BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

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

STATEMENT OF STAFF'S POSITIONS ON THE ISSUES

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and hereby tenders this *Statement of Staff's Positions on the Issues* in satisfaction of the Commission's *Order Adopting Procedural Schedule, Establishing Test Year, and Delegating* Authority issued herein on March 28, 2012:

1. Regulatory Policy and Economic Considerations:

Staff advises the Commission that, since 2007, Ameren Missouri's rates have increased by 30.09% while wages in its service area have only increased by 11.09%. However, Staff notes that Ameren Missouri has experienced inflationary pressure as evidenced by the 19.66% increase in the PPI for Industrial Commodities over the same period.

Missouri's economic recovery has been weaker compared to the nation as a whole. As of March 2012, Missouri was at only 89.7% of its pre-recession level, while the nation as a whole was at 97%. Missouri's GDP growth has been behind that of the nation as a whole. Personal income and household income are lower in Ameren Missouri's service area than in the nation generally.

Even though Ameren Missouri's rates are lower than the national average, 47% of Ameren Missouri's customers receive a weekly wage below the national average weekly wage; over half of its customers enjoy less personal income than the national average per capita personal income and unemployment rates are above 2007 pre-recession unemployment rates for all 61 counties where Ameren Missouri provides service.

The United States economy has been growing at a tepid pace since the most severe recession since the Great Depression. The pattern of this slow economic recovery has been much different than other past recoveries from severe recessions, in which the economy usually grew at a fairly rapid pace for a few years following the recession. This has investors, policy makers and academics concerned about the long-term prospects for not only U.S. growth, but for that of global economic growth. Most economists project domestic economic growth to be lower in the long-term as compared to the growth rates achieved during the post World War II era before the recent recession. Economists generally expect the long-term nominal Gross Domestic Product ("GDP") growth rate to be in the range of 4% to 5%. These projected long-term nominal GDP growth rates generally are predicated on 2% expected inflation, as measured by the GDP price deflator.

2. Advertising:

A. What amount of advertising expense should be included in Ameren Missouri's revenue requirement?

It is Staff's position that $1,206,119 should be included in Ameren Missouri's revenue requirement for advertising expense.

B. What amount, if any, of the costs incurred by Ameren Missouri for its Clean Air Advertising campaign should be included in revenue requirement?

The primary message of this advertisement is improving the public image of the Company and, accordingly, this advertisement is classed as institutional and is not properly recoverable in revenue requirement because it does not confer any appreciable benefit on the ratepayers.

C. What amount, if any, of the costs incurred by Ameren Missouri for Taum Sauk Open House inserts should be included in revenue requirement?

The primary message of this advertisement is improving the public image of the Company and, accordingly, this advertisement is classed as institutional and is not properly recoverable in revenue requirement because it does not confer any appreciable benefit on the ratepayers.

D. What amount, if any, of the costs incurred by Ameren Missouri for its Mr. Efficiency radio advertisement should be included in revenue requirement?

The primary message of this advertisement is improving the public image of the Company and, accordingly, this advertisement is classed as institutional and is not properly recoverable in revenue requirement because it does not confer any appreciable benefit on the ratepayers.

E. What amount, if any, of the costs incurred by Ameren Missouri for its Louie the Lightning Bug balloon should be included in revenue requirement?

The primary message of this advertisement is improving the public image of the Company and, accordingly, this advertisement is classed as institutional and is not properly recoverable in revenue requirement because it does not confer any appreciable benefit on the ratepayers. Additionally, the Company's Louie the Lightning Bug costumes, which Staff has allowed, are more cost effective than the balloon.

3. Dues, including EEI Dues

What amount should be included in Ameren Missouri's revenue requirement for dues, including EEI dues?

Ameren Missouri's EEI dues amount to $420,970. Because Ameren Missouri has not quantified the benefits of EEI activities conferred on ratepayers and shareholders, respectively, and allocated its EEI dues to ratepayers and shareholders based on that quantification as required by prior Commission decisions on this topic, Staff has no choice but to disallow the entire expense.

As to other disallowed dues, Staff has reconsidered some of the adjustments that were made in its direct filing and now takes the position that $129,729 previously recommended for disallowance should be included in the cost of service calculation. This does not resolve all of the disputed dues in addition to the EEI dues, with Staff proposing disallowance of $250,532 in dues expense.

