

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

In the Matter of Union Electric Company d/b/a)
Ameren Missouri's Tariff to Increase Its)
Revenues for Electric Service) **Case No. ER-2014-0258**

**NON-UNANIMOUS STIPULATION AND
AGREEMENT AS TO DEPRECIATION**

COME NOW the Staff of the Missouri Public Service Commission ("Staff") and Union Electric Company d/b/a Ameren Missouri, and, after discussions among themselves regarding depreciation and net salvage, agree as follows:

1. The Commission should order the attached depreciation and net salvage rates solely for purposes of setting Ameren Missouri's depreciation and net salvage rates in this case.

2. The Commission should order Ameren Missouri to investigate the potential salvage value of electric distribution poles and its accounting practices for recording the costs it incurs when it replaces an existing electric distribution pole, solicit input from Staff on and keep Staff informed of the progress of its investigation, and report the results of its investigation to the Commission by December 31, 2015.

3. The attached depreciation and net salvage rates for the following miscellaneous and general plant equipment accounts are based on Ameren Missouri switching from using a mass asset accrual method to a vintage year amortization method for depreciation accruals, and the Commission should order Ameren Missouri to implement that change in method for the following plant accounts on the date new general rates the Commission orders in this case become effective:

Steam Production Plant		Hydraulic Plant		General Plant	
316.21	Misc - Office Furniture	335.21	Misc - Office Furniture	391	Office Furniture
316.22	Misc - Office Equipment	335.22	Misc - Office Equipment	391.2	PERSONAL COMPUTERS
316.23	Misc - Computers (PCs)	335.23	Misc - Computers (PCs)	391.3	Office Equipment
				393	Stores Equipment
Nuclear Plant		Other Production plant		394	Tools, Shop & Garage Equipment
325.21	Misc - Office Furniture	346.21	Misc - Office Furniture	395	Laboratory Equipment
325.22	Misc - Office Equipment	346.22	Misc - Office Equipment	397	Communications Equipment
325.23	Misc - Computers (PCs)	346.23	Misc - Computers (PCs)	398	Miscellaneous Equipment

4. The Commission should order Ameren Missouri to use the same method for transferring accrued accumulated depreciation reserves between the accounts listed in the table in paragraph 3, and from general plant to production account reserves, to address the resulting over-accrual in general plant as of the date it switches from using a mass asset accrual method to a vintage year amortization method for depreciation accruals for those accounts, as Staff used to create the following table, which is based on the amounts on Ameren Missouri’s books as of December 31, 2014:

<u>Vintage General Plant</u>		
Account	Name	Accumulated Reserve Adjustment
391	Office Furniture	-1,556,498
391.1	MAINFRAME COMPUTERS	102,065
391.2	PERSONAL COMPUTERS	-11,403,305
391.3	Office Equipment	-454,199
393	Stores Equipment	-44,567
394	Tools, Shop & Garage Equipment	-414,415
394.5	Training Assets	0
395	Laboratory Equipment	847,585
397	Communications Equipment	-14,190,976
398	Miscellaneous Equipment	35,550
	TOTAL General Plant Adjustment	-27,078,760
To Zero Out Venice Steam Production Plant Reserves		
311	Structures - Venice	9,168,770
312	Boiler Plant Equipment - Venice	8,643,394
314	Turbogenerator Units - Venice	-551,400
316	Misc Power Plant Equip - Venice	116,122
	TOTAL VENICE	17,376,886
To Reduce a Meramec Steam Production Plant Reserve Deficit		
312	Meramec -Boiler Plant Equip	9,701,874

5. If the Commission orders the foregoing, then the issue between Staff and Ameren Missouri listed as depreciation issue B (*What amount of depreciation expense should be included in Ameren Missouri's revenue requirement for Accounts 364 and 369 (minor account 1)?*) that is scheduled to be tried March 4, 2015, is resolved between them, and Ameren Missouri and Staff stipulate to the admission into the evidentiary record in this case the identified parts of the following exhibits:

- Exhibit 24 (Ameren Missouri witness Larry Loos direct testimony);
- Exhibit 27, page 1, line 1 to page 9, line 7 (Ameren Missouri witness Matt Michels surrebuttal testimony);

- Exhibit 43 (Ameren Missouri witness John Spanos direct testimony);
- Exhibit 44 (Ameren Missouri witness John Spanos rebuttal testimony);
- Exhibit 45 (Ameren Missouri witness John Spanos surrebuttal testimony);
- Exhibit 202, page 148, line 9 to page 158, line 13, the accompanying affidavit of Arthur Rice at page 210 of the portable document format of that exhibit, and pages 1-8 of Schedule AWR-1 to Appendix 3 to that exhibit (Staff witness Arthur Rice direct testimony);
- Exhibit 229 (Staff witness Arthur Rice rebuttal testimony),
- Exhibit 230 (Staff witness Arthur Rice surrebuttal testimony); and
- Exhibit 407, page 17, line 14 to page 24, line 2 (Public Counsel witness Ted Robertson rebuttal testimony).

