

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

In the Matter of Union Electric Company,)	Case No. ER-2010-0036
d/b/a AmerenUE's Tariffs to Increase Its)	Tariff Nos.YE-2010-0054
Annual Revenues for Electric Service)	and YE-2010-0055

INTERIM RATES: STAFF'S STATEMENT OF POSITION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, in response to the November 12, 2009 Order Modifying Procedural Schedule For Consideration Of Interim Rate Tariff ("Order"). In said Order, the Commission directed that the parties shall file Statements Of Position on December 3, 2009. In response thereto, the Staff states as follows:

I. Do the circumstances presently encountered by AmerenUE warrant the Commission authorizing AmerenUE interim rate relief as generally proposed by AmerenUE?

No, the circumstances presently encountered by AmerenUE, resulting in AmerenUE earning less than its authorized rate of return, do not warrant interim rate relief because interim rate relief has only been authorized and found lawful where prompt action is necessary to preserve the financial integrity of the utility and ensure that adequate service continues without interruption.

a. Should there be criteria for the Commission to use to decide whether interim rate relief is warranted? If so, what should that criteria be?

Yes, there should be criteria and those criteria are the existence of a deteriorating financial condition of the utility which would impair the continuation of adequate service or render the utility unable to maintain its financial integrity such that immediate rate relief is required.

II. If the circumstances presently encountered by AmerenUE warrant the Commission authorizing AmerenUE interim rate relief as generally proposed by AmerenUE, has AmerenUE provided adequate justification for the proposed level of interim rate relief?

The present circumstances do not warrant interim rate relief for AmerenUE.

a. Should there be criteria for the Commission to use to determine the appropriate level of interim rate relief? If so, what should that criteria be?

Yes, there should be criteria if there is to be a standard. Completely ad hoc / discretionary “criteria” is not a standard. Given the net plant interim rate relief proposal of AmerenUE, the criteria should be net plant as adjusted by Staff witness Steve Rackers (net plant from the true-up date of the prior rate increase case to the beginning of the test year for the present rate increase case minus related accumulated deferred income tax, plant serving new customers, and related cost savings due to efficiencies). Given the emergency / near emergency standard, the criteria is that interim rate relief shall be that amount, and no more than that amount, reasonably necessary to preserve the financial integrity of the utility or ensure that adequate service continues without interruption. The Commission has held that to be eligible for interim rate relief a utility must show that: (1) it needs the additional funds immediately, (2) the need cannot be postponed, and (3) no alternative exists to meet the need other than an increase in rates. Thus, if the utility’s financial integrity is impaired because it needs to finance, but it cannot do so because its financial metrics (interest coverages) are not adequate, the criteria for the Commission to use to determine the appropriate level of interim rate relief is what level of interim rates will produce the necessary financial metrics (interest coverages) to permit the utility to finance.

III. If the Commission finds that the circumstances presently encountered by AmerenUE warrant the Commission authorizing AmerenUE interim rate relief as proposed by AmerenUE, may and should the Commission adopt criteria for interim rate relief with greater applicability than the instant case?

The Commission cannot lawfully adopt a policy of general applicability outside of a rulemaking.

IV. Is any interim rate relief criteria other than the emergency / near emergency criteria lawful?

No. Missouri law authorizes the Commission to set just and reasonable rates after consideration of all relevant factors. The courts have found that the Commission’s ratemaking authority necessarily extends to granting interim rate relief as necessary to a utility to address a deteriorating financial condition which would impair the continuation of adequate service without interruption or render the utility unable to maintain its financial integrity. The Commission is not presently authorized to grant interim rate relief for any other reason.

V. If the emergency / near emergency criteria is not the sole lawful criteria for interim rate relief, what other criteria is lawful?

At the present time, no other criteria are lawful.

Respectfully submitted,

/s/ Kevin A. Thompson

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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 3rd day of December, 2009.

/s/ Steven Dottheim