

Exhibit No.:  
Issue: Cost of Service  
Witness: Gary S. Weiss  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Union Electric Company  
d/b/a AmerenUE  
Case No: GR-2000-512

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2000-512

FILED  
APR 03 2000  
Missouri Public  
Service Commission

DIRECT TESTIMONY

OF

GARY S. WEISS

ST. LOUIS, MISSOURI  
April 3, 2000

MISSOURI PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

FILED<sup>3</sup>

APR 03 2000

Missouri Public  
Service Commission

In the Matter of Union Electric Company d/a/b AmerenUE )  
For Authority to File Tariffs Increasing Rates for ) Case No. GR-2000-512  
Gas Service Provided to Customers in the Company's )  
Missouri Service Area )

AFFIDAVIT OF GARY S. WEISS

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

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

1. My name is Gary S. Weiss. I work in the City of St. Louis, Missouri, and I am a Supervisor of Regulatory Accounting in the Financial Communications Department of Ameren Services Company.

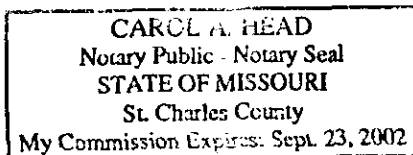
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony consisting of pages 1 through 15, and Schedules 1 through 14, all of which testimony has been prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. GR-2000-512 on behalf of Union Electric Company.

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

Gary S. Weiss

Subscribed and sworn to before me this 29th day of March, 2000.

Carol A. Head  
Notary Public



1                                   **DIRECT TESTIMONY**  
2                                   **OF**  
3                                   **GARY S. WEISS**  
4                                   **UNION ELECTRIC COMPANY**  
5                                   **d/b/a AmerenUE**  
6                                   **CASE NO. GR-2000-512**  
7

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

9           A.     My name is Gary S. Weiss and my business address is 1901 Chouteau  
10 Avenue, St. Louis, MO 63103.

11          **Q.     By whom are you employed and in what position?**

12          A.     I am employed by Ameren Services Company as Supervisor of the Regulatory  
13 Accounting Section in the Financial Communications Department.

14          **Q.     Please describe your educational background, your work experience, and**  
15 **the duties of your position.**

16          A.     The attached Schedule 1 summarizes my educational background, work  
17 experience and the duties of my position.

18          **Q.     What is the purpose of your direct testimony in this case?**

19          A.     My testimony and attached Schedules 2 through 14 develop the cost of service  
20 for the Missouri gas operations of Union Electric Company doing business as AmerenUE  
21 which determines the gas revenues required to pay operating expenses, provide for  
22 depreciation and taxes and permit our investors a fair and reasonable return on their  
23 investment. I also explain the pro forma adjustments required to the cost of service.

1           **Q.     What do you mean by "cost of service"?**

2           A.     The cost of service of a utility is the sum of operating and maintenance  
3 expenses, depreciation expense, taxes and a fair return on the net value of property used and  
4 useful in serving its customers. A cost of service is based on a test year. In order that the test  
5 year reflect conditions existing at the end of the test year as well as significant changes that  
6 are known or reasonably certain of occurring, it is necessary to make certain "pro forma"  
7 adjustments.

8                     A cost of service represents the revenue requirement or the funds that must be  
9 collected by the Company if it is to pay employees and suppliers, satisfy tax liabilities, and  
10 provide a return to investors. To the extent that revenues are below the cost of service, a rate  
11 increase is required. This is the purpose of this proceeding.

12           **Q.     Have you prepared or has there been prepared under your direction and**  
13 **supervision a series of schedules relating to cost of service for presentation to the**  
14 **Commission in this proceeding?**

15           A.     Yes. I am sponsoring Schedules 2 through 14 for that purpose. These  
16 schedules are based upon a test year for the twelve months ended June 30, 1999, with pro  
17 forma adjustments, and are designated as follows:

18           Schedule 2   Original Cost of Plant, per books and pro forma, for the  
19                           Missouri jurisdictional gas investment at June 30, 1999, by  
20                           functional classification.

21           Schedule 3   Reserves for Depreciation and Amortization, per books and pro  
22                           forma, for the Missouri jurisdictional gas plant at June 30, 1999,  
23                           by functional classification.

1           Schedule 4   Average Materials and Supplies and Gas Inventories Applicable  
2                           to Missouri Gas Operations for the Thirteen Months Ended June  
3                           30, 1999.

4           Schedule 5   Average Prepayments for Missouri Gas Operations for the  
5                           Thirteen Months Ended June 30, 1999.

6           Schedule 6   Calculation of the Cash Working Capital for the Missouri Gas  
7                           Operations for the Twelve Months Ended June 30, 1999.

8           Schedule 7   Other Rate Base Items - Income Tax Offset, Interest Expense  
9                           Offset, Customer Deposits, Customer Advances for  
10                          Construction and Accumulated Deferred Income Taxes at June  
11                          30, 1999.

12          Schedule 8   Missouri Jurisdictional Gas Operating and Maintenance  
13                          Expenses, per books and pro forma, for the Twelve Months  
14                          Ended June 30, 1999.

15          Schedule 9   Missouri Jurisdictional Gas Depreciation and Amortization  
16                          Expense, per books and pro forma, for the Twelve Months  
17                          Ended June 30, 1999.

18          Schedule 10   Taxes Other Than Income Taxes for Missouri Gas Operations,  
19                          per books and pro forma, for the Twelve Months Ended June  
20                          30, 1999.

21          Schedule 11   Income Tax Calculation for Missouri Gas Operations, pro forma  
22                          at present rates and at claimed rate of return for the Twelve  
23                          Months Ended June 30, 1999.

1           Schedule 12 Summary and explanation of Missouri Jurisdictional Gas  
2                           Operating Revenue and Expense Pro Forma Adjustments to the  
3                           test year, Twelve Months Ended June 30, 1999.

4           Schedule 13 Missouri Jurisdictional Gas Net Original Cost Rate Base and  
5                           Total Revenue Requirements for the Pro Forma Twelve Months  
6                           Ended June 30, 1999.

7           Schedule 14 Comparison of Missouri Jurisdictional Gas Revenue  
8                           Requirement for the test year with Revenues Under Proposed  
9                           Rates.

10           **Q.    Have the books of the Company on which these schedules are based been**  
11 **maintained in accordance with the Uniform System of Accounts?**

12           A.    Yes, they have.

13           **Q.    Please explain Schedule 2.**

14           A.    Schedule 2 shows the original cost of plant by functional classifications for  
15 Missouri jurisdictional gas operations at June 30, 1999.

