Exhibit No.:	
Issue:	Revenue Requirement
Witness:	Steven C. Carver
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Missouri Industrial Energy Consumers
Case No.:	ER-2012-0166
Date Testimony Prepared:	July 6, 2012

**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 Annual Revenues for Electric Service	**)))))**	**Case No. ER-2012-0166** Tariff No. YE-2012-0370

Direct Testimony and Schedules of

Steven C. Carver

Revenue Requirement

On behalf of

Missouri Industrial Energy Consumers

NON-PROPRIETARY VERSION

July 6, 2012

Exhibit No. 514

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 Annual Revenues for Electric Service	)))))	**Case No. ER-2012-0166** Tariff No. YE-2012-0370

STATE OF MISSOURI)
) **SS**
COUNTY OF JACKSON)

Affidavit of Steven C. Carver

Steven C. Carver, being first duly sworn, on his oath states:

1. My name is Steven C. Carver. I am Vice President of Utilitech, Inc., having my principal place of business at PO Box 481934, Kansas City, Missouri 64148. We have been retained by the Missouri Industrial Energy Consumers in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes are my direct testimony and schedules which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2012-0166.

3. I hereby swear and affirm that the testimony and schedules are true and correct and that they show the matters and things that they purport to show.

Steven C. Carver

Subscribed and sworn to before me this 3rd day of July 2012.

Barbara L. Sanson
Notary Public

BARBARA L. SANSON
Notary Public - Notary Seal
State of Missouri, Jackson County
Commission # 11408219
My Commission Expires May 17, 2015

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Table of Contents to the
Direct Testimony of Steven C. Carver

Page

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Direct Testimony of Steven C. Carver

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Steven C. Carver. My business address is PO Box 481934, Kansas City, Missouri 64148.

Q WHAT IS YOUR PRESENT OCCUPATION?

A I am a Principal in the firm Utilitech, Inc., which specializes in providing consulting services for clients who actively participate in the process surrounding the regulation of public utility companies. Our work includes the review of utility rate applications, as well as the performance of special investigations and analyses related to utility operations and ratemaking issues.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A The Missouri Industrial Energy Consumers ("MIEC"). MIEC member companies are large consumers of electricity and are materially impacted by Ameren Missouri's (hereinafter "Ameren Missouri" or "Company") rates.

Q PLEASE SUMMARIZE THE PURPOSE AND CONTENT OF YOUR TESTIMONY.

A Generally, my responsibilities in this docket encompass the review and evaluation of various elements of rate base and operating income included within Ameren Missouri's overall revenue requirement. As a result, my direct testimony addresses various adjustments to operating income, as identified on the earlier table of contents. The additional ratemaking adjustments proposed by MIEC, which I do not sponsor, are separately addressed in the direct testimony of MIEC witnesses Michael Brosch, Greg Meyer, Michael Gorman, Maurice Brubaker, James Dauphinais and Nicholas Phillips. The calculation of the various MIEC adjustments are reflected in schedules attached to the direct testimony of each sponsoring witness.

Q HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION IN PROCEEDINGS THAT INVOLVED AMEREN MISSOURI?

A Yes. I have prepared and presented revenue requirement recommendations in several prior proceedings involving Ameren Missouri (aka Union Electric Company and AmerenUE), while employed by this Commission, as a consultant retained by the State of Missouri or as a consultant to MIEC. I have filed testimony in five of the Company's previous Missouri rate cases (Case Nos. ER-82-52, ER-83-163, ER-84-168/EO-85-17, ER-2007-0002 and ER-2011-0028) dating back to 1982.

EDUCATION AND EXPERIENCE

Q WHAT IS YOUR EDUCATIONAL BACKGROUND?

A I graduated from State Fair Community College, where I received an Associate of Arts Degree with an emphasis in Accounting. I also graduated from Central Missouri State

University with a Bachelor of Science Degree in Business Administration, majoring in Accounting.

Q PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE IN THE FIELD OF UTILITY REGULATION.

A From 1977 to 1987, I was employed by the Missouri Public Service Commission ("MPSC") in various professional auditing positions associated with the regulation of public utilities. In April 1983, I was promoted by the Missouri Commissioners to the position of Chief Accountant and assumed overall management and policy responsibilities for the Accounting Department. I provided guidance and assistance in the technical development of Staff issues in major rate cases and coordinated the general audit and administrative activities of the Department.

I commenced employment with the firm in June 1987. During my employment with Utilitech, I have been associated with various regulatory projects on behalf of clients in the States of Arizona, California, Florida, Hawaii, Illinois, Iowa, Indiana, Kansas, Mississippi, Missouri, Nevada, New Mexico, New York, Oklahoma, Pennsylvania, Texas, Utah, Washington, West Virginia and Wyoming. I have conducted revenue requirement analyses and special studies involving various regulated industries (i.e., electric, gas, telephone, water and steam). Since joining the firm, I have occasionally appeared as an expert witness before the MPSC on behalf of various clients, including the Commission Staff and the Office of the Public Counsel. Additional information regarding my professional experience and qualifications is summarized in Appendix A.

EXECUTIVE SUMMARY

Q PLEASE IDENTIFY AND BRIEFLY DESCRIBE EACH OF THE MIEC ADJUSTMENTS THAT YOU SPONSOR.

A The following table identifies the various adjustments that I sponsor on behalf of MIEC:

Description	Schedule Reference	Amount	
Expiring Amortization Adjustment:	SCC-1	$(4.2) million	Expense
Intangible Plant Expiring Amortization	SCC-2	$(1.1) million	Expense
Voluntary Separation Adjustment	SCC-3	$(8.6) million	Expense

- MIEC Schedule SCC-1 proposes to reschedule, over a two-year period, the unamortized balances of certain miscellaneous deferred items as of the effective date of the rates from this proceeding, In general, the amortization term of these deferrals are scheduled to expire during the first year the rates resulting from this proceeding will be in effect, as further explained hereinafter.

- MIEC Schedule SCC-2 represents an adjustment similar to MIEC Schedule SCC-1, but is associated with items of intangible plant whose amortizations are scheduled to expire.

- MIEC Schedule SCC-3 removes or eliminates the Company's proposed three-year amortization of the one-time severance costs (i.e., $25,755,000) of the Voluntary Separation Election ("VS11") offered to employees in 2011. This adjustment is necessary because the Company's amortization proposal does not recognize offsetting savings that will be retained by Ameren Missouri until the rates resulting from this rate case are authorized and effective.

OVERALL APPROACH

Q WHAT IS THE OVERALL REVENUE REQUIREMENT QUANTIFIED BY MIEC FOR THE COMPANY'S MISSOURI ELECTRIC RETAIL OPERATIONS?

A For purposes of this proceeding, MIEC has not assembled an overall revenue requirement recommendation for Ameren Missouri's electric operations. Instead, MIEC witnesses have calculated and individually sponsor adjustments to Ameren Missouri's calculated revenue requirement, and those adjustments support an overall reduction to the Company's rate filing, which are summarized by MIEC witness Brubaker. Based on a historical test year ended September 30, 2011, with a known and measurable true-up cut-off date of July 31, 2012,[1] Ameren Missouri has quantified an overall revenue deficiency of about $375.6 million, which it seeks to recover in this case in the form of increased electric rates.[2]

Q PLEASE DESCRIBE MIEC'S APPROACH TO QUANTIFYING THE ADJUSTMENTS TO REVENUE REQUIREMENT IN THIS PROCEEDING.

A MIEC's recommended adjustments employ Ameren Missouri's "prefiled" amounts for rate base, revenues and expenses as a starting point. Ameren's proposed amounts were then adjusted to reflect the impact of the various adjustments sponsored by each MIEC witness.

Q THE VARIOUS SCHEDULES ATTACHED TO THE SUPPLEMENTAL DIRECT TESTIMONY OF COMPANY WITNESS WEISS, WHICH SUPPORT THE OVERALL RATE INCREASE SOUGHT BY AMEREN MISSOURI, IDENTIFY A NUMBER OF ADJUSTMENTS TO BOTH RATE BASE AND OPERATING INCOME. IF THE COMPANY PROPOSED A SPECIFIC ADJUSTMENT THAT WAS NOT CONTESTED BY AN MIEC WITNESS, DOES THAT NECESSARILY MEAN THAT MIEC CONCURS WITH EACH SUCH ADJUSTMENT?

A No. During the course of a rate case proceeding, numerous adjustments and transactions may be reviewed as part of the process of evaluating a utility's overall revenue deficiency. While is it true that MIEC's direct testimony will address various

[1]By Order issued March 28, 2012, in the pending docket, the Commission adopted the test year and true-up periods as agreed to by the parties.

[2]See Ameren Missouri Filing Letter dated February 3, 2012, and Ameren Missouri Schedule GSW-E16, appended to the Direct Testimony of Gary S. Weiss, dated February 3, 2012.

areas of known disagreement with Ameren Missouri's prefiled position, the absence of an adjustment in a particular area or to a specific component of the utility's revenue requirement does not indicate concurrence, but rather an indication that MIEC chose not to address a particular cost element or offer an alternative position.

Q HOW WILL YOU IDENTIFY AND REFER TO THE INDIVIDUAL ACCOUNTING ADJUSTMENTS YOU SPONSOR?

A I will refer to each adjustment that I sponsor by reference to the schedule attached to my testimony supporting the calculation of that adjustment. For purposes of testimony presentation in this proceeding, I may use the words "schedule" and "adjustment" interchangeably when generally referring to an individual adjustment I sponsor on behalf of MIEC.

Q DO YOUR SCHEDULES PROVIDE CALCULATION DETAIL SUPPORTING EACH MIEC ADJUSTMENT YOU SPONSOR?

A Yes. The individual adjustment schedules that I sponsor provide support for the quantification of each adjustment, with footnote references to additional workpapers or other supporting documentation. Since virtually all information relied upon in developing these adjustments was supplied by Ameren Missouri in response to written discovery or obtained from the Company's exhibits or workpapers, these adjustment schedules will often refer to relevant data sources already in Ameren Missouri's possession.

Q PLEASE DESCRIBE HOW THE REMAINDER OF YOUR TESTIMONY IS ORGANIZED.

A The remainder of my testimony is arranged by topical section, following the index to my testimony. This index identifies the specific areas I address in testimony and references the testimony pages as well as any related adjustment or schedule number.

TEST YEAR

Q PLEASE BRIEFLY DESCRIBE THE TEST YEAR APPROACH USED IN THIS PROCEEDING.

A Ordering Paragraph 1 of the *Order Adopting Procedural Schedule, Establishing Test Year, and Delegating Authority* ("Procedural Order"), issued by the Commission on March 28, 2012, specified that the "test year for this case is the twelve months ending September 30, 2011, trued-up as of July 31, 2012." In general terms, a test year used for determining actual and pro forma rate base, operating revenues, expenses and operating income is a relatively recent 12-month period (i.e., the 12 months ending September 2011) and adjusted for changes that are fixed, known and measurable for ratemaking purposes through a specified date (i.e., July 31, 2012) following the end of the test year. In addition, this Commission has typically recognized various end-of-period, annualization and normalization adjustments recognizing changes that occur during and subsequent to the test year in order to set rates on ongoing investment, revenue and cost levels.

Q HOW DOES THE APPROACH EMPLOYED BY MIEC IN QUANTIFYING ADJUSTMENTS TO TEST YEAR RATE BASE AND OPERATING INCOME COMPARE TO THE REQUIREMENTS OF THE COMMISSION'S PROCEDURAL ORDER?

A In quantifying its revenue requirement recommendation, the various ratemaking adjustments proposed by MIEC are consistent with the Commission's Procedural Order and serve to enhance the balance of the various elements of the ratemaking process, resulting in improved consistency in applying the overall test year approach.

Q WHEN YOU REFER TO IMPROVING THE CONSISTENCY IN APPLYING THE COMMISSION'S TEST YEAR APPROACH, ARE YOU STATING THAT EACH ELEMENT OF THE RATEMAKING EQUATION IS OR SHOULD BE DEVELOPED IN AN IDENTICAL MANNER?

