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June 12, 2001

Missouri Public Service Commission
Attn: Secretary of the Commission
200 Madison Street, Suite 100
P. O. Box 360
Jefferson City, MO 65102-0360.

FILED³

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Missouri Public
Service Commission

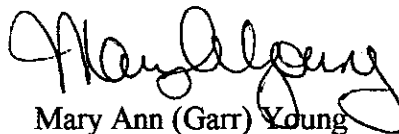
RE: Case No. GT-2001-329, Laclede Gas Company

Dear Secretary:

Enclosed for filing with the Commission you will find an original and 8 copies of the Statement of Position of AmerenUE for filing with the Commission in the above-referenced case.

Thank you for assistance in the processing this filing. Copies are being served on the parties of record, including the General Counsel and Public Counsel. If there are any questions, please contact me at 634-8109.

Sincerely,


Mary Ann (Garr) Young

Enclosure

cc: General Counsel
Office of Public Counsel
Parties of Record
Thomas M. Byrne, AmerenUE

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

In the Matter of Laclede Gas Company's Tariff	)	
Filing to Implement an Experimental Fixed Price	)	Case No. GT-2001-329
Plan and Other Modifications to Its Gas Supply	)	
Incentive Plan.	)	

STATEMENT OF POSITION OF AMERENUE

COMES NOW Union Electric Company d/b/a AmerenUE ("AmerenUE") and, pursuant to the procedural schedule adopted by the Missouri Public Service Commission ("Commission") for this proceeding, provides the following Statement of Position on certain of the issues identified in the Proposed List of Issues filed by the parties on June 11, 2001. AmerenUE takes no position on the other issues identified in the Proposed List of Issues.

Issue:

(A) Should an incentive mechanism similar in structure to the Company's current Gas Supply Incentive Plan ("GSIP"), an alternative mechanism, or no incentive mechanism, be used in connection with the management of Laclede's gas supply and transportation assets on and after September 30, 2001?

Position of AmerenUE:

AmerenUE takes no position on the specific elements of Laclede Gas Company's proposed Gas Supply Incentive Plan. However, AmerenUE supports the Commission's use of properly designed incentive plans to encourage natural gas companies to obtain the lowest cost gas supplies consistent with reliable service. Among other benefits, a properly designed incentive plan encourages gas utilities to take a degree of measured and reasonable risk in their efforts to obtain lower cost gas supplies, rather than taking a more conservative approach designed to avoid the risk of after-the-fact allegations of imprudence.

AmerenUE opposes several aspects of the "Possible Incentive Feature" recommended by the Commission Staff beginning at page 27 of Staff witness Schallenberg's Rebuttal Testimony. First, AmerenUE opposes the Staff's proposal to compare Missouri natural gas companies to each other to determine which companies will receive an incentive. The characteristics of each company and its customers are too different to make such a comparison meaningful. Second, AmerenUE opposes the Staff's proposal to base the incentive on the change in each company's gas costs from year to year. This proposal improperly penalizes companies that perform well in the base year and rewards companies that perform poorly in the base year. Third, AmerenUE opposes the use of historical gas cost data to determine incentive awards. Historical gas costs have no relationship to current and future gas costs in today's competitive natural gas market. Moreover, Staff's proposal would completely eliminate incentives when gas costs rise above historical levels, periods when an incentive program would be particularly beneficial to ratepayers.

Issue:

(B)(7) How should any savings or revenues associated with these components be determined and allocated between Laclede and its customers and what role, if any, should baselines play in the process?

Position of AmerenUE:

AmerenUE believes that properly structured baselines can be appropriate under certain circumstances. However, AmerenUE opposes the Staff's position of continually ratcheting up baselines to reflect the utility company's most recent, or best, performance. Such a practice will ensure that incentives will become unachievable, and thereby eliminate the benefit that incentive plans can provide ratepayers.

Respectfully submitted,

UNION ELECTRIC COMPANY
d/b/a AmerenUE

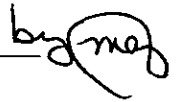
By Thomas M. Byrne *by may*

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Dated: June 12, 2001

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via first-class, U.S. mail, postage prepaid, on this 12th day of June 2001, upon the General Counsel of the Staff of the Public Service Commission, Office of the Public Counsel and all parties of record.

Thomas M. Byrne by 

Thomas M. Byrne

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MPSC Case GT-2001-329
April 20, 2001

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