16           **Q.    Are the Company's plant accounts recorded on the basis of original cost**  
17 **as defined in the Uniform System of Accounts prescribed by this Commission?**

18           A.    Yes, they are.

19           **Q.    Please describe the pro forma adjustments shown on Schedule 2, Page 1**  
20 **of 2 and explained on Page 2 of 2?**

21           A.    Adjustments 1 and 2 allocate to Missouri's gas operations \$2,000, a portion of  
22 the Company's organization, franchises and consents expenses, and \$5,102,000, a portion of  
23 the general utilities plant investment, both of which are recorded as electric plant.

1  
2 Adjustment 3 increases the investment in accounts 374, 376, and 379 by \$1,300,000  
3 for the construction of a gas distribution feeder main from a new interconnection with  
4 Missouri Pipeline Company in St. Charles County to the Company's existing high pressure  
5 system west of Wentzville. This project was started pursuant to a certificate of public  
6 convenience and necessity granted by the Commission in May 1999 in consolidated Case  
7 Nos. GA-99-197 and GA-99-236 and went into service in November 1999.

8 Adjustment 4 corrects the balances in accounts 366, 387, and 399. There should be  
9 no investment in these accounts at June 30, 1999. Due to the installation of an automated  
10 asset management system, these account balances were inadvertently included. A reduction  
11 of \$39,000 in the plant balance at June 30, 1999 was made to eliminate these incorrect plant  
12 balances.

13 **Q. Why should a portion of the investment in General Plant be allocated to**  
14 **gas?**

15 **A.** General Plant facilities such as general office buildings and furniture,  
16 computers and other equipment are used in all utility operations. For convenience, such  
17 facilities are accounted for as electric plant. Page 2 of Schedule 2 details the method used to  
18 allocate a portion of the investment in these facilities to Missouri gas operations.

19 **Q. After making the pro forma adjustments which you have described, what**  
20 **is the original cost of Missouri jurisdictional gas plant in service?**

21 **A.** The original cost of Missouri jurisdictional gas plant at June 30, 1999, as  
22 shown on Schedule 2, Page 1, Column 3 is \$197,534,000.

23 **Q. Please explain Schedule 3.**

1           A.     This schedule shows, on a per book and pro forma basis, the reserve for  
2     depreciation and amortization by functional classification for the Missouri jurisdictional gas  
3     plant at June 30, 1999.

4           **Q.     What pro forma adjustments were made to the reserve for depreciation?**

5           A.     Adjustment 1 of \$1,152,000, see Schedule 3, Page 2 of 2, was made to  
6     allocate a portion of the reserve for the Company's total general facilities to Missouri  
7     jurisdictional gas operations on the same basis as the allocation of the original cost of these  
8     facilities.

9                     Adjustment 2 for \$27,000 increases the depreciation reserve to reflect the first  
10    year's depreciation on the pro forma plant additions.

11                    Adjustment 3 for \$2,000 eliminates an incorrect charge and balance in account  
12    374.

13                    After reflecting these pro forma adjustments, the pro forma accumulated  
14    depreciation reserve applicable to Missouri jurisdictional gas plant at June 30, 1999 is  
15    \$56,532,000.

16           **Q.     What appears on Schedule 4?**

17           A.     Schedule 4 shows the average investment in materials and supplies, propane  
18    gas, and gas stored underground for the thirteen months ended June 30, 1999. The general  
19    materials and supplies are located at the Company's Dorsett warehouse in St. Louis County  
20    and its various Missouri Regional storerooms and include such items as reducers, ells, valves,  
21    adapters, regulators, couplings, pipe and numerous other items required to operate the gas  
22    system. The propane is used during periods of peak gas consumption to supplement the  
23    natural gas delivered from the interstate and intrastate pipelines connected to the Company's



1 distribution systems. The gas stored underground is natural gas purchased and injected into  
2 underground storage reservoirs or fields for later withdrawal and delivery to the Company's  
3 distribution system. The total average materials and supplies inventories, including fuel,  
4 applicable to the Missouri gas operations for the thirteen months ended June 30, 1999 is  
5 \$13,545,000.

6 **Q. Will you please explain Schedule 5?**

7 A. Prepayments are composed of certain taxes, rents, insurance, assessments of  
8 state regulatory commissions and various expense items that are paid in advance. The  
9 average monthly balance of prepayments applicable to Missouri gas operations is \$236,000  
10 for the thirteen months ended June 30, 1999.

11 **Q. What is calculated on Schedule 6?**

12 A. The cash working capital allowance is calculated on Schedule 6. The cash  
13 working capital calculation compares the period of time between when revenues are received  
14 from customers for the payment of the gas service supplied them and when the Company  
15 must pay for the expenses incurred to provide this service. Schedule 6 shows a negative cash  
16 working capital allowance of \$1,058,000. This indicates that the customers are on average  
17 paying for their gas service before all of the expenses are paid by the Company. Therefore,  
18 the Company has the use of customer supplied funds.

19 **Q. What is shown on Schedule 7?**

20 A. The balances at June 30, 1999 for the following rate base deductions are  
21 shown on Schedule 7: (1) Income Tax Offset, (2) Interest Expense Offset, (3) Customer  
22 Deposits, (4) Customer Advances for Construction, and (5) Accumulated Deferred Income  
23 Taxes.

1           The Income Tax Offset and Interest Expense Offset arise because customers  
2 pay for income taxes and interest expenses monthly while the actual income taxes and  
3 interest expense are paid at various times during the year. Therefore, the Company has use  
4 of the money collected from customers until the time income taxes and interest expense are  
5 paid. The Income Tax Offset and Interest Expense Offset are \$1,543,000 and \$489,000,  
6 respectively, at June 30, 1999.

7           Customer Deposits are moneys required of customers as a condition for initial  
8 or continued service under rules set forth in the Company's tariffs approved by this  
9 Commission. Missouri Gas Customer Deposits are \$356,000 at June 30, 1999.

10          Customer Advances for Construction are cash advances paid by customers  
11 which are subject to refund to the customer wholly or in part. The payments are received  
12 from customers in connection with extensions of facilities used by Missouri gas customers  
13 and are therefore directly assigned to gas operations. Customer Advances for Construction  
14 applicable to Missouri gas operations totaled \$1,089,000 at June 30, 1999.

15          The balance of Accumulated Deferred Income Taxes at June 30, 1999 is  
16 comprised of:

17           (1)    Accelerated Depreciation of \$13,631,000. This deferral is the net  
18 result of normalizing the annual income tax benefits arising from accelerated  
19 depreciation and amortizing these benefits over the useful life of the gas  
20 properties to which they apply.