A No. In the ratemaking process, it is neither possible nor desirable to employ a stringent or mechanical method or approach to quantify each element of the ratemaking equation. Because the overall revenue requirement is comprised of various dissimilar elements, the technique employed to determine the ongoing level of revenues and expenses must be unique to the facts and circumstances underlying each element. Rather, it was my intent to indicate that the test year approach, as set forth in the Commission's Procedural Order, should be balanced and consistently applied to the various ratemaking elements, such that the resulting revenue requirement contains minimal quantification distortions.

Q WHY IS THE SELECTION AND BALANCED ADJUSTMENT OF A TEST YEAR IMPORTANT IN THE DETERMINATION OF JUST AND REASONABLE UTILITY RATES?

A The ratemaking equation commonly employed by this Commission, and other regulatory agencies, compares a required return on rate base to the investment return generated by adjusted test year operating results. If the return indicated by the adjusted operating results (i.e., adjusted test year operating income and rate base) is deficient, an increase in revenues is required to provide the utility an <u>opportunity</u> to earn a "reasonable" return on its investment. Conversely, an excessive return would support a reduction in utility revenues and rates.

For the ratemaking equation to function properly, the components comprising the equation (i.e., rate base, revenues, expenses and rate of return) must be reasonably representative of ongoing levels, internally consistent and comparable – within the context of test period parameters. It should not be an outcome of utility regulation to understate or overstate the cost of providing service on which utility rates are based. To the extent that these components are not properly synchronized or are otherwise misstated, the design of utility rates may result in the company not having the opportunity to earn its authorized return or, alternatively, having the opportunity to earn in excess of the return authorized – all other factors remaining constant. By synchronizing or maintaining the comparability of revenues, expenses and investment, the integrity of the test year can be maintained with the reasonable expectation that the resulting rates will not significantly misstate the ongoing cost of providing utility service.

Consequently, it is critical that the ratemaking process properly synchronize only those known and measurable changes that occur during the test year or within a reasonable period subsequent thereto, rather than establish utility rates on inappropriate factors or inconsistent post-test year events. In this manner, regulators can best be assured that rates are reasonably based on ongoing cost levels.

Although significant efforts may be undertaken to assist in the establishment of rates based on a balanced test year, utility management may implement new programs, redirect business objectives or make decisions on a daily basis that could result in the incurrence of operation and maintenance expenses or capital expenditures that significantly depart from comparable amounts included in then-existing utility rates. The ability and authority of utility personnel to exercise management discretion in these matters is one of the reasons that the ratemaking process involving rate-regulated public utilities is intended to convey an <u>opportunity</u>, rather than a guarantee, to earn a "reasonable" return on utility investment.

Q PLEASE EXPLAIN THE CONCEPT OF FIXED, KNOWN AND MEASURABLE CHANGES, AS TYPICALLY USED IN THE RATEMAKING PROCESS.

A In general terms, the recognition of changes or adjustments to test year rate base and operating income should be consistently applied and limited to transactions or events that are fixed, known and measurable for ratemaking purposes. In my opinion, the following definition or explanation of the "fixed, known and measurable" concept, as commonly applied in utility ratemaking, is consistent with the Procedural Order:

> **Fixed, known and measurable changes –** transactions or events that are:
> (a) <u>Fixed in time</u>. A qualifying transaction or event must be "fixed" within the test year or within the specified period following the test year – or by July 31, 2012.
> (b) <u>Known to occur</u>. The transaction or event must be "known" to exist, in contrast with possible, uncertain or speculative changes.
> (c) <u>Measurable in amount</u>. The financial effect of the transaction or event can be "measured" or accurately quantified.

In this context, a transaction or event should be considered fixed, known and measurable only if it has been agreed to by contract or commitment, can be verified to have occurred within the specified time period, and can be quantified employing known data.

It is not uncommon for regulatory commissions to recognize or annualize transactions occurring within, or subsequent to, the historical test period for verifiable, yet balanced, changes that will impact a utility's future earnings. However, it is also true that parties often differ on whether offsetting factors have been appropriately considered and how far outside the test year it may be appropriate to reach for changes. In my opinion, the recognition of fixed, known and measurable changes must be reasonably balanced or matched with offsetting factors. Otherwise, a distorted view of the cost of service may lead to improper rate adjustments.

A consistent matching of both price and quantity changes is necessary to achieve this balance, particularly when volume changes, during or subsequent to the test year, offset price level increases. Similarly, appropriate application of this matching principle would also require costs to be offset or reduced by related cost savings in determining the net cost of one-time or infrequent activities or programs eligible for deferral and subsequent amortization recovery from ratepayers.

Q BASED ON YOUR REGULATORY EXPERIENCE, IS IT REASONABLE TO EXPECT THAT CHANGES OCCURRING SUBSEQUENT TO A RATE CASE TEST YEAR WILL AUTOMATICALLY PUT UPWARD PRESSURE ON THE COST OF PROVIDING UTILITY SERVICE?

A No. It may be anticipated that the passage of time may result in increasing expenses (and investments), during periods of even modest inflation. As a result, the recognition of various revenue/expense annualization and/or normalization adjustments might be expected to consistently yield higher revenue requirements. However, revenue trends, productivity gains and reductions in certain operating expenses may offset the presumption of a generally increasing cost of service. Favorable and unfavorable revenue requirement influences can offset one another for many years, explaining how many utilities have successfully avoided base rate increases for extended periods of time.

All components of the ratemaking equation change over time. It is only by consistently analyzing the major cost of service components that a determination can be made as to whether the overall revenue requirement has changed materially. The key issue is whether revenues are growing faster or slower than the overall costs necessary to support those revenues.

EXPIRING AMORTIZATION ADJUSTMENT

Q PLEASE DESCRIBE THE ADJUSTMENTS REPRESENTED BY MIEC SCHEDULES SCC-1 AND SCC-2.

A Ameren Missouri has proposed to include a full year of amortization expense for certain deferred or amortizable costs, even though the individual amortizations are scheduled to expire by the time new rates under this case are likely to become effective (on or about January 2, 2013), or within the first 12 months the rates resulting from this rate case will be in effect (i.e., generally the period extending through December 31, 2013). Since the rates resulting from the instant proceeding are reasonably expected to be in effect for at least one year and may remain in effect for more than one year, well beyond the scheduled expiration of the subject amortizations, MIEC is proposing two adjustments to normalize the impact of these expiring amortizations.

First, MIEC Schedule SCC-1 assumes that Ameren Missouri will continue to file recurring rate cases, but no more frequently than on a 24-month cycle. With two exceptions, MIEC proposes to reschedule over a two-year period the unamortized balances, as of the effective date of the rates from this proceeding, of miscellaneous deferrals whose amortization term is scheduled to expire during the "initial rate effective period," as defined below. Second, MIEC Schedule SCC-2 quantifies a similar adjustment associated with items of intangible plant whose amortizations will similarly expire before or during the "initial rate effective period."

Q PLEASE EXPLAIN YOUR REFERENCE TO THE "INITIAL RATE EFFECTIVE PERIOD."

A As used in this context, the term "initial rate effective period" refers to the first 12 months that the rates resulting from this rate case are in effect and billed to tariff customers. Assuming that the rates from this rate case become effective on or about January 2, 2013, the initial rate effective period would generally be January 2013 through December 2013.

Q WITH REGARD TO MIEC SCHEDULE SCC-1, YOU REFERRED TO TWO EXCEPTIONS TO RESCHEDULING THE UNAMORTIZED BALANCES OF AMORTIZATIONS EXPIRING DURING THE RATE EFFECTIVE PERIOD. PLEASE IDENTIFY THE TWO EXCEPTIONS.

A Referring to MIEC Schedule SCC-1, page 2, the amortization term of both the 2007 and 2008 Storm costs are not scheduled to expire until February 2014 – two months after the first rate effective period. However, due to the magnitude of the amount of these annual amortizations (i.e., almost $5.9 million),[3] I determined that these storm cost amortizations should nevertheless be included in the amortization rescheduling adjustment in order to minimize the over-collection risk to customers.

[3]The annual amortizations of the 2007 storm cost deferral and the 2008 storm cost deferral are $4,911,996 and $971,400, respectively.

Assuming the rates from the current proceeding were to remain in effect for a full two years, or roughly through December 2014, the Company would only record two months of amortization expense or about $983,000 (i.e., $5.9 million ÷ 12 x 2) associated with these storm cost deferrals in 2014. However, if current rates were to include the full $5.9 million of amortization, Ameren Missouri could realize an unintended financial benefit of about $4.9 million in 2014 (i.e., $5.9 million - $983,000) absent a rescheduling of the storm cost amortizations. Since recovery of the deferred storm costs is not and should not be an issue, the added ratepayer protection offered by the rescheduling of these amortizations expiring in February 2014 is warranted given the magnitude of the amounts involved.

Q WHAT AMORTIZATION PERIOD DID AMEREN MISSOURI USE FOR PURPOSES OF THESE EXPIRING AMORTIZATIONS?

A Since none of the amortizations expired during the test year,[4] Ameren Missouri did not propose any modification to the amount of amortization expense recorded during the test year – regardless of whether an amortization is currently scheduled to expire by the time the rates resulting from this case are likely to become effective. Columns (C) through (E) of MIEC Schedule SCC-1, page 2, show the current amortization term and the dates the current amortization of these items commenced and are scheduled to terminate.

Q WHY WAS A TWO-YEAR PERIOD SELECTED FOR PURPOSES OF RESCHEDULING THE EXPIRING AMORTIZATIONS AS PROPOSED BY MIEC?

A In order to minimize potential over-recovery or under-recovery of amortizable costs, the prospective term of any soon-to-expire amortization should consider the expected interval between the current rate case and the "next" following rate case. One basis for

[4]See MIEC Schedule SCC-1, page 2, Column (E).

evaluating the amortization term is to examine historical rate case intervals as a guide to the possible timing of the utility's "next" rate case. The following table shows the filing dates for the Company's five most recent Missouri electric rate cases and the time intervals between filings:

MPSC Case No.	Filing Date	Filing Interval (approx. mos.)
ER-2007-0002	July 7, 2006	
ER-2008-0318	April 4, 2008	21
ER-2010-0036	July 24, 2009	16
ER-2011-0028	September 3, 2010	13
ER-2012-0166	February 3, 2012	17
	Average	17

Rather than focus entirely on the filing frequency of the Company's past rate cases, it is not uncommon for the assessment of the rate case interval to consider utility specific plans for the filing of that very "next" rate case – to the extent that the utility is willing to share that information. However, in the Company's last Missouri rate proceeding (Case No. ER-2011-0028), MIEC submitted two separate data requests in an attempt to determine when Ameren Missouri might be reasonably expected to file its "next" (i.e., the currently pending) rate case.

In response to part (c) of Data Request MIEC 1.45, Ameren Missouri stated that "[t]he decision as to when the Company might file its next rate case has not been made." Recognizing that Ameren Missouri may not have then set a firm filing date for the "next" rate case, Data Request MIEC 13.16 was submitted in an effort to establish whether a more general time table for that "next" rate case might exist. By letter dated January 13, 2011, Company counsel objected to this data request citing to "information protected from disclosure by the attorney-client and work product privileges, and because the DR calls for speculation." In a subsequent response to Data Request MIEC 13.16, Ameren

Missouri stated: "Subject to the Company's objection, I do not know and can't speculate about when the next electric rate case filing may occur." In light of this discovery experience in Case No. ER-2011-0028, MIEC chose to not submit similar discovery questions in the pending rate matter.

Based on the Company's recent filing record (i.e., an average 17-month interval between rate filings), an assumed 12-month filing interval is too short. Absent a reliable estimate of the plans for its next rate case, a two-year interval was determined to be more reasonable or likely, based on the available information from the Company's last five rate filings.

Given the magnitude of the soon-to-expire annual amortizations Ameren Missouri proposes to include in test year expense (i.e., $8.175 million as set forth in column (F) of MIEC Schedule SCC-1), the Company's approach to <u>not</u> adjust test year amortization expense creates an increased over-collection risk to customers, if the filing interval for the next rate case were to exceed one year. The general objective for amortizing certain abnormal or unusual costs outside utility control is to provide a ratable mechanism for cost recovery. That objective is neither to deny recovery of reasonably incurred costs nor provide for a structural over-recovery of those costs. By extending the amortization period to two years, as proposed by the MIEC, Ameren Missouri will continue to recover a significant amount of amortization expense through rates on an annual basis,[5] while reducing the potential for over-recovery if the next rate case proceeds on a time interval longer than one year.

