

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

MAY 09 2007

Missouri Public
Service Commission

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

Case No. ER-2007-0002

State's Position with Respect to
Taum Sauk Hold Harmless – Capacity Sales

1. AmerenUE has claimed that it will hold ratepayers harmless for all costs related to the Taum Sauk Project disaster on December 14, 2005. Taum Sauk's upper reservoir no longer exists and its power plant has been idle since December 14, 2005 thus causing lost generation and sales opportunities. AmerenUE is not truly holding ratepayers harmless for the Taum Sauk disaster unless this Commission adjusts the rates to account for those lost generation and sales opportunities. By order, this Commission allowed any party to offer additional argument regarding this issue by May 9, 2007.

2. Ratepayers benefit from capacity sales. The State and UE agreed that because such off-system sales are made utilizing jurisdictional generating facilities, it is appropriate that a reasonable estimate of the ongoing level of profit margins from such sales be credited to ratepayers. (Ex. 501, p. 8, l. 19-23; p. 9, l. 1-3; Tr. p. 1184, l. 23-25; p.1185, l. 1-13).

3. The loss of the Taum Sauk plant has decreased the amount of capacity and energy that UE can sell in off-system markets. That in turn decreased the revenue from off-system sales that can be credited to ratepayers, absent ratemaking adjustments that

simulate the full availability of the Taum Sauk plant for both capacity and energy sales.

UE has committed to hold ratepayers harmless for the Taum Sauk incident, thus the ratepayers must be credited for that loss of capacity sales. Otherwise, AmerenUE has not been held to its commitment to hold ratepayers harmless.

4. Also, this issue bolsters the State's proposed off-system sales position which uses AmerenUE's conservative 2007 budget estimates of off-system sales. AmerenUE's 2007 budgeted off-system sales numbers do not include Taum Sauk's capacity and when Taum Sauk is available, significant additional off-system sales margins will be earned by UE. (Ex. 504 p. 10, l. 1-3). Adoption of the incremental adjustment for Taum Sauk related capacity sales ensures that, upon Commission approval of any party's position regarding off-system sales margins, a specific accounting will be made of foregone capacity sales because of the Taum Sauk outage.

WHEREFORE, the State prays for this Commission's order imposing an additional \$10.32 million downward adjustment to AmerenUE's revenue requirement to offset foregone capacity sales due to the Taum Sauk outage, and for such other relief as this Commission deems proper.

Respectfully submitted,

JEREMIAH W. (JAY) NIXON
Attorney General

A handwritten signature in black ink that reads "Robert E. Carlson by DEN". The signature is written in a cursive, flowing style.

ROBERT E. CARLSON
Assistant Attorney General
Missouri Bar No. 54602
P. O. Box 899
Jefferson City, Missouri 65102
(573) 751-3338 Telephone
(573) 751-2041 Facsimile
bob.carlson@ago.mo.gov