Exhibit No.:	
Issues:	Revenue Requirement
Witness:	Thomas G. Opich
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Direct Testimony
Case No.:	GR-2010-____
Date Testimony Prepared:	June 11, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2010-______

DIRECT TESTIMONY

OF

THOMAS G. OPICH

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
June, 2010

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DIRECT TESTIMONY

OF

THOMAS G. OPICH

CASE NO. GR-2010-_____

I. INTRODUCTION

Q. Please state your name and business address.

A. Thomas Opich, and my business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. By whom are you employed and what is your position?

A. I am employed by Union Electric Company d/b/a AmerenUE ("AmerenUE" or "Company") as a Supervisor, Regulatory Accounting.

Q. Please describe your educational background and employment experience.

A. My educational background consists of a Bachelor of Science in Business Administration with an emphasis in Accounting from the University of Missouri at St. Louis in May, 1982. I successfully passed the Uniform Certified Public Accountant Examination in May, 1987 and maintain my certification in the State of Missouri.

I was employed by Union Electric Company in August of 1984 and have continuously held employment with Union Electric Company, Ameren Services Company ("Ameren Services") or AmerenUE. My work experience started at Union Electric Company in clerical positions in the Customer Service, Nuclear and Treasury Operations Departments. I worked as an Accountant in the Internal Audit Department, Operating Budget Department, and Financial Reporting Department from 1985 through 1998. Effective with the merger of Union Electric Company and Central Illinois Public

Service Company into Ameren Corporation, I assumed employment with Ameren Services Company. In February 1998, I was promoted to Financial Specialist in the Plant and Regulatory Accounting Department. In December 1998, the Regulatory Accounting Section was moved to the Financial Communications Department. In October 2001, the Regulatory Accounting Department began reporting to the Controller. On March 1, 2005, I was promoted to Supervisor, Regulatory Accounting. On March 1, 2009, the Regulatory Accounting Department was transferred from Ameren Services to AmerenUE.

Q. Please describe your qualifications.

A. I have over ten years experience in the regulatory area of the public utility industry. I have previously submitted testimony concerning cost of service before the Illinois Commerce Commission.

Q. What are your responsibilities in your current position?

A. My duties as Supervisor, Regulatory Accounting include preparing cost of service studies and developing accounting exhibits and testimony for use in applications for rate changes for AmerenUE. I provide assistance to the Manager of Regulatory Accounting, Mr. Gary Weiss. I prepare or assist in the preparation of regularly filed exhibits and reports to various regulatory commissions. I provide data, answer inquiries and assist representatives of the regulatory commissions in conducting their audits and reviews.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my direct testimony and attached Schedules TGO-G1 through TGO-G12 is to develop the cost of service (revenue requirement) for the

Missouri gas operations of AmerenUE. The revenue requirement determines the level of revenues required to pay operating expenses, to provide for depreciation and taxes, and to permit our investors an opportunity to earn a fair and reasonable return on their investment. I will also explain the pro forma adjustments required to the revenue requirement.

Q. What test year is the Company proposing to use to establish the revenue requirement in this proceeding?

A. The Company is proposing a test year consisting of the calendar year, twelve months ended December 31, 2009, with various pro forma adjustments to account for the true-up of various items. The Company is proposing to true-up through November 30, 2010, plant in service, depreciation reserve, materials and supplies, cash working capital excluding lead/lag days, customer advances for construction, customer deposits, pension and OPEB tracker balances, accumulated deferred income taxes, capital structure, revenues (including customer growth), payroll and depreciation expense. In addition, the Company proposes that other significant items, both increases and decreases, be included in the true-up.

Q. Have you prepared or have there been prepared under your direction and supervision a series of schedules for presentation to the Missouri Public Service Commission ("Commission") in this proceeding?

A. Yes. I am sponsoring Schedules TGO-G1 through TGO-G13.

Q. What is the subject matter of these schedules?

A. Schedules TGO-G1 through TGO-G12 develop the various elements of the revenue requirement to be considered in arriving at the proper level of rates for the Company's gas service based upon the test year of the twelve months ended

December 31, 2009, with pro forma adjustments and updates for known and measurable changes to be trued-up through November 30, 2010. Schedule TGO-G13 concerns the Company's Pension and OPEB tracker.

Q. Will you please briefly summarize the information provided on each of the revenue requirement schedules you are presenting?

A. Each schedule provides the following information:

- Schedule TGO-G1 – Original Cost of Plant, per books and pro forma, for the Missouri gas operations at December 31, 2009, by functional classification.
- Schedule TGO-G2 – Reserves for Depreciation and Amortization, per books and pro forma, for Missouri gas operations at December 31, 2009, by functional classification.
- Schedule TGO-G3 – Average Materials and Supplies and Gas Inventories Applicable to Missouri Gas Operations for the thirteen months ended December 31, 2009.
- Schedule TGO-G4 – Average Prepayments for Missouri Gas Operations for the thirteen months ended December 31, 2009.
- Schedule TGO-G5 – Calculation of the Cash Working Capital for the Missouri Gas Operations for the twelve months ended December 31, 2009.
- Schedule TGO-G6 – Missouri Gas Average Customers Deposits, Missouri Gas Average Customer Advances for Construction, Federal Income Tax Cash Requirement, State Income Tax Cash Requirement, the City of St. Louis Earnings Tax Cash Requirement, Missouri Gas Interest Expense Cash Requirement, the Pension and OPEB (Other Post-Employment

Benefits) Regulatory Liabilities and Missouri Accumulated Deferred Income Taxes at December 31, 2009.

- Schedule TGO-G7 – Missouri Gas Operating Revenues, per books and pro forma, for the twelve months ended December 31, 2009.
- Schedule TGO-G8 – Missouri Gas Operating and Maintenance Expenses, per books and pro forma, for twelve months ended December 31, 2009.
- Schedule TGO-G9 – Missouri Gas Depreciation and Amortization Expense, per books and pro forma, for the twelve months ended December 31, 2009.
- Schedule TGO-G10 – Taxes Other Than Income Taxes for Missouri Gas Operations, per books and pro forma, for the twelve months ended December 31, 2009.
- Schedule TGO-G11 – Income Tax Calculation for Missouri Gas Operations at the proposed rate of return and statutory tax rates for the twelve months ended December 31, 2009.
- Schedule TGO-G12 – Missouri Gas Net Original Cost Rate Base and Total Revenue Requirement for the pro forma twelve months ended December 31, 2009.