[5]According to attached MIEC Schedules SCC-1 and SCC-2, the soon-to-expire amortizations sought to be included in rates and recovered by Ameren Missouri would be about $4.2 million and $1.1 million per year, respectively.

Q HAS THE COMPANY PROPOSED THE USE OF A TWO-YEAR AMORTIZATION PERIOD IN THIS RATE PROCEEDING?

A Yes. As discussed in the response to Data Request MIEC 5.8, Ameren Missouri has proposed a two-year amortization period for the estimated July 2012 balances of the Vegetation and Inspection Regulatory Asset and the Vegetation and Inspection Regulatory Liability.[6] In support of the two-year amortization period, the Company referenced Item 20 of the First Nonunanimous Stipulation and Agreement from Case No. ER-2011-0028.

The Company has also proposed a ratemaking adjustment to amortize an increase in the MPSC and Office of Public Counsel assessment over a two-year period. As stated in response part (b) of Data Request MIEC 5.15, "the Company has had new effective rates approximately every eighteen months or so for the past few years, it is requesting the recovery of the MPSC assessment revenue shortfall over a two year period."

Q PLEASE EXPLAIN THE NATURE AND INTENT OF THE AMORTIZATION "RESCHEDULING" ADJUSTMENT PROPOSED BY MIEC.

A Typically, non-capital costs (i.e., period costs) incurred by a regulated entity are chargeable directly to expense in the year incurred, unless cost deferral authorization is approved by a regulatory body having rate jurisdiction over the company's operations. Regulators occasionally allow regulated companies to defer and amortize a variety of one-time costs including such items as extraordinary storm damage costs, demand-side management costs, unusual or extraordinary maintenance costs, accounting transition costs, merger costs, etc. However, the authorization of such deferrals normally occurs

[6] Also, see GSW-WP-E499 and GSW-WP-E513. As indicated by the response to Data Request MIEC 5.8, Ameren Missouri also proposes to true-up the estimated deferral balances.

in conjunction with determinations as to the aggregate amount to be amortized, the effective date of the commencement of the amortization and the specific time period over which such costs will be amortized.

Although such amortizations may commence with the effective date of a regulatory decision implementing a change in utility rates, the expiration of such regulatory amortizations rarely conform to the exact timing of a rate order in a subsequent rate case. Consequently, ratemaking adjustments may be required to ensure that the specific costs authorized for deferral and amortization are not materially over-recovered or under-recovered from ratepayers. Amortization "rescheduling" adjustments focus on this timing differential and attempt to minimize inappropriate cost recovery attributable to the relative infrequency, or inexact timing, of rate filings and the resulting regulatory lag.

Q SHOULD ANY AMORTIZATIONS THAT HAVE EXPIRED BY THE TIME NEW RATES FROM THIS CASE ARE IMPLEMENTED BE COMPLETELY REMOVED FROM TEST YEAR EXPENSE?

A Yes. At the time the Commission authorized the amortization of each item, Ameren Missouri was essentially allowed to defer and amortize specific costs over a defined time interval. To the extent that the underlying amortizations have expired by the time the rates resulting from this case are implemented, the failure to remove such expired amortizations from test year expense would effectively allow continued recovery during the entire term that the rates resulting from this case are in effect. Rather than allow Ameren Missouri to structurally over-collect such costs from its tariff customers, MIEC recommends the removal of these costs from test year expense.

Because the Company filed the instant rate increase request in early February 2012, the effective date of the Commission's rate order can be expected no later than early January 2013. Absent some form of rate case adjustment to recognize the known, certain and measurable effect of the expiration of these amortizations,[7] Ameren Missouri would be guaranteed to commence over-recovering these costs immediately upon the issuance of a Commission order in the pending proceeding. Such an over-recovery of costs would clearly be an unintended result of past regulatory actions to allow recovery of one-time deferred costs or amortizable plant costs through multi-year amortization periods.

Q FOR THOSE AMORTIZATIONS SCHEDULED TO EXPIRE AFTER DECEMBER 31, 2012, DOES MIEC PROPOSE TO REMOVE THE AMOUNT OF THE ANNUAL AMORTIZATION FROM TEST YEAR EXPENSE?

A No. Because there will be an unamortized balance for certain amortizable items at the likely effective date of new rates resulting from this rate case, the amortization of those balances would be rescheduled over the period the new rates are expected to be in effect, which is two years as proposed by MIEC. The concept underlying amortization "rescheduling" adjustments considers four basic questions:

1. What is the amount of the unamortized deferral as of the end of the test year and true-up period?
2. What is the amount of the unamortized deferral as of the expected date of the rate order in the pending rate case?
3. When is the terminal, or completion, date of the currently authorized amortization?
4. What is the expected duration, or life, of the new rates to be authorized by the Commission in the pending rate case?

With this information, it is possible to determine whether any unamortized balance is material to Ameren Missouri's overall operations. If so, the remaining period of the

[7] The amortizations that appear to be scheduled to expire before the rates from this case are likely to be implemented are limited to certain intangible plant items. See lines 11-19 of MIEC Schedule SCC-2, page 2, Column (E).

original amortization can be compared to the expected life of any new rates to assess whether it is necessary to "reschedule," or modify, the period over which any material unamortized balance should be amortized for ratemaking purposes.

When the remaining period of the current amortization is substantially equal to the expected duration of new rates, a separate "rescheduling" adjustment would <u>not</u> be necessary, assuming the amount of the annual amortization is not material, because the Company should recover sufficient revenues related to the amortization expense over the entire period the new rates are expected to remain in effect. However, if the remaining period of amortization is significantly shorter than the expected "life" of the new rates or expires before the new rates are implemented, the failure to adjust the amortization for ratemaking purposes would result in the continuation of the related revenue stream (i.e., from ratepayers to the utility) well beyond the expiration of the book amortization expense. This situation would cause a structural over-collection of the deferred amount originally approved for amortization treatment. In my opinion, such an over-collection would improperly default into operating income to the benefit of Ameren Missouri and its shareholders until rates were subsequently revisited.

Q EARLIER, YOU INDICATED THAT YOU DID NOT BELIEVE THAT THE COMMISSION INTENDED FOR AMEREN MISSOURI TO OVER-RECOVER THESE DEFERRED AMOUNTS. WHAT IS THE BASIS FOR YOUR OPINION?

A When regulators authorize the deferral and amortization of one-time costs for ratemaking purposes, it has been my experience that such authorizations are accompanied by the expectation that the specified costs will be recovered from ratepayers – no more and no less. At the time the amortization is established, the understanding is that the amortization and recovery of the deferred amount will commence and terminate at specified points in time. Unfortunately, if rates are not automatically reduced when the amortization expires, or the amortization is not "rescheduled" to better synchronize the period of amortization with expected rate changes, a structural over-collection will be introduced into the ratemaking process. Absent detailed accounting or other mechanisms to address this disconnect between the amortization expiration and rate change dates, ratepayers would over-compensate the Company for the specified costs originally intended for recovery.[8]

Q DO YOU BELIEVE THAT THE EXPIRATION OF CERTAIN AMORTIZATIONS IN 2011, 2012, 2013 AND 2014 REPRESENT KNOWN AND MEASURABLE CHANGES THAT SHOULD BE RECOGNIZED IN THE CURRENT PROCEEDING SO THAT COST OF SERVICE IS REPRESENTATIVE OF ONGOING COST LEVELS?

A Yes. When the regulatory process allowed these cost deferrals and related amortizations, the “dates” that the amortizations would start and stop were known with certainty, just as they are today. In each rate case, it is not necessary to explicitly address or consider the ratemaking implications of the expiration of each and every amortization, because many of the amortizations are ongoing. However, each rate case may include unique amortizations that are scheduled to expire prior to or shortly subsequent to the effective date of the Commission’s rate order. It is these amortizations that are the subject of MIEC Schedules SCC-1 and SCC-2.

Q WHEN IS THE COMMISSION EXPECTED TO ISSUE THE FINAL ORDER IN THIS PROCEEDING?

A According to Section 393.150 RSMo, the Commission must issue a rate order within 11 months after the utility files its rate increase request, or the rate request is final as

[8]The reverse situation would occur (i.e., under-collection) if the amortization involved a regulatory liability rather than a regulatory asset.

proposed. Since Ameren Missouri filed the testimony and exhibits supporting its requested rate increase on February 3, 2012, the suspension period should lapse in early January 2013, resulting in a final order authorizing the implementation of new rate schedules in late December 2012.

Q DO YOU BELIEVE THAT THE SCHEDULED EXPIRATION OF THESE AMORTIZATIONS REPRESENT OUT-OF-PERIOD TRANSACTIONS OR VIOLATE THE JULY 31, 2012 TRUE-UP PROVISION SPECIFIED IN THE COMMISSION'S PROCEDURAL ORDER?

A No. Obviously, the terminal date of certain amortizations does occur subsequent to the July 31, 2012 true-up period.[9] However, the "transactions" that gave rise to these amortizations originated a number of years ago. The key issue to be addressed is whether Ameren Missouri should be allowed, either intentionally or unintentionally, to over-recover the deferred costs through future rates at ratepayer expense. In my opinion, such action would be inappropriate.

Q DID AMEREN MISSOURI RECOGNIZE AN ADJUSTMENT TO RESCHEDULE OR REMOVE THESE AMORTIZATIONS FROM TEST YEAR EXPENSE?

A No.[10]

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[9] See the Commission's *Order Adopting Procedural Schedule, Establishing Test Year, And Delegating Authority,* issued and effective March 28, 2012.

[10] See the workpapers of Company witness Weiss at GSW-WP-E499.

Q PLEASE BRIEFLY IDENTIFY EACH AMORTIZATION ITEM SET FORTH ON SCHEDULE SCC-1 THAT IS SUBJECT TO MIEC'S PROPOSED RESCHEDULING ADJUSTMENT.

A The following miscellaneous amortizations were rescheduled over a two-year period, with all cited amounts obtained from MIEC Schedule SCC-1:

- Vegetation & Inspection Regulatory Liability: The regulatory liability balance was $(2,720,518) at July 31, 2011 and amortized over two years (i.e., August 2011 through July 2013), as set forth in the First Unanimous Stipulation and Agreement from Case No. ER-2011-0028.[11] Due to the monthly amortization recorded by the Company, the regulatory liability balance will decline to about $(793,000) by the operation of law date in the current proceeding. It is this balance that MIEC proposes to reschedule over two years, which would increase amortization expense by about $964,000. (See MIEC Schedule SCC-1, line 2.)

- RSG Adjustment: The regulatory asset balance at July 31, 2011 of approximately $1,870,000 was amortized over two years (i.e., August 2011 through July 2013) or about $935,000 per year in the Company's last rate case. The regulatory asset balance will decline to about $545,000 by the operation of law date in the current proceeding. This balance should be rescheduled over two years, decreasing amortization expense by about $662,000. (See MIEC Schedule SCC-1, line 3.)

- VSE, ISP severance pay: The regulatory asset balance at June 30, 2010 of approximately $7,050,000 was amortized over three years (i.e., July 2010 through June 2013) or about $2.35 million per year, originating in Case No. ER-2010-0036. The regulatory asset balance will decline to about $1.2 million by the operation of law date in the current proceeding. This balance should be rescheduled over two years, decreasing amortization expense by about $1.8 million. (See MIEC Schedule SCC-1, line 4.)

- 2006 Storm Amortization: In Case No. ER-2007-0002, the Company was allowed to amortize over a five-year period (July 2007 through June 2012) $4,000,000 of storm-related costs. In the Company's last rate case, the unamortized balance at July 31, 2011, of about $733,000 was rescheduled over two years (i.e., August 2011 through July 2013). The regulatory asset balance will decline to about $214,000 by the operation of law date in the current proceeding. This balance should be rescheduled over two years, decreasing amortization expense by about $260,000. (See MIEC Schedule SCC-1, line 5.)

- 2007 & 2008 Storm Amortizations: In Case No. ER-2008-0318 (see Ameren Missouri's response to Data Request MIEC 5.6), the Company was allowed to amortize over a five-year period (March 2009 through February 2014) about $24.6 million and $4.9 million of storm-related costs incurred in calendar years 2007 and 2008, respectively. Since the unamortized balance of these cost deferrals will

[11] See the Company's response to Data Request MIEC 5.7.