4. Cash Working Capital

A. Should the collection lag be calculated using the CURST 246 Report for the 12-month period ending October 31, 2010, or the Accounts Receivable Breakdown Report?

Staff relied on the CURST 246 report for the twelve months ending October 31, 2010, to develop a collection lag of 21.11 days as opposed to the collection lag of 28.75 days, based on the Accounts Receivable Breakdown Report, proposed by Company. Ameren Missouri, despite relying on the CURST 246 report for about 25 years, ceased preparing it after January 2011 because its sole use was for calculating collection lag for rate cases. The focus of the CURST 246 report is payments received by Ameren Missouri from customers while the Accounts Receivable Breakdown Report focuses on how much money is owed to Ameren Missouri by customers in 30-day increments. Several flaws render the

Accounts Receivable Breakdown Report unreliable, such as its inclusion of customers that never pay at all, resulting in an overlong collection lag.

B. Should the income tax calculation be removed from Ameren Missouri’s cash working capital requirement?

No. Staff's rate base reflects the cash working capital requirement associated with Ameren Missouri's income tax expense.

C. What is the proper calculation of the expense lag for Gross Receipts tax?

Staff agrees with Ameren Missouri on Issue 4.C.

5. Income Tax & ADIT & NOL

A. Should a portion of the $2.8 Million income tax benefit realized on dividends paid on Ameren Corporation shares held in Employee Stock Ownership Plan ("ESOP") accounts be a reduction to Ameren Missouri's revenue requirement?

An ESOP is an employee benefit plan which allows the opportunity for employees of a company to become owners of stock in that company. An ESOP can provide certain tax advantages to both the company and to the participating employees. A tax deduction is available for dividends paid on stock held in the ESOP. Because Ameren Corporation now administers the ESOP, it has retained all of the tax benefits, although 56.01% of the participating employees are employees of Ameren Missouri. It is Staff's position that 56.01% of the tax benefits generated by the ESOP should be allocated to Ameren Missouri as a reduction in revenue requirement.

B. Should CWIP-related ADIT balances be included as an offset to rate base?

In Ameren Missouri’s previous rate case, both the Company and the Staff reduced rate base for amounts pertaining to CWIP-related ADIT balances. However, in the present case, Ameren Missouri is proposing a new treatment for this item and is not reflecting a rate base offset. Staff supports the testimony of MIEC witness Brosch that a rate base offset for CWIP-related ADIT deferred tax balances is appropriate.

6. Plant-in-Service Accounting ("PISA")

Should the Commission grant Ameren Missouri accounting authority to accrue a return on invested capital and to defer depreciation for non-revenue-producing plant additions in a regulatory asset during the period between the date when those plant additions begin serving customers until the date they are reflected in rate base in a later rate case?

Staff opposes Ameren Missouri's PISA proposal because it is an unjustified departure from traditional cost-of-service ratemaking principles. The effect of implementing PISA would be to shift a substantial portion of Ameren Missouri's business risk to ratepayers with no corresponding reduction in Ameren Missouri's authorized Return on Equity ("ROE").

7. Rate Case Expense

What is the appropriate amount to include in Ameren Missouri's revenue requirement for Rate Case Expense?

It is Staff's position that a $1,500,000 total rate case expense level, normalized over a 18-month period, resulting in an annual expense of $1,000,000, is the appropriate amount of rate case expense to include in Ameren Missouri's revenue requirement. Staff's position is based on an analysis of historical data obtained from Ameren Missouri and the Company's own projections as to the timing of its next rate case filing.

8. Property Tax Refund

What portion, if any, of the $2.9 Million property tax refund received by Ameren Missouri should be credited to ratepayers. If an amount should be credited, over what period should the credit be amortized?

Ameren Missouri appealed its $28.9 million property tax expense and was awarded a refund of approximately $2.9 million, which it received between August 30, 2011, through February 13, 2012, during the test year and true-up period for this case. Because ratepayers paid this money to Ameren Missouri in rates, it is Staff's position that the ratepayers should receive the $2.9 million property tax refund, amortized over two years. In Ameren Missouri's last rate case, the Commission ordered:

> If Ameren Missouri does receive a tax refund, then the Commission would certainly expect that the company would return that refund to its customers who are ultimately paying the tax bill. It is hard to imagine a circumstance in which such a refund would not be ordered. However, such an order must wait until a future rate case in which that decision will be presented to the Commission.

