

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

In the Matter of Union Electric Company)	
d/b/a AmerenUE for Authority to File Tariffs)	
Increasing Rates for Natural Gas Service)	Case No. GR-2010-0363
Provided to Customers in the Company's)	
Missouri Service Area.)	

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Union Electric Company d/b/a Ameren Missouri (Ameren Missouri or Company), the Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel (Public Counsel) and the Missouri Department of Natural Resources (MDNR), and respectfully state to the Missouri Public Service Commission (Commission) that, as a result of negotiations, the undersigned parties (Parties) have reached the stipulations and agreements (Stipulation) contained herein. The Parties recommend Commission approval of this Stipulation.

1. **Issues Settled.** The Parties intend for this Stipulation to settle all issues previously identified by the Parties through testimony and or schedules in Case No. GR-2010-0363.

2. **Revenue Requirement.** The Company shall file rate schedules authorizing a Missouri retail base rate increase of \$9.0 million, exclusive of license, occupation, franchise, gross receipts or other similar fees and or taxes. This increase shall result in a total revenue requirement of approximately \$73.2 million. This amount includes \$700,000 of annual funding for natural gas energy efficiency programs, including those involving weatherization for low income customers.

3. **Effective Date of Rates.** New rates will become effective on February 1, 2011, or as soon as reasonably practicable thereafter. The Parties agree to support any request for expedited treatment of applicable tariffs, if necessary to accomplish this objective.

4. **Rate Design.** Rates shall be designed using the following parameters:
- A. The General Service (GS) class shall not be split into two customer classes.
 - B. The revenue increase shall be applied on an equal percentage basis to all classes.
 - C. The billing determinants found in **Appendix A** shall be used.
 - D. For all non-residential classes, all base rate elements shall be increased on an equal percentage basis, with nominal adjustments to certain rate values to maintain existing rate design relationships.
 - E. The Company shall structure residential rates using a residential rate structure model that consists of a Customer Charge and two Delivery Charge blocks, without seasonality. The Customer Charge shall be \$15.00 per month. The first Delivery Charge block shall be set at 0-30 Ccf with the second, or trailing block, for all usage over 30 Ccf.
 - (1) The 0 -30 Ccf Delivery Charge will recover the Company's total annual Residential Class Margin Revenue Requirement, as agreed to for the purposes of this proceeding, less the amount recovered through the \$15 per month customer charge.
 - (2) The sum of the ¢/Ccf value of the Delivery Charge and the PGA "0 - 30 Ccf" blocks will equate to the Company's "Total ¢/Ccf" rate determined as follows: ((Total Residential Class Revenue Requirement (i.e., Margin and PGA) Less Customer Charge)) divided by Total Ccf) and the rate for the > 30 Ccf PGA block will equal the Total ¢/Ccf rate.
 - (3) For illustrative purposes only, an example is attached hereto as **Appendix B**.
 - F. The Company shall reduce its Seasonal Use provision for residential customers from 12 months to 6 months.

G. Staff does not join as to the issues listed in sections 4.E and 4.F of this Stipulation (the rate design issues) but will not oppose tariff revisions consistent with the terms contained therein and does not request a hearing as to these issues.

5. Purchased Gas Adjustment (PGA) Rates.

A. The PGA transition mechanism shall be discontinued. The Company shall track by month and report annually to both Public Counsel and the Manager of the Commission's Energy Department as part of its Actual Cost Accounting Filing the impact of discontinuing the transition mechanism for customers served on each pipeline.

B. The Rolla incremental PGA shall continue to be charged.

C. Consistent with section 4. E above, the residential PGA shall be blocked with a first block at 0-30 Ccf and another block for all over 30 Ccf .

6. Energy Efficiency Programs.

A. \$263,000 of the \$700,000 referenced above shall be forwarded to the Environmental Improvement and Energy Resources Authority (EIERA) for administration by MDNR for the weatherization of homes of Ameren Missouri low-income natural gas heating customers. Payment in full shall be made annually to EIERA no later than August 5.

B. Ameren Missouri agrees to a target level of annual funding to be achieved within the next three years ramping up by year three to an amount equal to 0.5% of gross operating revenues for gas service, including gas cost, or approximately \$850,000, for expenditures prudently incurred on cost-effective programs.

