

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

In the Matter of the Third Prudence Review of)
Costs Subject to the Commission-Approved Fuel)
Adjustment Clause of Union Electric Company)
d/b/a Ameren Missouri.)

Case No. EO-2013-

STAFF’S NOTICE OF START OF THIRD PRUDENCE AUDIT

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), and for its Notice of Start of Third Prudence Audit, respectfully states to the Missouri Public Service Commission (“Commission”) as follows:

1. The tariff of Union Electric Company d/b/a Ameren Missouri provides as part of its fuel adjustment clause that, “Prudence reviews of the costs subject to this Fuel and Purchased Power Adjustment Clause shall occur no less frequently than every eighteen (18) months,”¹ This comports with the language of both Commission Rule 4 CSR 240-20.090(7) and § 386.266.4(4) RSMo Supp. 2012.

2. Commission Rule 4 CSR 240-20.090(7)(B), in part, provides: “The Staff shall file notice within ten (10) days of starting its [rate adjustment mechanism] prudence audit.” It also establishes the following schedule by which certain events are to take place based on the date the Staff starts its prudence audit:

Time from start of Staff prudence audit to event	Event
Within 180 days	Submission of Staff recommendation to Commission regarding Staff’s examination and analysis
Within 190 days	Request for hearing
Within 210 days	Commission Order, if no hearing requested

¹ Union Electric Company Tariff MO. No. 1, Sch. 5, 1st revised Sheet No. 98.6; Sch. 5, 1st revised Sheet No. 98.13, Sch. 5, 1st revised Sheet No. 20 and Original Sheet No. 98.30.

3. Staff plans to conduct a prudence review of the costs and revenues associated with Ameren Missouri's fuel adjustment clause for the period June 1, 2011, to September 30, 2012.² This audit period corresponds to the eighth through eleventh sequential accumulation periods since the Commission first authorized a fuel adjustment clause for Ameren Missouri.

4. Staff initiated this prudence audit of the costs and revenues associated with Ameren Missouri's commission-approved fuel adjustment clause on March 1, 2013. Staff plans to file its recommendation and report on its review of this prudence audit period of June 1, 2011 through September 30, 2012, by Friday, August 30, 2013. This is Staff's third prudence audit of Ameren Missouri's fuel adjustment clause. Staff filed its recommendation and report to the Commission on its first prudence audit on August 31, 2010, for the audit period March 1, 2009 through September 30, 2009, in Case No. EO-2010-0255. Staff filed its recommendation and report to the Commission on its second prudence audit on February 29, 2012, for the audit period October 1, 2009 through May 31, 2011, in Case No. EO-2012-0074.

5. In Ameren Missouri's general electric rate case the Commission decided in 2011, Case No. ER-2011-0028, the Commission approved continuation of Ameren Missouri's fuel adjustment clause with modification, with tariff sheets numbered 98.8 to 98.13 applicable for service from June 21, 2010 to July 30, 2011, and tariff sheet number 98.14 applicable for billing months October 2011 through January 2012; and tariff sheets numbered 98.15 to 98.21 applicable for service on and after July 31, 2011. In Ameren Missouri's most recent general electric rate case, which the Commission decided in 2012, Case No. ER-2012-0166, the Commission approved continuation of Ameren Missouri's fuel adjustment clause with modification, with tariff sheets numbered 98.15 to 98.20 applicable for service from

² The Staff notes rate adjustments based on the four four-month accumulation periods during the prudence audit period were the subjects of File Nos. ER-2012-0164, ER-2012-0319, ER-2013-0030 and ER-2013-0310, accumulation periods eight through eleven, respectively.

July 31, 2011, to January 1, 2013, and tariff sheet numbered 98.21 applicable for billing months February 2013 through May 2013; and with tariff sheets numbered 98.22 to 98.31 applicable for service on and after January 2, 2013.

6. Tariff sheet numbers 98.8 and 98.15 both provide for four-month accumulation periods as follows: February-May, June-September and October-January.

7. As it has said before regarding fuel adjustment clause prudence audits, Staff may change its audit approach during this audit, and in future prudence audits as well, based on the particular circumstances existing at the time of the audit. Staff's Energy Resource Analysis Section, among other things, is responsible for Staff's roles in Rules 4 CSR 240-3.161 and 4 CSR 240-20.090. Staff plans to include in its recommendation the following:

Section 1 - Standard of Prudence

A. The standard requires documentation and includes other Commission principles as appropriate, such as the Commission's Affiliate Transactions Rules, which also require documentation.

Section - 2 Audit Scope

A. Presently Known Areas To Review

1. Ameren Missouri's Total Book Costs of Fuel Consumed in Ameren Missouri's Generating Units;
2. Costs Associated with Ameren Missouri's Fuel Hedging Program;
3. Purchased Power Energy Charges, Including Applicable Transmission Fees;
4. MISO Variable Costs;
5. Emissions Allowance Costs and Revenues; and

6. Off-System Sales.

B. Tests/Investigations to Address/Discover Other Significant Items
Impacting Fuel and Purchased Power Cost Recovery Amount

1. Comparison of Net Base Fuel Cost Components and Amounts to
Claimed Cost Components and Amounts;
2. Plant Outages; and
3. Fuel, Freight and Transportation / Purchased Power Contracts.

WHEREFORE, the Staff of the Missouri Public Service Commission hereby provides notice that it started its prudence audit of the costs and revenues associated with Ameren Missouri's Commission-approved fuel adjustment clause on March 1, 2013, for the audit period of June 1, 2011, through September 30, 2012, and that it plans to file its recommendation and report regarding the Staff's examination and analysis in this case by Friday, August 30, 2013.

Respectfully submitted,

/s/ Nathan Williams

Nathan Williams
Deputy Staff Counsel
Missouri Bar No. 35512

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8702 (Telephone)
(573) 751-9285 (Fax)
nathan.williams@psc.mo.gov (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 1st day of March, 2013.

/s/ Nathan Williams