This is the future rate case in which that decision is before the Commission.

9. Property Taxes

What property tax rates should be used in calculating the allowance for property tax expense to include in Ameren Missouri's revenue requirement?

Staff's position is that the actual amount of property tax expense paid in

December 2011 is the appropriate annualized ongoing value to include in Ameren Missouri's revenue requirement for property tax expense. Based upon this approach, Staff has included $127.2 million as the appropriate level for inclusion in the cost of service calculation. This is the latest known and measureable figure for this expense item.

Staff also recommends that the Commission exclude any amount of property taxes associated with the Maryland Heights Renewable Energy Center from the cost of service calculation since Ameren Missouri will not be required to pay taxes on this plant addition until December 2013, well beyond the true-up cutoff that was established by the Commission in this rate proceeding.

10. Renewable Energy Standard ("RES") Costs

A. Should the Commission order Ameren Missouri to include a base level of RES costs in permanent rates? If so, what is the base amount to include in permanent rates and should the level included in permanent rates in this case be netted against any future deferred expenditures that occur beyond the July 31, 2012, true-up date?

Yes, the Commission should order Ameren Missouri to include a base level of RES costs in permanent rates in the amount of $4.7 million, with the base level netted against any future deferred expenditures that occur beyond the July 31, 2012, true-up date.

B. Over what period of years should the Commission order Ameren Missouri to amortize the deferred RES costs incurred from January 1, 2010, through July 31, 2012?

Staff recommends the Commission order Ameren Missouri to amortize the deferred expenditures from January 1, 2010, through July 31, 2012, over three years. However, Staff alternatively recommends that six years would also be an acceptable amortization period if the Company is afforded rate base inclusion for the unamortized RES deferred regulatory asset balance from January 1, 2010, through July 31, 2012.

C. Should the Commission order Ameren Missouri to include the unamortized RES deferred regulatory asset balance from January 1, 2010, through July 31, 2012, in rate base?

No, not if the Commission accepts Staff's recommendation of a three-year amortization period for the unamortized RES deferred regulatory asset balance incurred between January 1, 2010, through July 31, 2012. However, if the Commission authorizes a six-year amortization period, then Staff recommends inclusion of the unamortized balance in rate base.

11. Miscellaneous Expenses

A. What amount if any of the costs incurred for a right-of-way assessment and nest box study should be included in Ameren Missouri's revenue requirement?

None. It is Staff's position that Ameren Missouri has not provided sufficient detail to show any ratepayer benefit from $35,000 for a right-of-way assessment and "nest box study" with the World Bird Sanctuary.

B. Should expenses related to environmental retrofitting of Meramec be included in Ameren Missouri's revenue requirement?

Staff has no position on Issue 11.B.

12. Entergy Refund

A. What amount if any of the $30.6 Million Entergy equalization cost refund should be credited to ratepayers?

It is Staff's position that the entire $30.6 million should be credited to ratepayers because the cost was paid from ratepayer funds and ratepayers paid the legal expenses associated with the recovery.

B. If the Commission orders an amount to be credited to ratepayers would a three-year amortization period be appropriate?

The full amount of the $30.6 million Entergy refund should be credited to ratepayers as part of a three-year amortization beginning with the effective date of rates established in this proceeding.

C. Should all or part of the amount credited to ratepayers be credited through the FAC adjustment mechanism?

Staff does not oppose an alternative treatment in which all, or a potion, of this $30.6 million would be credited to ratepayers through the FAC adjustment mechanism.

13. Coal Inventory, including Coal in Transit

Should the value of Ameren Missouri's coal inventory include the value of coal in transit?

Ameren Missouri contends that, at any given moment, it owns a significant amount of coal that is in transit by rail to its facilities and that the value of this coal should be included in its inventory in rate base. Staff's position is that coal in transit has never been included in rate base in Missouri and should not now be included in rate base because, as it has not yet been paid for by Ameren Missouri, it does not represent any amount of shareholder investment.

