

Exhibit No.:
Issue: Corporate Liabilities
Witness: Gary S. Weiss
Type of Exhibit: Supplemental
Surrebuttal Testimony
Sponsoring Party: Union Electric Company
d/b/a AmerenUE
Case No.: EO-2004-0108
Date Testimony Prepared: March 23 2004

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-2004-0108

FILED⁴

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Missouri Public
Service Commission

SUPPLEMENTAL SURREBUTTAL TESTIMONY

OF

GARY S. WEISS

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
March 23, 2004

Exhibit No. 8
Case No(s) EO-2004-0108
Date 3-25-04 Rptr KE

1 **SUPPLEMENTAL SURREBUTTAL TESTIMONY**

2 **OF**

3 **GARY S. WEISS**

4 **UNION ELECTRIC COMPANY**

5 **d/b/a AmerenUE**

6 **CASE NO. EO-2004-0108**

7 **Q. Please state your name and business address.**

8 A. My name is Gary S. Weiss and my business address is One Ameren Plaza,
9 1901 Chouteau Avenue, St. Louis, Missouri 63103.

10 **Q. Are you the same Gary S. Weiss who submitted Surrebuttal Testimony in this case**
11 **on March 1, 2004?**

12 A. Yes.

13 **Q. What is the purpose of your supplemental surrebuttal testimony?**

14 A. The purpose of my supplemental surrebuttal testimony is to clear-up the apparent
15 misunderstanding and potential confusion about the handling of corporate liabilities on
16 AmerenUE's balance sheet that could be affected by the proposed transfer. In particular,
17 I will address the apparent misunderstanding that may still exist as evidenced by recent
18 Staff responses to Company data requests on this subject. It is the Company's intent for
19 the Commission to have complete and accurate information on this issue so that there is
20 no misunderstanding with regard to what will happen to these corporate liabilities upon
21 the transfer.

1 **Q. How will the corporate liabilities on AmerenUE's balance be affected by the**
2 **transfer?**

3 A. There are 22 different liability accounts on AmerenUE's balance sheet. They are each
4 being handled as described in more detail on Schedule GSW-3 attached to this testimony.
5 Accounting entries to reflect the treatment described on Schedule GSW-3 will be made as
6 of the closing of the transfer. With one exception, these accounting entries prepared at
7 closing will be the same as the accounting entries attached to the Company's Application
8 at Schedule 2. In the course of reviewing the balance sheet, the proposed accounting
9 entries inadvertently failed to address liability Account 236 for Taxes Accrued. I have
10 described how this Account will be handled at closing on Schedule GSW-3. Other than
11 this one Account, and other than the specific amounts for each account, the entries
12 prepared at closing will be the same as those attached to the Application.

13 **Q. What is the bottom line effect of handling these liability accounts as outlined on**
14 **Schedule GSW-3?**

15 A. In general, these liability accounts will have no ratemaking impact whatsoever to
16 Missouri as a result of the transfer. All of the liabilities on AmerenUE's balance sheet
17 are 1) either being entirely transferred to AmerenCIPS, 2) have already been included in
18 AmerenUE's cost of service in the past and will have no future effect, 3) are "below the
19 line" items and were never included, and will not be included, in AmerenUE's Missouri
20 cost of service, or 4) are unaffected by the transfer. I outline each of these four possible
21 results as to each account on Schedule GSW-3. The accounting entries required to
22 remove these liabilities will be to balance sheet accounts only.

1 There are two possible exceptions where there could be ratemaking impacts.
2 These involve Account No. 228, for injuries and damages, and Account No. 253,
3 environmental claims. The Asset Transfer Agreement attached to the Company's
4 Application would not transfer any pre-closing liabilities associated with these two
5 accounts to AmerenCIPS except for all liabilities associated with any manufactured gas
6 site located in Illinois – these liabilities would transfer to AmerenCIPS. The remainder
7 of such pre-closing liabilities would remain with AmerenUE. For claims in Account
8 Nos. 228 or 253 for which AmerenUE has already reserved a sum on its balance sheet,
9 there could only be a Missouri ratemaking impact if the actual liabilities on those claims
10 exceed the reserved amounts. For claims that would apply to those Accounts for which a
11 reserve has not been established (i.e. unfilled claims), there could also be a Missouri
12 ratemaking impact. This for example would apply to unfilled claims relating to
13 generation, the liability for which remains with AmerenUE under the Asset Transfer
14 Agreement, as would be the case for all generation-related liabilities.

15 **Q. Does this conclude your testimony?**

16 **A. Yes, it does.**

Analysis of AmerenUE's Balance Sheet Liabilities By Account

Account 190 Accumulated Deferred Income Taxes

The balance applicable to the assets being transferred will be transferred.

Account 191 Unrecovered Purchased Gas Costs

Not affected by the transfer.