> decline to about $5.7 million and $1.1 million by the operation of law date in the current proceeding, continuation of the original annual amortizations of about $4.9 million and $971,000 would be inappropriate. The unamortized balances at December 31, 2012 should be rescheduled over two years, decreasing amortization expense by about $2 million and $400,000, respectively. (See MIEC Schedule SCC-1, lines 6 & 7.)

Q SINCE SEVERAL OF THESE MISCELLANEOUS AMORTIZATIONS WERE SET IN THE COMPANY'S LAST RATE CASE, IS IT APPROPRIATE TO AGAIN ADDRESS THEIR RESCHEDULING IN THE CURRENT RATE CASE?

A Yes. It is Ameren Missouri that chose to file five separate rate cases since mid-2006. This historical frequency of rate case filings does not mitigate the need to evaluate the amortization of miscellaneous regulatory assets in each proceeding. While further adjustment of the amortization term for these items should neither be complex nor administratively burdensome, MIEC would entertain a consolidation of the six miscellaneous regulatory assets set forth on MIEC Schedule SCC-1 into a single regulatory asset balance to further simplify future amortization accounting.

Q PLEASE EXPLAIN THE SEPARATE TREATMENT OF THE AMORTIZATION ITEMS SET FORTH ON MIEC SCHEDULE SCC-2.

A As indicated previously, MIEC Schedule SCC-2 quantifies a similar amortization rescheduling adjustment to MIEC Schedule SCC-1. The difference is that MIEC Schedule SCC-2 is associated with various items of intangible plant whose amortization has already expired or will similarly expire during the "initial rate effective period."

The 18 items of intangible plant amortizations are relatively modest compared to the six miscellaneous amortizations that are the subject of MIEC Schedule SCC-1. Seven of the intangible plant amortizations should be completed by the July 2012 true-up with two additional amortizations concluded by the operation of law date. The amortization term of the remaining nine items will terminate during the rate effective period.

Q DO YOU HAVE ANY FINAL COMMENTS ON MIEC'S PROPOSED AMORTIZATION RESCHEDULING ADJUSTMENTS?

A Yes. It is not MIEC's intent to either deny Ameren Missouri an opportunity to recover or allow the Company to over-recover these amortizable costs. I believe that a regulatory commitment to allow recovery of defined costs is just that – a commitment allowing the utility to recover those costs. MIEC Schedules SCC-1 and SCC-2 quantify a $4.2 million and a $1.1 million reduction to test year expense that remove terminating amortizations or reschedules other amortizations that will terminate in the near future, assuming Ameren Missouri files its next rate case two years from the filing of the pending rate case. In the absence of such adjustments, the Company would be allowed to improperly over-recover millions of dollars at ratepayer expense.

VOLUNTARY SEPARATION ADJUSTMENT

Q PLEASE IDENTIFY THE ADJUSTMENT ON MIEC SCHEDULE SCC-3.

A Subsequent to the test year ending September 2011, Ameren Missouri offered a Voluntary Separation Election ("VS11") to employees and incurred VS11-related costs of $25,755,000. In assembling its revenue requirement recommendation, Ameren Missouri witness Weiss[12] proposed an adjustment to amortize these severance costs over a three-year period. Mr. Weiss also describes several VS11-related Company adjustments to reduce payroll expense, employee benefits and taxes other than income

[12] Weiss direct testimony, pages 22-23 and 31.

taxes.[13] MIEC Schedule SCC-3 removes or eliminates the Company's proposed amortization adjustment from overall revenue requirement.

Q WHY SHOULD THE COMPANY'S PROPOSED AMORTIZATION OF VS11 COSTS BE EXCLUDED FROM THE DETERMINATION OF OVERALL REVENUE REQUIREMENT?

A In the quantification of overall revenue requirement, Ameren Missouri has proposed to annualize the ongoing reduction to labor expense, benefit expense and payroll tax expense resulting from the implementation of VS11. However, the Company's recommended approach fails to recognize that ratepayers will not realize the benefit of those expense reductions until the rates resulting from this rate case are authorized and effective. There is no question that Ameren Missouri incurred upfront costs to implement VS11, and that VS11 has resulted in expense reductions or savings. What Ameren Missouri's proposed treatment of the VS11 costs (i.e., the three-year prospective amortization) and savings (pro forma expense reduction) fails to recognize is Ameren's retention of offsetting cost savings commencing with the date the program was implemented and extending through the date that the rates resulting from this rate case become effective (i.e., interim savings).

Q PLEASE DESCRIBE VS11.

A In general terms, a voluntary employee separation or early retirement program typically offers enhanced benefits to employees nearing or meeting retirement age/years of service criteria in order to reduce overall staffing levels, by inducing targeted employees to terminate employment or retire earlier than would otherwise have been expected.

[13] See Weiss direct testimony at pages 22-23 (Expense Adjustment #5), 27 (Expense Adjustment #26), 31 (Amortization Adjustment #13) and 33 (Taxes Other Than Income Taxes Adjustment #1).

The Company's direct testimony contains limited discussion or explanation of VS11, even though Ameren Missouri is seeking to recover the cost of this program via an annual amortization of $8.585 million per year for three years.[14] The following excerpts represent the key VS11 discussion points contained in the Company's direct testimony:

> In addition, we recently reduced our staffing levels at Ameren Missouri and Ameren Services by 340 employees as part of a voluntary separation plan at the end of 2011. As of January 1, 2012, our employee headcount has fallen to approximately 4,000 employees, a reduction of 9% since the end of 2009. The bottom line is that we have implemented disciplined cost control measures in every area of our business. Like everyone else, we are tightening our belts and we are doing more with less **to minimize the level of rate increases for our customers**.
> [Baxter Direct Testimony, page 15; emphasis added.]

> Adjustment 5 is a decrease in operating expense of $18,958,000 to reflect the lower payroll levels produced by the Voluntary Separation Election ("VS11") that was offered by Ameren Missouri and Ameren Services to its employees after the end of the test year. Other operating expense reductions resulting from VS11 (e.g., benefits) are reflected in other adjustments addressed below. One-third of the severance cost related to VS11 of $25,755,000 is included in the revenue requirement, reflecting a three-year amortization of the severance cost.
> [Weiss Direct Testimony, pages 22-23.]

> Adjustments 25 and 26 reduce major medical benefit costs by $308,000 to reflect the lower number of employees at the end of September 30, 2011, the end of the test year, and by $3,833,000 for the additional reduction in employees after the end of the test year related to the voluntary separation plan VS11.
> [Weiss Direct Testimony, page 27.]

> Amortization expense is increased by $8,585,000 in Adjustment 13 to reflect the annual amortization of the VS11 severance costs over three years.
> [Weiss Direct Testimony, page 31.]

> Adjustment 1 decreases F.I.C.A. taxes by $858,000 to reflect the pro forma wage increases offset by the decrease due the reduction in number of employees at September 30, 2011 and reduction in number of employees for VS11.
> [Weiss Direct Testimony, page 33.]

[14] Ameren Missouri's proposed amortization adjustment is calculated on GSW-WP-E517 and is based on total severance and payroll taxes of $25,755,246 and a three-year amortization period. According to the Company's response to Data Request MIEC 5.13, the Company anticipates updating the allocation percentages at true-up but not the total severance amount.

In response to a variety of data requests submitted by the Commission Staff and MIEC, including a highly confidential response to Data Request MPSC 0050,[15] the Company did provide additional information about VS11:

> On October 21, 2011, Ameren offered 710 management and bargaining unit employees the opportunity to participate in a Voluntary Separation Election ("VS-11") program. Of the 710 eligible employees (age 58 or older), 554 were Ameren Missouri employees, 144 were Ameren Services employees and 12 were prior retirees who retired either August 1, September 1 or October 1, 2011 and would have otherwise been eligible if planning for VS-11 was able to be completed by the end of the month in which the decision was made. Employees electing to participate in the VS-11 were eligible to receive a lump sum payment similar to Ameren's standard Severance Plan, their 2011 incentive award prorated at target, their retirement benefit (if vested), and medical benefit continuation through COBRA. If eligible, participating employees were offered participation in retiree medical and retiree life insurance. All employees electing to participate in the VS-11 also received payment for unused vacation for 2011 as well as a prorated portion of vacation for 2012 based on months worked in 2011. This was a voluntary program and no eligible employees were forced to accept the offer. In all, 341 eligible employees accepted the offer and exited the Company through the VS-11. Of those, 272 were from Ameren Missouri, 57 were from Ameren Services and 12 were prior retirees who retired either August 1, September 1 or October 1, 2011. Please note that the VS-11 program was offered in 2011 only. As referenced in the workpaper GSW-WP-E413, annual electric O&M wage savings is $18,957,280; and as referenced in the workpaper GSW-WP-E481, electric O&M employee benefits savings is $3,833,161.

Q OTHER THAN THE DIRECT TESTIMONY FILED BY AMEREN MISSOURI WITNESSES BAXTER AND WEISS, HAS THE COMPANY PUBLICLY DISCLOSED ANY ADDITIONAL INFORMATION ABOUT VS11?

A Yes. On October 21, 2011, Ameren issued a press release that is publicly available on the Company's website (http://www.Ameren.com/).[16] The following excerpts were

[15] The narrative portion of the response to Data Request MPSC 0050 is very similar to the response to Data Request MPSC 0060. According to a phone conversation with Company counsel on June 29, 2012, the narrative portions of these responses are not considered to be highly confidential – only the attachments to those responses continue to be designated highly confidential by Ameren Missouri.

[16] See information for "Investors," then 2011 "Financial News."

obtained from that press release, a complete copy of which is attached as MIEC Appendix B:

- Eligible employees must be age 58 or over as of December 31, 2011, and be full-time, regular employees. Management and employees, who are represented by unions that have agreed to participate, are eligible. The offer is not available to officers and certain management employees in key business areas, due to operational needs.

- Approximately 715 of the roughly 5,700 Ameren Missouri and Ameren Services employees are eligible.

- "While our retail electric rates in Missouri are already approximately 30 percent below the national average, like everyone, we are tightening our belts during this challenging economic period by taking prudent, proactive steps to efficiently and effectively manage our costs **for the ultimate benefit of our customers**," said Thomas R. Voss, chairman, president and CEO of Ameren Corporation. [Emphasis added.]

The combined 2011 shareholders report and Form 10-K filed with the Securities and Exchange Commission ("SEC") contains additional information about VS11,[17] also identified as "voluntary separation" therein. Additional VS11 information disclosed in the 2011 Form 10-K includes:

- Other O&M expenses for Ameren Corporation increased in 2011 versus 2010 due to the "recognition of $28 million of employee severance costs related to the voluntary separation offers to eligible Ameren Missouri and Ameren Services employees in 2011, $27 million of which Ameren Missouri will seek to recover in its pending electric rate case." [See Ameren's 2011 SEC Form 10-K, page 45.]

- Ameren Missouri also experienced increased other O&M expenses in 2011 due to the "recognition of $27 million of employee severance costs because of a voluntary separation plan in 2011." [See Ameren's 2011 SEC Form 10-K, page 45.]

- In discussing the "Outlook" for Ameren's Rate-Regulated Operations, the Company stated: "Approximately 340 employees of Ameren Missouri and Ameren Services accepted voluntary separation offers and left the company as of December 31, 2011. As a result of the voluntary separations, **Ameren and Ameren Missouri estimate an annual $20 million reduction in operations and maintenance**

[17] The combined 2011 shareholders report and SEC Form 10-K is also publicly available at http://www.Ameren.com/ and can be found under information for "Investors" then "Annual Reports" and then "2011 Combined Summary Annual Report/10K."

> **expense beginning in 2012**." [See Ameren's 2011 SEC Form 10-K, page 67; emphasis added.]

Q HAS AMEREN MISSOURI RECOGNIZED ANY COST SAVINGS OR BENEFITS RESULTING FROM THE SEVERANCE PROGRAM, SUCH AS REDUCED EMPLOYEE LEVELS, IN THE QUANTIFICATION OF OVERALL REVENUE REQUIREMENT?