14. Low Income Weatherization, including MDNR Program Administration Costs

A. Should the next evaluation of Ameren Missouri's low income weatherization program consider the effect on natural gas usage as well as electric usage by customers receiving weatherization?

Yes. Households receiving low income weatherization sign a release to make their energy usage available for evaluation. This would allow for access to information regarding natural gas use by Ameren Missouri's electric customers that are Laclede Gas customers or the customers of another jurisdictional gas utility. The marginal cost of including an evaluation of gas usage for low income Ameren Missouri electric customers receiving weatherization would likely be very reasonable.

B. How often should Ameren Missouri conduct evaluations of its low income weatherization program?

An evaluation of the low income weatherization program is not needed as often as some other energy efficiency programs because an energy audit, usually a National Energy Audit Tool ("NEAT") audit, is generally conducted as part of the weatherization process so that only cost effective measures are installed on the residences of the low income customer. Therefore, there is greater certainty that the weatherization will be cost effective. However, this type of energy audit pre-screening is not conducted for all of Ameren Missouri's Energy Efficiency Investment Act ("MEEIA") programs. If measures are implemented without an audit, there is less certainty that the energy efficiency measures will be cost effective and an evaluation process is necessary to verify the effectiveness of energy efficiency measures. It is Staff's recommendation that the timing of any evaluation subsequent to the second biennial evaluation should be at the discretion of the Company in consultation with the stakeholder group, but not less often than every five years.

C. Can the Commission order Ameren Missouri to direct ratepayer funds to MDNR to cover costs of administering the Low Income Weatherization Program?

Staff's position is that such an order would be unlawful.

D. If so, should Ameren Missouri's low-income weatherization funding level be increased by $120,000, with that amount to be authorized for reimbursement of MDNR's costs of providing weatherization program administration?

Staff's position is that such an order would be unlawful.

15. Sioux Construction Accounting

Should Ameren Missouri be authorized to continue construction accounting for the Sioux Scrubbers in order to recover a return on the $13.5 Million cost not included in rate base in Ameren Missouri's last rate case and to defer associated depreciation expense?

In Case No. ER-2010-0036, the Commission approved the parties' (including Ameren Missouri) agreement as to the ratemaking treatment to be given to the Company's investment in the so-called Sioux Scrubbers:

> 5. AmerenUE shall be allowed to continue to accrue Allowance for Funds Used During Construction ("AFUDC") on the wet flue gas desulfurization units ("scrubbers") AmerenUE is presently installing on the No. 1 and No. 2 generating units at AmerenUE's Sioux generating station, with the rate of return on equity ("ROE") adopted by the Commission in this case to apply to the equity component of that AFUDC. AmerenUE shall also be allowed to defer the depreciation expense (but no other Sioux scrubber related expense) of the Sioux scrubbers during the period commencing when the costs of the Sioux scrubbers are booked to plant-in-service and ending the earlier of: (a) the effective date of new rates in AmerenUE's next general rate proceeding or (b) January 1, 2012.

The effective date of rates in Ameren Missouri's next general rate proceeding was July 31, 2011, and that was the earlier of the two specified termination dates.

The Sioux scrubbers were placed into service in November 2010 during the Company's last general rate case, Case No. ER-2011-0028. In that proceeding, expenditures were cut off as of December 31, 2010, to allow for review by the true-up cut-off date of February 28, 2011, but Ameren Missouri continued to incur costs on this project between January 1, 2011, and March 31, 2012, amounting to some $13.5 million. It is Staff's position that only the $9.9 million of this amount, incurred before the agreed cut-off date of July 31, 2012, is eligible for construction accounting treatment according to the terms of the agreement set out above.

16. Severance Costs and VS11

Should Ameren Missouri be authorized to amortize to rates over three years the approximately $25.8 Million in costs incurred in its VS11 voluntary employee separation program?

By the time that rates in this case become effective, Ameren Missouri will have already recovered from payroll, payroll tax and benefits savings all of the costs it incurred in its VS11 voluntary employee separation program. Therefore, there is no justification for including any of these costs in prospective rates.

17. Return on Common Equity ("ROE")

In consideration of all relevant factors, what is the appropriate value for Return on Equity ("ROE") that the Commission should use in setting Ameren Missouri's Rate of Return?

