

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

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

**File No. EO-2012-0074**

**STAFF'S SECOND PRUDENCE REPORT**

**COMES NOW** the Staff of the Missouri Public Service Commission and, for its second filing for its Report on Staff's Prudence Review of Costs in the Fuel Adjustment Clause of Union Electric Company d/b/a Ameren Missouri, for the period October 1, 2009, through May 31, 2011, and recommendation thereon,<sup>1</sup> states to the Missouri Public Service Commission:

1. Staff initiated this prudence review on September 6, 2011. It filed notice on September 8, 2011, that it had started its prudence review. The notice filing initiated this File No. EO-2011-0074. There Staff informed the Commission it would make two filings in connection with its review. The first was Staff's report and recommendation to the Commission regarding its examination and analysis of Ameren Missouri's treatment under its fuel adjustment clause of its contracts with Wabash Valley Power Association and American Electric Power Operating Companies during the period October 1, 2009, through June 20, 2010, which Staff filed on October 28, 2011. The second filing is this report where Staff presents its recommendation to the Commission regarding its examination and analysis of the other costs subject to Ameren Missouri's fuel and purchased power adjustment clause ("FAC") for the period October 1, 2009, through May 31, 2011.

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<sup>1</sup> Adjustments to the Fuel and Purchased Power Adjustment factor based on the October 1, 2009, to January 31, 2010, February 1, 2010, to May 31, 2010, June 1, 2010, to September 30, 2010, October 1, 2010, to January 31, 2011, and February 1, 2011 to May 31, 2011, accumulation periods were the subjects of File Nos. ER-2010-0264, ER-2011-0018, ER-2011-0153, ER-2011-0137 and ER-2012-0028, respectively.

2. Although Staff concluded Ameren Missouri was imprudent for not including all costs and revenues associated with certain sales of energy to Wabash and AEP during the period of October 1, 2009 to June 20, 2010, in determining the associated FAC charges that it billed to its customers, as Staff explains in its report filed herewith, based on its review, Staff found no additional imprudence by Ameren Missouri in connection with its FAC for the period October 1, 2009, through May 31, 2011.

3. Staff recommends the Commission find Ameren Missouri imprudent for not including all costs and revenues associated with the sales of energy to American Electric Power Operating Companies and to Wabash Valley Power Association, Inc. under those contracts during the period October 1, 2009, through May 31, 2011, in determining the associated FAC charges Ameren Missouri billed to its customers, and order Ameren Missouri to refund to its customers, in aggregate, \$\*\* \_\_\_\_\_ \*\* plus interest accrued at Ameren Missouri's short-term interest rate until refunded by an adjustment to its FAC charge.

4. Staff continues to recommend to the Commission this \$\*\* \_\_\_\_\_ \*\*, plus interest accrued at Ameren Missouri's short-term interest rate until refunded, should be included as customer refund adjustments made contemporaneously with the next available true-up adjustment following a Commission Order in this case. Ameren Missouri's next FPA (fuel and purchased power adjustment) rates change is scheduled to occur in June 2012.

5. The Commission should be mindful of the schedule of events that are to take place based on when Staff starts its prudence audit. Rule 4 CSR 240-20.090(7)(B) establishes the following schedule:

| <b>Time from start of Staff prudence audit to event</b> | <b>Event</b>  |
|---|---|
| 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   |

**WHEREFORE**, the Staff of the Missouri Public Service Commission hereby submits the remainder of its report on its prudence review of the costs and revenues associated with AmerenUE's Commission-approved fuel adjustment clause for the period October 1, 2009, through May 31, 2011, and recommends the Commission find Ameren Missouri imprudent for not including all costs and revenues associated with the sales of energy to American Electric Power Operating Companies and to Wabash Valley Power Association, Inc. under its contracts with them during that period in determining the associated FAC charges, and order Ameren Missouri to refund to its customers, in aggregate, \$\*\* \_\_\_\_\_ \*\* plus interest accrued at Ameren Missouri's short-term interest rate until refunded by an adjustment to its FAC charge.

Respectfully submitted,

**/s/ Nathan Williams**

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**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 29<sup>th</sup> day of February 2012.

**/s/ Nathan Williams**