

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

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

**MISSOURI INDUSTRIAL ENERGY CONSUMERS'  
POST HEARING BRIEF**

Comes now the Missouri Industrial Energy Consumers (“MIEC”) and files its post-hearing brief.

In the course of preparing its 2011 Integrated Resource Plan (“IRP”), Ameren Missouri held numerous stakeholder meetings to report on the progress of its analyses and to obtain input from the interested stakeholders. MIEC participated in all of those stakeholder meetings.

Like Staff, MIEC found the 2011 IRP filing to be a substantial improvement over the previous IRP filing. Rather than present information on a chapter-by-chapter basis that corresponded to the sections of Chapter 22, Ameren Missouri presented a topic-based narrative explaining the purpose of each analysis and providing an explanation of how its various studies were conducted.

Like Staff and other parties, MIEC does not agree with each assumption and process in the IRP. For example, MIEC believes that Ameren Missouri’s assumptions about the cost of constructing a nuclear generation facility understate the likely costs, based on knowledge of cost escalations on other nuclear units in the process of planning and pre-construction. MIEC also would note that current forward prices for natural gas are appreciably below the natural gas prices used by Ameren Missouri in its IRP.

While some parties may want Ameren Missouri to revise its IRP based on changed circumstances or different assumptions, MIEC takes the position that revisions at this time are not necessary and would not be productive. At least within the scope of the changes of assumptions that MIEC might suggest, it is highly improbable that those changes would cause a different conclusion about the need for capacity, the nature of the capacity needed, or the timing of capacity additions. MIEC would further note that Ameren Missouri is to file an update in April 2012 in which many of these issues will be addressed.

### **Preferred Plan Selection**

On the basis of its analyses and judgment, Ameren Missouri has selected as its preferred resource plan (under the assumption of existing environmental regulation, which include assumptions similar to the Cross State Air Pollution Rules (“CSAPR”) and Maximum Available Control Technology (“MACT”) for mercury) under which the first capacity addition would be a combined-cycle unit in 2029. This preferred resource plan also includes what has come to be referred to as the “low risk” demand-side management (“DSM”) portfolio.

However, Ameren Missouri’s analysis indicates that the portfolio known as “Realistically Achievable Potential” (“RAP”) DSM has a lower present value revenue requirement (“PVRR”), indicating that more expenditures on DSM would result in lower overall utility costs. (Of course, the lower costs would primarily inure to the benefit of the customers that participate in the DSM programs and who would consume fewer kWh as a result, and thereby experience a lower bill. Customers who had undertaken energy efficiency measures on their own without the benefit of ratepayer-funded DSM programs could see a higher bill because utility rates might actually be higher.) Nevertheless, based on Chapter 22 rules and a belief that PVRR should be

given primary weight, it is apparent that Ameren Missouri should be engaging in a greater amount of cost-effective DSM.

### **Missouri Energy Efficiency Investment Act**

Ameren Missouri has pointed to the adverse financial impact that it claims DSM has on its common stockholders under its current cost recovery plan. However, as a mitigation or cure, Ameren Missouri can avail itself of the rules adopted by the Commission as a result of the Missouri Energy Efficiency Investment Act (“MEEIA”). These rules concerning implementation of MEEIA became effective in April 2011. These rules provide guidelines for utilities to develop cost recovery plans and to implement tariffs that not only address the lost revenue issue but also may provide the opportunity for the utility to participate in the benefits of DSM through a shared savings approach. Although Ameren Missouri’s filing was made prior to the effective date of the Commission’s rules, eight months have passed and Ameren Missouri did not make its MEEIA filing until today, January 20, 2012.

Given the fact that a cost recovery mechanism to address Ameren Missouri’s financial concerns appears to be the shortest route to expanding the DSM programs, MIEC urges the Commission not to prolong this proceeding, but rather to provide whatever guidance it feels is appropriate on the issues raised by Staff, OPC and other parties, and let any needed modifications to Ameren Missouri’s IRP be considered in the April 2012 update proceeding and/or Ameren Missouri’s next IRP. Moving forward in this fashion will maximize the amount of resources available to process an MEEIA filing and is the most expeditious way to achieve the end result that most parties seem to want – namely, more DSM sooner rather than later.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing document has been transmitted by electronic mail this 20<sup>th</sup> day of January, 2012, to all parties on the Commission's service list in this case.

/s/ Diana M. Vuylsteke