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September 16, 2009

Mr. Steven Reed, Secretary
& General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65203

Via EFIS

Re: Case No. ER-2010-0036

Dear Mr. Reed:

Pursuant to Commissioner Davis's request made during the Oral Argument held by the Commission in this case on September 14, 2009, Union Electric Company d/b/a AmerenUE ("AmerenUE") is filing the accompanying information, which was compiled by The Brattle Group from various sources, and which includes information regarding interim rates and the use of historic versus forecasted test years (see in particular Tables 4 and 5).

It is AmerenUE's understanding that in most cases this information was compiled from secondary sources such as Regulatory Research Associates, the National Association of Utility Regulatory Commissions, the Edison Electric Institute, and the Nuclear Energy Institute, with some supplementation of the information obtained from those secondary sources by The Brattle Group.

A copy of this letter and this information has been served on counsel for all parties of record in this case.

Sincerely,

/s/ James B. Lowery

James B. Lowery

C/enc: Counsel for Parties of Record, Case No. ER-2010-0036

Table 1 : Preliminary Ranking of States by Factors Mitigating Regulatory Lag

State	Fuel Adjustment Clause Factors		Time Needed for Rate Case	Temporary or Interim Rates	Type of Test Year (Historic versus Forecast)	Construction Work in Progress (CWIP) Allowed in Rate Base	Overall Score for State		% of Maximum Possible Score
	Adjustment Frequency	Type of FAC: Historic versus Projected					Traditionally Regulated (Out of 6)	Restructured (Out of 4)	
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
NE	N/A	N/A	0.0	0.0	0.0	0.0	-	0.0	N/A
MN	1.0	1.0	0.5	1.0	1.0	0.5	5.0	-	83%
ND	1.0	0.5	1.0	1.0	1.0	0.5	5.0	-	83%
AL	1.0	1.0	0.5	0.0	1.0	1.0	4.5	-	75%
HI	1.0	1.0	0.5	1.0	1.0	0.0	4.5	-	75%
MS	1.0	1.0	1.0	0.0	1.0	0.5	4.5	-	75%
FL	0.0	1.0	0.5	1.0	1.0	0.5	4.0	-	67%
TX	N/A	N/A	1.0	1.0	0.0	0.5	-	2.5	63%
GA	0.0	1.0	1.0	0.0	1.0	0.5	3.5	-	58%
IA	1.0	1.0	0.0	1.0	0.0	0.5	3.5	-	58%
KY	1.0	0.5	0.0	0.0	1.0	1.0	3.5	-	58%
MT	1.0	1.0	0.5	1.0	0.0	0.0	3.5	-	58%
TN	1.0	1.0	0.5	0.0	0.0	1.0	3.5	-	58%
CO	1.0	1.0	0.5	0.0	0.0	0.5	3.0	-	50%
CT	N/A	N/A	1.0	0.0	1.0	0.0	-	2.0	50%
MD	N/A	N/A	0.5	0.0	0.5	1.0	-	2.0	50%
OK	0.5	0.5	1.0	0.0	0.5	0.5	3.0	-	50%
PA	N/A	N/A	0.5	0.0	1.0	0.5	-	2.0	50%
UT	0.5	0.0	0.5	1.0	1.0	0.0	3.0	-	50%
VT	1.0	0.5	0.5	0.0	0.5	0.5	3.0	-	50%
VA	0.0	1.0	1.0	0.0	0.0	1.0	3.0	-	50%
WI	0.5	1.0	0.0	0.0	1.0	0.5	3.0	-	50%
IN	1.0	1.0	0.0	0.0	0.0	0.5	2.5	-	42%
KS	0.5	1.0	0.5	0.0	0.0	0.5	2.5	-	42%
NV	1.0	0.5	0.5	0.0	0.0	0.5	2.5	-	42%
OR	0.0	1.0	0.5	0.0	1.0	0.0	2.5	-	42%
CA	N/A	N/A	0.0	0.0	1.0	0.5	-	1.5	38%
MI	N/A	N/A	0.0	0.0	1.0	0.5	-	1.5	38%
NJ	N/A	N/A	0.5	0.0	0.5	0.5	-	1.5	38%
NY	N/A	N/A	0.0	0.0	1.0	0.5	-	1.5	38%
OH	N/A	N/A	0.5	0.0	0.5	0.5	-	1.5	38%
RI	N/A	N/A	1.0	0.0	0.5	0.0	-	1.5	38%
AK	1.0	1.0	0.0	0.0	0.0	0.0	2.0	-	33%
AR	0.0	1.0	0.0	0.0	0.5	0.5	2.0	-	33%
ID	0.0	1.0	0.5	0.0	0.5	0.0	2.0	-	33%
LA	1.0	0.5	0.0	0.0	0.0	0.5	2.0	-	33%
NC	0.0	1.0	0.5	0.0	0.0	0.5	2.0	-	33%
SC	0.0	1.0	0.5	0.0	0.0	0.5	2.0	-	33%
WV	0.0	1.0	0.5	0.0	0.0	0.5	2.0	-	33%
AZ	0.0	1.0	0.0	0.0	0.0	0.5	1.5	-	25%
DE	N/A	N/A	0.5	0.0	0.0	0.5	-	1.0	25%
DC	N/A	N/A	0.0	0.0	0.5	0.5	-	1.0	25%
IL	N/A	N/A	0.0	0.0	0.5	0.5	-	1.0	25%
MA	N/A	N/A	1.0	0.0	0.0	0.0	-	1.0	25%
NM	0.5	0.5	0.0	0.0	0.0	0.5	1.5	-	25%
SD	1.0	0.5	0.0	0.0	0.0	0.0	1.5	-	25%
WA	0.0	1.0	0.0	0.0	0.0	0.5	1.5	-	25%
WY	0.0	0.5	0.0	0.0	1.0	0.0	1.5	-	25%
MO	0.5	0.5	0.0	0.0	0.0	0.0	1.0	-	17%
ME	N/A	N/A	0.5	0.0	0.0	0.0	-	0.5	13%
NH	N/A	N/A	0.0	0.0	0.0	0.0	-	0.0	0%
Average									43%
Top Quartile									50%
Median									40%
Bottom Quartile									33%

