

AmerenUE's Response to  
OPC Data Request  
MPSC Case No. GR-2003-0517  
AmerenUE's Proposed General Increase in Natural Gas Rates

COPY

No. 601:

Information Requested: According to Mr. Wilbon Cooper's Schedule WLC-2 attached to his direct testimony, the percentage increase in revenues from residential customers is 24.9%. Please confirm that this amount includes revenues collected through the PGA mechanism at \$0.7460 per Ccf and that the actual percentage increase in margin revenues from the residential consumers is actually 78.62%, or 39.31% per year if the proposed increase is phased in over two years. Attached is the calculation that results in a 78.62% increase in margin revenues from the residential class. If AmerenUE can not confirm this calculation, please explain why the attached calculation is in error.

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Response:

While the attached calculations are correct, the percentage increases only reflect the margin increases and, as a result, do not present a clear picture of the impact of the Company's proposed rates on residential customers' bills. The margin or base rate portion of a residential customer's bill typically represents approximately one-third of the total bill, while PGA or gas supply revenues represent the other two-thirds, excluding taxes. Therefore, the Company's proposed full increase of 24.9 percent that was calculated based on the customer's total (i.e., margin plus PGA) is the proper value to reflect the impact of its proposal on residential customer bills. The Company's use of this method in calculating the impact of its proposal on customer bills is common within the industry and, also, consistent with press releases from the Missouri Public Service Commission when discussing percentage increases in gas customers' bills resulting from either margin rate or Purchase Gas Adjustment rate changes.

Signed By:

*Wilbon L. Cooper*

Prepared By: (Your name here)

Title: (Your title here)

JUN 16 2003

Attachment A

**Percentage Increase in Margin Revenues from Residential Consumers**

<u>Overall</u>		<u>1st Year</u>	<u>2nd Year</u>
\$ 53,058,356.29	Gas Costs (71,123,802 Ccfs * \$0.7460)	\$ 53,058,356.29	\$ 53,058,356.29
\$ 77,683,198.00	UE Total Revenue Including Gas costs	\$ 77,683,198.00	\$ 77,683,198.00
\$ 24,624,841.71	Margin Revenues (TR - Gas Costs)	\$ 24,624,841.71	\$ 24,624,841.71
\$ 19,360,806.00	Proposed increase	\$ 9,680,402.00	\$ 9,680,404.00
\$ 43,985,647.71	New margin revenues (\$24,624,841.71 + \$19,360,806)	\$ 34,305,243.71	\$ 34,305,245.71
78.62%	Proposed change (\$19,360,806/\$24,624,841.71)	39.31%	39.31%

\*\*Source: Schedule WLC-2, Direct Testimony Wilbon Cooper