Q. Were these revenue requirement schedules prepared on the same basis as schedules which were presented in connection with previous requests to this Commission for authority to increase gas rates?

A. Yes, they were.

III. REVENUE REQUIREMENT

Q. What do you mean by "revenue requirement"?

A. The revenue requirement of a utility is the sum of operating and maintenance expenses, depreciation expense, taxes, and fair return on the net value of property that is used and useful in serving the utility's customers. A revenue requirement is based on a test year. In order that the test year reflect conditions existing at the end of the test year, as well as significant changes that are known or reasonably certain to occur following the end of the test year, it is necessary to make certain "pro forma" adjustments to historical data to reflect those conditions expected during the period the proposed rates will be in effect.

The revenue requirement represents the total funds (revenues) that must be collected by the Company if it is to pay employees and suppliers, satisfy tax liabilities, and provide a return to its investors. To the extent that revenues are below its cost of service, a rate increase is required. This is the purpose of this proceeding.

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

A. It is an axiom in ratemaking that rates are set for the future. In order for newly authorized rates to have the opportunity to produce the allowed rate of return during the period they are in effect, it is sometimes necessary that the test year data be adjusted so that it is representative of future operating conditions. This requires pro forma adjustments to reflect any known changes.

Q. Please explain Schedule TGO-G1.

A. Schedule TGO-G1 shows the original cost of plant by functional classification for the Company's Missouri jurisdictional gas operations at December 31, 2009, along with the estimated plant additions through November 30, 2010, and pro forma adjustments.

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

A. Yes, they are.

Q. Please describe the pro forma adjustments shown on Schedule TGO-G1.

A. Adjustments 1 and 2 allocate to the Company's Missouri gas operations $6,053,000 for a portion of the joint use General Plant investment, which is recorded as electric plant.

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

A. General Plant facilities such as general office buildings and furniture, computers and other equipment are used to support all utility operations. For convenience, such facilities are accounted for as electric plant.

Q. Please explain Adjustments 3 and 4.

A. Adjustments 3 and 4 reflect the plant additions of $14,412,000 for January 1, 2010 through November 30, 2010, applicable to the Company's Missouri gas Distribution and General Plant.

Q. Please explain adjustment 5.

A. Adjustment 5 moves $149,000 from account 385 Measuring & Regulating Station Equipment to account 381 Meters. This adjustment is made to remove all gas meters and the associated investments from account 385 to account 381. Company witness William M. Warwick will provide an additional explanation of this adjustment.

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

A. The pro forma original cost of the Company's Missouri jurisdictional gas plant at December 31, 2009, as shown on Schedule TGO-G1, is $383,601,000.

Q. Please explain Schedule TGO-G2.

A. This schedule shows, per book and pro forma, the reserve for depreciation and amortization by functional classification for the Company's Missouri jurisdictional gas plant at December 31, 2009, along with estimated increases through November 30, 2010.

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

A. As detailed on Schedule TGO-G2, the following pro forma adjustments were made to the reserve for depreciation:

(1) Adjustment 1 of $2,940,000 was made to allocate a portion of the reserve for the Company's total joint-use General Plant to Missouri jurisdictional gas operations on the same basis as the allocation of the original cost of these facilities;

(2) Adjustments 2 and 3 increase the accumulated depreciation reserve by $190,000 to reflect the plant additions on Schedule TGO-G1.

After reflecting these pro forma adjustments, the pro forma accumulated depreciation reserve applicable to the Company's Missouri jurisdictional gas plant at December 31, 2009 is $120,672,000.

Q. What appears on Schedule TGO-G3?

A. Schedule TGO-G3 shows the average investment in materials and supplies, propane gas, and gas stored underground for the thirteen months ended December 31, 2009. The general materials and supplies are located at the Company's Dorsett warehouse in St. Louis County and its various Missouri regional storerooms, and include such items as reducers, ells, valves, adapters, regulators, couplings, pipe and numerous other items required to operate the gas system. The propane is used during periods of peak gas consumption to supplement the natural gas delivered from the interstate pipelines connected to the Company's distribution systems. The gas stored underground is natural gas purchased and injected into underground storage reservoirs or fields for later withdrawal and delivery to the Company's distribution system. The total average materials and supplies inventories, including fuel, applicable to the Company’s Missouri gas operations for the thirteen months ended December 31, 2009 is $21,957,000.

Q. Please explain Schedule TGO-G4.

A. Prepayments are composed of rents, insurance, the annual assessment of the Commission, payments to the medical and dental voluntary employee beneficiary association (veba) and service agreements that are paid in advance. The average monthly balance of prepayments applicable to the Company’s Missouri gas operations is $1,025,000 for the thirteen months ended December 31, 2009.

Q. What is calculated on Schedule TGO-G5?

A. The cash working capital allowance is calculated on Schedule TGO-G5. The cash working capital (lead/lag study) calculation compares the period of time between when revenues are received from customers for the payment of the gas service supplied them and when the Company must pay for the expenses incurred to provide this service. See the direct testimony of Company witness Michael J. Adams with Concentric Energy Advisors for the development of the revenue and expense leads and lags that support the Company's cash working capital calculation. Schedule TGO-G5 shows a positive $1,578,000 cash working capital allowance requirement. This indicates that the customers are on average paying for their gas service after the payment for expenses by the Company. Therefore, the Company is supplying funds to the customers and the rate base is increased by this $1,578,000.

Q. What appears on Schedule TGO-G6?

A. The various other increases and deductions to rate base are shown on Schedule TGO-G6 including average customer deposits, average customer advances for construction, the federal income tax cash requirement, the state income tax cash requirement, the City of St. Louis earnings tax cash requirement, the interest expense cash requirement, the Pension and OPEB regulatory liabilities and the accumulated deferred income taxes.

