

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

In the Matter of the Application of Union Electric)
Company d/b/a AmerenUE for an Accounting)
Authority Order Regarding Accounting for)
Extraordinary Costs Relating to Damage from the)
January 2007 Ice Storm)

Case No. EU-2008-0141

NON-UNANIMOUS STIPULATION AND AGREEMENT

COME NOW the Staff of the Missouri Public Service Commission (“Staff”) and Union Electric Company d/b/a AmerenUE (“AmerenUE”) (collectively the “Signatories”), and respectfully state to the Missouri Public Service Commission (“Commission”) that, as a result of discussions between the parties in this case, the Signatories have entered into a Stipulation and Agreement (the “Stipulation”). This Stipulation, if accepted and approved by this Commission, defers to AmerenUE’s recently filed rate case (Case No. ER-2008-0318) the issue of when the amortization of the regulatory asset AmerenUE requests in this Case should begin and also resolves the remainder of AmerenUE’s requests in this case. Although the Office of the Public Counsel (“Public Counsel”) is not a Signatory, Public Counsel has informed the Signatories that Public Counsel does not object to this Stipulation.

A. Background

1. On November 5, 2007, AmerenUE filed with the Commission an Application for an Accounting Authority Order seeking Commission authorization for how AmerenUE accounts for approximately \$24.7 million in extraordinary costs it incurred as a result of damage caused by a January 13, 2007 ice storm.

2. On January 8, 2008 the Staff filed its recommendation that the Commission grant AmerenUE authority to defer to Uniform System of Accounts (USOA) Account 182.3, Other Regulatory Assets, the extraordinary costs AmerenUE incurred due to the January 13, 2007 ice storm, subject to the following five conditions:

- a. AmerenUE should be authorized to defer actual incremental operation and maintenance expenses incurred as a direct result of the January 2007 ice storm to Account 182.3. Such expenses shall be in accordance with USOA definitions of operation and maintenance expense and shall exclude any expenditures relating to plant-in-service (i.e., capital costs).
- b. Any insurance claim proceeds applicable to incremental operation and maintenance expense must be used to offset the total amount of operation and maintenance expense to be deferred.
- c. AmerenUE must begin ratably amortizing to Account 182.3, over a five-year (60-month) period commencing January 15, 2007 (two days after the ice storm), the appropriate amount of all operation and maintenance expenses directly related to the January 2007 ice storm to be deferred. The five-year amortization period concludes January 14, 2012.
- d. AmerenUE shall maintain adequate records supporting the incremental expenses deferred. Such records shall include, but not be limited to, listing of outside contractors, agreements with third parties for goods and services, controls in place to ensure all expenditures were reasonable and not utilized to take advantage of the situation, detailing food and lodging costs, labor and material costs, procedures and verification for expense versus capitalization determinations, and determination of incremental levels of such costs versus normal ongoing levels of costs. Such records shall be available for review by the Commission Staff, Office of the Public Counsel and intervenors in this case, pursuant to 4 CSR 240-2.085 and Section 386.480.
- e. The Commission does not make any findings or inferences as to whether the deferred expenses are prudent and reasonable, whether other factors contributed to the damage to the system and the resulting repair/replacement costs incurred, or whether AmerenUE would have suffered financial harm (i.e., earnings during the period were inadequate to compensate AmerenUE for the costs incurred) absent deferral. The Commission reserves the right to consider the recovery of these costs in a future rate case, the ratemaking treatment of the deferred costs and any assertions regarding the deferred expenses made by parties in AmerenUE's next rate case.

3. On January 18, 2008 AmerenUE filed its response to the Staff's recommendation. AmerenUE stated that it agreed with conditions (a), (b), (d) and (e) as recommended by the Staff, but not with the amortization period the Staff proposed in condition (c).

4. On January 31, 2008, the Staff filed a reply to AmerenUE's response making clear the Staff's position on when the amortization period should begin was unchanged. Thus, it is the Staff's position the amortization should begin January 15, 2007 (two days after the ice storm) and it is AmerenUE's position the amortization should begin on the effective date of rates established in AmerenUE's current rate case, Case No. ER-2008-0318.

