

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

In the Matter of Union Electric Company d/b/a )  
AmerenUE's Tariffs to Increase Its Annual )  
Revenues for Electric Service. )

**Case No. ER-2011-0028**

**POSITION STATEMENTS OF AARP**

COMES NOW AARP, and hereby offers the following statements of position in response to certain issues listed in the List of Issues filed by the Commission Staff on April 21, 2011. AARP reserves the right to revise its positions based upon testimony offered into the record during the upcoming evidentiary hearing.

**1. Overview and Policy:**

**A. What “cost of service” and/or regulatory policy considerations, if any, should guide the Commission’s decision of the issues in this case?**

The Commission should set just and reasonable electric rates in a manner that fairly balances the interests of Ameren Missouri’s shareholders and the interests of its captive consumers.

**B. Can the Commission consider and rely on the testimony of ratepayers at local public hearings in determining just and reasonable rates? If so, how should the Commission take this testimony into account, if at all?**

Yes, the Commission can and should rely upon sworn testimony, subject to cross-examination, from the consumers that would be impacted by Ameren Missouri’s proposed rate increases in this case. Because any rate increase decision must be just and reasonable from the perspective of both the utility and its consumers, the Commission should fairly consider testimony from both.

**3. Sioux Scrubbers: Should the Commission allow in rate base \$31 million in cost increases (\$18 million in construction costs and \$13 million in AFUDC) that were incurred as a result of Ameren Missouri's decision to temporarily suspend construction of the Sioux Plant Wet Flue Gas Desulfurization Project due to the Company's concerns about conditions in the financial markets during the period commencing in late 2008 and continuing into early 2009?**

AARP supports the position of Staff that Ameren Missouri's liquidity concerns about conditions in the financial markets during the period commencing in late 2008 and continuing into early 2009 did not warrant the incurrence of the additional cost of \$31 million to the Project.

**4. Energy Efficiency/Demand Side Management (DSM):**

**(B)(1) Should the Commission approve a cost recovery mechanism for Ameren Missouri DSM programs as part of this case?**

No.

**(a) Over what period should DSM program costs incurred after December 31, 2010, be amortized?**

The Commission should not change the current six year amortization period to a three year period.

**5. Taum Sauk: What amount, if any, of Ameren Missouri's investment related to the reconstruction of Taum Sauk should be included in rate base for ratemaking purposes?**

None. The investment costs at issue are reconstruction costs for the Taum Sauk reservoir which were required because of the catastrophic failure of the original upper reservoir on September 25, 2005. This failure was directly caused by Ameren Missouri's many "errors in judgment". Consumers should not be required to compensate the utility for the consequences of its imprudent and/or unreasonable actions.

**7. Cost of Capital: What return on equity should be used to determine Ameren Missouri's revenue requirement in this case?**

AARP supports Staff's recommended return on equity midpoint of 8.75%.

**8. Fuel Adjustment Clause Issues:**

**A. Should the Commission authorize Ameren Missouri to continue its current Fuel Adjustment Clause (FAC) or should the Commission discontinue or order modifications to the FAC?**

AARP believes that the Commission should discontinue Ameren's FAC.

**B. Should the sharing percentage in Ameren Missouri's FAC be changed from 95/5 percent to 85/15 percent?**

If the Commission does not discontinue Ameren Missouri's FAC, it should, at a minimum, modify the current sharing percentages to require that the utility share equitably in bearing the risk of fuel and purchased power cost variations. It is extremely unreasonable to require consumers (who have absolutely no ability to control fuel and purchased power costs) to bear 95% of the risk of variations in those costs.

**13. Rate Design/Class Cost of Service:**

**B. Rate Design:**

AARP reserves judgment on the various rate design recommendations proposed regarding revenue-neutral shifts among customer classes, but may support a specific resolution when the evidence on these issues has been further developed.

**(3) What is the appropriate monthly residential customer charge that should be set for Ameren Missouri in this case?**

There is not sufficient evidence to change the current residential customer charge of \$8.00.

Respectfully submitted,

/s/ John B. Coffman

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Dated: April 22, 2011

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties of record on this 22<sup>nd</sup> day of April 2011:

/s/ John B. Coffman

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