Q. What are the customer deposits and customer advances for construction shown on Schedule TGO-G6?

A. Customer deposits are cash deposits required of customers as a condition of initial or continued service under rules set forth in the Company's tariffs approved by this Commission. The Missouri gas thirteen-month average customer deposits are $951,000 at December 31, 2009. Customer deposits are treated as a deduction to rate base as they represent customer supplied funds.

Customer advances for construction are cash advances paid by customers that are subject to refund to the customer in whole or in part. The payments are received from customers in connection with extensions of facilities used by Missouri gas customers. The thirteen-month average of customer advances for construction applicable to Missouri gas operations totaled $603,000 at December 31, 2009. Customer advances for construction represent funds supplied by the customers and are treated as a deduction to rate base.

Q. Please explain the federal income tax cash requirement, the state income tax cash requirement, the city earnings tax cash requirement and the interest expense cash requirement.

A. The federal income tax, the state income tax, the city earnings tax and interest expense cash requirements arise because customers pay for income taxes and interest expense monthly while the actual income taxes and interest expense are paid at various times during the year. See the direct testimony of Mr. Adams for the development of the payment lead times applicable to these items.

Q. What is the cash requirement for federal income taxes, state income taxes, city earnings taxes and interest expense?

A. The expense leads for federal income tax and state income tax, are less than the revenue lags. This results in a positive cash requirement for the Missouri gas operations of $141,000 for federal income taxes and $22,000 for state income taxes. The expense leads for city earnings tax and interest expense, are greater than the revenue lags. This results in a negative cash requirement for the Missouri gas operations of ($9,000) for city earnings taxes and ($852,000) for interest expense.

Q. What other rate base items are shown on Schedule TGO-G6?

A. The last rate base deductions shown on Schedule TGO-G6 are the accumulated deferred income taxes applicable to the Company's Missouri gas operations at December 31, 2009 and the pension and OPEB regulatory liabilities at December 31, 2009. Accumulated deferred income taxes are the net result of normalizing the tax benefits resulting from timing differences between the periods in which transactions affect taxable income and the periods in which such transactions affect the determination of pre-tax income. Currently, the Company has deferred income taxes in Accounts 190, 282 and 283. The total net accumulated deferred income taxes applicable to the Missouri gas operations at December 31, 2009 are $38,047,000 and represent a deduction from the rate base. Pension and other post-employment benefits regulatory liability balances are shown for the period ended November 30, 2010, the proposed true-up period. Both the pension tracker and the OPEB tracker have a regulatory liability at that date. The total net balance of these regulatory liabilities is ($2,326,000). As the net of these items is a regulatory liability, the rate base is reduced.

Q. What is the Company's Missouri pro forma net original gas rate base at December 31, 2009?

A. The rate base as shown on Schedule TGO-G12 is $244,864,000 and consists of:

	(In Thousands of $s)
Original Cost of Property and Plant	$ 383,601
Less Reserve for Depreciation & Amortization	120,672
Net Original Cost of Property & Plant	262,929
Average Material and Supplies	21,957
Average Prepayments	1,025
Cash Working Capital	1,578
Average Customer Deposits	(951)
Average Customer Advances for Construction	(603)
Federal Income Tax Cash Requirement	141
State Income Tax Cash Requirement	22
City Earnings Tax Cash Requirement	(9)
Interest Expense Cash Requirement	(852)
Accumulated Deferred Taxes on Income -	
Account 190	273
Account 282	(43,175)
Account 283	4,855
Pension and Other Post-Employment Benefits Reg. Liab.	(2,326)
Total Missouri Gas Original Cost Rate Base	$ 244,864

Q. Please explain Schedule TGO-G7.

A. Schedule TGO-G7 shows the Company's Missouri gas operating revenues per books and pro forma for the twelve months ended December 31, 2009 with customer growth through November 2010, the proposed true-up period.

Q. Please explain the pro forma adjustments to the Company's Missouri gas operating revenues on Schedule TGO-G7.

A. The following pro forma adjustments to the Company's Missouri gas operating revenues are shown on Schedule TGO-G7: (1) Revenue add-on taxes of $8,389,000 are eliminated from operating revenue. The revenue add-on taxes are remitted to the various taxing entities by the Company. Therefore, the revenue add-on taxes are not operating revenues of the Company; (2) Unbilled revenues of $4,725,000 are eliminated to reflect the book revenues on a bill cycle basis. Since the unbilled revenues for the twelve months ended December 31, 2009 were negative, the revenues are increased to eliminate the unbilled revenues; (3) Operating revenues are decreased by $101,658,000 to reflect the elimination of the operating revenues associated with gas costs that are collected through the Company's Tariff Riders A and B. This proceeding involves a request for an increase in the Company's Missouri gas base revenues; (4) Revenues are decreased by $46,000 to synchronize the book revenues with the revenues developed by Company witness James R. Pozzo in his billing unit rate analysis discussed in his direct testimony; (5) To reflect customer growth through November 30, 2010, revenues are increased $520,000; and, (6) The revenues are increased by $652,000 to reflect the impact of normal weather on revenues. The actual gas sales and revenues for the twelve months ended December 31, 2009 were lower than normal. See the direct testimony of Company witness Steven M. Wills for the calculation of the weather normalization adjustment.

Q. What are the Missouri gas pro forma operating revenues for the twelve months ended December 31, 2009?

A. The Company's Missouri gas pro forma operating revenues for the twelve months ended December 31, 2009 are $66,134,000.

Q. Please explain Schedule TGO-G8.

A. Schedule TGO-G8 shows the Company's Missouri gas operating and maintenance expenses, per books and pro forma, by function for the twelve months ended December 31, 2009.

Q. Will you please explain the pro forma adjustments to the Missouri gas operating expenses for the twelve months ending December 31, 2009?

