

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

In the Matter of Union Electric Company)	
d/b/a Ameren Missouri's Tariffs to)	<u>Case No. ER-2012 0166</u>
Increase Its Annual Revenues for)	
Electric Service.)	

**STAFF'S STATEMENT OF ISSUES FOR DISCOVERY
CONFERENCE**

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Statement of Issues for Discovery Conference*, states as follows:

Ameren Missouri's response to Staff Data Request ("DR") 253 was inadequate.

DR 253 requests any and all valuation analyses performed on Ameren or Ameren Missouri's utility properties since September 30, 2010. Ameren Missouri responded: "Subject to the Company's objection, no such valuation analyses of Ameren Missouri's utility properties have been completed since the documents provided in response to MPSC Staff Data Request No. 0248 in Case No. ER-2011-0028."

First, Staff's data request was not limited to valuation analyses performed on Ameren Missouri properties. Ameren took a write-down of \$377 million in the first quarter of 2012, and a valuation analysis was necessarily required to determine the amount of the required write-down. Although this write-down did not involve Ameren Missouri properties, Ameren Missouri's affiliation with these other properties affects its overall risk level. For example, Ameren Missouri's

credit rating is inextricably linked to that of Ameren and its affiliates. In order for Staff to evaluate all risks impacting Ameren Missouri's cost of capital, Staff needs to review these documents.

Second, Company Witness Hevert cites several regulatory risk factors (p. 39-47 of Direct) that the Commission should consider when determining if Ameren Missouri's allowed Return on Common Equity ("ROE") should be higher than the cost of equity of his group of comparable companies. Mr. Hevert included companies in his proxy group that also are subject to increased risks due to non-regulated operations, such as Edison International, which owns merchant generation operations through its subsidiary, Edison Mission Energy.

Additionally, Staff's experience in performing discovery in past Ameren Missouri rate cases, such as Case No. ER-2011-0028, is that Ameren Missouri pulled documents it deemed to be irrelevant to Staff's discovery request without informing Staff it had done so. However, because Staff found other documents that referenced these analyses, Staff became aware that these documents existed and had been pulled. Consequently, Staff believes that even if the Commission deems the analyses performed on Ameren's non-regulated operations to be irrelevant, Staff should be given the opportunity to review these documents to verify that this is the only information contained in those documents.

WHEREFORE, Staff urges the Commission to require Ameren Missouri to allow Staff's ROE expert witness to review "any and all" valuation analyses performed on Ameren or Ameren Missouri's utility properties since September

30, 2010, as requested by Staff in DR 253; and grant such other and further relief as is just in the circumstances.

Respectfully submitted,

s/ Kevin A. Thompson

KEVIN A. THOMPSON

Missouri Bar Number 36288

General Counsel

Missouri Public Service

Commission

P.O. Box 360

Jefferson City, MO 65102

573-751-6514 (Voice)

573-526-6969 (Fax)

kevin.thompson@psc.mo.gov

Attorney for Staff.

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **19th day of June, 2012**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

s/ Kevin A. Thompson