

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. ET-2007-0459, Tariff No. YE-2008-0262  
Union Electric Company d/b/a AmerenUE

FROM: James Watkins, Manager, Economic Analysis, Project Coordinator  
Jim Busch, Regulatory Economist III  
Mack McDuffey, Rate & Tariff Examiner II

/s/ James C. Watkins 11/15/07  
Energy Department / Date

/s/ Dennis L. Frey 11/15/07  
General Counsel's Office / Date

SUBJECT: Staff Recommendation For **APPROVAL** Of Tariff Sheets Filed On October 23, 2007 To Comply With The Commission's ORDER ESTABLISHING CASE TO CONSIDER INDUSTRIAL DEMAND RESPONSE PROGRAM TARIFF Issued May 31, 2007

DATE: November 15, 2007

On July 2, 2007, Union Electric Company d/b/a AmerenUE (AmerenUE or Company) of St. Louis, Missouri, filed with the Commission five (5) tariff sheets with an effective date of October 1, 2007 in response to the Commission's Order Establishing Case To Consider Industrial Demand Response Program Tariff. AmerenUE subsequently withdrew those sheets, and on October 23, 2007, in place of the withdrawn sheets, AmerenUE filed six (6) tariff sheets with an effective date of November 22, 2007 to implement its new proposed Industrial Demand Response Pilot Program (IDR). This pilot program is available to a maximum of five customers and a maximum curtailable load of 100 MW. This case is a "spin-off" from AmerenUE's last general rate case, Case Number ER-2007-0002.

The Commission's Energy Department Staff (Staff) has reviewed the proposed tariff sheets and has participated in discussions/negotiations among the parties. The parties are Missouri Public Service Commission Staff, Office Of The Public Counsel, AmerenUE, Missouri Energy Group, Missouri Industrial Energy Consumers, and Noranda Aluminum, Inc. As of this date, the parties, and the Office of the Public Counsel in particular, have not all been able to agree to all of the elements of the IDR; however, it is acceptable to the Missouri Energy Group (MEG) and the Staff. The Staff believes that no further progress toward an agreement among all parties is being made at this time.

The Commission in its Report And Order in Case No. ER-2007-0002 directed AmerenUE to submit a revised tariff including an evaluation plan within 30 days from the effective date of the Report And Order. AmerenUE was ordered to reevaluate its proposed tariff and to consult with the other parties in the rate case and give due consideration to the revisions urged by the MEG. The Commission indicated that if AmerenUE did not file a tariff that was acceptable to all other parties, the Commission might impose the revisions urged by MEG.

The Commission noted in its Report And Order that since the IDR Pilot as first proposed by

AmerenUE was to be funded by AmerenUE's shareholders, not ratepayers, the Commission was hesitant to impose additional costs on AmerenUE and would give AmerenUE more discretion to design an IDR Pilot AmerenUE believes is appropriate.

AmerenUE indicated in Case No. ER-2007-0002 that it was willing to consider changes to the program but since the entire program was to be paid with shareholder funds, AmerenUE was not willing to substantially expand the program unless the cost of the program is included in rates.

The following is a listing of the MEG proposals from Case No. ER-2007-0002 together with the corresponding tariff provisions presently agreed to by AmerenUE:

MEG asked the Commission to impose the following modifications [AmerenUE agrees to the following modifications shown in brackets, which modifications are found in the tariffs that the Staff is recommending that the Commission approve]:

- (a) increase the demand credit to \$3.33/kW per month [demand credit of \$3.25 for 3-year contracts and \$2.50 for one-year contracts, in addition to the Curtailment Event Payment of \$0.08 per kWh];
- (b) modify the start date to enable customers to sign up immediately upon Commission approval of the tariff [yes, but the actual Curtailment Season is June 1 through September 30];
- (c) extend the length of the pilot to at least 3 years [yes, pilot no longer in effect after September 30, 2010];
- (d) require any interruption of less than an hour to be counted as an hour [minimum Curtailment Event is two (2) hours, maximum is eight (8) hours];
- (e) require the notice period for the impending interruption to be no less than 60 minutes [minimum notice of four (4) hours]; and
- (f) require a full evaluation of the IDR pilot at the end of the pilot period [there will be both an impact evaluation on an individual customer basis utilizing hourly meter reading data and a process evaluation to assess the effectiveness with which the program was managed and operated].

Until AmerenUE's next rate case, the IDR pilot will be funded by AmerenUE shareholders. At that time the Commission can review the pilot program and make a determination of whether it should be continued and who should fund it.

In an effort to increase the demand response offerings in the State of Missouri, Staff recommends that the Commission approve the following tariff sheets as proposed by the Company on October 23, 2007 to become effective on November 22, 2007 as requested by Company:

P.S.C. MO. Schedule No. 5

Original Sheet No. 219

Original Sheet No. 220

Original Sheet No. 221

Original Sheet No. 222

Original Sheet No. 223

Original Sheet No. 224

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Union Electric Company

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The Staff has verified that this Company is not delinquent on any assessment or the filing of its annual report. The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

cc: Public Counsel

AmerenUE

Missouri Energy Group

Missouri Industrial Energy Consumers

Noranda Aluminum, Inc

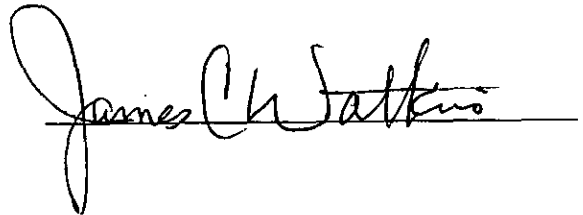
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company d/b/a )  
AmerenUE's Tariff Establishing an Industrial Demand ) **Case No. ET-2007-0459**  
Response Program ) **File No. YE-2008-0005**

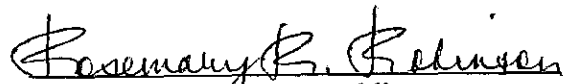
**AFFIDAVIT OF JAMES C. WATKINS**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE        )

James C. Watkins, of lawful age, on oath states: that he has participated in the preparation of the foregoing Staff Recommendation; that he has knowledge of the matters set forth in such recommendation; and that such matters are true to the best of his knowledge and belief.



Subscribed and sworn to before me this 15<sup>th</sup> day of November, 2007.

  
Notary Public

My commission expires 9-23-2008