A. A summary of the pro forma adjustments to operating expenses appears on Schedule TGO-G8.

Adjustment 1 eliminates $97,263,000 of the cost for purchased gas and other related costs and expenses that are collected through the PGA. This adjustment is required due to Adjustment 3 to the operating revenues. The difference between this adjustment to expenses and the adjustment to revenues, whether positive or negative, is accounted for by a PGA Actual Cost Adjustment ("ACA") reconciliation factor.

Adjustment 2 increases labor costs by $396,000 to reflect annualized wage increase of 3.00% effective July 1, 2010 for contract workers and annualizing the average 2.85% wage increase for management employees effective April 1, 2009. Short-term incentive compensation, Voluntary Separation Election and Involuntary Separation Plan wages, and long-term incentive compensation (restrictive stock) were subtracted from the calculation of the wage increase as the wage increase only apply to base wages.

Adjustment 3 annualizes incentive compensation to the 2010 accrual. This reduces O&M expense by $62,000.

Adjustment 4 reduces the test year short-term incentive compensation by $69,000 to eliminate the amount of incentive compensation of Ameren Services officers, directors and managers allocated to AmerenUE and the AmerenUE officers, directors and managers. The breakdown for officers, directors and managers is as follows: (a) for officers, earnings based short-term incentive compensation of $36,000 is removed from expense; (b) for directors and managers, 25% of their short-term incentive compensation is based on earnings, resulting in a $33,000 reduction of expense.

Total long-term incentive compensation of $247,000 applicable to AmerenUE including the allocated Ameren Services amount is eliminated in Adjustment 5.

Adjustment 6 removes labor expense of $218,000 included in the test year related to the Voluntary Separation Election/Involuntary Separation Plan.

Adjustment 7 increases the customer accounts expenses to reflect interest expense of $40,000 at the 4.25% rate on the customer deposits that was deducted from rate base.

Adjustment 8 increases customer service & information expenses to reflect the $363,000 paid for the annual funding of weatherization and energy efficiency programs agreed to in the Stipulation and Agreement in AmerenUE Gas Case GR-2007-0003. Funding of the weatherization program for $263,000 and the energy efficiency program for $100,000 was recorded below-the-line during the test year and this adjustment reflects this amount as an operating expense.

Adjustment 9 increases administrative and general expenses by $292,000 to reflect increases in major medical and other benefits expenses to annualize calendar year 2010 employee benefit expenses. Increasing the employee benefits costs to the 2010 annual level matches the pro forma wage increase adjustment reflected in Adjustment 2.

Adjustment 10 removes the $267,000 A&G expense amortization of credit facility fees, consistent with the First Nonunanimous Stipulation and Agreement in Case Number ER-2010-0036, which was approved by the Commission.

Adjustment 11 reduces A&G expense $798,000 to rebase the Pension and OPEB trackers to current expense levels.

Adjustment 12 increases administrative and general expenses by $1,000,000 to reflect the expenses that have been and will be incurred to prepare and litigate this rate increase filing (rate case expense).

Q. What is the total impact on the Company's Missouri gas operating and maintenance expenses from the above pro forma adjustments?

A. As shown on Schedule TGO-G8, the Company's Missouri gas operating and maintenance expenses are decreased from $130,399,000 to $33,566,000 or a total decrease of $96,833,000 by the above pro forma adjustments.

Q. What is shown on Schedule TGO-G9?

A. Schedule TGO-G9 summarizes the Missouri gas provision for depreciation and amortization for the twelve months ended December 31, 2009, including the allocated portions of the joint use General Plant facilities. The allocation of the joint use General Plant facilities depreciation expense is recorded on the books each December. The explanation of the pro forma adjustments of $346,000 appears on Schedule TGO-G9.

Q. Please explain the pro forma adjustments to the depreciation and amortization expense on Schedule TGO-G9.

A. Adjustment 1 increases the depreciation expense by $221,000 to reflect a full year's depreciation on the December 31, 2009 depreciable plant balances reflecting the current depreciation rates.

Adjustment 2 reflects a net increase in depreciation expense of $56,000 to reflect a full year's depreciation on the December 31, 2009 depreciable plant balances reflecting the proposed depreciation rates. The development of the new depreciation rates is contained in the direct testimony of Company witness John F. Wiedmayer, Jr. of Gannett Fleming.

Adjustment 3 increases the depreciation expense by $324,000 to reflect a full year's depreciation on the pro forma plant additions through the November 30, 2010 true-up period, at the proposed depreciation rates.

Adjustment 4 increases amortization expense by $89,000 for AmerenUE gas operation's portion of Flotation Costs associated with Ameren's Common Equity Offering in September, 2009. This adjustment is consistent with the resolution and treatment of these expenses in AmerenUE's electric rate case, Case No. ER-2010-0036.

In the Stipulation and Agreement in Case No. GR-2007-0003, the parties agreed that AmerenUE may establish and use a pension and OPEB tracker. Any regulatory asset or liability for FAS 87 or FAS 106 will be included in rate base for purposes of setting new rates and amortized over a period of five years beginning with the effective date of the new rates. Adjustments 5 & 6 decrease amortization expenses by $34,000 and $432,000 to reflect the first year amortization of the pension and OPEB regulatory liability balances, respectively, at November 30, 2010.

Adjustment 7 reflects the three year amortization of the gas operations portion of the Voluntary Separation Election/Involuntary Separation Plan severance pay, consistent with the treatment of these expenses in the First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036, which was approved by the Commission. This adjustment increases amortization expense by $105,000.

Adjustment 8 adjusts the depreciation expense on plant in service transferred from account 385 to account 381.

Adjustment 9 increases the depreciation expense by $17,000 for the joint use General Plant allocated to the Missouri gas operations. This adjustment reflects the increase in depreciation expense on these facilities based on the Staff's proposed electric depreciation rates in Case No. ER-2010-0036. The Company proposes to use the electric depreciation rates approved in Case No. ER-2010-0036 for the allocated General Plant.

Q. After reflecting the above pro forma adjustments, what is the amount of depreciation and amortization applicable to the Company's Missouri gas operations?