A Yes. As noted previously, Company witness Weiss briefly discusses this matter in his direct testimony. Ameren Missouri's direct filing includes several pro forma adjustments that serve to annualize the prospective VS11 cost savings in the form of reduced payroll expense, non-retirement benefits expense and payroll tax expense for ratemaking purposes, as follows:[18]

Ameren Missouri Adjustment	Schedule Reference	Workpaper Reference	Amount ($000)
Salaries – Prorated	Sch. GSW-E11-5, O&M Adj. #5	GSW-WP-E-413	$(18,985)
Benefits	Sch. GSW-E11-5, O&M Adj. #26	GSW-WP-E481 GSW-WP-E410	(3,833)
Payroll Tax (a)	Sch. GSW-E13-2, Other Tax Adj. #1	GSW-WP-E522	(1,452)
Total Ameren Missouri Adjustments			$(24,270)

Note (a): VS11 payroll adjustment of $(18,985) times composite payroll tax rate of 7.65% per GSW-WP-E522 = $(1,452), before proration due to wages above the FICA limit.

In the aggregate, these three annualization adjustments represent about 94%[19] of the $25,755,000 one-time cost of VS11. In other words, Ameren Missouri would recover about 94% of the cost of VS11 over a 12-month period (e.g., January through

[18] Amounts subject to true-up. The response to Data Request MIEC 10.46 revised the average benefit costs on GSW-WP-E410 and GSW-WP-E481, which would appear to reduce benefits savings by about $287,500.

[19] $24,270,000 annual VS11 savings divided by $25,755,000 VS11 cost equals 94.23%, rounded to 94%.

December 2012) through savings in payroll expense, non-retirement benefits expense and payroll tax expense alone. However, the $24,270,000 calculated by the Company does not reflect the total amount of expense savings expected to result from VS11 for two important reasons.

First, as indicated in response to part (b) of Data Request MIEC 10.44, "[a] small number of the VS11 related retirements started in October 2011 so labor savings would have started then. The vast majority of the retirements did not start until the end of December 2011." Since the $24,270,000 of expense savings was for a prospective 12-month period, the actual amount of savings realized by Ameren Missouri would exceed 12 months – starting in October 2011 and continuing through the operation of law date in this proceeding. While a more precise analysis of cost savings could be undertaken to track the date each VS11 participant actually severed from Ameren employment, each additional month of interim savings would increase the retained savings by about $2 million (i.e., $24.27 million ÷ 12 months).

Second, as explained by the Company in response to Data Request MIEC 10.47,[20] Ameren Missouri's calculation of the benefits expense savings set forth in the above table (i.e., $3,833,000) was limited to medical, vision and dental insurance savings and did <u>not</u> include any pension or OPEB cost savings. Rather than include any estimate of these additional benefit savings in the Company's direct filing, Ameren Missouri will recognize the VS11 related pension and OPEB cost savings as part of the July 2012 test year update, using data from new actuarial studies that should be completed in the near future. Staff recently submitted Data Request MPSC 0438 to the Company, requesting a separate quantification of the pension and OPEB cost savings that result from VS11.

[20]Data Request MIEC 10.47 is attached as MIEC Appendix C.

At the time this testimony was finalized, Ameren Missouri had not yet provided the updated actuarial study amounts for net periodic pension costs ("NPPC") or net periodic benefit costs ("NBPC"). So, no estimates of these additional VS11 benefit savings to be realized during calendar year 2012 are currently available.

Q WHAT IS YOUR ASSESSMENT OF THE $24,270,000 OF ANNUAL EXPENSE SAVINGS QUANTIFIED BY THE COMPANY RELATIVE TO THE ONE-TIME $25,755,000 COST OF VS11?

A As indicated previously, the $24,270,000 of annual VS11 savings represents about 94% of the VS11 one-time costs. In light of the fact that these savings are limited to a 12-month period and exclude pension and OPEB savings, the statement that 94% of the costs are covered by annual program savings is conservatively low. In other words, if the savings were expanded to include more than 12 months of cost reductions in payroll, benefits and payroll tax expense as well as related reductions in pension and OPEB costs, it would not be unreasonable to expect that the interim savings retained by Ameren Missouri from the implementation of VS11 in late 2011 through the operation of law date (January 3, 2013) in the pending case will more than cover the one-time costs.

Q IF AMEREN MISSOURI HAS PROPOSED RATEMAKING ADJUSTMENTS TO RECOGNIZE OR ANNUALIZE THE PROSPECTIVE COST SAVINGS ASSOCIATED WITH LOWER EMPLOYEE LEVELS IN ITS DIRECT FILING, WHY HAVE YOU PROPOSED TO ELIMINATE THE COMPANY'S PROPOSED THREE-YEAR AMORTIZATION OF VS11 FROM TEST YEAR EXPENSE?

A It is not uncommon for regulated utilities to seek regulatory authorization to defer and amortize one-time costs that are unique, extraordinary or outside the control of the utility. Because the costs associated with VS11 occurred at a time coincident with a pending rate case, it was unnecessary for the Company to submit a separate request for an accounting authority order ("AAO") to defer and amortize these costs.

In the context of a pending rate case, there are three basic cost recovery options to be considered by the Commission.

- If the costs can be established as annually recurring and not one-time in nature, the costs may be included in base rates to cover ongoing cost levels.
- If the costs are not annually recurring, the net out-of-pocket costs may be amortized over a reasonable period of time consistent with prior regulatory precedent, if any.
- If the costs are not annually recurring, the costs may be excluded from rate recovery because the amount is immaterial, the program does not reasonably support the provision of utility service, the amount sought for recovery is not reasonable, etc.

Under each of these options, it is extremely important to ensure that the costs are properly determined and consider both the costs incurred by the utility as well as the amount of any related savings reasonably expected to result from the program or activity and retained by the utility. In this context, the Commission should focus on the net cost to the utility – that is, gross costs less any cost savings retained by the utility (i.e., net out-of-pocket costs).

Ameren Missouri's proposed amortization of the one-time cost associated with VS11 neither represents the net cost incurred by the Company nor ongoing expense levels. Acceptance of the Company's proposed amortization adjustment will improperly overstate the ongoing cost of providing utility service.

Q IS IT YOUR OPINION THAT VS11 SHOULD NOT HAVE BEEN UNDERTAKEN?

A No. The adjustment set forth on MIEC Schedule SCC-3 should not be interpreted in that context. Regulated entities should undertake reasonable steps to reduce and contain costs, while continuing to provide safe and adequate service. While the decisions to incur costs or otherwise implement the VS11 voluntary separation program are not being contested, MIEC does recommend that Ameren Missouri's proposed amortization be excluded from pro forma operating expense.

Q IF AMEREN MISSOURI INCURRED ABOUT $25.8 MILLION TO IMPLEMENT VS11, HOW CAN THE AMORTIZATION OF THAT AMOUNT MISSTATE THE COST OF PROVIDING UTILITY SERVICE?

A It is true that Ameren Missouri did incur those costs and has proposed to recognize the impact of the resulting decline in employees in quantifying the pro forma payroll, benefits and payroll tax annualization adjustments sponsored by Mr. Weiss. Unfortunately, the Company's pro forma adjustment only provides ratepayers with the benefit of <u>prospective</u> reductions in expense – a benefit that will not be shared with or realized by ratepayers until the rates resulting from the pending rate proceeding are expected to become effective, which is estimated on or about January 2, 2013. What Ameren Missouri's proposed ratemaking treatment fails to consider and quantify is the savings realized and retained for shareholders prior to the implementation of new utility rates that incorporate the lower staffing levels.

While Mr. Weiss has proposed to amortize $25.8 million of one-time VS11 costs over a three-year period, the Company's adjustment ignores the offsetting "savings" subsequent to the test year, but prior to January 2013. Instead, Ameren Missouri would retain all VS11 program "savings" realized during 2011 and 2012 for the sole benefit of its shareholders, until new rates are implemented in January 2013, while proposing to recover the "cost" of this program incurred in 2011 in future rates – through its three-year amortization proposal.

Q DOES AMEREN MISSOURI CONCUR THAT VS11 RESULTED IN COST SAVINGS SUBSEQUENT TO THE TEST YEAR?

A Yes. As previously disclosed in the 2011 SEC Form 10-K, Ameren and Ameren Missouri publicly disclosed an estimated "annual $20 million reduction in operations and maintenance expense beginning in 2012." [See Ameren's 2011 SEC Form 10-K, page 67.] While no economic feasibility studies, cost/benefit studies, payback analyses or financial impact evaluations were conducted by or for the Company, Ameren Missouri did prepare highly confidential cost savings projections based on potential employee acceptance rates. As set forth in the highly confidential attachment to Data Request MIEC 10.42, the annual cost savings projections ranged from **____________________ ____ ______________________________________** Three hundred and forty-one employees actually participated in VS11, which falls at the low end of this range of cost savings projections.

Q THE RANGE OF AMEREN MISSOURI'S COST SAVINGS PROJECTIONS ARE SUBSTANTIALLY DIFFERENT FROM THE $20 MILLION INCLUDED IN THE FORM 10-K AND THE $24,270,000 OF ANNUAL EXPENSE SAVINGS YOU SUMMARIZED PREVIOUSLY. ARE YOU AWARE OF ANY ITEMS THAT MAY ACCOUNT FOR THE DIFFERENCE BETWEEN THESE ESTIMATES?

A Yes. There are two items that appear to primarily explain this difference. First, the actual number of employees who opted to participate in VS11 is less than assumed in the Company's VS11 analyses provided in response to Data Request MIEC 10.42. Second, the loading rates for benefits, bonuses and overtime included in those VS11 analyses were **__________________** than were reflected in Ameren Missouri's pro forma rate case annualization adjustments. It is believed that a material portion of the difference in benefit loading rates is likely attributable to the fact that pension and OPEB cost savings will not be recognized in the rate case until the true-up phase of this proceeding.

Since the Company's proposed ratemaking treatment will not recognize any VS11 savings realized and retained prior to January 2013, it would be inappropriate and unfair to saddle ratepayers with any portion of Ameren Missouri's cost to implement the program in a way that does not recognize the offsetting savings realized during this same interim period. Otherwise, the amortization mechanism proposed by Ameren Missouri would provide a one-sided opportunity for the Company to retain all savings realized prior to the implementation of new rates and then explicitly recover all of the costs incurred to produce those savings at ratepayer expense.

Q HAS THE COMPANY CALCULATED OR RECORDED THE ACCUMULATED FINANCIAL BENEFIT OF VS11 ON ITS BOOKS AND RECORDS?

A No.[21] Utilities typically do not implement mechanisms to track actual "savings" realized as a result of implementing a cost reduction program, instead relying on special studies or analyses to estimate those savings. Consequently, it is difficult to know with absolute certainty whether the actual VS11 interim savings will be significantly more or less than $24.3 million. Based on available information, it does appear that $24.3 million is conservatively low, even though Ameren Missouri did not conduct any detailed feasibility studies or cost/benefit analyses when considering whether to offer this program. There is no question, however, that Ameren Missouri expected to commence realizing benefits or cost savings immediately upon implementation of VS11, as indicated in the excerpt from the 2011 Form 10-K.

[21] See part (c) of the Company's response to Data Request MIEC 10.44.

What is known with absolute certainty is that Ameren Missouri is seeking to amortize the allocated share of the costs associated with the implementation of VS11 with no offset for, or recognition of, the significant cost savings that it began realizing as a direct result of that very program and will continue to retain for the benefit of shareholders through January 2, 2013.[22]

Q HAS THE COMPANY EXPLAINED WHY IT SHOULD RETAIN ALL INTERIM COST SAVINGS RATHER THAN OFFSETTING THE COST OF VS11 WITH THOSE SAVINGS?

A No. In response to a very similar question posed by part (f) of Data Request MIEC 10.44, the Company simply stated: "”The labor savings and employee benefit savings are reflected in other pro forma adjustments. See work papers GSW-WP-E413 and GSW-WP-E481.” This answer only addresses the prospective cost savings and is not responsive to the question regarding the retention of all savings until the effective date of rates in this proceeding (i.e., interim savings).

Q DID THE AMEREN MISSOURI BOARD OF DIRECTORS APPROVE VS11?

A No. VS11 was approved by Ameren Missouri’s senior/executive management.

Q DOES MIEC’S RECOMMENDATION HAVE THE EFFECT OF ASSIGNING ALL COSTS OF IMPLEMENTING VS11 TO AMEREN MISSOURI SHAREHOLDERS, WHILE FLOWING ALL SAVINGS THROUGH TO RATEPAYERS?

