

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

In the Matter of the Application of)
Union Electric Company d/b/a AmerenUE)
for an Accounting Authority Order) Case No. EU-2008-____
Regarding Accounting for Extraordinary)
Costs Relating to Damage from the)
January 2007 Ice Storm.)

**APPLICATION OF UNION ELECTRIC COMPANY d/b/a AMERENUE
FOR AN ACCOUNTING AUTHORITY ORDER REGARDING ACCOUNTING
FOR EXTRAORDINARY COSTS RELATING TO DAMAGE
FROM THE JANUARY 2007 ICE STORM**

COMES NOW Union Electric Company d/b/a AmerenUE (the “Applicant”), pursuant to Section 393.140(4), and 4 CSR 240-2.060 and 2.080, and hereby applies for an Accounting Authority Order (“AAO”) regarding Applicant’s accounting for extraordinary costs relating to a severe ice storm that destroyed Applicant’s property and equipment on January 13, 2007.

Applicant requests that these extraordinary costs be deferred to Account 182.3, Other Regulatory Assets¹ and amortized over a five-year period commencing with the effective date of rates set in AmerenUE’s next general rate proceeding, if that next general rate proceeding is filed within two years of the effective date of the Commission’s order approving the AAO. In support thereof, Applicant states as follows:

1. Applicant is a Missouri corporation doing business under the fictitious name of AmerenUE, in good standing in all respects, with its principal office and place of business located at 1901 Chouteau Avenue, St. Louis, Missouri 63103. Applicant is engaged in providing electric and gas utility services in portions of Missouri as a public utility under the jurisdiction of the Commission. There is already on file with the Commission a certified copy of Applicant's

¹ See Uniform System of Accounts adopted for Missouri electric utilities pursuant to 4 CSR 240-20.030.

Certificate of Corporate Good Standing (*see* MPSC Case No. EF-2003-0514), and Applicant's Fictitious Name Registration as filed with the Missouri Secretary of State's Office (*see* MPSC Case No. GO-98-486), and said documents are incorporated herein by reference and made a part hereof for all purposes.

2. Communications with regard to this Application should be directed to:

Steven R. Sullivan
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Thomas M. Byrne
Managing Associate General Counsel
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and

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Other than cases that have been docketed at the Commission, Applicant has no pending actions or final unsatisfied judgments or decisions against it from any state or federal court or agency within the past three (3) years which involve customer service or rates. Applicant has no annual report or assessment fees that are overdue.

3. The Commission has a longstanding history of approving the deferral of incremental operating and maintenance costs related to extraordinary events, specifically significant system damage caused by severe storms, including on five different occasions under

similar circumstances for Kansas City Power & Light Company (1982 wind storm, 1984 ice storm, 1993 flood, 1996 snow storm, and 2002 ice storm) and for Aquila, Inc. (for the same 2002 ice storm that affected Kansas City Power & Light's system).²

4. The January 13, 2007 ice storm caused outages for approximately 284,000 AmerenUE customers, and required the deployment of approximately 4,600 linemen to restore service to AmerenUE customers. Among the personnel deployed were AmerenUE employees and employees from other utilities from 16 different states.

5. The January 2007 has increased operating and maintenance costs beyond what Applicant should, in its normal course of business, be expected to bear in a single year.³ Indeed, the rate increase granted by the Commission just a few months after this storm occurred indicates that the Company's rates at the time this storm occurred were already insufficient, without taking into account the cost of this storm.

6. For these reasons, Applicant requests the Commission to permit incremental operating and maintenance costs directly related to the January 2007 ice storm, including but not limited to, labor costs, material purchases and repairs, to be deferred to Account 182.3, Other Regulatory Assets. Applicant will seek recovery of these deferred costs in future rate proceedings. Applicant also states that it will maintain adequate records supporting the incremental expenses deferred, including details of outside contractor, food and lodging costs, labor and material costs, and that it will provide support for the level of costs capitalized. In

² The Commission's regulatory authority to issue AAOs is well-settled. *See, e.g., Missouri Gas Energy v. Pub. Serv. Comm'n*, 978 S.W.2d 434 (Mo. App. W.D. 1998).