21           (2)    Deferred Income Taxes-Other of \$447,000. These deferred taxes are  
22 the net result of normalizing the tax benefits resulting from timing differences

between the periods in which transactions affect taxable income and the period in which such transactions affect the determination of pre-tax income.

**Q. What is the Company's Missouri pro forma net original gas rate base at June 30, 1999?**

**A.** The rate base as shown on Schedule 13 is \$136,170,000 and consists of:

	<u>(\$000)</u>
Original Cost of Property and Plant	\$197,534
Accumulated Provision for Depreciation	<u>56,532</u>
Net Original Cost of Property Devoted to Gas Operations	141,002
Material and Supplies	13,545
Average Prepayments	236
Cash Working Capital	(1,058)
Income Tax Offset	(1,543)
Interest Expense Offset	(489)
Customer Deposits	(356)
Customer Advances for Construction	(1,089)
Accumulated Deferred Taxes on Income-	
Accelerated Depreciation	(13,631)
Other	<u>(447)</u>
Total Missouri Gas Original Cost Rate Base	<u>\$136,170</u>

**Q. Please explain Schedule 8.**

**A.** Schedule 8 shows the Missouri gas operating and maintenance expenses, per books and pro forma, by functions for the twelve months ended June 30, 1999. Details of the operating and maintenance expense pro forma adjustments of \$(44,403,000) appear on Page 2 of Schedule 8. These adjustments with the pro forma adjustments to revenues, depreciation, taxes other than income taxes and income taxes will be explained in my testimony regarding Schedule 12.

1           **Q.     What is shown on Schedule 9?**

2           A.     Schedule 9 summarizes the Missouri gas provision for depreciation and  
3 amortization for the twelve months ended June 30, 1999 including the allocated portions of  
4 the general use facilities. The allocation of the general use facilities depreciation expense is  
5 recorded on the books each December. The pro forma adjustment of \$203,000 is the increase  
6 in depreciation expense to reflect a full year's depreciation at current rates applied to the June  
7 30, 1999 depreciable balances. The (\$750,000) pro forma adjustment reflects the decrease in  
8 depreciation expense to reflect proposed depreciation rates as explained in the direct  
9 testimony of Company witness Robert J. Kenney. The increase of \$27,000 reflects the  
10 increase in depreciation expense at the proposed rates for the first year's depreciation  
11 expense on the pro forma plant additions. The total pro forma depreciation expense for the  
12 Missouri gas operations for the twelve months ended June 30, 1999 is \$5,163,000.

13           **Q.     What does Schedule 10 present?**

14           A.     Taxes other than income taxes for the Missouri gas operations for the twelve  
15 months ended June 30, 1999, both book and pro forma, are presented on Schedule 10. The  
16 pro forma adjustments are explained on Schedule 12, Page 2 of 2. The pro forma taxes other  
17 than income taxes are \$3,986,000 for the Missouri gas operations for the twelve months  
18 ended June 30, 1999.

19           **Q.     What is Schedule 11?**

20           A.     Schedule 11 shows the derivation of the federal and state income tax  
21 provisions for the pro forma test year ended June 30, 1999 and at the requested return on rate  
22 base of 10.322%. The direct testimony of Company witness Lee Nickloy contains the  
23 development of the recommended 10.322% return on rate base.

1           **Q.     Please explain Schedule 12.**

2           A.     Page 1 of Schedule 12 shows operating revenue, operating expenses and net  
3     operating income per books and the pro forma adjustments required for the determination of  
4     pro forma operating revenue, pro forma operating expenses and pro forma net operating  
5     income. Page 2 of Schedule 12 explains the pro forma adjustments.

6                     Adjustment 1 reflects the elimination of the revenue add on taxes of  
7     \$4,100,000 from operating revenues. The revenue add on taxes are remitted to the various  
8     taxing entities by the Company. Therefore, the revenue add on taxes are not operating  
9     revenues of the Company.

10                    Adjustment 2 reflects the elimination of the unbilled revenue at June 30, 1999  
11     of \$3,430,000. Since the unbilled revenues for the twelve months ended June 30, 1999 were  
12     negative, the revenues are increased to eliminate the unbilled revenues. The normalized  
13     revenues developed by Company witness William W. Warwick are equal to twelve months  
14     of revenues.

15                    Adjustment 3 is a net decrease in operating revenues of \$42,777,000 to reflect  
16     the elimination of the operating revenue associated with gas costs that are collected through  
17     the Company's tariff Rider A, Purchased Gas Adjustment (PGA). This proceeding involves  
18     a request for an increase in the Company's Missouri gas base rates and except with respect to  
19     the revisions in the Company's Gas Supply Incentive Plan described in the direct testimony  
20     of Company witness Scott A. Glaeser, does not pertain to gas costs recovered through the  
21     PGA.

1 Adjustment 4 decreases revenues by \$4,577,000 to synchronize the book  
2 revenues with the revenues developed by Company witness William M. Warwick in his  
3 billing unit rate analysis.

4 Adjustment 5 decreases revenues by \$41,000 to reflect the switching of  
5 several customers from sales service to transportation service per calculations of Company  
6 witness William M. Warwick.

7 Adjustment 6 is a net increase in operating revenue of \$1,886,000 to reflect  
8 the impact of normal weather on sales. The direct testimony of Company witness William  
9 M. Warwick explains the development of this adjustment to operating revenue.

10 Adjustment 7 is a decrease in other revenue of \$21,000 to eliminate the  
11 electronic gas meter rental revenues collected from transportation customers as these  
12 revenues were included in the normalized revenues calculated by Mr. Warwick for the  
13 transportation customers.

14 Adjustment 8 is an increase in other revenue of \$330,000 to eliminate the  
15 book provision for rate refunds that are applicable to prior periods.

16 Adjustment 9 eliminates \$44,834,000 of cost for purchased gas and other  
17 related costs and expenses that are collected through the PGA. This adjustment is required  
18 due to Adjustment 3. The difference between this adjustment and Adjustments 3, whether  
19 positive or negative, is accounted for by a PGA Actual Cost Adjustment (ACA)  
20 reconciliation factor.

21 Adjustment 10 increases labor costs by \$367,000 to reflect annualized wage  
22 increases effective October 1, 1998 of 3.04% and October 1, 1999 of 3.0% for Local 2 gas

1 workers and increases effective April 1, 1999 and April 1, 2000 of 3.0% for Local 702 gas  
2 workers.