A No. With regard to the Company’s request to explicitly amortize the VS11 implementation costs (i.e., gross of related savings), MIEC is recommending that

[22]The various references to January 2, 2013 assume that the rate case is not resolved via a global settlement that results in the earlier implementation of final electric rates.

Ameren Missouri be required to offset all VS11 costs incurred with the actual savings realized by the Company from the date of program implementation through the effective date of the rate change resulting from the pending rate case. It is my belief that the savings retained by the Company will fully offset those implementation costs – unless Ameren Missouri can demonstrate otherwise. Under this approach, the ratemaking process would only reflect, on a prospective basis, the normal annualized ongoing level of wages and salaries, benefit costs and payroll taxes.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes.

Appendix A

Qualifications of Steven C. Carver

EMPLOYER: Utilitech, Inc.
Regulatory and Management Consultants

POSITION: Vice-President

ADDRESS: P.O. Box 481934
Kansas City, Missouri 64148

PRIOR EXPERIENCE:

6/87 - Present	Utilitech, Inc.
4/83 - 6/87	Missouri Public Service Commission, Chief Accountant
10/79 - 4/83	Missouri Public Service Commission, Accounting Manager
6/77 -10/79	Missouri Public Service Commission, Regulatory Auditor

EDUCATION:

Central Missouri State University
Bachelor of Science Degree in Business Administration
Accounting Major (1977)

State Fair Community College
Associate of Arts Degree - Emphasis in Accounting (1975)

OTHER QUALIFICATIONS:

Speaker
- 1988 Missouri Public Service Commission Workshop
- 1990 Annual NASUCA/NARUC Convention (Orlando)
- 1996 Mid-Year NASUCA Meeting (Chicago)

Instructor
- 1994 Hawaii Consumer Advocate Regulatory Training Program
- 1997 Hawaii Consumer Advocate Telecommunications Training Program
- 1999 Overview of Utility Regulation (Hawaii)
- 2000 Telecommunications: Overview of Regulation (Arizona)

PRIOR TESTIMONIES: (See listings on Appendix A, pages 5-9.)

Education and Experience

I graduated from State Fair Community College where I received an Associate of Arts Degree with an emphasis in Accounting. I also graduated from Central Missouri State University with a Bachelor of Science Degree in Business Administration, majoring in Accounting. Subsequent to the completion of formal education, my entire professional career has been dedicated to public utility investigations, regulatory analysis and consulting.

From 1977 to 1987, I was employed by the Missouri Public Service Commission in various professional auditing positions associated with the regulation of public utilities. In that capacity, I participated in and supervised various accounting compliance and rate case audits (including earnings reviews) of electric, gas, telephone utility, water/wastewater and steam utility companies and was responsible for the submission of expert testimony as a Staff witness.

In October 1979, I was promoted to the position of Accounting Manager of the Kansas City Office of the Commission Staff and assumed supervisory responsibilities for a staff of regulatory auditors, directing numerous rate case audits of large electric, gas and telephone utility companies operating in the State of Missouri. In April 1983, I was promoted by the Commission to the position of Chief Accountant and assumed overall management and policy responsibilities for the Accounting Department, providing guidance and assistance in the technical development of Staff issues in major rate cases and coordinating the general audit and administrative activities of the Department.

During 1986-1987, I was actively involved in a docket established by the Missouri Public Service Commission to investigate the revenue requirement impact of the Tax Reform Act of 1986 on Missouri utilities. In 1986, I prepared the comments of the Missouri Public Service Commission respecting the Proposed Amendment to FAS Statement No. 71 (relating to phase-in plans, plant abandonments, plant cost disallowances, etc.) as well as the Proposed Statement of Financial Accounting Standards for Accounting for Income Taxes. I actively participated in the discussions of a subcommittee responsible for drafting the comments of the National Association of Regulatory Utility Commissioners ("NARUC") on the Proposed Amendment to FAS Statement No. 71 and subsequently appeared before the Financial Accounting Standards Board with a Missouri Commissioner to present the positions of NARUC and the Missouri Commission.

In July of 1983 and in addition to my duties as Chief Accountant, I was appointed Project Manager of the Commission Staff's construction audits of two nuclear power plants owned by electric utilities regulated by the Missouri Public Service Commission. As Project Manager, I was involved in the staffing and coordination of the construction audits and in the development and preparation of the Staff's audit findings for presentation to the Commission. In this capacity, I coordinated and supervised a matrix organization of Staff accountants, engineers, attorneys and consultants.

Since commencing employment with Utilitech in June 1987, I have conducted revenue requirement and special studies involving various regulated industries (i.e., electric, gas, telephone, water and steam heating) and have been associated with regulatory projects on behalf of clients in twenty State regulatory jurisdictions.

Previous Expert Testimony

I have appeared as an expert witness before the Missouri Public Service Commission on behalf of various clients, including the Commission Staff. I have filed testimony before utility regulatory agencies in Arizona, California, Florida, Hawaii, Kansas, Indiana, Nevada, New Mexico, Missouri, Oklahoma, Pennsylvania, Texas, Utah, and Washington. My previous experience involving electric and gas company proceedings includes: PSI Energy, Union Electric (now Ameren Missouri), Kansas City Power & Light, Missouri Public Service/ UtiliCorp United/Aquila (now Kansas City Power & Light Company), Public Service Company of

Oklahoma, Oklahoma Gas and Electric, Hawaii Electric Light Company, Hawaiian Electric Company, Maui Electric Company, Sierra Pacific Power/ Nevada Power, Gas Service Company, Northern Indiana Public Service Company, Arkla (a Division of NORAM Energy), Oklahoma Natural Gas Company, Missouri Gas Energy, Arizona Public Service Company, Southwestern Public Service (Texas), Atmos Energy Corporation (Texas divisions) and The Gas Company (Hawaii). I have also sponsored testimony in telecommunications, water and steam heat proceedings in various regulatory jurisdictions.

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2012 (July)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
Kansas City Power & Light	Missouri	PSC	ER-78-252	Staff	1978	Rate Base, Operating Income
Gas Service Company	Missouri	PSC	GR-79-114	Staff	1979	Rate Base, Operating Income
United Telephone of Missouri	Missouri	PSC	TO-79-227	Staff	1979	Rate Base, Operating Income, Affiliated Interest
Kansas City Power & Light	Missouri	PSC	ER-80-48	Staff	1980	Operating Income, Fuel Cost
Gas Service Company	Missouri	PSC	GR-80-173	Staff	1980	Operating Income
Southwestern Bell Telephone	Missouri	PSC	TR-80-256	Staff	1980	Operating Income
Missouri Public Service	Missouri	PSC	ER-81-85	Staff	1981	Operating Income
Missouri Public Service	Missouri	PSC	ER-81-154	Staff	1981	Interim Rates
Gas Service Company	Missouri	PSC	GR-81-155	Staff	1981	Operating Income
Gas Service Company	Missouri	PSC	GR-81-257	Staff	1981	Interim Rates
Union Electric Company	Missouri	PSC	ER-82-52	Staff	1982	Operating Income, Fuel Cost
Southwestern Bell Telephone	Missouri	PSC	TR-82-199	Staff	1982	Operating Income
Union Electric Company	Missouri	PSC	ER-83-163	Staff	1983	Rate Base, Plant Cancellation Costs
Gas Service Company	Missouri	PSC	GR-83-207	Staff	1983	Interim Rates
Union Electric Company	Missouri	PSC	ER-84-168/ EO-85-17	Staff	1984 1985	Construction Audit, Operating Income
Kansas City Power & Light	Missouri	PSC	ER-85-128/ EO-85-185	Staff	1983 1985	Construction Audit, Rate Base, Operating Income
St. Joseph Light & Power	Missouri	PSC	EC-88-107	Public Counsel	1987	Rate Base, Operating Income
Northern Indiana Public Service	Indiana	IURC	38380	Consumer Counsel	1988	Operating Income
US West Communications	Arizona	ACC	E-1051-88-146	Staff	1989	Rate Base, Operating Income

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2012 (July)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
Dauphin Consol. Water Supply Co.	Pennsylvania	PUC	R-891259	Staff	1989	Rate Base, Operating Income, Rate Design
Southwest Gas Corporation	Arizona	ACC	E-1551-89-102 E-1551-89-103	Staff	1989	Rate Base, Operating Income
Southwestern Bell Telephone	Missouri	PSC	TO-89-56	Public Counsel	1989 1990	Intrastate Cost Accounting Manual
Missouri Public Service	Missouri	PSC	ER-90-101	Public Counsel/ Staff	1990	UtiliCorp United Corporate Structure/ Diversification
City Gas Company	Florida	PSC	891175-GU	Public Counsel	1990	Rate Base, Operating Income, Acquisition Adjustment
Capital City Water Company	Missouri	PSC	WR-90-118	Jefferson City	1991	Rehearing - Water Storage Contract
Southwestern Bell Telephone Company	Oklahoma	OCC	PUD-000662	Attorney General	1991	Rate Base, Operating Income
Public Service of New Mexico	New Mexico	PSC	2437	USEA	1992	Franchise Taxes
Citizens Utilities Company	Arizona	ACC	ER-1032-92-073	Staff	1992 1993	Rate Base, Operating Income
Missouri Public Service Company	Missouri	PSC	ER-93-37	Staff	1993	Accounting Authority Order
Public Service Company of Oklahoma	Oklahoma	OCC	PUD-1342	Staff	1993	Rate Base, Operating Income, Acquisition Adjustment
Hawaiian Electric Company	Hawaii	PUC	7700	Consumer Advocate	1993	Rate Base, Operating Income
US West Communications	Washington	WUTC	UT-930074, 0307	Public Counsel/ TRACER	1994	Sharing Plan Modifications
US West Communications	Arizona	ACC	E-1051-93-183	Staff	1994	Rate Base, Operating Income
PSI Energy, Inc.	Indiana	IURC	39584	Consumer Counselor	1994	Operating Income, Capital Structure
Arkla, Division of NORAM Energy	Oklahoma	OCC	PUD-940000354	Attorney General	1994	Rate Base, Operating Income
Kauai Electric Division of Citizens Utilities Company	Hawaii	PUC	94-0097	Consumer Advocate	1995	Hurricane Iniki Storm Damage Restoration

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2012 (July)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
Oklahoma Natural Gas Company	Oklahoma	OCC	PUD-940000477	Attorney General	1995	Rate Base, Operating Income
US West Communications	Washington	WUTC	UT-950200	Attorney General/ TRACER	1995	Rate Base, Operating Income
PSI Energy, Inc.	Indiana	IURC	40003	Consumer Counselor	1995	Rate Base, Operating Income
GTE Hawaiian Tel; Kauai Electric - Citizens Utilities Co.; Hawaiian Electric Co.; Hawaii Electric Light Co.; Maui Electric Company	Hawaii	PUC	95-0051	Consumer Advocate	1996	Self-Insured Property Damage Reserve
GTE Hawaiian Telephone Co., Inc.	Hawaii	PUC	94-0298	Consumer Advocate	1996	Rate Base, Operating Income
Oklahoma Gas and Electric Company	Oklahoma	OCC	PUD-960000116	Attorney General	1996	Rate Base, Operating Income
Public Service Company	Oklahoma	OCC	PUD-0000214	Attorney General	1997	Rate Base, Operating Income
Arizona Telephone Company (TDS)	Arizona	ACC	U-2063-97-329	Staff	1997	Rate Base, Operating Income, Affiliate Transactions
US West Communications	Utah	UPSC	97-049-08	Committee of Consumer Services	1997	Rate Base, Operating Income
Missouri Gas Energy	Missouri	PSC	GR-98-140	Public Counsel	1998	Revenues, Uncollectibles
Sierra Pacific Power Company	Nevada	PUCN	98-4062 98-4063	Utility Consumers Advocate	1999	Sharing Plan
Hawaii Electric Light Co., PPA (Encogen)	Hawaii	PUC	98-0013	Consumer Advocate	1999	Keahole CT-4/CT-5 AFUDC, Avoided Cost
Kansas City Power & Light Company	Missouri	MoPSC	EC-99-553	GST Steel Company	1999	Complaint Investigation
US West Communications	New Mexico	NM PRC	3008	PRC Staff	2000	Rate Base, Operating Income
Hawaii Electric Light Company	Hawaii	PUC	99-0207	Consumer Advocate	2000	Keahole pre-PSD Common Facilities

