

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

In the Matter of the First Prudence Review of)
Costs Subject to the Commission-Approved Fuel)
Adjustment Clause of Union Electric Company) Case No. EO-2010-
d/b/a AmerenUE.)

STAFF’S NOTICE OF START OF PRUDENCE AUDIT

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its Notice of Start of Prudence Audit, respectfully states to the Missouri Public Service Commission (“Commission”) as follows:

1. The tariff of Union Electric Company d/b/a AmerenUE provides that 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 (18) months,”¹ This comports with the language of both Commission Rule 4 CSR 240-20.090(7) and §386.266.4(4) RSMo Supp 2009.

2. In AmerenUE’s 2008 general electric rate case, Case No. ER-2008-0318, the Commission first approved AmerenUE’s FAC with original tariff sheets numbered 98.1 – 98.7 that became effective on March 1, 2009.² Original tariff sheet number 98.1 provided for four-month accumulation periods as follows: February-May, June-September and October-January.

3. The Staff plans to conduct a prudence review of the costs and revenues associated with AmerenUE’s FAC for the period March 1, 2009 to September 30, 2009.³

¹ Union Electric Company Tariff MO. No. 1, 1st revised Sheet No. 98.6.

² *In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company’s Missouri Service Area*, Case No. ER-2008-0318, Order Approving Compliance Tariff Sheets, issued February 19, effective March 1, 2009.

³ The Staff notes rate adjustments based on the March 1, 2009 to May 31, 2009 and June 1, 2009 to September 31, 2009 accumulation periods were the subjects of Case Nos. ER-2010-0044 and ER-2010-0165, respectively.

4. Rule 4 CSR 240-20.090(7)(B), in part, provides: “The Staff shall file notice within ten (10) days of starting its 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:

Time from start of Staff prudence audit to event	Event
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

5. The Staff initiated its prudence audit of the costs and revenues associated with AmerenUE’s commission-approved FAC on March 4, 2010. The Staff plans to file its recommendation to the Commission regarding the Staff’s examination and analysis in this case by August 31, 2010.

6. As it has said before, the Staff 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. The Staff’s Energy Resource Analysis Section, among other things, is responsible for the Staff’s roles in Rules 4 CSR 240-3.161 and 4 CSR 240-20.090. The 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. AmerenUE's Total Book Costs of Fuel Consumed in AmerenUE's Generating Units
 2. Costs Associated with AmerenUE's Fuel Hedging Program
 3. Purchased Power Energy Charges, Including Applicable Transmission Fees
 4. MISO Variable Costs
 5. Emission Allowance Costs and Revenues
 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
 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 AmerenUE's Commission-approved fuel adjustment clause on March 4, 2010, for the audit period of March 1, 2008 through September 30, 2009, and that it plans to file its recommendation regarding the Staff's examination and analysis in this case by August 31, 2010.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams
Deputy Staff Counsel
Missouri Bar No. 35512

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8702 (Telephone)
(573) 751-9285 (Fax)
nathan.williams@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 11th day of March, 2010.

/s/ Nathan Williams