Sources:

The Brattle Group primary research, Regulatory Research Associates' Commission Profiles, NARUC Compilation of Utility Regulatory Policy (1995-1996), Edison Electric Institute, and Nuclear Energy Institute.

Notes:

- [1]: Frequency of FAC (for largest utility in state): 1 = monthly or quarterly, 0.5 = semiannually or varies, and 0 = annually. "N/A" indicates that a state's utilities are not traditionally regulated.
- [2]: FAC rates (for largest utility in state): 1 = based on projected costs, 0.5 = based on historic costs, and 0 = no FAC. "N/A" indicates that a state's utilities are not traditionally regulated.
- [3]: Maximum length of time between filing and decision: 1 = 6 months or less, 0.5 = 7 to 9 months, and 0 = no requirement or 10 months or more.
- [4]: Use of interim rates: 1 = interim rates used and 0 = interim rates only used in emergencies.
- [5]: Basis for revenue requirement test year: 1 = forecast, 0.5 = hybrid, and 0 = historic.
- [6]: CWIP in rate base: 1 = broadly allowed, 0.5 = case specific or limited, and 0 = not allowed.
- [7]: Sum of [1] through [6] for states with utilities that are traditionally regulated. Does not include Nebraska, a state without regulated investor-owned utilities.
- [8]: Sum of [1] through [6] for states with utilities that are not traditionally regulated. Includes Nebraska, a state without regulated investor-owned utilities.
- [9]: State ranking divided by maximum possible ranking (6 for states with utilities that are traditionally regulated, or 4 for states with utilities that are not traditionally regulated).

