

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

In the Matter of Union Electric Company,     )  
d/b/a AmerenUE's Tariffs to Increase Its     )  
Annual Revenues for Electric Service         )

**Case No. ER-2010-0036**  
Tariff Nos. YE-2010-0054  
and YE-2010-0055

**STAFF'S RESPONSE TO COMMISSIONERS'  
REQUEST FOR INFORMATION**

Comes now the Staff of the Missouri Public Service Commission ("Staff"), and in response to the request of the Commissioners at the oral argument on September 14, 2009 respecting the interim rate tariff sheet filing of Union Electric Company, d/b/a/ AmerenUE ("AmerenUE") in the instant case, provides the following and accompanying information:

1. The Staff was requested to advise the Commission how long it would take the Staff to perform a review of the net plant additions that AmerenUE is seeking to reflect in interim rates, covered by the interim rate tariff sheet denominated Rider IRA by AmerenUE, should the Commission direct the Staff to do so. The Staff believes that if the Commission at its Wednesday, September 16, 2009 Agenda Session directs the Staff to perform a review of the numbers comprising the \$215.8 million of net plant additions that AmerenUE deems fully operational and used for service for October 1, 2008 through May 31, 2009, on which AmerenUE bases its proposed \$37.3 million interim rate increase, the Staff can do so by no later than on Tuesday, September 22, 2009, assuming the Staff's review reveals nothing unexpected or unreasonable and AmerenUE cooperates fully with any Staff request for information on an expedited basis.

2. The Staff's review would comprise a verification of (a) the net plant additions recorded in AmerenUE's general ledger for October 1, 2008 through May 31, 2009 and (b) AmerenUE's return and income taxes and depreciation expense calculations. The Staff would also review the change in net plant, by account, to determine whether the level appears to be reasonable. If this is the scope of the Staff's review, and the Staff finds nothing unexpected or unreasonable by comparing these numbers to the numbers for these items from AmerenUE's last case and AmerenUE's budget, then the Staff should be able to make a filing with the Commission stating as much by no later than on Tuesday, September 22, 2009. If the Staff's review reveals something unexpected or unreasonable, then the Staff would need time to conduct a more detailed review and the Staff, without knowing more, cannot at present tell the Commission what additional time would be required to perform the more detailed review.

3. A mere verification of (a) the net plant additions recorded in AmerenUE's general ledger for October 1, 2008 through May 30, 2009 and (b) AmerenUE's return and income taxes and depreciation expense calculations is not equivalent to an infrastructure system replacement surcharge (ISRS) audit, which, among other procedures, involves a review of the invoices that support a majority of the level of plant in the ISRS calculation. Also, in the course of a full rate case audit, there would be other steps in the review process that would be conducted that would provide opportunity to identify if anything may be amiss or warrant further review. For instance, in the full rate case audit, the Staff's review of AmerenUE's capitalization accounting policies, internal audit results, and other documentation provides a more detailed analysis of AmerenUE's construction process, as well as the amounts reflected on AmerenUE's books.

4. The Staff has “in-service” criteria for generating and transmission facilities, conducts “fully operational and used for service” reviews, and performs “construction audits” for major construction projects which by their very nature comprise or have major discrete components and only become fully operational and used for service at infrequent, discrete times. The Staff does not believe the electric facilities that AmerenUE proposes to reflect in its interim rate tariff sheet denominated Rider IRA are of this nature. The Staff does not have in-service criteria, conduct a fully operational and used for service review, or perform a construction audit of these types of plant additions.

5. In response to the request of Commissioner Jeff Davis, the Staff is providing information regarding AmerenUE’s off-system sales margins. The accompanying graph is AmerenUE’s comparison of AmerenUE’s calculated twelve-month average earned returns on equity (ROE) and the Commission allowed ROEs for the months ending June 2007 through May 2009 to which the Staff has overlaid AmerenUE’s twelve-month off-system sales margins for the months ending June 2007 through May 2009. The off-system sales margins were reduced for income taxes and reflected as a percentage of operating income and the associated return on equity. This simple graphic overlay is intended to provide the relative level of off-system sales during the twelve-month periods used to calculate returns on equity. As was indicated on September, 14, 2009, once the Commission authorizes an increase in rates, it takes twelve months for the increase in rates to be fully reflected in a calculation of the twelve-month average earned return on equity. The Staff is providing to all parties a workpaper of its calculations supporting its depiction of the twelve-month average off-system sales margins.

Wherefore the Staff provides the above information and accompanying graph in response to the requests from the Commissioners at the September 14, 2009 oral argument in the instant case.

Respectfully submitted,

/s/ Steven Dottheim

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 16th day of September, 2009.

/s/ Steven Dottheim