Staff has determined, based upon its expert analysis of market-driven data using traditional analytical tools, that Ameren Missouri's cost of common equity is within the range of 8.00% to 9.00%, mid-point 8.50%, resulting in an overall Rate of Return ("ROR") of 6.99% to 7.52%, mid-point 7.25%. Staff recommends that the Commission authorize a return on common equity ("ROE") of 9.00% based on a consideration of all relevant factors.

18. Net Base Fuel Costs

A. Should Ameren Missouri's Net Base Fuel Costs include an increase in the cost of delivered coal expected to take effect on January 1, 2013?

This issue has been resolved.

B. Should a positive adjustment be made to account for the margin realized on bilateral transactions and financial swaps?

This issue has been resolved.

C. Should an adjustment be made to account for load and generation forecast deviations?

This issue has been resolved.

D. What is the amount of fuel expense, purchased power expense, and off-system sales to be used in setting Ameren Missouri’s Net Base Fuel Costs?

This issue has been resolved.

19. Fuel Adjustment Clause ("FAC")

Should the sharing percentage in Ameren Missouri’s fuel adjustment clause be changed to 85%/15%?

Yes, the sharing percentage should be changed from 95%/5% to 85%/15% for these reasons:

The comparisons of the actual fuel costs Ameren Missouri did not collect with the 95%/5% mechanism with what Ameren Missouri would not have collected with an 85%/15% sharing mechanism and with what Ameren Missouri would not have collected if Ameren Missouri did not have a FAC during accumulation periods 2 through 9. For the 95%/5% sharing mechanism, where 95 percent of the difference in net fuel and purchased costs was recovered from the customers and 5 percent was absorbed by Ameren Missouri, over the eight accumulation periods, Ameren Missouri has absorbed less than $15.3 million out of its total fuel and purchased power costs of $1,400 million or about 1.1% of its net energy costs. Had the sharing mechanism been the 85%/15% Staff proposes in this case, Ameren Missouri would have absorbed less than $45.9 million or 3.3% of its net energy costs and its customers would have paid $30.6 million less.

The variability in Ameren Missouri's OSS margins that are used to off-set fuel costs is greater than the variability in the fuel and purchased power costs Ameren Missouri incurs to meet the load requirements of its customers. If Ameren Missouri's FAC sharing mechanism were 85%/15% as Staff proposes, then Ameren Missouri would get to keep three times as much of the OSS margins above that included in the Net Base Energy Costs than it can with the current sharing mechanism of 95%/5%.

A 85%/15% sharing mechanism would provide greater incentive to Ameren Missouri to reduce its fuel and purchased power costs and increase its OSS than the 95%/5% mechanism because the Company would keep more of any fuel and purchased power savings and more of any OSS margins that are above what is included in retail rates. This would include any fuel savings that result from Ameren Missouri-initiated energy-efficiency programs or fuel savings resulting from federal or state energy efficiency initiatives. In addition, it would give Ameren Missouri more incentive to search out and find additional OSS opportunities.

A sharing mechanism of 85%/15% would provide Ameren Missouri with more incentive to accurately estimate the net base energy cost factors in general rate cases. Historically, net actual energy costs have been higher than the net base energy costs. This may have occurred because of higher fuel costs or simply because the net base energy costs were set too low.

Finally, Ameren Missouri used the FAC process in its second FAC prudence review case, Case No. EO-2012-0074, to create regulatory lag that may benefit Ameren Missouri and its shareholders to the detriment of its customers. If the Commission again finds that Ameren Missouri should flow the AEP and Wabash revenues back to its customers through its FAC, then there is considerable regulatory lag for the ratepayers. The customers will have waited longer to have the revenues begin to flow back to them than the regulatory lag Ameren Missouri complains occurs in a rate case for the increased revenues to flow to them.

20. FAC Tariff

A. Should the MISO schedule costs that are allowed to flow through the FAC be listed on the FAC tariff sheets?

Yes, the MISO schedule costs that are allowed to flow through the FAC should be specifically listed on the FAC tariff sheets so that all stakeholders know exactly what is allowed and what is not allowed.

B. Should the definition of Factor PP in Ameren Missouri's FAC tariff be modified to state, "Only transmission costs incurred for the purchase or sale of electricity shall be included"?