3 Adjustment 11 increases Customer Accounts Expenses to reflect interest  
4 expense of \$34,000 at the 9.5% rate on the Customer Deposits that were deducted from rate  
5 base.

6 Adjustment 12 reflects the anticipated increases in pensions and other  
7 employee benefits of \$17,000 based on the year 2000 budget and the labor increase in  
8 Adjustment 10.

9 Adjustment 13 increases expenses by \$13,000 to reflect the three year  
10 amortization of the expenses for an outside cost of capital expert witness employed to  
11 prepare and present this case.

12 Adjustment 14 increases the depreciation expense by \$203,000 to reflect a full  
13 year's depreciation on the June 30, 1999 depreciable plant balances reflecting the current  
14 depreciation rates.

15 Adjustment 15 decreases the depreciation expense by \$750,000 to reflect the  
16 proposed depreciation rates as applied to the June 30, 1999 depreciable plant balances. The  
17 development of the proposed depreciation rates is contained in the direct testimony of  
18 Company witness Robert J. Kenney.

19 Adjustment 16 increases depreciation expenses by \$27,000 to reflect a full  
20 year's depreciation on the pro forma plant additions at the proposed depreciation rates.

21 Adjustment 17 eliminates the revenue add on taxes of \$4,100,000 from taxes  
22 other than income taxes. Adjustment 1 eliminated the revenue add on taxes from operating

1 revenue. Therefore, it is necessary to also eliminate them from the taxes other than income  
2 taxes to maintain the proper matching between revenues and expenses.

3 Adjustment 18 increases social security taxes by \$28,000 to reflect the pro  
4 forma labor increases in Adjustment 10.

5 Adjustment 19 increases income taxes by \$1,200,000 for the effect on net  
6 operating income of Adjustments 1 through 18.

7 Adjustment 20 reduces income taxes by \$41,000 for the elimination of  
8 miscellaneous interest income and income deductions.

9 Adjustment 21 adjusts the interest expense deduction to reflect the embedded  
10 cost of long-term debt at June 30, 1999 and results in a reduction in the income taxes of  
11 \$463,000.

12 Adjustment 22 is an increase in income taxes of \$65,000 from eliminating the  
13 deduction for unbilled gross receipts tax.

14 **Q. Why is it necessary to make pro forma adjustments to the test year?**

15 A. It is an axiom in rate making that rates are made for the future. In order for  
16 newly authorized rates to have the opportunity to produce the allowed rate of return during  
17 the period they are in effect, it is necessary that the test period be representative of future  
18 operating conditions. This requires adjustments to reflect any known changes that will occur.

19 **Q. What is the over-all effect on net operating revenue of the pro forma**  
20 **adjustments you have made?**

21 A. The over-all impact on net operating revenue as indicated on Schedule 12,  
22 Page 1 of 2, is to increase net operating revenue from \$4,306,000 to \$6,670,000. This is a net  
23 increase of \$2,364,000 in net operating revenue.



1           **Q.     What is the rate of return on net original cost rate base for the pro forma**  
2 **twelve months ended June 30, 1999?**

3           A.     As indicated on Schedule 12, page 1 of 2, the rate of return on net original  
4 cost rate base is 4.898%. This is less than one-half of the 10.322% rate of return on rate base  
5 recommended by Company witness Lee R. Nickloy.

6           **Q.     What is shown on Schedule 13?**

7           A.     Schedule 13 presents the components of the net original cost rate base and the  
8 test year revenue requirements for the Company's Missouri gas operations. The revenue  
9 requirement including the pro forma adjustments summarized on Schedule 12 with the  
10 income taxes and return calculated at the 10.322% recommended rate of return on rate base is  
11 \$49,240,000. This is \$12,067,000 more than the pro forma operating revenues at present  
12 rates.

13          **Q.     Please explain Schedule 14.**

14          A.     Schedule 14 compares the test year cost of service as shown on Schedule 13  
15 with the revenues under the proposed rates excluding PGA revenues. As indicated, the  
16 proposed rates for Missouri gas customers would produce revenues for the test period of  
17 \$49,240,000. These revenues are equal to the total revenue requirement of \$49,240,000, as  
18 shown on Schedule 13.

19          **Q.     What is the indicated rate of return that will be realized from sales to**  
20 **Missouri gas customers after giving effect to the proposed rate increase?**

21          A.     The rate of return is 10.322% on net original cost rate base.

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

23          A.     Yes, it does.

Sponsoring Witness: Gary S. Weiss  
Direct Testimony  
Sponsoring Party: Union Electric Co.  
Case No.: GR-2000-512

List of Schedules

<u>Schedule No.</u>	<u>Description of Schedule</u>
Schedule 1	Qualifications of Gary S. Weiss.
Schedule 2	Original Cost of Plant, per books and pro forma, for the Missouri jurisdictional gas investment at June 30, 1999, by functional classification.
Schedule 3	Reserves for Depreciation and Amortization, per books and pro forma, for the Missouri jurisdictional gas plant at June 30, 1999, by functional classification.
Schedule 4	Average Materials and Supplies and Gas Inventories applicable to Missouri gas operations for the thirteen-months ended June 30, 1999.
Schedule 5	Average Prepayments applicable to Missouri gas operations for the thirteen-months ended June 30, 1999.
Schedule 6	Calculation of the Cash Working Capital for the Missouri gas operations for the twelve months ended June 30, 1999.
Schedule 7	Other Rate Base Items - Income Tax Offset, Interest Expense Offset, Customer Deposits, Customer Advances for Construction, and Accumulated Deferred Income Taxes at June 30, 1999.
Schedule 8	Missouri Jurisdictional Gas Operating and Maintenance Expenses, per books and pro forma, for the twelve months ended June 30, 1999.
Schedule 9	Missouri Jurisdictional Gas Depreciation and Amortization Expense, per books and pro forma, for the twelve months ended June 30, 1999.
Schedule 10	Taxes Other Than Income Taxes for Missouri gas operations, per books and pro forma, for the twelve months ended June 30, 1999.

Sponsoring Witness: Gary S. Weiss  
Direct Testimony  
Sponsoring Party: Union Electric Co.  
Case No.: GR-2000-512

List of Schedules (Continued)

<u>Schedule No.</u>	<u>Description of Schedule</u>
Schedule 11	Income Tax Calculation for Missouri gas operations pro forma at present rates and at claimed rate of return for the twelve months ended June 30, 1999.
Schedule 12	Summary and explanation of Missouri jurisdictional gas Operating Revenue and Expense Pro Forma Adjustments made to the test year.
Schedule 13	Missouri Jurisdictional Gas Net Original Cost Rate Base and Total Revenue Requirement for the pro forma twelve months ended June 30, 1999.
Schedule 14	Comparison of Missouri Jurisdictional Gas Revenue Requirement for the year with the Revenues Reflecting the Proposed Rates.