C. The Company shall perform a post-implementation evaluation of the effectiveness of its non low income weatherization energy efficiency programs. Non low income weatherization energy efficiency program funds may be used for the reasonable costs

associated with program evaluation and for external administrative costs in addition to the programs' direct costs. Post-implementation evaluations of all programs or measures shall include usage data for program participants through the end of the month of April, 2012, and be completed by December 31, 2012. Post-implementation evaluations will generally be performed by an outside firm and include both a process evaluation and an impact evaluation. Proposed post-implementation evaluations shall be discussed with the Energy Efficiency Advisory Group (discussed below) prior to issuing RFPs for evaluations and again prior to the final selection of an outside firm to perform a post-implementation evaluation.

D. The Energy Efficiency Collaborative will function as an advisory group and shall hereafter be referred to as the Energy Efficiency Advisory Group (EEAG). Ameren Missouri shall be responsible for all final decisions regarding its natural gas energy efficiency programs. Participation in the group shall not affect a party's right to question the prudence of the planning and or implementation of energy efficiency programs in future cases.

E. An EFIS docket shall be opened as a repository for Ameren Missouri to file, at least quarterly, updates on the status of its natural gas energy efficiency programs. These reports shall set forth, by program, by tariff class, and by measure for significant measures such as furnace rebates, estimated Ccfs saved and the amount spent and amount committed during the current quarter and during the current program year. At least quarterly, MDNR will also file Ameren Missouri Gas Low Income Weatherization Progress Reports in the repository docket.

F. Expenditures of more than \$700,000 incurred in a calendar year and related to the Energy Efficiency programs shall be placed in a regulatory asset account. If the

Company does not spend the entire \$700,000 in a year on the Energy Efficiency programs, the remaining amount shall be placed in the asset account as a regulatory liability. In any event, all deferrals shall be for expenses prudently incurred. These prudent expenditures for cost-effective programs included in the regulatory asset will earn carrying costs at a rate equal to that of Ameren Missouri's AFUDC rate and be amortized to the cost of service over a six year period beginning with the effective date of rates in the next general natural gas rate proceeding. The Parties further agree that the unamortized balance in the account for prudently-incurred cost-effective program expenditures will be included in rate base. The Parties acknowledge that this provision supersedes paragraph 19 of the 2007 agreement filed in Case No. GR-2007-0003.

G. The Company agrees to file no later than January 31, 2011, the tariff sheets attached hereto as **Appendix C**. These tariff sheets shall include a proposed effective date of March 1, 2011 and may be accompanied by a request for expedited treatment, requesting an effective date of February 1, 2011. Such tariffs shall provide for uninterrupted availability of these energy efficiency programs through December 31, 2012. The Parties agree that Ameren Missouri may file with the Commission proposed revised tariff sheets concerning the Energy Efficiency programs, if Ameren Missouri believes circumstances warrant changes. Prior to filing any such proposed revised tariff sheets with the Commission, Ameren Missouri shall circulate those sheets for review and comment by the EEAG.

H. In the next general rate proceeding, any Energy Efficiency expense may be reviewed and or challenged on the basis of prudence.

I. Ameren Missouri has filed tariffs consistent with the terms of the 2010 Energy Efficiency programs, designed to ensure program continuity between January 1, 2011 and

February 28, 2011. Ameren Missouri has requested expedited treatment for the tariffs to be effective as soon as possible after January 1, 2011.

7. **Commission Case No. GT-2011-0130.** The Parties agree this Stipulation renders moot the dispute in Commission Case No. GT-2011-0130 regarding Ameren Missouri's current natural gas energy efficiency rebate program and agree that Case No. GT-2011-0130 may be closed. Within ten days of Commission approval of this Stipulation, Public Counsel shall file a pleading withdrawing Case No. GT-2011-0130.

8. **Pensions and OPEBs.** The Pension and OPEB tracker established in Case No. GR-2007-0003 shall be continued. The terms of the tracker shall mirror those approved for the Pension and OPEB tracker for the electric operations of the Company. The Company shall treat the Non-Qualified Pension plans on a going-forward basis consistent with the future resolution of this issue in Case No. ER-2011-0028 and shall adjust the tracker accordingly.

9. **Infrastructure System Replacement Surcharge (ISRS).** The return on equity (ROE) to be applied to ISRS qualifying plant in the future shall be 10% and shall be used in conjunction with Staff's true-up capital structure from this case (See **Appendix D**). As part of this rate case, the Parties agree that the Company's ISRS balance has been reset to \$0.00. The starting date for qualifying plant that may be included in the next ISRS surcharge filing shall be January 1, 2011. In other words, the Company shall not seek to recover, at any time in a future ISRS, any ISRS-qualifying plant placed in service between September 30, 2010 (the true-up cut-off date in this case) and December 31, 2010. The parties further agree that this ISRS-specific ROE percentage does not reflect any agreement as to the ROE that was used to determine the revenue requirement in this case and is agreed to herein specifically for ISRS purposes only.