A. As shown on Schedule TGO-G9, the pro forma depreciation and amortization expense applicable to the Company's Missouri gas operations is $8,687,000.

Q. Please explain Schedule TGO-G10.

A. Schedule TGO-G10 shows taxes other than income taxes for the Missouri gas operations for the twelve months ended December 31, 2009, per book and pro forma. The pro forma adjustments are explained on page 2 of the schedule.

Q. Please describe the pro forma adjustments to the taxes other than income taxes shown on Schedule TGO-G10.

A. Adjustment 1 increases the F.I.C.A. taxes by $28,000 to reflect the pro forma labor increases.

Adjustment 2 adjusts the December, 2009 payroll tax expense allocation to gas operations. This adjustment removes $1,217,000 for overstated gas operations payroll taxes.

Adjustment 3 eliminates the revenue add-on taxes of $8,263,000 from the taxes other than income taxes. Adjustment 1 to operating revenues eliminated the revenue add-on taxes from the operating revenues. This adjustment to taxes other than income taxes thus provides the proper matching between revenues and expenses.

Q. What are the pro forma taxes other than income taxes applicable to the Company's Missouri gas operations?

A. The pro forma taxes other than income taxes shown on Schedule TGO-G10 applicable to the Company's Missouri gas operations are $7,675,000.

Q. What is Schedule TGO-G11?

A. Schedule TGO-G11 develops the federal, state and city earnings income taxes for Missouri gas operations for the test year ended December 31, 2009 at the requested return on rate base of 8.269% based on the statutory tax rates. The direct testimony of Company witness Michael G. O'Bryan contains the development of the recommended 8.269% return on rate base. The federal, Missouri state and city earnings income taxes applicable to the Missouri gas operations for the twelve months ended December 31, 2009 at the proposed return of 8.269% are $6,838,000, $1,075,000 and $14,000 respectively. Other Flow Through Income Taxes of ($93,000) are also reflected on this schedule.

Q. Please explain Schedule TGO-G12.

A. Schedule TGO-G12 presents the components of the net original cost rate base and the test year revenue requirement for the Company's Missouri gas operations reflecting the requested return of 8.269%. As shown on Schedule TGO-G12, the total Missouri gas rate base is $244,864,000 and the total Missouri gas revenue requirement is $78,009,000.

Q. What increase is required in the Company's Missouri gas operating revenues?

A. As shown on Schedule TGO-G12, the pro forma Missouri gas operating revenues are $66,134,000 compared to the total Missouri gas revenue requirement of $78,009,000. Therefore, an increase of $11,875,000 is required. This is the amount of additional revenues AmerenUE needs to collect each year to recover its revenue requirement.

IV. <u>PENSION AND OTHER POST EMPLOYMENT BENEFIT (OPEB) TRACKER</u>

Q. Does AmerenUE currently have a Pension and OPEB tracker?

A. Yes. When the Commission approved the Stipulation and Agreement that resolved Case No. GR-2007-0003, it approved the establishment and use of a Pension and OPEB tracker. AmerenUE received the same approval in an earlier electric rate case, Case No. ER-2007-0002.

Q. Is AmerenUE proposing to modify the Pension and OPEB tracker in this case?

A. Yes.

Q. Why is the Company proposing to modify this tracker?

A. In the Company's last electric rate case, Case No. ER-2010-0036, the Commission approved modifications to the Company's electric system Pension and OPEB tracker. AmerenUE would like the Commission to approve the same modifications to the tracker for its natural gas operations. A copy of the modifications, which were agreed to by Staff and OPC and approved by the Commission in Case No. ER-2010-0036, are attached as Schedule TGO-G13.

V. CONCLUSIONS

Q. Please summarize your testimony and conclusions.

A. My testimony and attached schedules have developed the Company's Missouri gas rate base and revenue requirement. As summarized on Schedule TGO-G12, the Company's Missouri gas revenue requirement, including the proposed 8.269% return on rate base, exceeds the pro forma operating revenues at present rates by $11,875,000. The Company should be allowed to increase its rates to permit it to recover this $11,875,000 in additional revenue requirement.

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Natural Gas Service Provided to Customers in the Company's Missouri Service Area.	)))))	Case No. GR-2010-

AFFIDAVIT OF THOMAS G. OPICH

STATE OF MISSOURI)
) **ss**
CITY OF ST. LOUIS)

Thomas G. Opich, being first duly sworn on his oath, states:

1. My name is Thomas G. Opich. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a AmerenUE as a Supervisor in Regulatory Accounting.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of AmerenUE consisting of 22 pages, and Schedules TGO-G1 through TGO-G13, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

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

Thomas G. Opich
Thomas G. Opich

Subscribed and sworn to before me this 11 day of June, 2010.

Amanda Tesdall
Notary Public

My commission expires:

Amanda Tesdall - Notary Public
Notary Seal, State of
Missouri - St. Louis County
Commission #07158967
My Commission Expires 7/29/2011

AmerenUE
ORIGINAL COST OF PLANT BY FUNCTIONAL CLASSIFICATION
MISSOURI GAS OPERATIONS
AT DECEMBER 31, 2009 UPDATED THROUGH NOVEMBER 30, 2010
($000)

Line	Account Name	Total Per Books	Pro Forma Adjustments (1)	Pro Forma Total
1	Intangible Plant	$ -	$ -	$ -
2	Production Plant	1,937	-	1,937
3	Transmission Plant	5,669	-	5,669
4	Distribution Plant	340,548	12,940	353,488
5	General Plant	14,982	7,525	22,507
6	Total Missouri Gas Plant	$ 363,136	$ 20,465	$ 383,601

(1) Details of pro forma adjustments per SCHEDULE TGO-G1-2.