Table 2 : Fuel Adjustment Clause Characteristics

State	Adjustment Frequency	Historical or Projected Costs
Idaho	Annually	Historical (Avista) and Projected (Idaho Power)
Washington	Annually	Historical (Avista) and Projected (Puget)
Wyoming	Annually	Historical
Colorado	Twice per year (Aquila) and quarterly (Public Service Co)	Historical (Aquila) and Projected (Public Service Co)
New Mexico	Twice per year (Public Service Co) and monthly (El Paso, Southwestern)	Historical
Oklahoma	Varies	Historical
Kansas	Monthly (Kansas Gas & Electric, Westar), twice per year (Kansas City Board), and annually with quarterly updates and rate adjustments (Kansas City Power)	Projected
South Dakota	Annually (Black Hills), quarterly (NorthWestern), and monthly (Northern States)	Historical
North Dakota	Monthly	Historical
Minnesota	Monthly	Historical (Allete, Interstate Power, Otter Tail) and Projected (Northern States)
Iowa	Monthly	Projected
Arkansas	Annually	Projected
Louisiana	Monthly	Historical
Mississippi	Quarterly (Entergy) and annually (Mississippi Power)	Projected
Alabama	Quarterly	Projected
Tennessee	Monthly (Kingsport) and quarterly (TVA)	Historical (Kingsport) and projected (TVA)
Kentucky	Monthly	Historical
Indiana	Monthly	Projected
West Virginia	Annually	Projected
North Carolina	Annually	Projected
South Carolina	Annually	Projected
Florida	Annually	Projected
Georgia	Annually	Projected
Alaska	Quarterly (Anchorage) and twice per year (EL&P)	Projected
Hawaii	Monthly	Projected
Missouri	Twice Per Year	Historical
Wisconsin	Monthly, Varies	Historical (Consolidated, Superior) and Projected (Madison, Northern States, Wisconsin Electric, Wisconsin Power, Wisconsin Public Service)
Oregon	Annually	Projected
Nevada	Quarterly	Historical
Utah	N/A	N/A
Vermont	Quarterly	Historical
Montana	Monthly	Projected
Arizona	Annually (APS, UNS) and twice per year (SRP)	Projected
Virginia	Annually	Projected

Sources and Notes:

Information from Brattle Group primary research.

Does not include Nebraska, a state without regulated investor-owned utilities.

Table 3 : Time Needed For Rate Case in States

Jurisdiction	Time to Issue Decision Once Case is Filed
Alabama	7 months
Arizona	12 months
Arkansas	10 months
California	Ratesetting - 18 months; Adjudicatory - 12 months
Colorado	210 days
Connecticut	180 days max
Delaware	7 months
Washington D.C.	None, but 9 month 'target'
Florida	60 days - 8 months max
Georgia	6 months
Hawaii	9 months
Idaho	7 months - 9 months max
Illinois	11 months
Indiana	None, but 10 month 'target'
Iowa	10 months
Kansas	240 days - 260 days max
Kentucky	5 months - 10 months max
Louisiana	1 year
Maine	9 months
Maryland	210 days
Massachusetts	6 months
Michigan	None, but 12 month 'target'
Minnesota	8 months
Mississippi	120 days
Missouri	11 months
Montana	9 months
Nebraska	Too complex to summarize
Nevada	7 months
New Hampshire	6 months - 1 year max
New Jersey	8 months
New Mexico	10 months - 13 months max
New York	11 months
North Carolina	9 months
North Dakota	6 months
Ohio	275 days
Oklahoma	180 days
Oregon	6 months - 9 months max
Pennsylvania	7 months
Rhode Island	6 months
South Carolina	6 months & 5 days
South Dakota	6 months - 1 year max
Tennessee	9 months
Texas	150 days
Utah	240 days
Vermont	7 months
Virginia	150 days
Washington	10 months
West Virginia	270 days
Wisconsin	No limit, but typically 9 months - 12 months
Wyoming	10 months

Sources and Notes:

Regulatory Research Associates' Commission Profiles.