## QUALIFICATIONS OF GARY S. WEISS

My name is Gary S. Weiss and my business address is 1901 Chouteau Avenue, St. Louis, MO 63103. I reside in St. Louis County, Missouri.

My educational background consists of a Bachelor of Science Degree in Business Management from Southwest Missouri State University received in 1968 and a Masters in Business Administration from Southern Illinois University at Edwardsville received in 1977.

I was employed by Union Electric Company in June of 1968 and was employed continuously until January 1, 1998, except for a two-year tour of duty with the United States Army. Effective with the January 1998 merger of Union Electric Company and CIPSCO, Inc. into the Ameren Corporation, I assumed employment with Ameren Services Company. My work experience started at Union Electric as an Accountant in the Controller's function. I worked as an accountant in the Internal Audit Department, General Accounting Department, and Property Accounting Department from 1968 through 1973. In 1974, I was promoted to a Senior Accountant in the Internal Audit Department. In 1976, I was promoted to Supervisor in the Rate Accounting Department. The Rate Accounting Department was combined with the Plant Accounting Department in 1990 to form the Plant and Regulatory Accounting Department. In December 1998, the Regulatory Accounting Section and I were made a part of the Financial Communications Department.

My duties as Supervisor of Regulatory Accounting include preparing cost of service studies by type of utility and regulatory jurisdiction and developing accounting exhibits and testimony for use in applications for rate changes for both AmerenUE and its affiliate, Central Illinois Public Service Company, doing business as AmerenCIPS. I provide assistance to the Controller regarding (1) rate case and regulatory accounting, (2) the need for and the timing of rate changes, and (3) the effect on financial forecasts of proposed rate changes. I conduct studies to determine the effect on filed tariffs and operating income of various accounting policies and practices, analyze the results and suggest appropriate rate changes. I prepare regularly required reports and exhibits for the various regulatory commissions. I provide data, answer inquiries, arrange meetings, and otherwise assist representatives of regulatory commissions in conducting their audits and reviews. I am also responsible for filing various reports and requests with the United States Securities and Exchange Commission.

I have submitted testimony concerning cost of service before the Missouri Public Service Commission, the Illinois Commerce Commission, the Iowa State Commerce Commission, and the Federal Energy Regulatory Commission.

AmerenUE  
ORIGINAL COST OF PLANT BY FUNCTIONAL CLASSIFICATION  
MISSOURI GAS  
AT JUNE 30, 1999  
(\$000)

Line	Account Name	Total Per Books	Pro Forma Adjustments (1)	Adjusted Total
1	Intangible Plant	\$ -	\$ 2	\$ 2
2	Production Plant	2,431	-	2,431
3	Transmission Plant	1,628	(2)	1,626
4	Distribution Plant	178,621	1,290	179,911
5	General Plant	<u>8,489</u>	<u>5,075</u>	<u>13,564</u>
6	Total Missouri Gas Plant	<u>\$ 191,169</u>	<u>\$ 6,365</u>	<u>\$ 197,534</u>

(1) Details of pro forma adjustments per attached page 2.

**AmerenUE**  
**EXPLANATION OF PRO FORMA ADJUSTMENTS**  
**AT JUNE 30, 1999**  
**(\$000)**

**Line**

(1) Allocate portion of Account 301 - Organization and Account 302 - Franchises and Consents, applicable to Missouri gas operations. For convenience, these amounts aggregating \$62,000 are recorded as electric plant.

1	Portion applicable to Missouri gas operations	\$	2
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**Method of Determination**

This account is allocated on the basis of direct operating payroll.

**Allocation Percentages**

2	Missouri Gas	3.34%	
3	Electric, Other Gas and Steam	<u>96.66%</u>	
4	Total	100.00%	

(2) Allocate portions of the original cost of general facilities applicable to Missouri gas operations. Such facilities, for convenience, are recorded as electric plant, but are commonly used for electric, gas operations and steam heating.

		St. Louis Area <u>Facilities</u>	Regional Area <u>Facilities</u>	
5	Total General Facilities	\$ 136,777	\$ 15,886	
6	Portion applicable to Missouri gas operations	4,568	534	5,102

**Method of Determination**

These items are allocated on the basis of direct operating payroll.

		St. Louis Area <u>Facilities</u>	Regional Area <u>Facilities</u>	
<b>Allocation Percentages</b>				
7	Missouri Gas	3.34%	3.36%	
8	Electric, Other Gas & Steam	<u>96.66%</u>	<u>96.64%</u>	
9	Total	100.00%	100.00%	

10	(3) Additional distribution plant facilities due to new gas feeder main from new interconnection with Missouri Pipeline Company to existing high pressure system.		1,300
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(4) Due to conversion of asset records to new computerized asset management system, the balances in accounts 366, 387 & 399 at June 30, 1999, should be \$0.

11	Transmission Plant Account 366		(2)
12	Distribution Plant Account 387		(10)
13	General Plant Account 399		<u>(27)</u>
14	Total		(39)

15	Total Pro Forma Adjustments		<u>\$ 6,365</u>
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**AmerenUE**  
**RESERVES FOR DEPRECIATION AND AMORTIZATION BY FUNCTIONAL CLASSIFICATION**  
**MISSOURI GAS**  
**AT JUNE 30, 1999**  
**(\$000)**

<u>Line</u>		<u>Total Per Books</u>	<u>Pro Forma Adjustments (1)</u>	<u>Adjusted Total</u>
1	Production Plant	\$ 801	\$ -	\$ 801
2	Transmission Plant	657	-	657
3	Distribution Plant	50,787	29	50,816
4	General Plant	<u>3,106</u>	<u>1,152</u>	<u>4,258</u>
5	Total	<u>\$ 55,351</u>	<u>\$ 1,181</u>	<u>\$ 56,532</u>

(1) Details of pro forma adjustments per attached page 2.

AmerenUE  
EXPLANATION OF PRO FORMA ADJUSTMENTS  
AT JUNE 30, 1999  
(\$000)

Line

(1) Allocate portions of the reserves for depreciation for general facilities that are applicable to Missouri gas operations. Such reserves, for convenience, are carried as electric plant reserves, but the facilities involved are commonly used for electric, gas and steam heating operations.