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO PLANT
MISSOURI GAS OPERATIONS
AT DECEMBER 31, 2009 UPDATED THROUGH NOVEMBER 30, 2010
($000)

Line		Description		Amount
1	(1)	Allocate portions of district general facilities applicable to Missouri gas operations. Such facilities,		$ 1,655
2		for convenience, are recorded as electric plant, but are commonly used for electric and gas operations.		
3		Method of Determination		
4		These items are allocated on the basis of direct operating payroll.		
5			District	
6		Allocation Percentages	Facilities	
7		Missouri Gas	9.09%	
8		Electric	90.91%	
9		Total	100.00%	
10		Allocable Balances	$ 18,210	
11		Allocated Amount	$ 1,655	
12	(2)	Allocate portions of the original cost of multi-use general facilities applicable to Missouri gas operations. Such		$ 4,398
13		facilities, for convenience, are recorded as electric plant, but are commonly used for electric and gas operations.		
14		Method of Determination		
15		These items are allocated on the basis of direct operating payroll.		
16			St. Louis Area	
17		Allocation Percentages	Facilities	
18		Missouri Gas	3.40%	
19		Electric	96.60%	
20		Total	100.00%	
21		Allocable Balances	$ 129,347	
22		Allocated Amount	$ 4,398	
23	(3)	Additional distribution plant facilities through 01/01/2010 to 11/30/2010.		$ 12,940
24		Account 380	$ 12,940	
25		Total	$ 12,940	
26	(4)	Additional general plant facilities through 01/01/2010 to 11/30/2010.		$ 1,472
27		Account 391	$ 26	
28		Account 394	178	
29		Account 396	1,219	
30		Account 397	48	
31		Total	$ 1,472	
32	(5)	Transfer Industrial meters from Measuring & Regulating Station Equipment account to Meter account.		$ -
33		Account 381	$ 149	
34		Account 385	(149)	
35		Total	$ -	
36		Total Pro Forma Adjustments		$ 20,465

AmerenUE
RESERVES FOR DEPRECIATION AND AMORTIZATION BY FUNCTIONAL CLASSIFICATION
MISSOURI GAS OPERATIONS
AT DECEMBER 31, 2009 UPDATED THROUGH NOVEMBER 30, 2010
($000)

Line	Account Name	Total Per Books	Pro Forma Adjustments (1)	Pro Forma Total
1	Intangible Plant	$ -	$ -	$ -
2	Production Plant	499	-	499
3	Transmission Plant	1,913	-	1,913
4	Distribution Plant	109,694	153	109,847
5	General Plant	5,436	2,977	8,413
6	Total	$ 117,542	$ 3,130	$ 120,672

(1) Details of pro forma adjustments per SCHEDULE TGO-G2-2.

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO ACCUMULATED RESERVES
MISSOURI GAS OPERATIONS
AT DECEMBER 31, 2009 UPDATED THROUGH NOVEMBER 30, 2010
($000)

Line		Description		Amount
1	(1)	Allocate portions of the reserves for depreciation for multi-use general facilities that are		
2		applicable to Missouri gas operations. Such reserves, for convenience, are carried as		
3		electric plant reserves, but the facilities involved are commonly used for electric and		
4		gas operations.		
5		Portion applicable to Missouri gas operations		$ 2,940
6		Account 390	$ 2,503	
7		Account 391	327	
8		Account 393	51	
9		Account 394	26	
10		Account 395	28	
11		Account 398	7	
12		Total	$ 2,940	
13		Method of Determination		
14		The reserves for depreciation applicable to the above facilities are allocated to electric		
15		and gas operations in proportion to the allocations of the original cost of such facilities.		
16	(2)	Additional depreciation associated with distribution plant in service at 11/30/2010.		$ 153
17		Account 380	$ 153	
18		Total	$ 153	
19	(3)	Additional depreciation associated with general plant in service at 11/30/2010.		$ 37
20		Account 391	$ 2	
21		Account 394	5	
22		Account 396	28	
23		Account 397	2	
24		Total	$ 37	
25		Total Pro Forma Adjustments		$ 3,130

AmerenUE
AVERAGE MATERIALS AND SUPPLIES
AND GAS INVENTORIES
APPLICABLE TO MISSOURI GAS OPERATIONS
THIRTEEN MONTHS ENDED DECEMBER 31, 2009
($000)

Line	Description	Total Per Books	Pro Forma Adjustments (1)	Pro Forma Total
1	General Materials & Supplies	$ 1,636	$ -	$ 1,636
2	Propane	166	-	166
3	Gas Stored Underground	20,155	-	20,155
4	Total	$ 21,957	$ -	$ 21,957

AmerenUE
AVERAGE PREPAYMENTS
APPLICABLE TO MISSOURI GAS OPERATIONS
THIRTEEN MONTHS ENDED DECEMBER 31, 2009
($000)

Line	Description	Total
1	Rents	$ 0
2	Insurance	984
3	Regulatory Commission Assessments	3
4	M/A Comm Radio System Srvc Agreement	1
5	Medical and Dental VEBA - Mgmt	7
6	Medical and Dental VEBA - Contract	29
7	Total	$ 1,025

AmerenUE
CASH WORKING CAPITAL
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line		Revenue Lag	Expense Lead	Net (Lag/Lead)	Factor	Test Year Expense	Cash Working Capital Requirement
	Operating Expenses						
1	Pensions and Benefits	45.38	(32.68)	12.700	0.0348	$ 4,153	$ 145
2	Base Payroll	45.38	(11.76)	33.627	0.0921	14,731	1,357
3	Fuel	45.38	(37.38)	8.005	0.0219	97,263	2,133
4	Uncollectible Accounts	45.38	(45.38)	0.000	0.0000	789	-
5	Other O&M Expenses	45.38	(37.36)	8.023	0.0220	13,893	305
6	Sub-Total					130,829	3,940
	Taxes Other Than Income						
7	FICA - Employer's Portion	45.38	(12.81)	32.575	0.0892	718	64
8	Federal Unemployment Taxes	45.38	(76.38)	(30.993)	(0.0849)	10	(1)
9	State Unemployment Taxes	45.38	(76.38)	(30.993)	(0.0849)	(2)	0
10	Corporate Franchise Taxes	45.38	77.50	122.882	0.3367	73	24
11	Property and Real Estate Taxes	45.38	(182.50)	(137.118)	(0.3757)	6,877	(2,583)
12	Sales Taxes	45.38	(38.79)	6.590	0.0181	4,243	77
13	Gross Receipts Taxes	30.17	(27.66)	2.517	0.0069	8,263	57
14	Sub-Total					20,181	(2,362)
15	Total Cash Working Capital Requirement						$ 1,578