Table 4 : Details Behind Temporary or Interim Rates

State	Temporary or Interim Rates
FL	Interim increases are statutorily permitted and have been authorized, usually to become effective roughly three months after an initial filing is tendered. It is not necessary that the utility demonstrate emergency conditions in order to be permitted an interim hike. Interim increases are generally determined on the basis of the utility's achieved rate of return and cost of capital for the most recent 12-month period, utilizing the low end of the equity return range authorized in the company's previous rate case. Any interim increase is collected subject to refund.
HI	There is no statutory time limit within which a rate case must be completed. However, the PUC is legislatively required to "make every effort" to issue a decision within nine months following the filing date. Rate cases have typically taken well over a year to complete. State law calls for an interim increase to be implemented within one month after the expiration of the nine-month period to reflect any increase to which the PUC "believes the public utility is probably entitled," if the evidentiary hearing has been completed. If the evidentiary hearing has not been completed, a 30-day extension is permitted. Interim increases are subject to refund with interest. In almost all electric rate cases decided over the last 10 years, the PUC has authorized substantial interim rate increases. For a temporary, as opposed to an interim, rate increase to be authorized, utilities must satisfy certain "financial hardship" requirements.
IA	Utilities are permitted to implement interim rate increases, subject to refund, and in most rate cases, interim increases have been implemented. Such rate increase may be implemented with IUB approval, within 90 days after the date of filing of the request, based on previously established regulatory principles; or, such rate increase may be implemented without IUB approval, ten days after the date of filing of the request, with the utility filing a bond.
MN	Utilities are permitted to implement, upon PUC approval, interim rates 60 days after filing for a permanent rate increase, subject to refund, utilizing the return on equity (ROE) authorized in the company's previous case. Expenses included in interim rates must be of a "like nature and kind" to expenses included in final rates in the utility's previous case.
MT	The Commission has generally authorized interim rate changes, usually within two to four months after the date of filing.
ND	State law allows interim increases to be implemented within 60 days of the initial filing, subject to refund with interest. This provision is typically utilized in rate proceedings.
TX	Interim rate changes have rarely been sought. However, during a lengthy rate case for American Electric Power (AEP) subsidiary AEP Texas Central (TCC), that was decided in 2005, the PUC rejected requests by several parties that the company be required to implement an interim rate decrease (Final Report 8/18/05). By contrast, in its pending case, TCC was permitted to implement an interim increase due to extensive delays in the procedural schedule. In a recently completed case for Xcel Energy (XEL) subsidiary Southwestern Public Service (SWPS) the PUC allowed the company to implement the rate increase specified in a unanimous settlement on an interim basis, pending PUC consideration of the agreement.
UT	The PSC is permitted to grant an interim increase or order a decrease, subject to refund, during the pendency of a general rate proceeding. To secure an interim increase a utility "must present a compelling case without substantive opposition, that serious financial harm would result in the absence of an interim award." However, only a prima facie showing of the existence of overearnings is required to justify an interim rate decrease. The PSC has occasionally authorized interim rate increases.

Sources and Notes:

Regulatory Research Associates' Commission Profiles

**Table 5 : Regulatory Treatment in Electric Utility
Rate Cases**

State	Forecast, Hybrid, or Historic Test Year
AL	Forecast
AK	Historic
AZ	Historic
AR	Hybrid
CA	Forecast
CO	Historic
CT	Forecast
DE	Historic
DC	Hybrid
FL	Forecast
GA	Forecast
HI	Forecast
ID	Hybrid
IL	Hybrid
IN	Historic
IA	Historic
KS	Historic
KY	Forecast
LA	Historic
ME	Historic
MD	Hybrid
MA	Historic
MI	Forecast
MN	Forecast
MS	Forecast
MO	Historic
MT	Historic
NE	N/A
NV	Historic
NH	Historic
NJ	Hybrid
NM	Historic
NY	Forecast
NC	Historic
ND	Forecast
OH	Hybrid
OK	Hybrid
OR	Forecast
PA	Forecast
RI	Hybrid
SC	Historic
SD	Historic
TN	N/A
TX	Historic
UT	Forecast
VT	Hybrid
VA	Historic
WA	Historic
WV	Historic
WI	Forecast
WY	Forecast

Sources and Notes:

NARUC Compilation of Utility Regulatory Policy (1995-1996), supplemented with recent Brattle Group interviews.

Table 6 : U.S. Regulatory Jurisdictions That Allow Recovery of Financing Costs During Construction
(Based on NARUC Survey and Selected Additional Information)

