

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

In the Matter of Union Electric Company)	
d/b/a Ameren Missouri's Tariffs to)	<u>Case No. ER-2012 0166</u>
Increase Its Annual Revenues for)	
Electric Service.)	

**STAFF'S RESPONSE TO AMEREN MISSOURI'S MOTION TO
STRIKE SURREBUTTAL TESTIMONY OF LENA MANTLE
AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its response to Ameren Missouri's *Motion to Strike Surrebuttal Testimony of Lena Mantle Regarding Treatment of Midwest ISO Transmission Charges, and Alternative Motion for Leave to File Sur-Surrebuttal Testimony and Motion for Expedited Treatment*, states as follows:

1. Staff states at the outset that it consents to the determination of this matter on an expedited basis and also consents to the granting of Ameren Missouri's *Alternative Motion for Leave to File Sur-Surrebuttal Testimony*.

2. This matter is a general rate case filed by Union Electric Company doing business as Ameren Missouri on February 3, 2012. Pursuant to procedural orders issued by the Commission, surrebuttal and cross-surrebuttal testimony was filed on September 7, 2012.

3. Among the pieces of prepared testimony filed by Staff was the Surrebuttal Testimony of Lena Mantle, a registered professional engineer and manager of Staff's energy unit.

4. On September 11, 2012, Ameren Missouri filed its Motion to Strike a portion of the testimony of Ms. Mantle, alleging that she had improperly raised an issue therein for the first time. The issue in question is Ameren Missouri's practice of including certain regional transmission organization ("RTO") and Mid-West ISO ("MISO") costs in its Fuel Adjustment Clause ("FAC"), including capital costs relating to the construction of a transmission line between Lutesville and Heritage near Cape Girardeau. It is Staff's position, as stated in its direct case and clarified in response to Ameren Missouri's rebuttal testimony, that only transmission costs other than MISO costs that are necessary for the purchase of energy and to make cost-effective off-system sales should be included in the FAC. Other costs, such as those at issue here, should be taken up during a general rate case and, if recoverable, included in revenue requirement.

5. This issue was addressed only summarily in Staff's direct case because, frankly, Staff did not then realize that Ameren Missouri was including these costs in the FAC. Rather than a indicator of "tremendous sloppiness on the Staff's part" as Ameren Missouri suggests, it is instead a hallmark of just how difficult Staff's task is -- Ameren Missouri controls the information necessary to its effective regulation and it takes advantage of that fact to obstruct the Staff and the Commission at every opportunity. Had Staff possessed this knowledge sooner, it would have raised the issue sooner. In this regard, it is noteworthy that Ameren Missouri refers to KCP&L Greater Missouri Operations Company ("GMO"), which -- unlike Ameren Missouri -- openly requested authority to flow these transmission costs through its FAC *in its direct testimony* in Case No. ER-

2010-0356. When Staff and other parties opposed the request, GMO withdrew it. There was no attempt by that company to conceal its activities from the Staff, the Commission, and the public. Ms. Mantle's awareness of this request by GMO is what led her in her direct testimony to pursue a clarification of the costs flowing through the FAC in this case.

6. The FAC tariff can only be changed in a general rate case such as the present case.¹ Staff's discovery that Ameren Missouri's FAC tariff must be modified forthwith to prevent the flow through the FAC without review or discussion of inappropriate costs such as the capital costs associated with building a transmission line is of signal importance. For that reason, Staff consents to Ameren Missouri's alternative motion to file another round of responsive testimony. The public interest requires that the Commission take up and determine this issue in this rate case.

WHEREFORE, Staff states that it consents to Ameren Missouri's alternative motion for leave to file testimony responsive to Ms. Mantle's Surrebuttal Testimony on condition that no part of Ms. Mantle's Surrebuttal Testimony be struck.

Respectfully submitted,

s/ Kevin A. Thompson
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Chief Staff Counsel

¹Section 386.266.4, RSMo: "The commission shall have the power to approve, modify, or reject adjustment mechanisms submitted under subsections 1 to 3 of this section only after providing the opportunity for a full hearing in a general rate proceeding, including a general rate proceeding initiated by complaint."

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Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **12th day of September, 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/ Kevin A. Thompson