AmerenUE
OTHER RATE BASE ITEMS
MISSOURI GAS OPERATIONS
AT DECEMBER 31, 2009
($000)

Line	Description	Total
1	Average Customer Deposits	$ (951)
2	Average Customer Advances for Construction	(603)
3	Federal Income Tax Cash Requirement	141
4	State Income Tax Cash Requirement	22
5	City Earnings Tax Cash Requirement	(9)
6	Interest Expense Cash Requirement	(852)
7	Accumulated Deferred Income Taxes	
8	Account 190	273
9	Account 282	(43,175)
10	Account 283	4,855
11	Total Deferred Taxes	(38,047)
12	Pension Tracker Reg. Liability-Current	(168)
13	Other Post-Employment Benefits Tracker	
14	Reg. Liability-Current	(2,158)
15	Total Other Rate Base Items	$ (42,625)

AmerenUE
OPERATING REVENUES
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

LINE		Description		Missouri Gas Revenues
1		Gas Operating Revenues	$	163,106
2		Sales For Resale		-
3		Transportation		7,334
4		Other Electric Revenues		2,202
5		Provision for Rate Refund		(2,312)
6		Total Revenues	$	170,329
		Pro Forma Adjustments:		
7	(1)	Eliminate revenue add-on taxes		(8,389)
8	(2)	Eliminate the unbilled revenues		4,725
9	(3)	Remove the PGA Revenue		(101,658)
10	(4)	Reflect Billing Units at current rates		(46)
11	(5)	Adjust revenue to growth		520
12	(6)	Adjust revenue to reflect weather normalized sales		652
13		Total Pro Forma Adjustments	$	(104,195)
14		Total Missouri Gas Operating Pro Forma Revenues	$	66,134

AmerenUE
OPERATING & MAINTENANCE EXPENSES
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line	Functional Classification	Per Books	Eliminate Purchased Gas Expense	Increase Labor	Adjust Incentive Compensation	Remove Incentive Comp. for Officers, Directors & Managers	Remove Long-term Incentive Compensation	Reduce Labor for VSE/ISP Salaries	Add Interest On Customer Deposits	Weatherization and Energy Efficiency Programs	Employee Benefits Adj.	Remove A&G Amort. Of Credit Facility Fees	Rebase Adjustment Pension & OPEB Tracker	Estimated Rate Case Expenses	(1) Total Pro Forma Adjustment	Pro Forma Operating Expenses
1	Production	$ 98,345	$ (97,263)	$ 4	$ (2)	$ (6)	$ (23)	$ (20)	$ -	$ -	$ -	$ -	$ -	$ -	$ (97,311)	$ 1,034
2	Transmission	151	-	-	-	-	-	-	-	-	-	-	-	-	-	151
3	Distribution	9,783	-	203	(29)	(27)	(96)	(85)	-	-	-	-	-	-	(34)	9,750
4	Customer Accounts	7,170	-	124	(15)	(8)	(30)	(26)	40	-	-	-	-	-	84	7,254
5	Customer Service & Information	833	-	18	(3)	(2)	(8)	(7)	-	363	-	-	-	-	361	1,195
6	Sales	105	-	1	(0)	(1)	(3)	(3)	-	-	-	-	-	-	(6)	99
7	Administrative & General	14,012	-	46	(12)	(24)	(87)	(77)	-	-	292	(267)	(798)	1,000	72	14,084
8	Total Missouri Gas Operating & Maintenance Expenses	$ 130,399	$ (97,263)	$ 396	$ (62)	$ (69)	$ (247)	$ (218)	$ 40	$ 363	$ 292	$ (267)	$ (798)	$ 1,000	$ (96,833)	$ 33,566

(1) Details of pro forma adjustments per SCHEDULE TGO-G8-2.

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO O&M
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line		Pro Forma Adjustments	Amount
1	(1)	Eliminate cost of purchased gas and other related costs	$ (97,263)
2		and expenses that are collected through the PGA	
3	(2)	Increase labor costs to annualize wage and salary increases	396
4	(3)	Reduce labor costs to annualize 2010 incentive compensation	(62)
5		at target level	
6	(4)	Reduce labor costs by removing incentive compensation for	(69)
7		Officers, Directors, and Managers	
8	(5)	Reduce labor costs by removing long-term incentive	(247)
9		compensation expense	
10	(6)	Reduce labor costs by removing VSE/ISP salaries included	(218)
11		in the test year	
12	(7)	Increase customer accounts expense for interest at 4.25%	40
13		on customer deposits	
14	(8)	Record Weatherization and Energy Efficiency Programs into	363
15		Customer Service and Information expense	
16	(9)	Increase other employee benefits to annualize the Year 2010	292
17		expenses	
18	(10)	Reduce A&G expense by removing the amortization of credit	(267)
19		facility fees included in test year	
20	(11)	Decrease pension and OPEB expense to rebase trackers to current	(798)
21		expense levels	
22	(12)	Increase administrative and general expense to include	1,000
23		rate case expenses	
24		Total Pro Forma Adjustments to Operating Expenses	$ (96,833)

AmerenUE
DEPRECIATION & AMORTIZATION EXPENSE
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line		Total Per Books	Pro Forma Adjustments (1)	Pro Forma Totals
1	Gas Plant	$ 8,156	$ 329	$ 8,485
2	General Plant - Apportioned	185	17	202
3	Total	$ 8,341	$ 346	$ 8,687

(1) Details of pro forma adjustments per SCHEDULE TGO-G9-2.