B. Stipulations and Agreements

5. Based on their discussions, the Signatories agree that the Commission should resolve this proceeding by issuing an Order that authorizes AmerenUE to defer to Uniform System of Accounts (USOA) Account 182.3, Other Regulatory Assets, the extraordinary costs AmerenUE incurred due to the January 13, 2007 ice storm, subject to the four conditions agreed to by the Signatories (conditions (a), (b), (d) and (e)). As to Staff's condition (c), the Signatories agree that, since AmerenUE has filed a rate case, the Commission should address in that rate case, if necessary, when the amortization period should begin.

C. General Conditions

6. This Stipulation is being entered into for the purpose of disposing of the issues that are specifically addressed in this Stipulation. In presenting this Stipulation, none of the Signatories to this Stipulation shall be deemed to have approved, accepted, agreed, consented or acquiesced to any accounting principle or ratemaking principle or procedural principle, including, without limitation, any method, technique or procedure of accounting authority determination, any method of cost or revenue determination or cost allocation or revenue related

methodology, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation (whether this Stipulation is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation, except as otherwise expressly specified herein.

7. The provisions of this Stipulation are the result of extensive negotiations among the Signatories and the provisions are interdependent.

8. This Stipulation represents a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (i) in any future proceeding; (ii) in any proceeding currently pending under a separate docket; and/or (iii) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same.

9. If the Commission does not approve this Stipulation without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions herein.

10. If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void thereon, neither this Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any party has to a hearing on the issues presented by the Stipulation, for cross-examination, or for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the parties shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been

offered or received in support of this Stipulation shall thereupon become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

11. If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the Signatories waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; (4) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000 and (5) their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

12. If the Commission has questions for the Signatories' witnesses or the Signatories, the Signatories will make available, at any on-the-record session, their witnesses and attorneys on the issues resolved by this Stipulation, so long as all parties have had adequate notice of that session. The Signatories agree to cooperate in presenting this Stipulation to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this Stipulation.

13. When approved and adopted by the Commission, this Stipulation shall constitute a binding agreement between the Signatories hereto. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

14. This Stipulation is not a contract with the Commission. Acceptance of this Stipulation by the Commission is not an agreement on the part of the Commission to forego, during the term of this Stipulation, the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Stipulation impinges or restricts in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

15. If requested by the Commission, the Staff shall submit to the Commission a memorandum addressing any matter requested by the Commission. AmerenUE shall be served with a copy of any such memorandum and shall be entitled to submit to the Commission, within five (5) business days of receipt of the same, a responsive memorandum, which shall also be served on all parties of record. The contents of any memorandum provided by any Signatory are its own and are not acquiesced in or otherwise adopted by the other Signatories to this Stipulation, whether or not the Commission approves and adopts this Stipulation.

16. The Staff may also provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests, and the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject

to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

17. This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. The agreements of the Signatories shall be binding on and inure to the benefit of their respective successors and assigns. The paragraph and subparagraph headings and captions are for the convenience of the reader only and are not intended to be a part of this Stipulation.

WHEREFORE, the undersigned Signatories respectfully request the Commission to issue an order in this case approving this Stipulation subject to the specific terms and conditions contained therein.

Dated: April 7, 2008

Respectfully submitted,

**UNION ELECTRIC COMPANY d/b/a
AMERENUE**

/s/ **Thomas M. Byrne**

Steven R. Sullivan, #33102

Sr. Vice President, General Counsel & Secretary

Thomas M. Byrne, # 33340

Managing Assistant General Counsel

Ameren Services Company

One Ameren Plaza

1901 Chouteau Avenue

P.O. Box 66149 (MC 1310)

St. Louis, MO 63166-6149

(314) 554-2514

(314) 554-4014 (facsimile)

ssullivan@ameren.com

tbyrne@ameren.com

Attorneys for Union Electric Company

**STAFF OF THE MISSOURI PUBLIC
SERVICE COMMISSION**

/s/ *Nathan Williams*

Nathan Williams
Deputy General Counsel
Missouri Bar No. 35512
P.O. Box 360
Jefferson City, MO 65102
(573) 751-8702
(573) 751-9285 (facsimile)
nathan.williams@psc.mo.gov
**Attorney for the Staff of the Missouri
Public Service Commission**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via e-mail to the only non-Signatory party to this case, the Office of the Public Counsel, at opcservice@ded.mo.gov, on this 8th day of April 2008.

/s/ *Nathan Williams*