Yes. No other transmission costs or revenues should flow through Ameren Missouri's FAC unless they have been considered in a general rate proceeding where all parties have an opportunity to make recommendations to the Commission as to the propriety of allowing such costs or revenues to flow through the FAC.

C. Apart from transmission costs addressed in Item B, should Ameren Missouri be permitted to flow through the FAC MISO transmission charges, including charges reflecting the cost of building transmission facilities, and associated transmission revenues?

No. By statute, amounts flowing through the FAC are limited to "prudently incurred fuel and purchased-power costs, including transportation." Section 386.266.1, RSMo. Staff considers the word "transportation" to indicate the cost of delivering coal to a power plant by rail and to exclude transmission costs. Additionally, costs related to nonoperational property of electric corporations may not be charged to ratepayers under Missouri law. Section 393.135, RSMo.

D. If the Commission determines that the MISO transmission charges and revenues addressed in Item C should not be flowed through the FAC should they be deferred in a transmission cost and revenue tracker using the trued-up test year sum for those charges and revenues as the base against which changes will be tracked, with sums above the base to be booked to a regulatory asset and sums below the base to be booked to a regulatory liability? If so, how should the amortization of the regulatory asset or regulatory liability be handled?

Staff does not agree that this proposal, raised for the first time in Jaime Haro's Sur-Surrebuttal Testimony, is properly before the Commission in this case.

E. Should hedging gains and losses be excluded from Ameren Missouri's FAC except for hedging gains and losses associated with mitigating volatility in its fuel costs and allowances for SO2 and NOx emissions?

Yes. No other hedging costs or revenues should flow through Ameren Missouri's FAC unless they have been considered in a general rate proceeding where all parties have an opportunity to make recommendations to the Commission as to the propriety of allowing such costs or revenues to flow through the FAC.

F. What other changes should be made to Ameren Missouri's FAC tariff?

The exemplar tariff sheets attached to Staff witness Lena M. Mantle's testimony should be adopted with the following exceptions:

- The sharing percentage should be 85%/15% of the difference between Actual Net Energy Costs and Net Base Energy Costs;
- Reference to the inclusion of hedging costs and gains should be removed from the definition of term "PP";
- Reference to the inclusion of hedging costs and gains should be removed from the definition of term "OSSR";
- The terms "PP" and "OSSR" should be removed from the paragraph that defines hedging; and
- The summer base factor should be changed to $0.01516 and the winter base factor should be changed to $0.01476.

21. Storm Costs Tracker

Should the Commission establish a two-way storm restoration cost tracker whereby storm-related non-labor operations and maintenance ("O&M") expenses for major storms would be tracked against the base amount with expenditures below the base creating a regulatory liability and expenditures above the base creating a regulatory asset, in each case along with interest at the Company's AFUDC rate?

No, the Commission should not establish a two-way storm restoration costs tracker because existing procedures are adequate for all storm events. "Normal" storm costs are addressed by including a multi-year average level of historical costs in rates. "Extraordinary" storm costs have been addressed -- and will continue to be addressed -- by the Company's application when appropriate for an Accounting Authority Order ("AAO") allowing it to defer extraordinary non-labor-related storm restoration costs to the utility's balance sheet for possible recovery in its next general rate case. These two methods have successfully addressed all significant storm events recently experienced by Ameren Missouri.

22. Storm Costs

A. If the Commission does not establish a two-way storm restoration costs tracker, then what is the appropriate amount to include in revenue requirement for major storm restoration costs?

Staff recommends including in revenue requirement approximately $7 million for a normalized level of non-labor storm preparation and restoration costs based on a 60-month average.

B. If the Commission does establish a two-way storm restoration costs tracker, then what is the appropriate base level of major storm restoration Operations and Maintenance ("O&M") costs to include in Ameren Missouri's revenue requirement?

The Commission should not establish a two-way storm restoration costs tracker because existing procedures are adequate for all storm events.

23. Storm Assistance Revenues

A. If the Commission authorizes a two-way storm restoration cost tracker for Ameren Missouri, should storm assistance revenues received from other utilities be included in the tracker or annualized and normalized and included as an offset in revenue requirement?

Storm assistance revenues received from other utilities should be annualized and normalized and included as an offset in revenue requirement. Expense associated with providing storm assistance to other utilities should be similarly addressed by including these costs as a component of the revenue requirement. These storm assistance revenues and expenses are more appropriately accounted for through traditional annualization and normalization methods.

