

# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter 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**

## **CONCURRING OPINION OF COMMISSIONER ROBERT M. CLAYTON III**

This Commissioner concurs with the majority's order approving the non-unanimous stipulation and agreement in AmerenUE's request for an accounting authority order (AAO) for incurred costs associated with damaged infrastructure and the utility's recovery from a destructive ice storm in January 2007. While this grant of an AAO does not guarantee a utility recovery of certain costs, it does authorize accounting treatment that will enable the possibility of such recovery over and above standard costs of service in the future. The staff has verified the nature of the incremental costs to be recorded and deferred in the regulatory asset and this Commissioner concurs that these costs satisfy the Commission's criteria for favorable regulatory treatment. However, this Commissioner believes that these costs can be better spent in prevention rather than a cure after-the-fact. If the Commission were to mandate more stringent requirements for Missouri's electric utilities for tree trimming, infrastructure inspection and in reliability improvements, this Commissioner believes that recovery costs would be lower enabling the public to avoid the difficulties and inconveniences associated with lengthy and frequent outages.

AmerenUE estimates that it spent \$24.7 million in its storm restoration processes. These extraordinary, "one-time" costs include the deployment of approximately 4,600

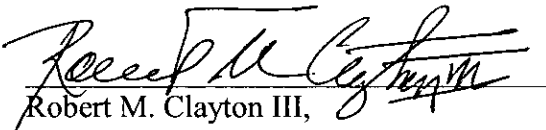
linemen to restore service to AmerenUE customers. Among the personnel deployed were AmerenUE employees and employees from other utilities from 16 different states. Electrical workers, tree trimmers and other contractors were essential to AmerenUE's recovery from the storm. As pointed out in Staff's memorandum in this case, every electrical utility in Missouri has either requested special regulatory treatment of storm-related costs in the last two years or is currently seeking amortization for storm-related costs. AmerenUE has faced multiple outages and is no exception. While these costs may be reasonable under the circumstances, they may not be reasonable if compared to preventative measures that possibly could have been taken in preparation for the likely increase of strong storms. If customers are expected to pay higher rates because of the severity and frequency of storms, they should benefit from preventative measures that would allow them to avoid the inconvenience and dangers associated with lengthy outages.

Utilities argue that the costs associated with preventative measures, such as improved tree trimming, aggressive infrastructure inspection programs and reliability monitoring and reporting would have exceeded the recovery costs in this case. Yet, most customers would prefer an incrementally higher rate to prevent the outage in the first place and avoid the need to hire an army of workers to make repairs. Improvements in maintenance and reliability best practices should reduce, lessen or avoid the possibility of incurring these extraordinary expenses. This Commissioner believes that the Commission would benefit from staff conducting such an evaluation in comparing preventative costs with recovery costs.

This Commissioner concurs that the expenses to be deferred are reasonable as a “pound of cure,” however, customers would enjoy the benefits of preventative costs that should have been incurred as “an ounce of prevention” so customers can avoid significant disruptions in service.

For the foregoing reasons, this Commissioner concurs.

Respectfully submitted,

  
Robert M. Clayton III,  
Commissioner

Dated on this 9<sup>th</sup> day of July 2008,  
Jefferson City.