

Exhibit No.:
Issue: Deprecation
Witness: Guy C. Gilbert,
M.S., P.E., R.G.
Sponsoring Party: MOPSC Staff
Type of Exhibit: Surrebuttal
Testimony
Case No.: ER-2008-0318
Date Testimony Prepared: November 5, 2008

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

GUY C. GILBERT, MS, PE, RG

UNION ELECTRIC COMPANY d/b/a

AMERENUE

CASE NO. ER-2008-0318

Jefferson City, Missouri
November 2008

1 A. In discussing his view that the “composite rate for AmerenUE’s steam
2 production plant excluding coal cars” from the depreciation rates ordered by the Commission
3 in AmerenUE’s last rate case is unreasonably low, Mr. Wiedmayer alleges at Page 9 of his
4 rebuttal that Staff “inadvertently” excluded final retirements. Because this assertion is
5 incorrect, the Staff finds it necessary to respond.

6 Q. What is the Staff’s response?

7 A. In AmerenUE’s last rate case that Mr. Wiedmayer refers to, the Staff requested
8 from the Company “all data, studies, memorandum, formal and informal documentation
9 regarding the dismantlement of Company power plants.” The Company responded that the
10 “records are not available”, with a single exception detailing the destruction of two generating
11 units at a multiple generating unit site. Those units had caught on fire and were destroyed
12 beyond economic repair. AmerenUE replaced those units by installing combustion turbine
13 generating units at the same site. Thus, the Staff performed its analysis as it did, not through
14 inadvertence, but based on the best information available to it at the time it performed its
15 analysis. Should better information be available to the Staff in a future proceeding, a different
16 depreciation analysis and result might be obtained, i.e., it is possible that in a future case there
17 might be a change in steam plant account depreciation rates that would have the effect of
18 increasing an overall average depreciation rate—it is also possible there might be a change
19 that would have the effect of decreasing an overall average depreciation rate.

20 Q. What is the Staff’s position on depreciation in this case?

21 A. It is the Staff’s position that, unless the effect of a change in the
22 depreciation rate for a particular account or group of accounts is highly significant in relation
23 to the total depreciation accrual, no change should be made to any depreciation rates.

1 In Staff's view the best practice is to perform a depreciation study of all plant accounts at the
2 same time in determining depreciation rates. This is because the effect of changing
3 depreciation rates for individual plant accounts may be counteracted by the effects of changes
4 in depreciation rates for other accounts. The existence of counteracting changes will not be
5 identified without a full examination of all the accounts. The Staff continues to recommend
6 that no adjustments be made to any of AmerenUE's depreciation rates in this case.

7 Q. Does this conclude your prepared surrebuttal testimony?

8 A. Yes, it does.