³ None of the costs associated with this Application relate to the two July 2006 thunderstorm events or the November/December 2006 ice storm, all of which were addressed by the Commission in the Company's recently concluded general rate proceeding, Case No. ER-2007-0002. Indeed, as the Commission discussed at page 72 of its Report and Order in Case No. ER-2007-0002, Applicant has already offset a portion of its 2006 operating and maintenance storm costs, and agreed to forego the remainder of those 2006 operating and maintenance storm costs. The operating and maintenance storm costs associated with the present Application arise solely from the January 2007 ice storm occurring after the close of the update and true-up periods in Case No. ER-2007-0002, and consequently, these costs were not taken into account in setting AmerenUE's current retail electric rates.

addition, Applicant states that it will provide a comparison of these costs to the normal on-going level of such costs. Applicant further states that it will make those records available to the Office of the Public Counsel, the Commission's Staff, and any parties granted intervention in this case to review.

7. As detailed on Exhibit A attached hereto and incorporated herein by this reference, Applicant's incremental operating and maintenance costs associated with this storm total \$24,708,000.

WHEREFORE, for the foregoing reasons, Applicant respectfully requests the Commission to issue its AAO as follows:

- a. Authorizing Applicant to defer actual incremental operation and maintenance expenses incurred as a direct result of the January 2007 ice storm to Uniform System of Accounts Account 182.3, with such expenses to be in accordance with Uniform System of Accounts definitions of operation and maintenance expense, excluding any costs of or related to expenditures relating to plant-in-service (i.e. capital costs) and net of insurance proceeds, if any, with expenses approved for recovery in AmerenUE's next general rate proceeding to be amortized over a 60-month period commencing with the effective date of new rates in that proceeding, if that proceeding is filed within two years of the effective date of the Commission's order approving the AAO; and
- b. authorizing Applicant to do any and all other things incidental, necessary or appropriate to the performance of any and all acts specifically authorized in such order, and granting such other and further relief as the Commission may deem just and proper under the circumstances.

Dated: November 5, 2007.

Respectfully Submitted:

SMITH LEWIS, LLP

By: /s/ James B. Lowery
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**ATTORNEYS FOR UNION ELECTRIC
COMPANY d/b/a AMERENUE**

UNION ELECTRIC COMPANY,
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Exhibit A

Union Electric Company
Storm Cost Summary--January 13, 2007 Ice Storm
(in thousands)

| | |
|----------------------------------|-----------------|
| 583 - Overhead line expenses | \$2,309 |
| 584 - Underground line expenses | 50 |
| 586 - Meter expenses | 1 |
| 591 - Maint of structures | 2 |
| 593 - Maint of overhead lines | 22,316 |
| 594 - Maint of underground lines | 29 |
| 595 - Maint of line transformers | 1 |
| TOTAL | \$24,708 |

VERIFICATION

STATE OF MISSOURI)
)
CITY OF ST. LOUIS)

I, Lynn M. Barnes, of lawful age, being duly sworn, deposes and says that she is Vice President of Business Planning and Controller for Union Electric Company d/b/a AmerenUE, that she is duly authorized and did sign the foregoing Application on behalf of Union Electric Company, that she has knowledge of the facts stated in the foregoing Application, and that said facts are true to the best of her knowledge, information and belief.

Lynn M Barnes
Lynn M. Barnes

Subscribed and sworn to before me this 5th day of November, 2007.

Amanda Tesdall
Notary Public

My Commission Expires 7/29/2011



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via e-mail, to the following parties on the 5th day of November, 2007.

Office of the General Counsel
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/s/ James B. Lowery
James B. Lowery