1	Portion applicable to Missouri gas operations	\$ 1,152
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Method of Determination

The reserves for depreciation applicable to the above facilities are allocated to electric, gas and steam heating operations in proportion to the allocations of the original cost of such facilities.

(2) Additional depreciation to distribution plant facilities due to new gas feeder main from new interconnection with Missouri Pipeline Company to existing high pressure system.

2	Adjustment to reflect first year's depreciation	27
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3	(3) Eliminate charge to an incorrect account.	
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	Adjustment to properly reflect zero balance in account 374	2
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4	Total Adjustments	<u>\$1,181</u>
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**AmerenUE**  
**AVERAGE MATERIALS AND SUPPLIES**  
**AND GAS INVENTORIES**  
**APPLICABLE TO MISSOURI GAS OPERATIONS**  
**THIRTEEN MONTHS ENDED JUNE 30, 1999**  
**(\$000)**

<u>Line</u>		<u>Total</u>
1	General Materials & Supplies	\$ 1,420
	<b>Fuel</b>	
2	Propane	329
3	Gas Stored Underground	<u>11,796</u>
4	Total	<u><u>\$ 13,545</u></u>

**AmerenUE**  
**AVERAGE PREPAYMENTS**  
**APPLICABLE TO MISSOURI GAS OPERATIONS**  
**THIRTEEN MONTHS ENDED JUNE 30, 1999**  
**(\$000)**

<u>Line</u>	<u>Average Prepayments</u>	<u>Amount Applicable to Mo. Gas</u>
1	Taxes	\$ 2
2	Rents	-
3	Insurance	162
4	Reg. Commission	4
5	Airfare	4
6	Fiber Optic	64
7	Total	<u>\$ 236</u>

AmerenUE  
MISSOURI GAS OPERATIONS  
CASH WORKING CAPITAL  
TWELVE MONTHS ENDED JUNE 30, 1999  
(\$000)

Line		Revenue Lag	Expense Lag	Cash Working Capital Lag	Cash Working Capital Factor	Test Year Expense	Cash Working Requirement
1	Base Payroll	36.490	12.350	24.140	0.066137	\$ 6,349	\$ 420
2	Federal Tax Withholdings	36.490	13.707	22.783	0.062419	1,562	98
3	State Tax Withholdings	36.490	17.536	18.954	0.051929	374	19
4	Employee FICA Taxes	36.490	13.710	22.780	0.062411	549	34
5	Vacation Payroll	36.490	365.000	(328.510)	(0.900027)	828	(745)
6	Uncollectible Accounts	0.000	0.000	0.000	0.000000	942	-
7	Cash Vouchers	36.490	23.200	13.290	0.036411	8,067	294
8	Total O&M Expenses					18,671	
	Total Cash Working Capital Requirement						120
9	FICA - Employer's Portion	36.490	13.710	22.780	0.062411	549	34
10	Federal Unemployment Taxes	36.490	87.400	(50.910)	(0.139479)	7	(1)
11	State Unemployment Taxes	36.490	0.000	36.490	0.099973	-	-
12	Sales and Use Taxes	18.480	6.800	11.680	0.032000	2,610	84
13	Gross Receipts Taxes	18.480	53.350	(34.870)	(0.095534)	-	-
14	Property Taxes	36.490	183.640	(147.150)	(0.403151)	3,238	(1,305)
15	Corporate Franchise Taxes	36.490	(77.500)	113.990	0.312301	31	10
16	Total Customer Supplied Funds						(1,178)
17	Net Customer Supplied Funds						\$ (1,058)

**AmerenUE**  
**OTHER RATE BASE ITEMS**  
**MISSOURI GAS OPERATIONS**  
**AT JUNE 30, 1999**  
**(\$000)**

<u>Line</u>			
1	Income Tax Offset	\$	(1,543)
2	Interest Expense Offset	\$	(489)
3	Customer Deposits	\$	(356)
4	Customer Advances for Construction	\$	(1,089)
	Accumulated Deferred Income Taxes		
5	Accelerated Depreciation	\$	(13,631)
6	Other		(447)
7	Total Deferred Taxes	\$	(14,078)

AmerenUE  
**OPERATING & MAINTENANCE EXPENSES**  
**MISSOURI GAS OPERATIONS**  
**TWELVE MONTHS ENDED JUNE 30, 1999**  
**(\$000)**

<u>Line</u>	<u>Functional Classification</u>	<u>Per Books</u>	<u>Pro Forma Adjustments (1)</u>	<u>Adjusted Operating Expenses</u>
1	Production	\$ 45,164	\$ (44,826)	\$ 338
2	Transmission	251	6	257
3	Distribution	6,523	181	6,704
4	Customer Accounts	3,837	120	3,957
5	Customer Service & Information	217	7	224
6	Sales	180	5	185
7	Administrative & General	<u>6,902</u>	<u>104</u>	<u>7,006</u>
8	Total Missouri Gas Operations & Maintenance Expenses	<u>\$ 63,074</u>	<u>\$ (44,403)</u>	<u>\$ 18,671</u>

(1) See page 2 for explanation of pro forma adjustments

AmerenUE  
**OPERATION AND MAINTENANCE EXPENSES**  
**MISSOURI GAS**  
**EXPLANATION OF PRO FORMA ADJUSTMENTS**  
**TWELVE MONTHS ENDED JUNE 30, 1999**  
**(\$000)**

Line		
1	(1) Eliminate Purchased Fuel Expense	\$ (42,574)
2	Eliminate Gas Withdrawn from Underground	(2,259)
3	Eliminate Other - Manufactured Gas Expense - Propane	(1)
4	Total Gas Cost Included in PGA	<u>(44,834)</u>
	(2) Increase Labor Expense to Annualize Wage Increases	
5	Production - Purch. Gas	7
6	Production - Mfg. Gas	1
7	Transmission	6
8	Distribution	181
9	Customer Accounts	86
10	Customer Service	7
11	Sales	5
12	Administrative & General	74
13	Total Labor	<u>367</u>
14	(3) Increase Customer Accounts Expense to Reflect Interest at 9.5% on Customer Deposits	34
	(4) Increase Administrative and General Expense to Reflect Year 2000 Forecast Employee Benefits and Labor Increases	
15	Pensions	(238)
16	Benefits Other Than Pensions	255
		<u>17</u>
17	(5) Increase Administrative and General Expense to include the Estimated Rate Case Expenses	13
17	Total Pro Forma Adjustments to Operating & Maintenance Expense	<u><u>\$ (44,403)</u></u>

**AmerenUE**  
**DEPRECIATION & AMORTIZATION EXPENSE**  
**MISSOURI GAS OPERATIONS**  
**TWELVE MONTHS ENDED JUNE 30, 1999**  
**(\$000)**

<u>Line</u>	<u>Total Per Books</u>	<u>Pro Forma Adjustments (1)(2)</u>	<u>Adjusted Totals</u>
1 Gas Plant	\$ 5,589	\$ (520)	\$ 5,069
2 General Plant - Apportioned	94	-	94
3 Total	<u>\$ 5,683</u>	<u>\$ (520)</u>	<u>\$ 5,163</u>

(1) Net increase in depreciation expense resulting from recording a full year's depreciation and amortization on the depreciable balances at June 30, 1999.

