovery Amount
  - 1. Comparison of Net Base Fuel Cost Components and Amounts to Claimed Cost Components and Amounts;
  - 2. Plant Outages; and
  - 3. Fuel, Freight and Transportation / Purchased Power Contracts.

**WHEREFORE**, the Staff of the Missouri Public Service Commission hereby provides notice that it started its prudence audit of the costs and revenues associated with Ameren Missouri's Commission-approved fuel adjustment clause on March 7, 2016, for the audit period of June 1, 2014, through September 30, 2015, and that it plans to file its recommendation and report regarding the Staff's examination and analysis in this case by Wednesday, August 31, 2016.

Respectfully submitted,

**/s/ Robert S. Berlin**

Robert S. Berlin  
Deputy Staff Counsel  
Missouri Bar No. 51709  
Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 526-7779 (Telephone)  
(573) 751-9285 (Fax)  
bob.berlin@psc.mo.gov (e-mail)

### **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 7th day of March 2016.

**/s/ Robert S. Berlin**