10. **Depreciation Rates.** Ameren Missouri shall begin booking depreciation expense at the depreciation rates attached hereto as **Appendix E**, effective upon the date that new

customer rates are implemented as a result of this Stipulation. These rates shall continue until a Commission order changing these rates.

11. **Gas Supply Incentive Plan (GSIP).** The Company shall not implement a GSIP as a result of this case.

12. **Future Rate Cases.** Ameren Missouri shall not file a natural gas general rate increase case prior to December 31, 2012, unless it does so in conjunction with an electric general rate increase case.

13. **Tariff Change.** Ameren Missouri's tariff applicable to non-residential customers shall be amended as part of the filing of compliance tariff sheets to provide that the delinquency date for payment from non-residential customers shall be 21 days after the date the bill is mailed,, as is currently provided for with respect to residential customers.

14. **Competent and Substantial Evidence.** The Parties agree to the admission of all prefiled testimony, exhibits, Stipulations, Agreements, and any attachments thereto as competent and substantial evidence supporting Commission approval of this Stipulation.

GENERAL PROVISIONS

15. This Stipulation is being entered into for the purpose of disposing of the issues that are specifically addressed in this Stipulation. In presenting this Stipulation, none of the Parties shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or revenue determination or cost allocation or revenue related methodology, and none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation (whether it is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation, except as otherwise expressly specified herein.

16. This Stipulation has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this Stipulation without modification, then the Stipulation shall be void and no signatory shall be bound by any of the agreements or provisions contained herein.

17. If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void, neither this Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any signatory has for a decision in accordance with Section 536.080, RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Parties shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

18. If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the Parties waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000 and (4) their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this

Stipulation. This Stipulation contains the entire agreement of the Parties concerning the issues addressed herein.

19. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.


20. If the Commission has questions for the Parties' witnesses or Parties, the Parties will make available, at any on-the-record session, their witnesses and attorneys on the issues resolved by this Stipulation, so long as all Parties have had adequate notice of that session. The Parties agree to cooperate in presenting this Stipulation to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this Stipulation.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Unanimous Stipulation and Agreement.

Respectfully submitted,

//S// Marc D. Poston
Marc D. Poston (#45722)
Deputy Public Counsel
P O Box 2230
Jefferson City, MO 65102
(573) 751-5558
(573) 751-5562 FAX
marc.poston@ded.mo.gov
**ATTORNEY FOR THE OFFICE OF
THE PUBLIC COUNSEL**

//S// Mary Ann Young
Mary Ann Young #27951
Counsel
Missouri Department of Natural Resources
P.O. Box 176
Jefferson City, MO 65102
573-526-7052
573.526-7553 FAX
maryann.young@dnr.mo.gov
**ATTORNEY FOR THE MISSOURI
DEPARTMENT OF NATURAL RESOURCES**



Dean L. Cooper #36592
BRYDON, SWEARENGEN &
ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456
(573) 635-7166
(573) 634-7431 (fax)
dcooper@brydonlaw.com

Wendy K. Tatro, # 60261
Associate General Counsel
Union Electric Company, d/b/a
Ameren Missouri
1901 Chouteau Avenue, MC-1310
P.O. Box 66149, MC-1310
St. Louis, Missouri 63166-6149
(314) 554-3484 (Telephone)
(314) 554-4014 (Facsimile)
AmerenUEService@ameren.com

**ATTORNEYS FOR AMEREN
MISSOURI**

//S// Eric Dearmont
Eric Dearmont #60892
Assistant General Counsel

Lera L. Shemwell #43792
Deputy General Counsel

Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

(573) 751-5472
(573) 751-9285 (fax)

**ATTORNEYS FOR THE STAFF OF
MISSOURI PUBLIC SERVICE**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 4th day of January, 2011, to:

Eric Dearmont
General Counsel's Office
eric.dearmont@psc.mo.gov

Marc Poston
Office of the Public Counsel
marc.poston@ded.mo.gov

Mary Ann Young
Missouri Department of Natural Resources
maryann.young@dnr.mo.gov

Sarah Mangelsdorf
Assistant Attorney General
sarah.mangelsdorf@ago.mo.gov

