

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

In the Matter of Union Electric Company                     )  
d/b/a Ameren Missouri's Tariffs to                                 )  
Increase Its Annual Revenues for                                 )  
Electric Service.   )

**Case No. ER-2012-0166**

**PUBLIC COUNSEL'S STATEMENT OF POSITIONS**

COMES NOW the Office of the Public Counsel and for its Statement of Positions states  
as follows:

**1. Regulatory Policy and Economic Considerations**

The Commission should take into consideration the economic conditions and other factors described in the testimony of Public Counsel witness Barbara Meisenheimer.

**2. Advertising**

*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?*

Public Counsel supports the Staff position.

**3. Dues, including EEI Dues**

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

Public Counsel supports the Staff position.

**4. Cash Working Capital**

*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?*

Public Counsel takes no position on this issue at this time.

## **5. Income Tax & ADIT & NOL**

*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?*

Public Counsel takes no position on this issue at this time.

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

*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?*

Public Counsel supports the Staff position.

## **7. Rate Case Expense**

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

Rate case expense should be calculated at true-up using the method described in the testimony of Public Counsel witness Ted Robertson.

## **8. Property Tax Refund**

*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?*

Public Counsel supports the Staff position.

## **9. Property Taxes**

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

Public Counsel supports the Staff position.

## **10. Renewable Energy Standard ("RES") Costs**

*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?*

Public Counsel takes no position on this issue at this time.

#### **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?*

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

Public Counsel takes no position on this issue at this time.

#### **12. Entergy Refund**

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

*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?*

Public Counsel supports the Staff position.

#### **13. Coal Inventory, including Coal in Transit**

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

Public Counsel supports the Staff position.

#### **14. Low Income Weatherization, including MDNR Program Administration Costs**

*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?*

Yes. As stated on page 5 of Ryan Kind's rebuttal testimony, such a study should include "a representative sample of homes that use both electricity and natural gas for space conditioning, regardless of whether the natural gas service is provided by UE or Laclede Gas Company."

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

The frequency of conducting additional evaluations subsequent to the "next evaluation" addressed in item 14.A should not be addressed in this rate case. As stated on page 4 of Ryan Kind's rebuttal testimony, "Public Counsel does not agree that a portion of the \$1.2 million should be allocated away from providing weatherization services for the purpose of funding

biennial evaluations of the LIXW program that could be done “at the discretion of the Company” after the second required evaluation of electric and gas program impacts recommended by the Staff is completed.”

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

DNR has not adequately addressed the three concerns that are raised on page 8 of Ryan Kind’s rebuttal testimony, so Public Counsel cannot support this request at this time.

*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?*

See OPC response to issue 14.C.

#### **15. Sioux Construction Accounting**

*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?*

Public Counsel supports the Staff position.

#### **16. Severance Costs and VS 11**

*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?*

Public Counsel supports the Staff position.

#### **17. Return on Common Equity ("ROE")**

*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?*

Public Counsel has no specific testimony on this issue. However it is Public Counsel’s position that once the Commission has determined a just and reasonable ROE range, it should order the low end of the range in this case to promote affordability for Ameren’s customers.

#### **18. Net Base Fuel Costs**

Resolved.

#### **19. Fuel Adjustment Clause ("FAC")**

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

Public Counsel supports the Staff position.

#### **20. FAC Tariff**

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

Yes.

*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"?*

Yes.

*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?*

No.

*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?*

No.

*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?*

No.

*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 SO<sub>2</sub> and NO<sub>x</sub> emissions?*

No.

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

Public Counsel supports the Staff position.

## **21. Storm Costs Tracker**

*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?*

No.

## **22. Storm Costs**

*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?*

Public Counsel supports the Staff position.

*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?*

Public Counsel supports the Staff position.

### **23. Storm Assistance Revenues**

*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?*

Public Counsel supports the Staff position.

### **24. Vegetation Management and Infrastructure Inspection Tracker**

*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?*

Public Counsel supports the Staff position.

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

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

The Commission should adopt Public Counsel's primary recommendation to use the Average and 4CP production allocator. If the Commission rejects Public Counsel's primary recommendation in favor of an Average & Excess allocation method then the Commission should adopt Public Counsel's Average & Excess 4NCP allocation method.

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

For the expenses that cannot be directly assigned the allocators applied to the expense accounts should be the same as those applied to the Production, Transmission, and Distribution Plant accounts to which the expenses are related.

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

The Residential Class and Small General Service Class should not be subject to a revenue neutral increase. Public Counsel supports the portion of the Company's proposal which would allocate the Residential and Small General Service Class the system average increase.

*D. What should the Residential Class customer charge be?*

There should be no increase in the Residential customer charges.

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

There should be no increase in the SGS customer charges.

*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?*

As stated on pages 6 and 7 of Ryan Kind's surrebuttal testimony, "the steps recommended by NRDC witness Pamela Morgan in her alternative proposal [on page 19 of her rebuttal testimony] are appropriate and the Commission should order UE to take the recommended actions. On page 19 of her rebuttal testimony, Ms. Morgan stated "[a]lternatively, I encourage the Commission to order Ameren Missouri to address the declining block rate design in its next general rate case and either support it or propose a transition plan to eliminate it."

## **26. Keeping Current Customer Assistance Program**

Resolved.

**WHEREFORE**, Public Counsel respectfully submits this Statement of Positions.

Respectfully submitted,

OFFICE OF THE Public Counsel

/s/ **Lewis R. Mills, Jr.**

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing has been emailed to parties of record this 24<sup>th</sup> day of September 2012.

**/s/ Lewis R. Mills, Jr.**

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