6. This agreement resulted from extensive negotiations, and the terms hereof are interdependent. If the Commission does not approve this agreement without modification, then it shall be void and neither Ameren Missouri nor Staff shall be bound by any of the terms or provisions of it.

7. If the Commission does not unconditionally approve this agreement without modification, and notwithstanding its provision that it shall become void, neither this agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that Ameren Missouri or Staff has for a decision in accordance with Section 536.080, RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and Ameren Missouri and Staff shall retain all procedural and due process rights as fully as though this agreement had not been presented for Commission approval, and any suggestions, memoranda, testimony, or

exhibits offered to or received by the Commission in support of this agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

8. If the Commission unconditionally accepts the specific terms of this agreement without modification, Ameren Missouri and Staff waive, with respect to the issues resolved herein: their respective rights (1) to call, examine, and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) to seek rehearing pursuant to Section 386.500, RSMo 2000; and (4) to judicial review pursuant to Section 386.510, RSMo 2000. These waivers apply only to a Commission order respecting this agreement issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this agreement. This document contains the entire agreement of the parties concerning the issues addressed herein.

9. This agreement is not a contract with the Commission. Commission acceptance of this agreement shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative, or other power which the Commission presently has. Thus, nothing in this agreement is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

10. If the Commission has questions for Ameren Missouri or Staff witnesses, Ameren Missouri and Staff will make available, at any on-the-record session, their

witnesses and attorneys on the issues resolved by this agreement, so long as they have adequate notice of that session. Ameren Missouri and Staff agree to cooperate in presenting this agreement to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this agreement.

WHEREFORE, Staff and Ameren Missouri respectfully request that the Commission issue an order directing Ameren Missouri (1) to use the attached depreciation rates; (2) to investigate the potential salvage value of electric distribution poles and its accounting practices for recording the costs it incurs when it replaces an existing electric distribution pole, solicit input from Staff on and keep Staff informed of the progress of its investigation, and report the results of their investigation to the Commission by December 31, 2015; (3) to use vintage year amortization for depreciation accruals for the accounts listed in paragraph 2 above with an effective date contemporaneous with the date the new general rates the Commission orders in this case become effective; (4) to transfer accrued accumulated depreciation reserves between the accounts listed in the table in paragraph 3, and from general plant to production account reserves, to address the resulting over-accrual in general plant as of the date it switches from using a mass asset accrual method to a vintage year amortization method for depreciation accruals for those accounts, as Staff used to create the table in paragraph 4, which is based on the amounts on Ameren Missouri's books, as the depreciation reserve over-accrual; and (5) to admit the above-identified exhibits, or portions of exhibits, into evidence.

Respectfully submitted,

STAFF OF THE MISSOURI PUBLIC
SERVICE COMMISSION

/s/ Nathan Williams

Nathan Williams, MBE #35512
Deputy Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
(573) 751-8702
(573) 751-9285 (Fax)
nathan.williams@psc.mo.gov

/s/ Wendy K. Tatro

Wendy K. Tatro, Bar #60261
Director and Assistant General Counsel
Union Electric Company
d/b/a Ameren Missouri
P.O. Box 66149 (MC 1310)
1901 Chouteau Avenue
St. Louis, MO 63166-6149
(T) 314-554-3484
(F) 314-554-4014
AmerenMOService@ameren.com

SMITH LEWIS, LLP

/s/ James B. Lowery

James B. Lowery, #40503
111 South Ninth Street, Suite 200
P.O. Box 918
Columbia, MO 65205-0918
(573) 443-3141
(573) 442-6686 (Facsimile)
lowery@smithlewis.com

Attorneys for Ameren Missouri

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 3rd day of March, 2015.

