

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

In re: Union Electric Company's Change to its                    )  
2011 Utility Resource Filing pursuant to                    )       Case No. EO-2012-0127  
4 CSR 240 – Chapter 22.    )

**AMEREN MISSOURI'S RESPONSE TO STAFF'S NOTICE OF NON-  
COMPLIANCE**

**COMES NOW** Union Electric Company d/b/a Ameren Missouri (Ameren Missouri or Company), and for *Ameren Missouri's Response to Staff's Notice of Non-Compliance*, states as follows:

1.       On October 25, 2011, Ameren Missouri filed its *Notice of Change in Preferred Plan (Notice)*.
2.       On November 9, 2011, Staff filed a pleading indicating that it believed that Ameren Missouri's *Notice* was not in compliance with the Missouri Public Service Commission's (Commission) Integrated Resource Planning (IRP) regulations.

**Performance Measures**

3.       The first issue raised by Staff concerned Appendix A to the *Notice's* Memorandum, which did not include data for all of the performance measures included in the Company's last IRP filing (February 23, 2011).
4.       On November 18, 2011, Ameren Missouri filed a *Supplemental Filing Regarding Notice of Change in Preferred Plan*, which included this information which had been inadvertently left out of its October 25, 2011, filing.

## **Generation Capacity**

5. Staff next alleges that the change in Preferred Plan leaves the Company without sufficient generating capacity over the twenty-year planning horizon to meet its expected capacity requirements.

6. As a bit of background, Ameren Missouri (in its February IRP filing) determined the build threshold for a new supply-side resource to be half of the generating capacity of the supply-side resource under consideration; in any particular year, if Ameren Missouri's capacity shortfall met or exceeded the build threshold, that supply-side option would be assumed to be built in that year. The build threshold would indicate that a combined cycle gas turbine (presuming that is the option selected) would not be added until Ameren Missouri's generation shortfall reached at least 300 MW. Staff did not object to that planning assumption. Under the new Preferred Plan, the need for new supply side generation does not arise until 2025. The new Preferred Plan assumes that the combined cycle unit in the Company's original Preferred Plan is unchanged and that any increase in capacity shortfall or reduction in excess capacity in any given year resulting from the change in energy efficiency is offset by increased purchases and/or reduced sales. As a result, the new Preferred Plan reflects the same reserve margin as was reflected in the original Preferred Plan. The financial implications of these changes are reflected in the PVRR results presented in the Company's *Notice*.

7. Using the planning assumption discussed above, the Company would reflect new supply side generation in 2025. However, the Company does not currently believe it will be necessary to do so at this time. As all parties are aware, resource planning is an ongoing process. The Company's load forecast is changing and it expects

the load forecast to be lower than what was included in its original IRP filing. An update of the load forecast is being undertaken for the 2012 annual update, which is due April 1<sup>st</sup>. The Company believes this load forecast change could mean the generation requirement is delayed several years beyond 2025. The Company believes that it is best to make full use of the annual update process by incorporating the latest load forecast along with the updated DSM portfolio. Given that the annual update is just four months away, it would be duplicative and wasted effort to update the plan for a potential resource requirement in 2025 only to have it change in the annual update.

### **PVRR**

8. Finally, Staff points out that the new Preferred Plan has a higher present value of revenue requirement (PVRR) than the original Preferred Plan.

9. This is the same issue that has been raised in Ameren Missouri's triennial IRP docket, Case No. EO-2011-0071. But Staff's concern is based upon a misreading of the Commission's IRP rules. There is no requirement that Ameren Missouri must select the resource plan with the lowest PVRR as its Preferred Plan. Indeed, the Commission's rules explicitly allow for other constraints and limits which may require adoption of a different resource plan. This is exactly what occurred in Ameren Missouri's selection of its new Preferred Plan. The plans with the lowest PVRR, under the current regulatory treatment of the Company's energy efficiency costs, do not allow it to select that resource plan as its Preferred Plan.

WHEREFORE, Ameren Missouri asks the Commission to accept the Company's *Notice of Change in Preferred Plan* and to deny the Staff's Motion.

Respectfully submitted,

UNION ELECTRIC COMPANY,  
d/b/a Ameren Missouri

/s/ Wendy K. Tatro

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## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing Notice was served on the following parties via electronic mail (e-mail) on this 2<sup>nd</sup> day of December, 2011.

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