\$ 203

(2) Decrease in depreciation expense to reflect the proposed depreciation rates and depreciable balances at June 30, 1999.

(750)

(3) Increase in depreciation expense to reflect first year's depreciation on new gas distribution feeder main from new interconnection with Missouri Pipeline Company to existing high pressure system.

27

Total

\$ (520)

AmerenUE  
**TAXES OTHER THAN INCOME TAXES**  
**MISSOURI GAS OPERATIONS**  
**TWELVE MONTHS ENDED JUNE 30, 1999**  
**(\$000)**

<u>Line</u>	<u>Description</u>	<u>Per Books</u>	<u>Pro Forma (1) &amp; (2)</u>	<u>Pro Forma</u>
1	Social Security	\$ 521	\$ 28	\$ 549
2	Federal & Missouri Unemployment	7	-	7
3	Missouri Corporation Franchise	31	-	31
4	Real Estate & Personal Property Tax	3,399	-	3,399
5	Missouri Revenue Add on Taxes	<u>4,100</u>	<u>(4,100)</u>	<u>-</u>
6	Total	<u>\$ 8,058</u>	<u>\$ (4,072)</u>	<u>\$ 3,986</u>

(1) Increase Social Security Tax to Reflect Pro Forma Wage Increase.

\$ 28

(2) Eliminate Revenue Add on Taxes.

(4,100)

Total

\$ (4,072)



**AmerenUE**  
**INCOME TAX CALCULATION**  
**MISSOURI GAS OPERATIONS**  
**TWELVE MONTHS ENDED JUNE 30, 1999**  
**(\$000)**

Line		Pro Forma	At Claimed Return of 10.322%
1	Pro Forma Net Operating Income	\$ 6,670	\$ 14,055 (1)
2	Interest Income	-	-
3	Interest Expense	(3,852)	(3,820)
4	Add: Taxes Not Based on Income		
5	Deferred Income Taxes - Net	1,286	1,286
6	Deferred I.T.C. - Net	(60)	(60)
7	Total Taxes to be Added	<u>1,226</u>	<u>1,226</u>
	Other Deductions:		
8	Additional Depreciation	(1,661)	(1,661)
9	Accelerated Depreciation - Net	3,389	3,389
10	Dismantling Expense	92	92
11	Disallowance of Meals, etc...	(4)	(4)
12	Pensions Capitalized	1	1
13	Social Security Taxes Capitalized	1	1
14	Employee Benefits Capitalized	4	4
15	Injuries and Damages Capitalized	2	2
16	Customer Advances and CIA's	(119)	(119)
17	Club Dues	-	-
18	Unbilled Gross Receipts Taxes	-	-
19	Miscellaneous	-	-
20	Total Deductions	<u>1,705</u>	<u>1,705</u>
21	Taxable After Taxes	2,339	9,756
	Current Income Taxes		
22	Federal Income Tax (35/65=.53846154)	1,259	5,254
23	State Income Tax (2)	198	885
24	Total Provision for Current Income Taxes	<u>1,457</u>	<u>6,139</u>
	Deferred Income Taxes		
25	Investment Tax Credit - Net	(60)	(60)
26	Accelerated Depreciation	1,468	1,468
27	Amortization of Accelerated Deprc.	(201)	(201)
28	Deferred Income Taxes - Other	43	43
29	Amortization of Deferred Inc. Taxes - Other	(24)	(24)
30	Total Deferred Income Taxes	<u>1,226</u>	<u>1,226</u>
31	Total Provision for Income Taxes	<u>\$ 2,683</u>	<u>\$ 7,365</u>
32	(1) Net Original Cost Rate Base (\$136,170) * Rate of Return (10.322%)		
33	(2) (TAT + 1/2 FIT + State) * (0.0625/(1-0.0625))		

Amortization  
SUMMARY OF MISSOURI GAS OPERATIONS PRO FORMA REVENUE AND EXPENSES  
TWELVE MONTHS ENDED JUNE 30, 1999  
(\$999)

Revenue & Expenses - Per Book	Operating Revenue	Production	Transmission	Distribution	Customer Accounts	Customer Service	Sales	Admin. & General	Depreciation & Amortization	Taxes, Other	Income Taxes	Total Oper. Expenses	Net Oper. Revenue
	\$ 83,043	\$ 45,164	\$ 251	\$ 6,523	\$ 3,837	\$ 217	\$ 180	\$ 6,902	\$ 5,883	\$ 8,058	\$ 1,922	\$ 78,737	\$ 4,306
Pro Forma Adjustments													
(1) Eliminate Revenue Add on Taxes from Revenues	(4,100)												(4,100)
(2) Eliminate the unutilized revenues	3,430												3,430
(3) Eliminate revenue associated with gas cost	(42,777)												(42,777)
(4) Adjustment for billing unit rate analysis	(4,377)												(4,377)
(5) Adjust for customers switching to transp.	(41)												(41)
(6) Increase revenues to reflect normal weather	1,886												1,886
(7) Eliminate gas meter rental revenues	(21)												(21)
(8) Eliminate other revenues provision for rate refunds	330												330
(9) Decrease gas expense to reflect revenue adjustments		(44,834)										(44,834)	(44,834)
(10) Increase labor expense to reflect 7/1/99 and 7/1/2000 wage and salary increases		8	6	181	86	7	5	74				367	(367)
(11) Increase customer accounts for interest on customer deposits					34							34	(34)
(12) Increase employee benefits to reflect 2000 budget								17				17	(17)
(13) Increase admin. & general to include estimated rate case expenses								13				13	(13)
(14) Increase depreciation expense to reflect Plant in Service at 06/30/99 and current depreciation rates									203			203	(203)
(15) Decrease depreciation expense to reflect Plant in Service at 06/30/99 and proposed depreciation rates									(750)			(750)	750
(16) Increase depreciation expense to reflect new gas feeder main									27			27	(27)
(17) Eliminate Revenue Add on Taxes										(4,100)		(4,100)	4,100
(18) Increase social security tax for wage and salary increase										28		28	(28)
Total Pro Forma Adj. before Income Taxes	(45,870)	(44,826)	6	181	120	7	5	104	(520)	(4,072)	0	(48,995)	3,125
Pro Forma Balances before Income Taxes	37,173	338	257	6,704	3,957	224	185	7,006	5,163	3,986	1,922	29,742	7,431
Income Taxes													
(19) Effect of Pro Forma Adjustments to Net Operating Income (1 through 18 above)											1,200	1,200	(1,200)
(20) Eliminate miscellaneous interest income and deductions											(41)	(41)	41
(21) Adjust interest Expense to Reflect Embedded Cost at 06/30/99											(463)	(463)	463
(22) Eliminate deduction for Unutilized Gross Receipts Tax											85	85	(85)
Pro Forma Balances	\$ 37,173	\$ 338	\$ 257	\$ 6,704	\$ 3,957	\$ 224	\$ 185	\$ 7,006	\$ 5,163	\$ 3,986	\$ 2,683	\$ 30,503	\$ 6,870
Net Original Cost Rate Base													\$ 136,170
Rate of Return on Net Original Cost Base													4.898%