/s/ Nathan Williams

AMEREN MISSOURI Case ER-2014-0258 Staff and Ameren Settlement Depreciation Rates

**SUMMARY OF ESTIMATED RETIREMENT DATES, SURVIVOR CURVES, NET SALVAGE PERCENT,
and ANNUAL DEPRECIATION RATES**

<u>DEPRECIABLE GROUP</u>	<u>Probable Retirement Year</u>	<u>Survivor Curve</u>	<u>Net Salvage Rate Percent</u>	<u>Depreciation Rate</u>	
STEAM PRODUCTION PLANT					
MERAMEC Steam Production Plant					
311	STRUCTURES AND IMPROVEMENTS	Sep-22	100-R1.5	(1)	4.51
312	BOILER PLANT EQUIPMENT (updated 2/19)	Sep-22	55-R0.5	(5)	7.29
314	TURBOGENERATOR UNITS	Sep-22	60-S0	(2)	5.51
315	ACCESSORY ELECTRIC EQUIPMENT	Sep-22	70-S0	(1)	5.29
316	MISCELLANEOUS POWER PLANT EQUIPMENT	Sep-22	40-L0	0	8.87
316.21	Misc Power Plant - Office Furniture Amortized		20-SQ		5.00
316.22	Misc Power Plant - Office Equipment Amortized		15-SQ		6.67
316.23	Misc Power Plant - Computers (PCs) Amortized		5-SQ		20.00
SIOUX Steam Production Plant					
311	STRUCTURES AND IMPROVEMENTS	Sep-33	100-R1.5	(1)	3.37
312	BOILER PLANT EQUIPMENT	Sep-33	55-R0.5	(5)	4.49
314	TURBOGENERATOR UNITS	Sep-33	60-S0	(2)	3.57
315	ACCESSORY ELECTRIC EQUIPMENT	Sep-33	70-S0	(1)	3.70
316	MISCELLANEOUS POWER PLANT EQUIPMENT	Sep-33	40-L0	0	6.14
316.21	Misc Power Plant - Office Furniture Amortized		20-SQ		5.00
316.22	Misc Power Plant - Office Equipment Amortized		15-SQ		6.67
316.23	Misc Power Plant - Computers Amortized		5-SQ		20.00
Labadie Steam Production Plant					
311	STRUCTURES AND IMPROVEMENTS	Sep-42	100-R1.5	(1)	1.56
312	BOILER PLANT EQUIPMENT	Sep-42	55-R0.5	(5)	2.18
312.3	BOILER PLANT EQUIPMENT - Aluminum Coal Cars		25-R25	25	0.69
314	TURBOGENERATOR UNITS	Sep-42	60-S0	(2)	2.61
315	ACCESSORY ELECTRIC EQUIPMENT	Sep-42	70-S0	(1)	2.20
316	MISCELLANEOUS POWER PLANT EQUIPMENT	Sep-42	40-L0	0	3.83
316.21	Misc Power Plant - Office Furniture Amortized		20-SQ		5.00

<u>DEPRECIABLE GROUP</u>		<u>Probable Retirement Year</u>	<u>Survivor Curve</u>	<u>Net Salvage Rate Percent</u>	<u>Depreciation Rate</u>
316.22	Misc Power Plant - Office Equipment Amortized		15-SQ		6.67
316.23	Misc Power Plant - Computers (PCs) Amortized		5-SQ		20.00
RUSH ISLAND Steam Production Plant					
311	STRUCTURES AND IMPROVEMENTS	Sep-45	100-R1.5	(1)	1.59
312	BOILER PLANT EQUIPMENT	Sep-45	55-R0.5	(5)	2.09
314	TURBOGENERATOR UNITS	Sep-45	60-S0	(2)	2.57
315	ACCESSORY ELECTRIC EQUIPMENT	Sep-45	70-S0	(1)	2.11
316	MISCELLANEOUS POWER PLANT EQUIPMENT	Sep-45	40-L0	0	3.69
316.21	Misc Power Plant - Office Furniture Amortized		20-SQ		5.00
316.22	Misc Power Plant - Office Equipment Amortized		15-SQ		6.67
316.23	Misc Power Plant - Computers (PCs) Amortized		5-SQ		20.00
COMMON - All Steam Plants					
311	STRUCTURES AND IMPROVEMENTS	Sep-42	100-R1.5	(1)	2.66
312	BOILER PLANT EQUIPMENT	Sep-42	55-R0.5	(5)	2.82
315	ACCESSORY ELECTRIC EQUIPMENT	Sep-42	70-S0	(1)	2.78
316	MISCELLANEOUS POWER PLANT EQUIPMENT	Sep-42	40-L0	0	3.88
NUCLEAR PRODUCTION PLANT Callaway					
321	STRUCTURES AND IMPROVEMENTS	Oct-44	100-R1.5	-1	1.37
322	REACTOR PLANT EQUIPMENT	Oct-44	55-R0.5	-6	2.51
323	TURBOGENERATOR UNITS	Oct-44	50-S1	-3	2.45
324	ACCESSORY ELECTRIC EQUIPMENT	Oct-44	80-R2	-1	1.57
325	MISCELLANEOUS POWER PLANT EQUIPMENT	Oct-44	35-L0	0	5.32
325.21	Misc Power Plant - Office Furniture Amortized		20-SQ		5.00
325.22	Misc Power Plant - Office Equipment Amortized		15-SQ		6.67
325.23	Misc Power Plant - Computers (PCs) Amortized		5-SQ		20.00