Jurisdiction	CWIP Allowed in Ratebase from 1995-96 NARUC survey	Additional Information Collected	Scope of recovery of financing costs during construction
	[1]	[2]	[3]
FERC	-	50%-100% of transmission CWIP allowed in ratebase	Broadly allowed
AL	Full		Broadly allowed
AK	No		Not allowed
AZ	At commission's discretion		Case specific
AR	Only to extent it will be in service when new rates become effective	CWIP associated with projects completed during either the historic test year or the pro forma year are allowed in rate base	Limited
CA	Only for pollution control and RD&D projects as allowed by FERC		Limited
CO	Full/Partial	Colorado has allowed CWIP in rate base for specific investments on a case specific basis	Case specific
CT	Demonstrate negative cash flow	Prohibited by law	Not allowed
DE	Partial	Considered on a case-by-case basis	Case specific
DC	Only for pollution control	Only for pollution control	Limited
FL	Only when cash flow needed to maintain bond rating or where construction work not eligible for AFUDC	2006 and 2007 legislation allows cash return on CWIP for nuclear and integrated gasification combined-cycle power plants	Limited
GA	Treatment not uniform	Recent CWIP treatment for a Georgia Power nuclear power plant	Case specific
HI	No	No	Not allowed
ID	No, except some short term		Not allowed
IL	Yes	Only allowed for SO ₂ pollution control and water treatment plant	Limited
IN	Treatment not uniform		Case specific
IA	No	2002 legislation allows utilities to ask for ratemaking treatment determinations on a case specific basis, including CWIP in rate base	Case specific
KS	Partial	Recent legislation allows utilities to ask for ratemaking treatment determinations, including CWIP in rate base	Case specific
KY	Full/Partial	Virtually all CWIP allowed in rate base	Broadly allowed
LA	Full/Partial	In 2007, the LPSC created a detailed process for new nuclear plant certification and cost recovery, including CWIP recovery.	Limited
ME	Yes	Generally not permitted	Not allowed
MD	Full	CWIP included in rate base	Broadly allowed
MA	No		Not allowed
MI	Full	CWIP generally not permitted, except for pollution control	Limited
MN	Full	Allows return on CWIP for certain emission reduction and transmission projects	Limited
MS	Treatment not uniform		Case specific
MO	No	No	Not allowed
MT	No		Not allowed
NE	Short term	[4]	[4]
NV	Treatment not uniform	Permitted on a case-by-case basis	Case specific
NH	No	Prohibited by law	Not allowed
NJ	Treatment not uniform	Permitted on a case-by-case basis, generally only in cases of financial distress	Case specific
NM	Treatment not uniform		Case specific
NY	Yes, if not eligible for AFUDC; extraordinary for financial integrity	CWIP allowed in rate base when cash flow issues arise	Limited
NC	Partial	2007 legislation allows CWIP in rate base for nuclear plant	Limited
ND	Treatment not uniform	Allows CWIP in rate base for transmission facilities	Limited
OH	Partial	CWIP allowed in rate base during Market Development Period (<i>i.e.</i> , transition to full competitive market)	Limited
OK	Partial	Generally allowed, although some conditions apply (<i>e.g.</i> , CWIP approved if project goes into service within one year or if project replaces or improves existing plant)	Limited
OR	No - CWIP prohibited by statute		Not allowed
PA	Partial - non-revenue producing facilities; convert to/expand use of coal		Limited
RI	No		Not allowed
SC	Partial	CWIP allowed for coal or nuclear units that are 350 MW or larger and designed to be operated at capacity factor of at least 70%.	Limited
SD	No	Cash return on CWIP permitted by law, but yet to be permitted by commission	Not allowed
TN	[5]	CWIP can be included in rate base	Broadly allowed
TX	Partial, Extraordinary cases	Allowed if found necessary for utility financial integrity	Case specific
UT	Extraordinary cases	Not generally allowed	Not allowed
VT	Partial	Conditions apply	Limited
VA	Full	Reregulation legislation established option to obtain a rate recovery clause, including projected CWIP	Broadly allowed
WA	Allowed, but seldom	Costs of CWIP allowed in rate base to the extent the Commission deems reasonable	Case specific
WV	Partial	Some examples of CWIP allowed in rate base for pollution control	Limited
WI	Not included now, but return on rate base adjusted for CWIP cash return at various amounts - Case specific	On a case-by-basis, has allowed a return between 50% and 100% of CWIP for recent projects.	Case specific
WY	Generally no, with few exceptions		Not allowed

Number of Jurisdictions Where CWIP Is Broadly Allowed in Rate Base:

6

Number of Jurisdictions Where CWIP Is Allowed in Rate Base on a Limited or Case Specific Basis:

31

Number of Jurisdictions Where CWIP Is Not Allowed in Rate Base:

14

Sources and Notes:

[1]: NARUC Compilation of Utility Regulatory Policy, Table 196 (1995-1996).

[2]: Updates from Edison Electric Institute, Regulatory Research Associates, Nuclear Energy Institute, and state-specific research.

[3]: Classification based on information in [1] and [2]

[4]: Nebraska does not have any investor-owned utilities.

[5]: Not included in NARUC survey.