Exhibit No.:

Issue: Deprecation
Witness: Guy C. Gilbert,

M.S., P.E., R.G.

Sponsoring Party: Type of Exhibit: MOPSC Staff 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		SURREBUTTAL TESTIMONY	
2		OF	
3		GUY C. GILBERT, M.S., P.E., R.G.	
4		UNION ELECTRIC COMPANY d/b/a	
5		AMERENUE	
6		CASE NO. ER-2008-0318	
7	Q.	Please state your name and business address.	
8	A.	Guy C. Gilbert, P.O. Box 360, Jefferson City, Missouri, 65102.	
9	Q.	Are you the same Guy C. Gilbert who submitted rebuttal testimony in	
10	this case?		
11	A.	Yes, I am.	
12	Q.	Please state the purpose of your testimony?	
13	A.	The purpose of my surrebuttal testimony is to offer the Staff's position on	
14	depreciation is	n response to Union Electric Company d/b/a AmerenUE (AmerenUE or	
15	Company) Case No. ER-2008-0318 prefiled rebuttal position of Mr. John F. Wiedmayer.		
16	Q.	Is the Staff changing any of its recommendations to the Commission regarding	
17	depreciation from those it presented in your rebuttal testimony?		
18	A.	No, there are no changes. In fact Staff agrees with the Company's specific	
19	position that a change in depreciation rates should only be undertaken in aggregate as the		
20	result of a full and complete depreciation study. The Staff does take issue with some		
21	comments made by Mr. Wiedmayer that need to be responded to here.		
22	Q.	Then why are you filing surrebuttal testimony to Mr. Wiedmayer's prefiled	
23	rebuttal testimony?		

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

- Q. What is the Staff's response?
- A. In AmerenUE's last rate case that Mr. Wiedmayer refers to, the Staff requested from the Company "all data, studies, memorandum, formal and informal documentation regarding the dismantlement of Company power plants." The Company responded that the "records are not available", with a single exception detailing the destruction of two generating units at a multiple generating unit site. Those units had caught on fire and were destroyed beyond economic repair. AmerenUE replaced those units by installing combustion turbine generating units at the same site. Thus, the Staff performed its analysis as it did, not through inadvertence, but based on the best information available to it at the time it performed its analysis. Should better information be available to the Staff in a future proceeding, a different depreciation analysis and result might be obtained, i.e., it is possible that in a future case there might be a change in steam plant account depreciation rates that would have the effect of increasing an overall average depreciation rate—it is also possible there might be a change that would have the effect of decreasing an overall average depreciation rate.
  - Q. What is the Staff's position on depreciation in this case?
- A. It is the Staff's position that, unless the effect of a change in the depreciation rate for a particular account or group of accounts is highly significant in relation to the total depreciation accrual, no change should be made to any depreciation rates.

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

- Q. Does this conclude your prepared surrebuttal testimony?
- A. Yes, it does.

## BEFORE THE PUBLIC SERVICE COMMISSION

## **OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company d/b. AmerenUE for Authority to File Tariff Increasing Rates for Electric Service Provide to Customers in the Company's Missou Service Area.	fs ) Case No. ER-2008-0318		
AFFIDAVIT OF GUY C. GILBERT, MS, PE, RG			
STATE OF MISSOURI )	s.		
COUNTY OF COLE )	,		
Guy C. Gilbert, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of			
	Ouy C. Gilbert, MS, PE, RG		
Subscribed and sworn to before me this	day of November, 2008.		
Nikki SENN Notary Public - Notary Seal State of Missouri Commissioned for Osage County My Commission Expires: October 01, 2011	Notary Public		