<u>DEPRECIABLE GROUP</u>		<u>Probable Retirement Year</u>	<u>Survivor Curve</u>	<u>Net Salvage Rate Percent</u>	<u>Depreciation Rate</u>
Hydraulic Production Plant					
<i>OSAGE</i>					
331	STRUCTURES AND IMPROVEMENTS	Jun-47	130-R1	(3)	2.73
332	RESERVOIRS, DAMS, WATERWAYS	Jun-47	150-R2.5	(1)	1.59
333	WATER WHEELS, TURBINES, GENERATORS	Jun-47	95-S0.5	(14)	2.93
334	ACCESSORY ELECTRIC EQUIPMENT	Jun-47	65-R0.5	(2)	3.43
335	MISCELLANEOUS POWER PLANT EQUIPMENT	Jun-47	55-O1	(2)	3.39
335.21	Misc Power Plant - Office Furniture Amortized		20-SQ		5.00
335.22	Misc Power Plant - Office Equipment Amortized		15-SQ		6.67
335.23	Misc Power Plant - Computers (PCs) Amortized		5-SQ		20.00
336	Roads, Railroads, Bridges	Jun-47	50-R0.5		2.30
<i>KEOKUK</i>					
331	STRUCTURES AND IMPROVEMENTS	Jun-55	130-R1	(1)	1.86
332	RESERVOIRS, DAMS, WATERWAYS	Jun-55	150-R2.5	(6)	1.36
333	WATER WHEELS, TURBINES, GENERATORS	Jun-55	95-S0.5	(3)	2.53
334	ACCESSORY ELECTRIC EQUIPMENT	Jun-55	65-R0.5	(1)	2.50
335	MISCELLANEOUS POWER PLANT EQUIPMENT	Jun-55	55-O1	0	2.90
335.21	Misc Power Plant - Office Furniture Amortized		20-SQ		5.00
335.22	Misc Power Plant - Office Equipment Amortized		15-SQ		6.67
335.23	Misc Power Plant - Computers (PCs) Amortized		5-SQ		20.00
336	Roads, Railroads, Bridges	Jun-55	50-R0.5		1.16
<i>TAUM SAUK</i>					
331	STRUCTURES AND IMPROVEMENTS	Jun-89	130-R1	(1)	1.37
332	RESERVOIRS, DAMS, WATERWAYS	Jun-89	150-R2.5	(6)	2.39
333	WATER WHEELS, TURBINES, GENERATORS	Jun-89	95-S0.5	(3)	1.52
334	ACCESSORY ELECTRIC EQUIPMENT	Jun-89	65-R0.5	(1)	1.83
335	MISCELLANEOUS POWER PLANT EQUIPMENT	Jun-89	55-O1	0	2.28
335.21	Misc Power Plant - Office Furniture Amortized		20-SQ	0	5.00