Account 228 Accumulated Provision

Lawsuits and Public Claims, Asbestos Claims and Worker's Compensation are existing claims with reserves. Have already been charged to operating expenses. Will stay with AmerenUE.

Post Retirement Benefits – Current liability has been collected in rates and earned as AmerenUE employee. Will stay with AmerenUE. Post close expenses will be AmerenCIPS. No impact on AmerenUE cost of service going forward.

Account 230 Asset Retirement Obligation Liability

Generation Related FAS 143. This liability is offset by a balance sheet asset. Will stay with AmerenUE. No cost of service impact.

Account 231 Notes Payable

Short-term debt. Will stay with AmerenUE. As the interest expense is charged below the line there is no impact on AmerenUE cost of service. Also short-term debt is not included in the calculation of the allowed rate of return.

Account 232 Accounts Payable

Wages Payable applicable to transferred employees will be transferred to AmerenCIPS. Invoices from MRT for Illinois Gas will be transferred to AmerenCIPS. The invoices have already been charged to operating expense. When the invoices are paid the entry is to cash and accounts payable. No cost of service impact as the AmerenUE Illinois service related invoices are charged to Illinois operating expenses and not included in the Missouri cost of service.

Account 234 Accounts Payable to Associated Companies

Mainly AMS charges that will move from AmerenUE to AmerenCIPS post closing as described in the testimony of Gary Weiss. Like account 232 these items have already been charged to operating expense.

Account 235 Customer Deposits

The customer deposits for the Illinois customers are maintained separately and will be transferred.

Account 236 Taxes Accrued

Property taxes and excise taxes applicable to the assets being transferred will be transferred.

Account 237 Interest Accrued

Long-term debt. Will stay with AmerenUE. No impact on AmerenUE cost of service as interest is recorded below the line.

Account 238 Dividends Declared

Will stay with AmerenUE. No impact on AmerenUE cost of service as dividends are recorded below the line.

Account 241 Tax Collections Payable

Various taxes collected by the Company from employees and/or customers which do not represent an expense of the Company. These taxes will be passed on by AmerenUE to the appropriate taxing authority. No cost of service impact.

Account 242 Misc. Current and Accrued Liabilities

Accrued vacation will be transferred.

Money collected from employees for their share of the cost of various benefits will not be transferred. The contributions to the various funds from the last Missouri electric and gas rate case settlements will not be transferred. Other miscellaneous items in this account will not be transferred. These items have already been charged to operating expenses.

Account 244 Derivative Instrument Liability - FAS 133

Not applicable to the Illinois business being transferred.

Account 245 Derivative Instrument Liability- Hedges FAS 133

Not applicable to the Illinois business being transferred.

Account 252 Customer Advances for Construction

The customer advances for construction received from the Illinois customers are maintained separately and will be transferred.

Account 253 Other Deferred Credits

Accumulated Nuclear Decommissioning will not be transferred. Pension Liability will not be transferred pre closing.

Post closing pension liability for transferred employees goes to AmerenCIPS. Current pension liability has been collected in operating expense, thus no impact on AmerenUE cost of service going forward.

Environmental Accrual which has a reserve on the books stays with AmerenUE except for the Alton MGP site cleanup which is transferred.

Account 254 Other Regulatory Liabilities

The other side of the FAS 109 balance sheet entry. Is offset by entries in the accumulated deferred income taxes. No impact on cost of service. The balance applicable to the assets being transferred will be transferred.

Account 255 Accumulated Deferred Investment Tax Credits

The balance applicable to the assets being transferred will be transferred.

Account 281 Accumulated Deferred Income Taxes Accelerated Amortization Property

The balance applicable to the assets being transferred will be transferred.

Account 282 Accumulated Deferred Income Taxes Other Property

The balance applicable to the assets being transferred will be transferred.

Account 283 Accumulated Deferred Income Taxes Other

The balance applicable to the assets being transferred will be transferred.

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

In the matter of the Application of Union)
Electric Company (d/b/a AmerenUE) for)
an order to authorizing the sale, transfer)
and assignment of certain assets, real)
estate, leased property, easements and)
contractual agreements to Central Illinois)
Public Service Company (d/b/a AmerenCIPS))
and, in connection therewith, certain other)
related transactions.)

Case No. EO-2004-0108

AFFIDAVIT OF GARY S. WEISS

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Gary S. Weiss, being first duly sworn on his oath, states:

1. My name is Gary S. Weiss. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services Company as Director Regulatory Accounting and Depreciation in the Controllers' Function.

2. Attached hereto and made a part hereof for all purposes is my Supplemental Surrebuttal Testimony consisting of pages 1 through 3 including Schedule GSW-3, which have been prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. EO-2004-0108 on behalf of Union Electric Company, d/b/a AmerenUE.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Gary S. Weiss
Gary S. Weiss

Subscribed and sworn to before me this 23rd day of March, 2004.

Valerie W. Whitehead
Notary Public

My Commission Expires:

