

**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.)	

**POSITION STATEMENT OF NATURAL RESOURCES DEFENSE
COUNCIL, RENEW MISSOURI AND SIERRA CLUB**

1. Regulatory Policy and Economic Considerations

NRDC, Renew Missouri and Sierra Club (collectively "NRDC") take no position on this issue.

Baxter (Ameren Missouri) (Policy)
Reed (Ameren Missouri) (Regulatory & Economic Policy)
Weiss (Ameren Missouri) (Earned Returns)
Brosch (MIEC) (Regulatory Lag)¹
Brubaker (MIEC) (Policy)
Gorman (MIEC) (Earnings Attrition)
Kliethermes (Staff) (Economic Considerations)
Meisenheimer (OPC) (Economic Considerations)

Friday, September 28, 2012

2. Advertising

NRDC takes no position.

- A. What amount of advertising expense should be included in Ameren Missouri's revenue requirement?*
- B. What amount, if any, of the costs incurred by Ameren Missouri for its Clean Air Advertising campaign should be included in revenue requirement?*
- C. What amount, if any, of the costs incurred by Ameren Missouri for Taum Sauk Open House inserts should be included in revenue requirement?*
- D. What amount, if any, of the costs incurred by Ameren Missouri for its Mr. Efficiency radio advertisement should be included in revenue requirement?*

E. What amount, if any, of the costs incurred by Ameren Missouri for its Louie the Lightning Bug balloon should be included in revenue requirement?

Ferguson (Staff)

Muniz (Ameren Missouri)

3. Dues, including EEI Dues

NRDC takes no position.

What amount should be included in Ameren Missouri's revenue requirement for dues, including EEI dues?

Carle (Staff)

Weiss (Ameren Missouri)

4. Cash Working Capital

NRDC takes no position.

A. Should the collection lag be calculated using the CURST 246 Report for the 12-month period ending October 31, 2010, or the Accounts Receivable Breakdown Report?

B. Should the income tax calculation be removed from Ameren Missouri's cash working capital requirement?

C. What is the proper calculation of the expense lag for Gross Receipts tax?

Adams (Ameren Missouri)

Meyer (MIEC)

Boateng (Staff)

Monday, October 1, 2012

5. Income Tax & ADIT & NOL

NRDC takes no position.

A. Should a portion of the \$2.8 Million income tax benefit realized on dividends paid on Ameren Corporation shares held in Employee Stock Ownership Plan ("ESOP") accounts be a reduction to Ameren Missouri's revenue requirement?:

B. Should CWIP-related ADIT balances be included as an offset to rate base?

Warren (Ameren Missouri)

Brosch (MIEC)

Cassidy (Staff)

6. Plant-in-Service Accounting ("PISA")

NRDC takes no position.

Should the Commission grant Ameren Missouri accounting authority to accrue a return on invested capital and to defer depreciation for non-revenue-producing plant additions in a regulatory asset during the period between the date when those plant additions begin serving customers until the date they are reflected in rate base in a later rate case?

Barnes (Ameren Missouri)
Brosch (MIEC)
Cassidy (Staff)
Robertson (OPC)

7. Rate Case Expense

NRDC takes no position.

What is the appropriate amount to include in Ameren Missouri's revenue requirement for Rate Case Expense?

Barnes (Ameren Missouri)
Hanneken (Staff)
Robertson (OPC)

Tuesday, October 2, 2012

8. Property Tax Refund

NRDC takes no position.

What portion of the \$2.9 Million property tax refund for Tax Year 2010 received by Ameren Missouri should be credited to ratepayers. If an amount should be credited, over what period should the credit be amortized?

Weiss (Ameren Missouri)
Meyer (MIEC)
Carle (Staff)

9. Property Taxes

NRDC takes no position.

What property tax rates should be used in calculating the allowance for property tax expense to include in Ameren Missouri's revenue requirement?

Cudney (Ameren Missouri)
Meyer (MIEC)
Carle (Staff)

10. Renewable Energy Standard ("RES") Costs

NRDC takes no position.

A. Should the Commission order Ameren Missouri to include a base level of RES costs in permanent rates? If so, what is the base amount to include in permanent rates and should the level included in permanent rates in this case be

netted against any future deferred expenditures that occur beyond the July 31, 2012, true-up date?

B. Over what period of years should the Commission order Ameren Missouri to amortize the deferred RES costs incurred from January 1, 2010, through July 31, 2012?

C. Should the Commission order Ameren Missouri to include the unamortized RES deferred regulatory asset balance from January 1, 2010, through July 31, 2012, in rate base?

Weiss (Ameren Missouri)

Meyer (MIEC)

Beck (Staff)

Cassidy (Staff)

11. Miscellaneous Expenses

A. What amount of the costs incurred for a right-of-way assessment and nest box study should be included in Ameren Missouri's revenue requirement?

NRDC takes no position.