<u>DEPRECIABLE GROUP</u>		<u>Probable Retirement Year</u>	<u>Survivor Curve</u>	<u>Net Salvage Rate Percent</u>	<u>Depreciation Rate</u>
335.22	Misc Power Plant - Office Equipment Amortized		15-SQ	0	6.67
335.23	Misc Power Plant - Computers (PCs) Amortized		5-SQ	0	20.00
336	Roads, Railroads, Bridges	Jun-89	50-R0.5	0	1.47
OTHER PRODUCTION					
341	STRUCTURES AND IMPROVEMENTS		40-R2.5	(5)	2.48
342	FUEL HOLDER, PRODUCRES, ACCESSORIES		40-R3	(5)	2.60
344	GENERATORS				
	Generators - CTGs		40-R4	(5)	1.93
344.??	Generator - Landfill CTG		6-S2	40	10.66
344.??	Generators - Solar		20-S2.5	0	5.12
344.??	Generators - Wind (new account assignment)	20 yr life	45-R2	(17)	6.81
345	ACCESSORY ELECTRIC EQUIPMENT		35-R2.5	(5)	3.23
346	MISCELLANEOUS POWER PLANT EQUIPMENT		20-L2.5	(5)	7.88
346.21	Misc Power Plant - Office Furniture Amortized		20-SQ	0	5.00
346.22	Misc Power Plant - Office Equipment Amortized		15-SQ	0	6.67
346.23	Misc Power Plant - Computers (PCs) Amortized		5-SQ	0	20.00
TRANSMISSION PLANT					
352	STRUCTURES AND IMPROVEMENTS		60-R2.5	(5)	1.86
353	STATION EQUIPMENT		60-R2.5	(5)	1.67
354	TOWERS AND FIXTURES		70-R4	(30)	1.94
355	POLES AND FIXTURES		58-R4	(100)	3.78
356	OVERHEAD CONDUCTORS AND DEVICES		58-R4	(25)	2.54
359	ROADS AND TRAILS		70-R4	0	1.09
DISTRIBUTION PLANT					
361	STRUCTURES AND IMPROVEMENTS		60-R2.5	(5)	1.79
362	STATION EQUIPMENT		60-R2.5	(5)	1.69
363	ENERGY STORAGE EQUIPMENT (new assignment)		10-L3	0	11.76
364	POLES AND FIXTURES	Settled Issue	47-R2.5	(150)	5.03
365	OVERHEAD CONDUCTORS AND DEVICES		50-R1	(50)	3.00
366	UBDERGROUND CONDUIT		70-R3	(50)	2.13
367	UBDERGROUND CONDUCTORS AND DEVICES		56-R2	(25)	2.19
368	LINE TRANSFORMER		41-R2.5	5	2.36
369.01	OVERHEAD SERVICES	Settled Issue	43-R2.5	(150)	4.05

<u>DEPRECIABLE GROUP</u>		<u>Probable Retirement Year</u>	<u>Survivor Curve</u>	<u>Net Salvage Rate Percent</u>	<u>Depreciation Rate</u>
369.02	UNDERGROUND SERVICES		55-R3	(90)	3.21
370	METERS		26-S0.5	0	3.97
371	INSTALLATION ON CUSTOMERS' PREMISES		25-O1	0	0.03
373	STREET LIGHTING AND SIGNAL SYSTEMS		36-S0	(40)	3.33
GENERAL PLANT					
390	STRUCTURES AND IMPROVEMENTS				
	MISCELLANEOUS STRUCTURES - OLD		55-R1.5	(5)	1.91
	LARGE STRUCTURES		48-R1.5	(10)	2.30
390.05	STRUCTURES AND IMPROVE -TRAINING ASSETS		5-SQ	0	20.00
391	Office Furniture				
	Amortized		20-SQ	0	5.00
391.1	MAINFRAME COMPUTERS		5-SQ	0	0.00
391.2	PERSONAL COMPUTERS				
	Amortized		5-SQ	0	20.00
391.3	Office Equipment				
	Amortized		15-SQ	0	6.67
392	TRANSPORTATION EQUIPMENT		11-R1.5	10	8.00
392.05	TRANSPORTATION EQUIPMENT - TRAINING ASSETS		5-SQ	0	20.00
393	Stores Equipment				
	Amortized		20-SQ	0	5.00
394	Tools, Shop & Garage Equipment				
	Amortized		20-SQ	0	5.00
394.05	Tools, Shop & Garage Equip - Training Assets		5-SQ	0	20.00
395	Laboratory Equipment				
	Amortized		20-SQ	0	5.00
396	Power Operated Equipment		15-L2	15	6.15
397	Communications Equipment				
	Amortized		15-SQ	0	6.67
397.05	Communications Equip - Training Assets		5-SQ	0	20.00
398	Miscellaneous Equipment				
	Amortized		20-SQ	0	5.00
TOTAL DEPRECIABLE ELECTRIC PLANT					2.97