BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In re: Union Electric Company's	)	
2011 Utility Resource Filing pursuant to	)	File No. EO-2011-0271
4 CSR 240 – Chapter 22.	)	

AMEREN MISSOURI'S APPLICATION FOR REHEARING

I. INTRODUCTION

1. Ameren Missouri made its Intergrated Resource Plan filing on February 20, 2011. On March 28, 2012, the Missouri Public Service Commission (Commission) issued its Report and Order in this case. In large part, Ameren Missouri does not disagree with the Report and Order. However, there are a few points where the Company believes an error has been made and so asks the Commission to rehearing on three specific issues.

II. RATIONALE FOR REQUEST FOR REHEARING ON FINDINGS OF DEFICIENCIES

A. Use of Assumed Two-Year Rate Case Cycle

2. This finding of deficiency cites Rule 4 CSR 240-22.060(4)(B), which requires that the financial impact of various alternative resource plans be based on the assumption that rates will be adjusted annually, in a manner consistent with Missouri law. The Commission then notes that Ameren Missouri performed analysis based on a two-year rate case cycle with the associated regulatory lag of 18 months. The Commission found Ameren Missouri's analysis to be deficient on this basis.

3. Ameren Missouri submits that the Commission's decision misapplied the regulation governing this aspect of the Company's IRP. Ameren Missouri performed two different analyses, one of which included additional regulatory lag as compared to the

annual rate case requirement of 4 CSR 240-22.060(4)(B). The analysis cited in the Report and Order was conducted by Ameren Missouri not as part of the analysis required by 4 CSR 240-22.060(4)(B) but rather as part of the Company's evaluation of "Other Considerations," such as the financial impacts on the company of resource plans under a more realistic assumption of regulatory lag, under Rule 4 CSR 240-22.010(2)(C). That rule simply requires, where possible, a quantitative analysis of such "Other Considerations" and is unconstrained by the requirement (from a different section of the regulation) to assume annual rate adjustments. In fact, it would be counterintuitive to require an assumption of annual rate cases when the purpose of this section is to allow utility decision makers to apply other considerations that impact its resource decisions. The Company's analysis of other considerations applied both to supply side resources, in terms of potential financing constraints due to deterioration of credit metrics, and to demand side resource, in terms of the impacts of the so-called throughput disincentive. The assumption of a two-year rate case cycle was applied to both supply-side and demand-side resources in that stage of analysis.

4. With respect to the requirement for annual rate adjustments, Ameren Missouri did in fact reflect this assumption in its evaluation of all resource plans under the provisions of 4 CSR 240-22.060 and 4 CSR 240-22.070. As was explained in the Company's Reply Brief, "PVRR was calculated for all plans using 'perfect ratemaking', that is dollar-for-dollar recovery of all costs of service in the period in which they are incurred."[1] This necessarily means that the analysis included annual rate adjustments for purposes of calculating PVRR for the integration and risk analysis performed by the

[1] Post Hearing Reply Brief of Ameren Missouri, p. 12.

Company. This information can also be found in the Company's February 23, 2011, IRP filing (IRP filing), in Chapter Nine, page 25.

B. Need for Capacity Used as the Basis for Alternative Resource Plans

5. Next, the Commission concludes that, "Ameren Missouri did not evaluate whether existing supply-side resources could be replaced with less costly demand-side resources."[2] The Commission's rationale for this conclusion was explained as follows, "That is an important distinction because Ameren Missouri is considering the possible retirement of part of its coal-fired generation fleet and is considering very expensive environmental upgrades to the portion of its fleet that is not retired. If it would be more effective to retire those plants and replace them with cheaper demand-side resources, that possibility should be considered in the planning process."[3]

6. This deficiency finding should be reheard as it is inconsistent with another finding by the Commission. The Company did consider whether supply-side resources could be replaced by demand-side resources. Specifically, when the Company evaluated the retirement of the Meramec plant in conjunction with implementation of the "RAP DSM" portfolio as part of its analysis of candidate resource plans, it was performing the comparison referenced by the Commission's Report and Order. The end result of this analysis can be found in Chapter Nine of the Company's IRP filing, on page 24.

7. Once the analysis for Meramac retirement with RAP DSM was completed, there was no reason to complete the same analysis for every coal plant to determine whether DSM was a better option than maintaining the plant. As the Commission appropriately concluded on another deficiency allegation, "…it was reasonable for

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[2] Report and Order, p. 12.
[3] Report and Order, p. 12.

Ameren Missouri to assume that a study of Meramec's costs would yield similar results for Rush Island and Labadie."[4] Ameren Missouri's use of Meramec as a test case for the viability of its coal fleet thus provides an appropriate benchmark for the evaluation of various options for coal-fired generation and the resource options that are available to replace coal-fired generation when retired.

C. Analysis of Wind Resources

8. The Commission concludes that Ameren Missouri's modeling of wind resources is deficient based on the fact that the Company evaluated wind resources as a capacity resource in developing alternative resource plans and, second of all, that the evaluation of wind as an energy resource to reduce costs should also be conducted but was not done by the Company.[5]

9. Similar to the deficiency discussed above, this finding is in error, as the Company did in fact evaluate wind resources as an energy resource as part of its evaluation for compliance with the Missouri Renewable Energy Standard on page 39 of the IRP filing. This analysis clearly showed that the addition of wind resources resulted in an increase in costs.[6] As a result, additional analysis of wind resources for energy to reduce costs would be redundant and unnecessary.

WHEREFORE, Ameren Missouri hereby respectfully requests that the Commission grant rehearing of its Report and Order with respect to the deficiency findings discussed above and that it find that the Company's IRP filing does not contain deficiencies related to the issues listed above.

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[4] Report and Order, p. 16.
[5] Report and Order, p. 22.
[6] Post Hearing Reply Brief of Ameren Missouri, p. 19.

Respectfully Submitted,

/s/ Wendy K. Tatro
Wendy K. Tatro, #60261
Associate General Counsel
1901 Chouteau Avenue, MC 1310
P.O. Box 66149
St. Louis, MO 63166-6149
(314) 554-3484 (phone)
(314) 554-4014 (facsimile)
AmerenMOService@ameren.com

ATTORNEY FOR UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing pleading was served on all parties of record via electronic mail (e-mail) on this 25th day of April, 2012.

/s/ Wendy K. Tatro
Wendy K. Tatro