**AmerenUE**  
**MISSOURI GAS OPERATIONS**  
**EXPLANATION OF PRO FORMA ADJUSTMENTS**  
**(\$000)**

Operating Revenue

(1) Elimination of revenue add on taxes	\$ (4,100)
(2) Eliminate the unbilled revenues	3,430
(3) Eliminate revenues associated with purchased gas costs	(42,777)
(4) Adjust for billing unit rate analysis	(4,577)
(5) Adjust for customers switching to transportation	(41)
(6) Reflect normal weather	1,886
(7) Eliminate gas meter rental other revenues included in normalized transportation revenues	(21)
(8) Eliminate provision for rate refund	330

Total revenue adjustments	\$ (45,870)
---------------------------	-------------

Operating Expenses

(9) Eliminate cost of purchased gas and other related costs and expenses that are collected through the PGA	\$ (44,834)
(10) Increased labor costs to reflect wage and salary increases	367
(11) Increase Customer Accounts expense for interest at 9.5% on customer deposits	34
(12) Net increases in employee benefits based on the Year 2000 budget and the labor increases	17
(13) Increase admin. & general expense to include three year amortization of estimated rate case expenses	13

Depreciation

(14) Net increase in the depreciation expense resulting from accruing a full year's depreciation on the depreciable balances at June 30, 1999	203
(15) Decrease in the depreciation expense to reflect the proposed depreciation rates applied to the depreciable balances at June 30, 1999	(750)
(16) Increase in the depreciation expense to reflect new gas feeder main	27

Taxes Other than Income Taxes

(17) Elimination of revenue add on taxes	(4,100)
(18) Increase social security tax to reflect wage increases	28

Total expense adjustments (before income taxes)	\$ (48,995)
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Income Taxes

(19) Increase income taxes for Pro Forma adjustments (1) through (18) above	\$ 1,200
(20) Eliminate miscellaneous interest income and income deductions	(41)
(21) Adjust interest expense to reflect embedded cost at 06/30/99	(463)
(22) Increase in income taxes from eliminating deduction for unbilled gross receipts tax	65

Total Income Tax Adjustments	\$ 761
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Total Pro Forma Adjustments to Net Operating Income	\$ 2,364
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**AmerenUE**  
**COST OF SERVICE**  
**MISSOURI GAS OPERATIONS**  
**TWELVE MONTHS ENDED JUNE 30, 1999**  
**(\$000)**

<u>Line</u>		<u>Amount</u>
	<b>A. Original Cost Rate Base</b>	
1	Original Cost of Property Devoted to Gas Operations	\$ 197,534
2	Reserves for Depreciation	56,532
	Net Original Cost of Property Devoted to	
3	Gas Operations	141,002
4	Materials and Supplies	13,545
5	Average Prepayments	236
6	Cash Working Capital	(1,058)
7	Income Tax Offset	(1,543)
8	Interest Expense Offset	(489)
9	Customer Deposits	(356)
10	Customer Advances for Construction	(1,089)
	Accumulated Deferred Taxes on Income	
11	- Accelerated Depreciation	(13,631)
12	- Other	(447)
13	Total Original Cost Rate Base	<u>\$ 136,170</u>
	<b>B. Operating Revenue Deductions</b>	
	Operating Expenses:	
14	Production	\$ 338
15	Transmission	257
16	Distribution	6,704
17	Customer Accounts	3,957
18	Customer Service	224
19	Sales	185
20	Administrative and General	7,006
21	Total Operating Expenses	18,671
22	Depreciation and Amortization	5,163
23	Taxes Other than Income Taxes	3,986
	Income Taxes-Based on Claimed Rate of Return	
24	Federal	5,254
25	State - Missouri	885
26	Deferred Income Taxes	1,226
27	Total Income Taxes	7,365
28	Return @ 10.322%	14,055
29	Total Revenue Requirements	49,240
30	Operating Revenue (Pro Forma)	37,173
31	Revenue Deficiency	<u>\$ 12,067</u>

**AmerenUE**  
**COMPARISON OF COST OF SERVICE WITH**  
**REVENUES UNDER PROPOSED RATES**  
**MISSOURI GAS OPERATIONS**  
**(\$000)**

<u>Line</u>		<u>Amount</u>
1	Revenues per Proposed Rates (1)	\$49,240
2	Total Revenue Requirements per Schedule 12	<u>49,240</u>
3	Variation in Revenues at Proposed Rates	<u>\$0</u>
4	Amount Available for return and income taxes at proposed rates ( \$14,055 + \$7,365 + \$0,000 )	\$21,420
5	Income Taxes applicable to above: Income Taxes @ 10.322% Return Plus: Income Tax applicable to above variation ( \$0,000 x 38.4% )	<div style="display: flex; justify-content: space-between;"> <div> 7,365  <u>0</u> </div> <div> 7,365 </div> </div>
6	Balance Available for Return	<u>\$ 14,055</u>
	Rate of Return on:	
7	Original Cost less Depreciation ( \$14,055 / \$136,170 ) (2)	10.322%
8	(1) Revenues per Proposed Rates from Schedule 3 of direct testimony of W.M. Warwick excluding the PGA revenues.	
9	(2) Original Cost rate base per Schedule 12.	