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2012 (July)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
US West/ Qwest Communications	Arizona	ACC	T-1051B-99-105	Staff	2000	Rate Base, Operating Income
The Gas Company	Hawaii	PUC	00-0309	Consumer Advocate	2001	Rate Base, Operating Income, Nonreg Svcs.
Craw-Kan Telephone Cooperative, Inc.	Kansas	KCC	01-CRKT-713-AUD	KCC Staff	2001	Rate Base, Operating Income
Home Telephone Company, Inc.	Kansas	KCC	02-HOMT-209-AUD	KCC Staff	2002	Rate Base, Operating Income
Wilson Telephone Company, Inc.	Kansas	KCC	02-WLST-210-AUD	KCC Staff	2002	Rate Base, Operating Income
SBC Pacific Bell	California	PUC	01-09-001 / 01-09-002	Office of Ratepayer Advocate	2002	New Regulatory Framework / Earnings Sharing Investigation
JBN Telephone Company	Kansas	KCC	02-JBNT-846-AUD	KCC Staff	2002	Rate Base, Operating Income
Kerman Telephone Company	California	PUC	02-01-004	Office of Ratepayer Advocate	2002	General Rate Case, Affiliate Lease, Nonregulated Transactions
S&A Telephone Company	Kansas	KCC	03-S&AT-160-AUD	KCC Staff	2003	Rate Base, Operating Income, Nonreg Alloc
PSI Energy, Inc.	Indiana	IURC	42359	Consumer Counselor	2003	Rate Base, Operating Income, Nonreg Alloc
Arizona Public Service Company	Arizona	ACC	E-10345A-03-0437	ACC Staff	2004	Rate Base, Operating Income
Qwest Corporation	Arizona	ACC	T-01051B-03-0454 & T-00000D-00-0672	ACC Staff	2004	Rate Base, Operating Income, Nonreg Alloc
Verizon Northwest Inc.	Washington	WUTC	UT-040788	Attorney General/ AARP/ WeBTEC	2004	Rate Base, Operating Income
Public Service Company	Oklahoma	OCC	PUD-200300076	Attorney General	2005	Operating Income
Hawaiian Electric Company	Hawaii	PUC	04-0113	Consumer Advocate	2005	Rate Base, Operating Income
Citizens Gas & Coke Utility	Indiana	IURC	42767	Consumer Counselor	2005	Operating Income, Benchmarking Study
AmerenUE d/b/a Union Electric Co.	Missouri	MoPSC	ER-2007-0002	State of Missouri	2006	Revenue Requirement

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2012 (July)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
Hawaii Electric Light Company	Hawaii	PUC	05-0315	Consumer Advocate	2007	Rate Base, Operating Income & Keahole Units
Hawaii Electric Company	Hawaii	PUC	2006-0386	Consumer Advocate	2007	Rate Base, Operating Income
Maui Electric Company	Hawaii	PUC	2006-0387	Consumer Advocate	2007	Rate Base, Operating Income
Trigen-Kansas City Energy Corp.	Missouri	MoPSC	HR-2008-0300	Trigen-KC	2008	Revenue Requirement
Southwestern Public Service	Texas	PUCT	35763	Alliance of Xcel Muni.	2008	Rate Base, Operating Income
The Gas Company, LLC	Hawaii	PUC	2008-0081	Consumer Advocate	2009	Rate Base, Operating Income, Nonutility
Hawaiian Electric Company	Hawaii	PUC	2008-0083	Consumer Advocate	2009	Rate Base, Operating Income
Southwestern Public Service	Texas	PUCT	37135	Alliance of Xcel Muni.	2009	Transmission Cost Recovery Factor
Maui Electric Company	Hawaii	PUC	2009-0163	Consumer Advocate	2010	Rate Base, Operating Income
Hawaii Electric Light Company	Hawaii	PUC	2009-0164	Consumer Advocate	2010	Rate Base, Operating Income
Atmos Pipeline – Texas	Texas	RRC	10000	Atmos Texas Municipalities	2010	Rate Base, Operating Income
AmerenUE d/b/a Ameren Missouri	Missouri	MoPSC	ER-2011-0028	Missouri Industrial Energy Consumers	2011	Revenue Requirement
Veolia Energy Kansas City	Missouri	MoPSC	HR-2011-0241	Veolia-KC	2011	Revenue Requirement
Hawaiian Electric Company	Hawaii	PUC	2010-0080	Consumer Advocate	2011	Rate Base, Operating Income
Maui Electric Company	Hawaii	PUC	2011-0092	Consumer Advocate	2012	Rate Base, Operating Income
AmerenUE d/b/a Ameren Missouri	Missouri	MoPSC	ER-2012-0166	Missouri Industrial Energy Consumers	2012	Revenue Requirement

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Financial news release

Ameren Announces Offer for Voluntary Retirement

ST. LOUIS, Oct. 21, 2011 /PRNewswire via COMTEX/ --

Ameren Corporation (NYSE: AEE) announced today a voluntary retirement offer is being extended to certain employees of Ameren Missouri, and Ameren Services Company, an Ameren Corporation subsidiary that provides support services.

Eligible employees must be age 58 or over as of Dec. 31, 2011, and be full-time, regular employees. Management and employees, who are represented by unions that have agreed to participate, are eligible. The offer is not available to officers and certain management employees in key business areas, due to operational needs.

Approximately 715 of the roughly 5,700 Ameren Missouri and Ameren Services employees are eligible.

"While our retail electric rates in Missouri are already approximately 30 percent below the national average, like everyone, we are tightening our belts during this challenging economic period by taking prudent, proactive steps to efficiently and effectively manage our costs for the ultimate benefit of our customers," said Thomas R. Voss, chairman, president and CEO of Ameren Corporation. "Clearly, we will not make staffing reductions that affect our ability to continue to provide safe and reliable service. However, this program is part of our continued efforts to create an organization that can operate effectively in an environment where demand for energy has softened, costs are rising and our reimbursement for those costs in rates continues to lag. Looking ahead, we will remain focused on maintaining our financial strength and flexibility and on delivering safe, reliable and affordable energy to our customers and solid long-term returns for our shareholders."

Eligible employees are being offered a lump sum payment of two weeks' pay for each full year of service with a minimum of 13 weeks and a maximum of 52 weeks of pay. Eligible employees will have until Dec. 22, 2011, to decide whether to accept the voluntary separation offer. Those who accept are expected to leave the company by year-end 2011.

With assets of $23 billion, St. Louis-based Ameren Corporation owns subsidiaries that operate a diverse mix of electric generating plants strategically located in the Midwest market, with a generating capacity of more than 16,500 megawatts. Through our Missouri and Illinois subsidiaries, we serve 2.4 million electric customers and nearly 1 million natural gas customers in a 64,000-square-mile area. Our mission is to meet their energy needs in a safe, reliable, efficient and environmentally responsible manner. For more information, visit Ameren.com.

Forward-looking Statements

Statements in this release not based on historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in Ameren's Form 10-K for the year ended December 31, 2010, and elsewhere in this release and in our other filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- *regulatory, judicial, or legislative actions, including changes in regulatory policies and ratemaking determinations, such as the court appeals related to Ameren Missouri's 2009 and 2010 electric rate orders; the Missouri Public Service Commission's fuel and purchased power cost recovery mechanism prudence review and future appeals; and future regulatory, judicial, or legislative actions that seek to limit or reverse rate increases;*
- *changes in laws and other governmental actions, including monetary, fiscal, and tax policies;*
- *the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels, and the implementation of deregulation;*

Steven C. Carver
Appendix B

- *the effects on demand for our services resulting from technological advances, including advances in energy efficiency and distributed generation sources, which generate electricity at the site of consumption;*
- *increasing capital expenditure and operating expense requirements and our ability to recover these costs through our regulatory frameworks;*
- *the level and volatility of future prices for power in the Midwest;*
- *business and economic conditions, including their impact on interest rates, bad debt expense, and demand for our products;*
- *our assessment of our liquidity;*
- *the impact of the adoption of new accounting guidance and the application of appropriate technical accounting rules and guidance;*
- *actions of credit rating agencies and the effects of such actions;*
- *the impact of weather conditions and other natural phenomena on us and our customers;*
- *the impact of system outages;*
- *generation, transmission and distribution asset construction, installation, performance, and cost recovery;*
- *operation of Ameren Missouri's nuclear power facility, including planned and unplanned outages, decommissioning costs and potential increased costs as a result of recent nuclear-related developments in Japan;*
- *the effects of strategic initiatives, including mergers, acquisitions and divestitures;*
- *the impact of current environmental regulations on utilities and power generating companies and the expectation that more stringent requirements, including those related to greenhouse gases, other emissions, and energy efficiency, will be enacted over time, which could limit or terminate the operation of certain of our generating units, increase our costs, result in an impairment of our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;*
- *the impact of complying with renewable energy portfolio requirements in Missouri;*
- *labor disputes, work force reductions, future wage and employee benefits costs, including changes in discount rates and returns on benefit plan assets;*
- *legal and administrative proceedings; and*
- *acts of sabotage, war, terrorism, or intentionally disruptive acts.*

Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

SOURCE Ameren Corporation

Steven C. Carver
Appendix B

Ameren Missouri
Response to MIEC Data Request
MPSC Case No. ER-2012-0166
In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Electric Service

Data Request No.: MIEC 10.47 - Diana Vuylsteke

[Ref: GSW-WP-E481 & GSW-WP-E410 (VS11 - Voluntary Separation)] GSW-WP-E410 appears to be the source of the average benefits per employee used in the calculation of the VS11 benefits adjustment on GSW-WP-E481. Please provide the following:

a. Please confirm that the average benefits per employee presented on GSW-WP-E410 do not include any amounts for pension or OPEB costs. If the Company cannot provide the requested confirmation, please explain.
b. Referring to part (a) above, please explain why the average benefits per employee presented on GSW-WP-E410 and applied in the VS11 benefits calculations on GSW-WP-E481 do not include any amounts for pension or OPEB costs.
c. Has the Company quantified or presented any adjustment to pension and OPEB costs as a result of VS11? If not, why not?
d. If the response to part (c) above indicates that future reductions in pension and OPEB costs will be captured by the pension and OPEB tracing mechanisms, please explain whether the true-up of the pending rate case is expected to capture the NPPC and NPPC impacts of VS11.
e. Please provide a quantification of the reduction in NPPC and NBPC as a result of VS11. If none, please explain.

RESPONSE

Prepared By: Gary S. Weiss
Title: Manager Regulatory Accounting
Date: June 7, 2012

a.The average benefits per employee presented on GSW-WP-E410 does not include any amounts for pension and OPEB costs

b. The pension and OPEB costs will be updated to the 2012 level per the actuarial costs provided in June 2012. These costs will reflect the impact of employee reductions.

c. No, see response to item b.

d. Yes, the true up will capture the NPPC and NPBC impacts of VS11.

e. This calculation was not made. There are many variables in addition to headcount that impact the NPPC and NPBC.

Witness: S. Carver

AMEREN MISSOURI
CASE NO. ER-2012-0166

EXPIRING AMORTIZATION ADJUSTMENT
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2011
(000's)

Line No.	Description	Reference	Unamortized Balance @ 12/31/12	Reschedule Amortization Period (Yrs)	MIEC Proposed Amortization	Less: Company Proposed Amortization	MIEC Adjustment
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	**Amortization Expense:**						
2	Vegetation & Inspection Regulatory Liab.	(a) (b)	$ (793)	2	$ (397)	$ (1,360)	$ 964
3	RSG Adjustment	(a) (b)	545	2	273	935	(662)
4	VSE, ISP severance pay	(a) (b)	1,175	2	588	2,350	(1,763)
5	2006 Storm Amortization	(a) (b)	214	2	107	367	(260)
6	2007 Storm Amortization	(a) (b)	5,731	2	2,865	4,912	(2,047)
7	2008 Storm Amortization	(a) (b)	1,133	2	567	971	(405)
8	Total (before retail allocation)		$ 8,005		$ 4,002	$ 8,175	(4,172)
9							
10	Missouri Retail Allocation %						100.000%
11							
12	**MIEC Proposed Adjustment to Reschedule Expiring**						**$ (4,172)**
13	**Amortizations Over a Two Year Period**						

FOOTNOTES:

(a) Source: MIEC proposed amortization per Schedule SCC-1, page 2.
(b) Source: Company amortization per GSW-WP-E449.

