

In the Matter of the Tariff Filings of Union Electric Company d/b/a Ameren Missouri, to Increase Its Revenues for Retail Electric Service.)))	<u>File No. ER-2012-0166</u>
 In the Matter of the Adjustment of Union Electric Company d/b/a Ameren Missouri's Fuel Adjustment Clause for the 11 th Accumulation Period.)))	 <u>File No. ER-2013-0310</u>

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and files this Response with the Missouri Public Service Commission (“Commission”) stating the following:

1. On December 7, 2012,¹ Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”), filed an *Application For Waiver Or Variance of 4 CSR 240-20.100(6)(A)16 For Maryland Heights Landfill Gas Facility And Motion For Expedited Treatment* (“Application”).

2. The same day, the Commission issued an Order allowing any party to Ameren Missouri's current rate case to file a response to the *Application* no later than December 11.

3. Rule 4 CSR 240-20.100(6)(A)16 states “RES compliance costs shall only be recovered through an RESRAM or as part of a general rate proceeding and shall not

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be considered for cost recovery through an environmental cost recovery mechanism or ***fuel adjustment clause*** or interim energy charge.” (emphasis added).

4. Rule 4 CSR 240-20.100(1)(N) defines RES compliance costs as “...prudently incurred costs, both capital and expense, directly related to compliance with the Renewable Energy Standard.”

5. Staff asserts that some, perhaps all, of the cost of landfill gas purchased from the landfill owner for operation of Ameren Missouri’s Maryland Heights landfill gas facility are RES compliance costs. How one should calculate RES compliance costs is a question that arises from the relatively new RES rule, and one that the Commission undoubtedly will be asked to consider in a future case.

6. Rule 4 CSR 240-20.100(6)(A)16 is clear that a company may not recover RES costs using a fuel adjustment clause (“FAC”). However, Staff does not oppose a variance from the rule in this instance given the timing of the issue, that Ameren Missouri may seek recovery of prudently incurred RES costs (whether in permanent rates, a Renewable Energy Standard Rate Adjustment Mechanism or deferral in a regulatory asset), that customers will ultimately pay for prudently incurred RES costs, and the negligible impact the Maryland Heights RES costs have on the net base energy costs and on overall net fuel costs in the FAC.

7. Staff’s non-opposition is also due to Ameren Missouri’s commitment to work with the parties to resolve these issues before the Company files its next general electric rate case.

8. Staff’s non-opposition should not be viewed as an agreement to treatment of RES costs in a future rate case. Staff anticipates it will be recommending exclusion of

RES costs from the net base energy cost calculation when these costs are reset in Ameren Missouri's next general electric rate case. This position is consistent with Staff's position to exclude RES costs from recovery through FACs in KCP&L Greater Missouri Operations Company's and Empire District Electric Company's current general electric rate cases, Case Nos. ER-2012-0175 and ER-2012-0345, respectively.

WHEREFORE, Staff submits this Response to Ameren Missouri's *Application* for relief from Rule 4 CSR 240-20.100(6)(A)16.

Respectfully submitted,

/s/Jennifer Hernandez

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically, hand delivery or by First Class United States Mail, postage prepaid, on this **11th day of December, 2012**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/Jennifer Hernandez