B. Should expenses related to environmental retrofitting of Meramec be included in Ameren Missouri's revenue requirement?¹

The cost of environmental studies and mercury testing performed with a view to retrofitting and thereby extending the life of Meramec are imprudent given the age of that plant. Ameren's 2011 IRP, Case No. EO-2011-0271, states that if the company did RAP DSM, as it has now agreed to do in Case No. EO-2012-0142, it could retire Meramec. DSM and renewables are the only prudent options.

Weiss (Ameren Missouri)

Carle (Staff)

Wednesday, October 3, 2012

12. Entergy Refund

NRDC takes no position.

A. What amount of the \$30.6 Million Entergy equalization cost refund should be credited to ratepayers?

¹ Ameren Missouri does not agree this is a proper issue for this case, and reserves the right to so argue as part of the outstanding motions portion of the evidentiary hearings.

B. If the Commission orders an amount to be credited to ratepayers would a three-year amortization period be appropriate?

C. Should all or part of the amount credited to ratepayers be credited through the FAC adjustment mechanism?

Wills (Ameren Missouri)

Boateng (Staff)

13. Coal Inventory, including Coal in Transit

NRDC takes no position.

Should the value of Ameren Missouri's coal inventory include the value of coal in transit?

Meyer (MIEC)

Hanneken (Staff)

Neff (Ameren Missouri)

Thursday, October 4, 2012

14. Low Income Weatherization, including MDNR Program Administration Costs

NRDC takes no position.

A. Should the next evaluation of Ameren Missouri's low income weatherization program consider the effect on natural gas usage as well as electric usage by customers receiving weatherization?

B. How often should Ameren Missouri conduct evaluations of its low income weatherization program?

C. Can the Commission order Ameren Missouri to direct ratepayer funds to MDNR to cover costs of administering the Low Income Weatherization Program?

D. If so, should Ameren Missouri's low-income weatherization funding level be increased by \$120,000, with that amount to be authorized for reimbursement of MDNR's costs of providing weatherization program administration?

Bickford (MDNR)

Kind (OPC)

Warren (Staff)

Lovett (Ameren Missouri)

15. Sioux Construction Accounting

NRDC takes no position.

Should Ameren Missouri be authorized to continue construction accounting for the Sioux Scrubbers in order to recover a return on the \$13.5 Million cost not

included in rate base in Ameren Missouri's last rate case and to defer associated depreciation expense?

Weiss (Ameren Missouri)

Grissum (Staff)

16. Severance Costs and VS 11

NRDC takes no position.

Should Ameren Missouri be authorized to amortize to rates over three years the approximately \$25.8 Million in costs incurred in its VS 11 voluntary employee separation program?

Barnes (Ameren Missouri)

Carver (MIEC)

Ferguson (Staff)

Friday, October 5, 2012

17. Return on Common Equity ("ROE")

NRDC takes no position.

In consideration of all relevant factors, what is the appropriate value for Return on Equity ("ROE") that the Commission should use in setting Ameren Missouri's Rate of Return?

Hevert (Ameren Missouri)

Martin (Ameren Missouri) (Cost of Debt & Capital Structure)

Gorman (MIEC)

Murray (Staff)

Monday, October 8, 2012

State Holiday

Tuesday, October 9, 2012

18. Net Base Fuel Costs

NRDC takes no position.

A. Should Ameren Missouri's Net Base Fuel Costs include an increase in the cost of delivered coal expected to take effect on January 1, 2013?

Neff (Ameren Missouri)

Dauphinais (MIEC)

Mantle (Staff)

B. Should a positive adjustment be made to account for the margin realized on bilateral transactions and financial swaps?

C. Should an adjustment be made to account for load and generation forecast deviations?

Haro (Ameren Missouri)
Peters (Ameren Missouri)
Dauphinais (MIEC)
Maloney (Staff)

D. What is the amount of fuel expense, purchased power expense, and off-system sales to be used in setting Ameren Missouri's Net Base Fuel Costs?

Elliot (Staff)
Maloney (Staff)
Phillips (MIEC)
Peters (Ameren Missouri)

19. Fuel Adjustment Clause ("FAC")

NRDC takes no position.

Should the sharing percentage in Ameren Missouri's fuel adjustment clause be changed to 85%/15%?

Mantle (Staff)
Barnes (Ameren Missouri)
Haro (Ameren Missouri)
Neff (Ameren Missouri)

20. FAC Tariff

NRDC takes no position.

A. Should the MISO schedule costs that are allowed to flow through the FAC be listed on the FAC tariff sheets?

B. Should the definition of Factor PP in Ameren Missouri's FAC tariff be modified to state, "Only transmission costs incurred for the purchase or sale of electricity shall be included"?

C. Apart from transmission costs addressed in Item B, should Ameren Missouri be permitted to flow through the FAC MISO transmission charges and associated transmission revenues?

D. Should Ameren Missouri be permitted to flow through the FAC transmission charges associated with transmission service in a term in excess of one year?

E. If the Commission determines that the MISO transmission charges and revenues addressed in Item C should not be flowed through the FAC should they be deferred in a transmission cost and revenue tracker using the trued-up test year sum for those charges and revenues as the base against which changes will be tracked, with sums above the base to be booked to a regulatory asset and

sums below the base to be booked to a regulatory liability? If so, how should the amortization of the regulatory asset or regulatory liability be handled?