Witness: S. Carver

AMEREN MISSOURI
CASE NO. ER-2012-0166

EXPIRING AMORTIZATION ADJUSTMENT
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2011

Line No.	Description		Amortizable Balance	Current Amortization Term (Yrs)	Commence	Terminate	Annual	Monthly	Cumulative Amortization @ 9/30/11	Unamortized Balance @ 9/30/11	Cumulative Amortization @ 7/31/12	Unamortized Balance @ 7/31/12	Cumulative Amortization @ 12/31/12	Unamortized Balance @ 12/31/12	Months Lapse 9/30/11	Months Lapse 7/31/12	Months Lapse 12/31/12
	(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)			
1	**Miscellaneous Amortizations:**																
2	Vegetation & Inspection Regulatory Liab.	(a)	$ (2,720,518)	2	Aug-11	Jul-13	$ (1,360,259)	$ (113,355)	$ (226,710)	$ (2,493,808)	$ (1,360,259)	$ (1,360,259)	$ (1,927,034)	$ (793,484)	2	12	17
3	RSG Adjustment	(b)	1,869,792	2	Aug-11	Jul-13	$ 934,896	77,908	155,816	1,713,976	934,896	934,896	1,324,436	545,356	2	12	17
4	VSE, ISP severance pay	(c)	7,050,000	3	Jul-10	Jun-13	$ 2,350,000	195,833	2,937,500	4,112,500	4,895,833	2,154,167	5,875,000	1,175,000	15	25	30
5	2006 Storm Amortization	(d)	733,344	2	Aug-11	Jul-13	$ 366,672	30,556	61,112	672,232	366,672	366,672	519,452	213,892	2	12	17
6	2007 Storm Amortization	(d)(e)	24,559,980	5	Mar-09	Feb-14	$ 4,911,996	409,333	12,689,323	11,870,657	16,782,653	7,777,327	18,829,318	5,730,662	31	41	46
7	2008 Storm Amortization	(d)	4,857,000	5	Mar-09	Feb-14	$ 971,400	80,950	2,509,450	2,347,550	3,318,950	1,538,050	3,723,700	1,133,300	31	41	46
8																	
9	Total		$ 36,349,598				$ 8,174,705	$ 681,225		$ 18,223,107		$ 11,410,853		$ 8,004,726			
									(f)	(f)	(f)	(f)	(f)	(f)			

FOOTNOTES:

(a) Source: Test year amortization per AMMO responses to Data Requests MIEC 5.7, 5.8 & 5.9; GSW-WP-E449; & First Nonunanimous Stipulation and Agreement - Miscellaneous Revenue Requirement Items, par. 20, Case No. ER-2011-0028 dated May 3, 2011.
(b) Source: Test year amortization per AMMO responses to Data Request MIEC 5.10, GSW-WP-E449 & GSW-WP-E514.
(c) Source: Test year amortization per Ameren response to Data Request MIEC 5.12 & GSW-WP-E499.
(d) Source: Test year amortization per AMMO responses to Data Request MIEC 5.6; GSW-WP-E449; & First Nonunanimous Stipulation and Agreement - Miscellaneous Revenue Requirement Items, par. 21, Case No. ER-2011-0028 dated May 3, 2011.
(e) Source: MPSC Report and Order, Case No. ER-2008-0318, pp. 49-53.
(f) Calculated based on current amortization schedules.

For calculation simplification purposes, the rate effective date and the operation of law date were assumed to be December 31, 2012. Calculated amounts are based on current amortization schedules.
Balances at 9/30/11 may slightly vary from GSW-WP-E499, columns (1) & (2), due to rounding.

Witness: S. Carver

AMEREN MISSOURI
CASE NO. ER-2012-0166

INTANGIBLE PLANT EXPIRING AMORTIZATION ADJUSTMENT
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2011
(000's)

Line No.	Description	Reference	Unamortized Balance @ 12/31/12	Reschedule Amortization Period (Yrs)	MIEC Proposed Amortization	Less: Company Proposed Amortization	MIEC Adjustment
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	**Intangible Plant Amortizations:**						
2	1303242- CTG Monitoring Sftw (various)	(a) (b)	$ 107	2	$ 54	$ 109	$ (56)
3	1303261- Coal Supply Chain Management	(a) (b)	478	2	239	462	(224)
4	1303264-GAMMA Spectrocopy Sftw (various)	(a) (b)	24	2	12	32	(20)
5	1303000-MISC INTANGIBLE-OTHER	(a) (b)	41	2	20	61	(41)
6	1303227-Disolved Oxygen Sys Sftw (various)	(a) (b)	158	2	79	255	(177)
7	1303255- Construction Software	(a) (b)	10	2	5	16	(10)
8	1303151-Callaway EMPRV	(a) (b)	17	2	9	30	(21)
9	1303151-Callaway EMPRV	(a) (b)	14	2	7	39	(32)
10	1303103-Nox & Heat Rate Optimization	(a) (b)	3	2	2	16	(15)
11	1303211-Callaway LMS Software (various)	(a) (b)	-	2	-	51	(51)
12	1303220-CARTS Software	(a) (b)	-	2	-	97	(97)
13	1303215-NERC 1300 Complnc Sfw-Osage (various)	(a) (b)	-	2	-	65	(65)
14	1303185-NETWORK HISTORIAN	(a) (b)	-	2	-	40	(40)
15	1303229-Plant Emulator Software (various)	(a) (b)	-	2	-	75	(75)
16	1303150-OSAGE SCADA SOFTWARE	(a) (b)	-	2	-	129	(129)
17	1303150-OSAGE SCADA SOFTWARE	(a) (b)	-	2	-	0	(0)
18	1303225-Callaway Badging Software	(a) (b)	-	2	-	53	(53)
19	1303162-Callaway Dose Assessment	(a) (b)	-	2	-	40	(40)
20							
21	Total (before retail allocation)		$ 853		$ 427	$ 1,572	(1,145)
22							
23	Missouri Retail Allocation %						100.000%
24							
25	**MIEC Proposed Adjustment to Remove Expired**						**$ (1,145)**
26	**and Reschedule Expiring Intangible Plant**						
27	**Amortizations Over a Two Year Period**						

FOOTNOTES:

(a) Source: Unamortized balances, AMMO proposed amortizations & MIEC proposed amortizations per Schedule SCC-2, page 2.

(b) Source: Test year amortization per AMMO response to Data Requests MIEC 5.2.

Witness: S. Carver

AMEREN MISSOURI
CASE NO. ER-2012-0166

INTANGIBLE PLANT EXPIRING AMORTIZATION ADJUSTMENT
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2011

Line No.	Description		Amortizable Balance	Current Amortization Term	Commence	Terminate	Annual	Monthly	Cumulative Amortization @ 9/30/11	Unamortized Balance @ 9/30/11	Cumulative Amortization @ 7/31/12	Unamortized Balance @ 7/31/12	Cumulative Amortization @ 12/31/12	Unamortized Balance @ 12/31/12	Months Lapse 9/30/11	7/31/12	12/31/12
	(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)			
1	**Intangible Plant Amortizations:**																
2	1303242- CTG Monitoring Sftw (various)	(a)	$ 535,393	5	Feb-09	Dec-13	$ 109,264	$ 9,105	$ 291,370	$ 244,023	$ 382,423.57	$ 152,969	$ 427,950	$ 107,443	32	42	47
3	1303261- Coal Supply Chain Management	(a)	2,173,662	5	May-09	Dec-13	462,481	38,540	1,117,663	1,055,999	1,503,064	670,598	1,695,765	477,897	29	39	44
4	1303264-GAMMA Spectrocopy Sftw (various)	(a)	161,475	5	Oct-08	Sep-13	32,295	2,691	96,885	64,590	123,798	37,678	137,254	24,221	36	46	51
5	1303000-MISC INTANGIBLE-OTHER	(a)	306,015	5	Sep-08	Aug-13	61,203	5,100	188,709	117,306	239,712	66,303	265,213	40,802	37	47	52
6	1303227-Disolved Oxygen Sys Sftw (various)	(a)	1,200,713	5	Dec-08	Aug-13	255,471	21,289	723,834	476,879	936,726	263,987	1,043,173	157,540	34	44	49
7	1303255- Construction Software	(a)	78,616	5	Sep-08	Aug-13	15,723	1,310	48,480	30,136	61,582	17,033	68,134	10,482	37	47	52
8	1303151-Callaway EMPRV	(a)	149,182	5	Aug-08	Jul-13	29,836	2,486	94,482	54,700	119,346	29,836	131,778	17,405	38	48	53
9	1303151-Callaway EMPRV	(a)	183,794	5	Sep-08	May-13	39,105	3,259	120,574	63,220	153,162	30,632	169,455	14,339	37	47	52
10	1303103-Nox & Heat Rate Optimization	(a)	134,524	8	Jan-05	Feb-13	16,405	1,367	110,737	23,788	124,408	10,117	131,243	3,281	81	91	96
11	1303211-Callaway LMS Software (various)	(a)	245,188	5	Feb-08	Nov-12	51,081	4,257	187,296	57,892	229,864	15,324	245,188	-	44	54	59
12	1303220-CARTS Software	(a)	467,625	5	Feb-08	Nov-12	97,422	8,118	357,214	110,412	438,399	29,227	467,625	-	44	54	59
13	1303215-NERC 1300 Complnc Sfw-Osage (various)	(a)	320,497	5	Aug-07	Jun-12	65,408	5,451	272,531	47,966	327,038	(6,541)	320,497	-	50	60	65
14	1303185-NETWORK HISTORIAN	(a)	198,177	5	May-07	Apr-12	39,635	3,303	175,057	23,121	208,086	(9,909)	198,177	-	53	63	68
15	1303229-Plant Emulator Software (various)	(a)	320,784	4	Oct-07	Jan-12	74,601	6,217	298,404	22,380	360,571	(39,787)	320,784	-	48	58	63
16	1303150-OSAGE SCADA SOFTWARE	(a)	617,804	5	Feb-07	Nov-11	128,709	10,726	600,643	17,161	707,901	(90,096)	617,804	-	56	66	71
17	1303150-OSAGE SCADA SOFTWARE	(a)	1,745	5	Dec-06	Nov-11	356	30	1,692	53	1,988	(243)	1,745	-	57	67	72
18	1303225-Callaway Badging Software	(a)	244,868	5	May-07	Nov-11	53,232	4,436	235,108	9,759	279,468	(34,601)	244,868	-	53	63	68
19	1303162-Callaway Dose Assessment	(a)	186,668	5	Mar-07	Oct-11	39,717	3,310	182,034	4,634	215,131	(28,464)	186,668	-	55	65	70
20																	
21	Total		$ 7,526,731				$ 1,571,945	$ 130,995		$ 2,424,018		$ 1,114,063		$ 853,410			
									(b)	(b)	(b)	(b)	(b)	(b)			

FOOTNOTES:

(a) Source: Test year amortization per AMMO response to Data Request MIEC 5.2; GSW-WP-E12 through GSW-WP-E20, GSW-WP-E70, GSW-WP-E499 & GSW-WP-E500.
(b) Calculated based on current amortization schedules.

For calculation simplification purposes, the rate effective date and the operation of law date were assumed to be December 31, 2012. Calculated amounts are based on current amortization schedules.
Balances at 9/30/11 may slightly vary from the response to Data Request MIEC 5.2 and the workpapers referenced in Footnote (a) above, due to rounding.

Witness: S. Carver

AMEREN MISSOURI
CASE NO. ER-2012-0166

VOLUNTARY SEPARATION ADJUSTMENT
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2011
(000's)

Line No.	Description (A)	Reference (B)	MIEC Adjustment (C)
1	Company Proposed Amortization of VS11 Costs	(a)	$ 8,585
2			
3	Missouri Retail Allocation %		100.000%
4			
5	**MIEC Proposed Adjustment to Eliminate Company Proposed VS11 Amortization Adjustment**		**$ (8,585.08)**

FOOTNOTES:

(a) Company Proposed Amortization:

Total Severance & Payroll Taxes	$ 25,755,246
Amortization Period	3
Company Proposed Annual Amortization	$ 8,585,082

Source: Company amortization per GSW-WP-E517.