B. What amount of storm assistance revenue should be included in the cost of service?

The Commission should include $581,189 of storm assistance revenue in the cost of service calculation based upon a five-year normalization of storm assistance revenues received by the Company during the sixty months ending July 31, 2012.

24. Vegetation Management and Infrastructure Inspection Tracker

A. Should the unamortized balance for the regulatory asset associated with the Vegetation Management and Infrastructure Inspection Tracker be adjusted for all amortization through December 31, 2012, and amortized over two years?

No. Staff recommends the net under-collection for these costs be amortized over three years in order to avoid over-collection. Staff also proposes that any unamortized amount from the previous related tracker be rolled into the amortization established in this proceeding so that only one tracker remains.

B. Should the vegetation management and infrastructure inspection trackers be continued?

No.

25. Class Cost of Service and Rate Design

A. What methodology should the Commission use to allocate generation fixed costs among customer classes?

Staff used the class Base-Intermediate-Peak ("BIP") allocation factors to allocate Ameren Missouri's investment in fixed production plant and expenses. The costs and investments of these assets and expenses are apportioned to the rate classes on the basis of the production-capacity allocator or BIP methodology. With the BIP method, the utility company's required investments, and the outgoing expenses of providing services are allocated on:

1. A base component consisting of the annual energy attributable to a given customer class;
2. An intermediate component consisting of the average 12 Non-Coincident Peaks ("NCP") of demand for electricity for a given class minus the base component previously allocated; and
3. A peaking component consisting of the average 3 NCP component of demand for electricity less the base and intermediate components previously allocated.

The approach of using the same allocators for allocating investments and costs to each class is referred to as "expenses follow plant." Production plant expenses, less fuel, are associated with maintaining and operating the production plant, therefore, it is appropriate to use the same allocator for allocating both plant investment and plant expense less the fuel component.

B. How should the non-fuel, non-labor components of production, operation and maintenance expense be classified and allocated?

See Staff's position for Issue 25.A.

C. How should any rate increase be collected from the several customer classes?

That based on CCOS results, Staff recommends adjustments be made first on a revenue-neutral basis to all classes of customers. The Ameren Missouri residential class should receive a positive 1% adjustment, the lighting class should receive a positive 3% adjustment, and the remaining classes of customers (Small General Service, Large General Service, Small Primary Service, Large Primary Service, and the Large Transmission Service) should receive a negative adjustment of approximately 1.0%. After the recommended revenue-neutral adjustments are made, any overall change in revenues ordered by the Commission should be applied on an equal-percentage basis across-the-board to the adjusted class revenues. Staff further recommends that special precautions be taken that no class receive an overall reduction in its rate revenues while other customer classes receive an overall increase in rate revenues. Staff's recommendation does not include segregating certain components of the increase as recommended by MIEC.

D. What should the Residential Class customer charge be?

The Residential Class customer charge should be $9.

E. What should the Small General Service Class customer charge be (single-phase and three-phase)?

The Small General Service ("SGS") Class customer charge (single-phase and three-phase) increase would be a revenue-neutral adjustment of negative 0.93% plus the system-average increase in this case. It would be increased the same percentage as all other SGS rates.

F. Should the Commission address declining block rate design either by opening a separate docket on rate design or by ordering Ameren to address the rate design in its next general rate case?

Staff has no position on Sub-issue 25.F.

26. Keeping Current Customer Assistance Program

A. Should Ameren Missouri's Keeping Current c*ustomer assistance program be continued until Ameren Missouri's next general rate case, by which time the working group will have reviewed the third party evaluations of the program?*

Yes.

B. If Ameren Missouri's Keeping Current *customer assistance program is continued, should the customer contribution remain the same?*

Yes.

WHEREFORE, the Staff of the Missouri Public Service Commission submits its *Statement of Positions on the Issues* in satisfaction of the Commission's *Order Adopting Procedural Schedule, Establishing Test Year, and Delegating* Authority issued herein on March 28, 2012, as modified by its *Order Further Extending Procedural Schedule,* issued on September 20, 2012.

Respectfully submitted,

s/ Kevin A. Thompson
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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 **24th 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