F. Should hedging gains and losses be excluded from Ameren Missouri's FAC except for hedging gains and losses associated with mitigating volatility in its fuel costs and allowances for SO₂ and NO_x emissions?

F. What other changes should be made to Ameren Missouri's FAC tariff?

Haro (Ameren Missouri)

Mantle (Staff)

Dauphinais (MIEC)

Wednesday, October 10, 2012

Finish FAC issues.

21. Storm Costs Tracker

NRDC takes no position.

Should the Commission establish a two-way storm restoration cost tracker whereby storm-related non-labor operations and maintenance ("O&M") expenses for major storms would be tracked against the base amount with expenditures below the base creating a regulatory liability and expenditures above the base creating a regulatory asset, in each case along with interest at the Company's AFUDC rate?

Barnes (Ameren Missouri)

Wakeman (Ameren Missouri)

Meyer (MIEC)

Boateng (Staff)

22. Storm Costs

NRDC takes no position.

A. If the Commission does not establish a two-way storm restoration costs tracker, then what is the appropriate amount to include in revenue requirement for major storm restoration costs?

B. If the Commission does establish a two-way storm restoration costs tracker, then what is the appropriate base level of major storm restoration Operations and Maintenance ("O&M") costs to include in Ameren Missouri's revenue requirement?

Barnes (Ameren Missouri)

Meyer (MIEC)

Boateng (Staff)

23. Storm Assistance Revenues

NRDC takes no position.

A. If the Commission authorizes a two-way storm restoration cost tracker for Ameren Missouri, should storm assistance revenues received from other utilities be included in the tracker or annualized and normalized and included as an offset in revenue requirement?

B. What amount of storm assistance revenue should be included in the cost of service?

Wakeman (Ameren Missouri)

Meyer (MIEC)

Cassidy (Staff)

24. Vegetation Management and Infrastructure Inspection Tracker

NRDC takes no position.

A. Should the unamortized balance for the regulatory asset associated with the Vegetation Management and Infrastructure Inspection Tracker be adjusted for all amortization through December 31, 2012, and amortized over two years?

B. Should the vegetation management and infrastructure inspection trackers be continued?

Barnes (Ameren Missouri)

Wakeman (Ameren Missouri)

Meyer (MIEC)

Grissum (Staff)

Thursday, October 11, 2012

25. Class Cost of Service, Revenue Allocation and Rate Design

NRDC's positions are stated under D, E and F.

A. What methodology should the Commission use to allocate generation fixed costs among customer classes?

B. How should the non-fuel, non-labor components of production, operation and maintenance expense be classified and allocated?

C. How should any rate increase be collected from the several customer classes?

D. What should the Residential Class customer charge be?

The Commission should deny Ameren Missouri's and Staff's proposals to increase the residential customer charge and Ameren Missouri's proposal to increase the customer charge of the small general service class. The effects of an increase are directly at odds with achieving the state's goal of capturing all cost-effective energy efficiency. Increasing the customer charge lengthens the payback period that customers face in making energy efficiency investments. Ameren Missouri's own studies show that this has a negative effect on savings. Shifting costs out of the variable charge weakens the effectiveness of its price signal, contrary to evidence that suggests rising costs. Finally, the change is not necessary to improve revenue stability for Ameren Missouri. This rate design change will not affect Ameren Missouri's disincentives to engaging in energy efficiency programs because the net shared benefits mechanism (TD-NSB Share) approved by the Commission in No. EO-2012-0142 already fully protects Ameren Missouri from the throughput problem. The proposal is harmful, unnecessary and unsupported by evidence in the record of this case.

E. What should the Small General Service Class customer charge be (single-phase and three-phase)?

NRDC et al.'s position is the same as in D, above.

F. Should the Commission address declining block rate design either by opening a separate docket on rate design or by ordering Ameren to address the rate design in its next general rate case?

The Commission should conduct a process to investigate whether Ameren's declining block rate design and other rate design elements are compatible with the state's goal of capturing all of the cost-effective potential for energy efficiency.

Warwick (Ameren Missouri)
Cooper (Ameren Missouri)
Davis (Ameren Missouri)
Brubaker (MIEC)
Smith (MIEC/Noranda)
Morgan (NRDC)
Scheperle (Staff)
Kind (OPC)
Meisenheimer (OPC)

26. Keeping Current Customer Assistance Program

NRDC takes no position.

A. Should Ameren Missouri's Keeping Current customer assistance program be continued until Ameren Missouri's next general rate case, by which time the working group will have reviewed the third party evaluation of the program?

B. If Ameren Missouri's Keeping Current customer assistance program is continued, should the customer contribution remain the same?

Mueller (Ameren Missouri)

Meisenheimer (OPC)

Fred (Staff)

Respectfully submitted,

/s/ Henry B. Robertson

Henry B. Robertson (Mo. Bar No. 29502)

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct PDF version of the foregoing was filed on EFIS and sent by email on this 24th day of September, 2012, to all counsel of record.

/s/ Henry B. Robertson

Henry B. Robertson

