

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

In the matter of Union Electric)	
Company d/b/a AmerenUE's)	
Purchased Gas Adjustment Factors to)	Case No. GR-2008-0107
be Audited in its 2006-2007 Actual)	
Cost Adjustment.		

STAFF RESPONSE TO AMEREN'S RESPONSE

COMES NOW the Staff of the Commission the above-captioned matter
and for its Response to AmerenUE's Response states as follows:

Reliability Analysis and Gas Supply Planning

1. AmerenUE's response to Staff's recommendation in GR-2008-0107 takes exception to Staff's recommended date of February 2009 for an updated regression analysis of the Cape Girardeau service area served by Texas Eastern Transmission Company (TETCO). The Company states the February 2009 date is too early and requests the Commission to allow it until May 29, 2009, to provide the updated demand study to Staff.

2. Although Staff is agreeable to AmerenUE's proposed May 29th date to provide an updated demand study and to carefully review Staff's issue as part of that update, Staff proposed the February 2009 date because Staff was unaware that the regression analysis had not already been performed by the Company. The Company states, on page twenty-three of its 2007 Demand Study for the Cape Girardeau Region: "Further investigation of the possible changes in customer demand response in the area, and an updated regression will be performed after the 2007/2008 winter season".

3. Staff continues to request the updated regression that AmerenUE was to perform after the 2007/2008 winter. This information could have been available for AmerenUE to use for its capacity/supply planning for the 2008/2009 and subsequent periods. Staff recommends that this information be provided no later than February 27, 2009, which is 11 months after the end of the 2007/2008 winter. In addition Staff will consider AmerenUE's demand study to be provided on May 29, 2009, but that study will not be used by AmerenUE for its capacity/supply planning until after the study is complete; capacity that will be utilized for the 2009/2010 and subsequent periods.

4. In regards to the excess reserve margin on the TETCO service area, the Company also comments about the Commission's concern that pipeline capacity issues may negatively impact the economic development in Missouri. AmerenUE further states that additional customers with annual loads above 40,000 Ccf might pose a problem to AmerenUE in its inability to serve that customer.

5. The 40,000 Ccf in question is approximately ** _____
_____ ** of AmerenUE's annual load for this system. Staff agrees with AmerenUE's comments that there are a number of variables involved in establishing an appropriate reserve margin. AmerenUE mentions that one cannot simply evaluate a percentage in a demand study.

6. Staff recommends the Company consider a multi-year analysis and account for reasonable growth and economic development. Staff's recommendation stated that the Company should consider whether one growth

factor or a range of growth factors are more appropriate for this area. The Company's existing customers are paying for the excess capacity while that excess capacity is "idle" waiting for customer growth and economic development. The Company must evaluate the costs of the excess capacity and resulting benefits, if any, for the customers paying the costs of the excess capacity.

7. Lastly, the Company comments on Staff's concerns for the Marble Hill Region served by Natural Gas Pipeline of America (NGPL). The Company states the basis for Staff's concern is the difference, 2.8%, of the Company's planned storage level (97.2%) and full storage (100%).

8. In fact, this is not the basis for Staff's concern with the Marble Hill Region. In its recommendation, Staff suggested that AmerenUE evaluate the targeted levels of storage for this region nearing the winter season to allow flexibility for warm weather in October and November, not the variation to the plan.

9. Staff further recommends that AmerenUE evaluate its procedures for monitoring storage balances and making the appropriate adjustments, for instances, such as, colder or warmer than normal weather. AmerenUE did not respond to these two recommendations.

10. Staff suggests AmerenUE respond to these recommendations within ten (10) days of of this filing

11. Staff agrees it is the Company's responsibility to adjust supply plans as winter conditions occur and demand changes. The Company continues to state that operational needs dictate the decision to deviate from its storage

plans. Staff agrees. Staff's point of contention, however, is that the Company should re-evaluate its storage plan for warmer and cooler than normal demand on the NGPL system so that gas sales would not be the only remedy when storage is full and the weather is warm in October and November.

Gas Costs - Correction

12. Staff recommended AmerenUE decrease its Texas Eastern Transmission Corporation (TETCO) over-recovery ACA balance by \$15,398 in order to correct an error in recording its actual gas costs. AmerenUE states it agrees with the Staff adjustment to its TETCO ACA balance and has made the appropriate adjustment.

Missouri Pipeline and Missouri Gas Company Charges

13. Staff recommended the Commission hold this ACA case open so that Staff can monitor and evaluate the diligence of AmerenUE in pursuing refunds from Missouri Pipeline Company (MPC) and Missouri Gas Company (MGC) for the 2006/2007 ACA and prior periods. AmerenUE states it does not object to Staff's recommendation.

14. AmerenUE also outlines its options and decision regarding the MPC/MGC overcharges. Staff's concern, and a point AmerenUE doesn't address, is the likelihood of it recovering refunds from MPC and MGC.

15. If AmerenUE had selected its first option (paying an amount corresponding to the maximum rates from the Commission's Order in Case No. GC-2006-0491) or its third option (seek an injunction to prohibit MPC/MGC from disconnecting service and if successful, paid only the lower rates), the amount

overbilled would not have flowed to MPC/MGC and customers would not have been at risk for the overcharges.

16. While AmerenUE must certainly make its own legal analysis, AmerenUE states given its size and financial resources it was unlikely to prevail because it would not suffer irreparable harm. The harm is, however, not to AmerenUE but to its customers. Although somewhat differently situated, the municipals successfully challenged MoGas in court and have paid only the Commission ordered rates.

17. Another option AmerenUE could have considered would have been to file a complaint at the Commission that it was being threatened with disconnection because it was paying the Commission authorized rates.

18. The options outlined by AmerenUE, however, apply to the overcharges during the 2007/2008 ACA case and Staff will evaluate this issue further in the current 2007/2008 ACA review. The Company states that it hopes Staff's recommendation is not due to Staff's belief that AmerenUE has done anything less than cooperate fully with Staff during or after Case No. GC-2006-0491, it isn't.

19. AmerenUE does have the responsibility to protect its customers against overpayment of gas costs and to ensure its customers pay just and reasonable rates, while maintaining reliable service.

20. Staff recommended the August 31, 2007 ACA balances shown in the table below. However as noted above, the Staff is recommending this case remain open, therefore, these balances should not be considered final for the

Panhandle Eastern and Rolla areas. The Company agreed with Staff's adjustment to the areas served by TETCO. An over-recovery is shown as a negative number and is an amount owed to the customers by the Company, while an under-recovery is a positive number and is an amount owed to the Company by the customers.

	Balance per AmerenUE Filing	Staff Adjustments	Ending Balances
Natural Gas Pipeline Co. of America: Firm Sales ACA	\$ 9,699	0	\$ 9,699
Panhandle Eastern Pipe Line Co: Firm Sales ACA	\$ (4,775,793)	0	\$ (4,775,793)
Interruptible Sales ACA	\$ 24,660	0	\$ 24,660
Rolla (Former Aquila Eastern System): Firm Sales	\$ (321,237)	0	\$ (321,237)
Texas Eastern Transmission Corp: Firm Sales	\$ (1,992,022)	\$ 11,518	\$ (1,980,504)
Interruptible Sales	\$ (524,343)	\$ 3,880	\$ (520,463)

WHEREFORE Staff recommends the Commission order AmerenUE to reply to Staff within 10 days and to otherwise comply with Staff's recommendations.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell
Deputy General Counsel
Missouri Bar No. 43792

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7431 (Telephone)
(573) 751-9285 (Fax)

Email: lera.shemwell@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of this 26th day of January, 2009.

/s/ Lera L. Shemwell