

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

In the Matter of Union Electric Company d/b/a)
AmerenUE's for Authority to File Tariffs)
Increasing Rates for Electric Service Provided to)
Customers in the Company's Missouri Service)
Area.)

Case No. ER-2010-0036

**POSITION STATEMENTS OF
AARP AND THE CONSUMERS COUNCIL OF MISSOURI**

COME NOW AARP and the Consumers Council of Missouri (CCM), and hereby provide position statements on the following issues, as enumerated in the List of Issues filed by the Commission Staff on March 8, 2010:

10. Fuel Adjustment Clause (FAC):

(i). Should the Commission discontinue AmerenUE's fuel adjustment clause, or should the Commission modify AmerenUE's fuel adjustment clause?

AARP and CCM recommend that the Commission reject AmerenUE's request for a continuation of its current Fuel Adjustment Clause (FAC).

(ii). If the Commission modifies AmerenUE's fuel adjustment clause what percentage of the difference between actual fuel and purchased power costs, net of off-system sales and the cost included in base rates should the Commission adopt for recovery through the fuel adjustment clause?

The 95% / 5% sharing mechanism contained in the current FAC has provided insufficient financial incentive for AmerenUE to adequately minimize its fuel and purchased power costs. If the Commission determines that AmerenUE should be permitted a FAC in this case, it is the recommendation of AARP and CCM that the FAC be modified so that the risk of fuel and purchased power cost variation is shared equally between ratepayers and utility shareholders through a 50% / 50% sharing mechanism. It is entirely unreasonable to continue to require ratepayers to bear 95% of the risk of these costs, when AmerenUE maintains total control over the management of these costs and when its electric rates already include a rate of return to compensate AmerenUE for managing this risk.

14. Class Cost of Service and Rate Design:

a. Low-Income Residential Customers:

(i). Should the Commission establish a new customer class composed of very low-income residential customers? If so, how should it be defined?

Very low-income residential electric customers are situated differently than other electric customers. An average residential customer pays 4 to 6% of their income for utilities, while very low income customers pay as much as 46% of their income for utilities. Low-income customers are more likely to be in arrears and have collection activity, including service disconnection, resulting in a higher than average cost of providing electric service to these households. However, rather than recommending that a new customer class be established in this case, AARP and CCM propose that a comprehensive system-wide low-income program be established as set out in the position to Issue 14 (a) (ii) below.

(ii). Should the Commission approve a program to address the concerns of AmerenUE's very low-income residential customers?

Yes, AARP and CCM believe that the Commission should recognize that the significant increases being proposed for electric rates in this case create a disproportionate hardship upon low-income customers, and therefore, adopt a comprehensive system-wide affordability program for income eligible Ameren electric customers.

If so:

a) What should components of the program be?

Components of a comprehensive system-wide affordability program should be consistent with the rebuttal testimony of Jackie Hutchinson, and should include:

1. A set of tiered monthly bill payments or credits based on income ranges,
2. An arrearage forgiveness program that creates incentives for timely payments,
3. Level payment plans that are required or strongly recommended to customers,
4. Application for LIHEAP, if applicable,
5. Application for Weatherization Assistance, and
6. Energy Efficiency Customer Education.

b) Which customers should be eligible?

Participation in such a program should be available to all customers eligible to receive LIHEAP or Utilicare assistance. The Commission should consider automatic enrollment for LIHEAP and Utilicare recipients.

c) What additional conditions or limitations, if any, should be established for participation?

Application for weatherization assistance and enrollment in energy efficiency customer education.

d) How should the program be administered?

In participation with the local Community Action Agencies within the AmerenUE service territory.

e) How should the program be evaluated?

A third party evaluation should be conducted to study the effectiveness of the first two years of the comprehensive affordability program.

f) Who should bear the program costs and how should they be recovered?

The costs of a comprehensive affordability program should equitably spread among AmerenUE and across all customer classes.

c. Rate Design:

(ii). At what level should the Commission set the residential class customer charge?

The residential customer charge should be kept as low as possible so that low usage customers are not unfairly charged. At a minimum, the current customer charge of \$7.25 should not be increased by any greater percentage than the overall percentage increase in revenue requirement ordered in this case.

Respectfully submitted,

/s/ John B. Coffman

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Dated: March 10, 2010

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties of record on this 10th day of March 2010:

/s/ John B. Coffman