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO DEPRECIATION AND AMORTIZATION
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line		Pro Forma Adjustments	Amount
1	(1)	Adjust depreciation expense to annualize book depreciation	$ 221
2	(2)	Adjust depreciation expense to reflect the proposed rates	56
3	(3)	Net increase in depreciation expense for plant additions	324
4	(4)	Amortization of AmerenUE Gas operations Flotation Costs	89
5		associated with Ameren's Common Equity offering Sept. 2009	
6	(5)	Reflects 5 year amortization of Pension Tracker Regulatory Liability	(34)
7	(6)	Reflects 5 year amortization of OPEB Tracker Regulatory Liability	(432)
8	(7)	Reflects 3 year amortization of VSE/ISP severance pay per ER-2010-0036	105
9	(8)	Adjust depreciation expense on plant in service transferred	(0)
10		from acct 385 to acct 381	
11		Pro Forma Adjustments to Depreciation and Amortization Expense - Gas Plant	329
12	(9)	Adjust depreciation expense to reflect the proposed rates for Apportioned	17
13		General Plant	
14		Total Pro Forma Adjustments to Depreciation and Amortization Expense	$ 346

AmerenUE
TAXES OTHER THAN INCOME TAXES
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line	Description	Per Books	Pro Forma Adjustments (1)	Pro Forma Totals
1	F.I.C.A.	$ 1,906	$ (1,188)	$ 718
2	Federal & Missouri Unemployment	8	-	8
3	Missouri Corporation Franchise	73	-	73
4	Missouri Real Estate Tax and Personal Property	6,555	-	6,555
5	Other States Real Estate Tax (Stored Gas)	322	-	322
6	Missouri Gross Receipts	8,263	(8,263)	-
7	Total	$ 17,126	$ (9,452)	$ 7,675

(1) Details of pro forma adjustments per SCHEDULE TGO-G10-2.

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO TAXES OTHER THAN INCOME
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line		Pro Forma Adjustments	Amount
1	(1)	Increase F.I.C.A. tax to reflect wage and salary increases	$ 28
2	(2)	Adjust the December, 2009 payroll tax expense allocation	(1,217)
3		to gas operations	
4	(3)	Eliminate revenue add-on taxes	(8,263)
5		Total Pro Forma Adjustments to Taxes Other Than Income Taxes	$ (9,452)

AmerenUE
INCOME TAX CALCULATION AT PROPOSED RETURN
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line		At Proposed Return of 8.269%	
1	Return on Rate Base @ 8.269%	$ 20,248	(1)
	Interest Charges:		
2	Interest on Long-Term Debt (Rate Base x 2.810%)	(6,881)	
3	Net Income From Operations:	13,367	
	Adjustments to Income:		
4	Provision for Current Income Taxes	7,927	
5	Other Flow Thru Income Taxes	(93)	
6	Other Additions to Net Income before Inc. Tax- Book Depreciation	8,156	
7	Other Reductions to Net Income before Inc. Tax- Tax Straight Line	(8,731)	
8	Total Net Taxable Income	20,626	
	Federal Income Taxes:		
9	Net Taxable Income	20,626	
10	Missouri Income Tax	1,075	
11	City Earnings Tax	14	
12	Federal Taxable Income	19,537	
13	Federal Income Taxes at 35.00%	6,838	
	State Income Taxes:		
14	Net Taxable Income	20,626	
15	Deduct 50% of Federal Income Tax	3,419	
16	City Earnings Tax	14	
17	Missouri Taxable Income	17,193	
18	State Income Taxes at 6.25%	1,075	
	Provision for City Earnings Tax		
19	Net Taxable Income	20,626	
20	City Earnings Tax at 0.0761%	16	
21	Less: Tax Credit	1	
22	Net City Earnings Tax	14	
23	Other Flow Thru Income Taxes	(93)	
24	Total Provision for Income Taxes	$ 7,834	

(1) See SCHEDULE TGO-G12.

AmerenUE
RATE BASE AND REVENUE REQUIREMENT
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2009
($000)

Line		Reference	Amount
	Original Cost Rate Base:		
1	Original Cost of Plant In Service	Schedule TGO-G1-1	$ 383,601
2	Less: Reserves for Depreciation	Schedule TGO-G2-1	120,672
3	Net Original Cost of Plant		262,929
4	Materials and Supplies	Schedule TGO-G3	21,957
5	Average Prepayments	Schedule TGO-G4	1,025
6	Cash Working Capital	Schedule TGO-G5	1,578
7	Average Customer Deposits	Schedule TGO-G6	(951)
8	Average Customer Advances for Construction	Schedule TGO-G6	(603)
9	Federal Income Tax Cash Requirement	Schedule TGO-G6	141
10	State Income Tax Cash Requirement	Schedule TGO-G6	22
11	City Earnings Tax Cash Requirement	Schedule TGO-G6	(9)
12	Interest Expense Cash Requirement	Schedule TGO-G6	(852)
13	Accumulated Deferred Taxes on Income		
14	Account 190	Schedule TGO-G6	273
15	Account 282	Schedule TGO-G6	(43,175)
16	Account 283	Schedule TGO-G6	4,855
17	Pension Tracker Regulatory Liability - Current	Schedule TGO-G6	(168)
18	OPEB Tracker Regulatory Liability - Current	Schedule TGO-G6	(2,158)
19	Total Original Cost Rate Base		$ 244,864
	Operating Expenses:		
20	Production	Schedule TGO-G8-1	$ 1,034
21	Transmission	Schedule TGO-G8-1	151
22	Distribution	Schedule TGO-G8-1	9,750
23	Customer Accounts	Schedule TGO-G8-1	7,254
24	Customer Service	Schedule TGO-G8-1	1,195
25	Sales	Schedule TGO-G8-1	99
26	Administrative and General	Schedule TGO-G8-1	14,084
27	Total Operating Expenses		33,566
28	Depreciation and Amortization	Schedule TGO-G9-1	8,687
29	Taxes Other than Income Taxes	Schedule TGO-G10-1	7,675
	Income Taxes-Based on Proposed Rate of Return		
30	Federal	Schedule TGO-G11	6,838
31	State	Schedule TGO-G11	1,075
32	City Earnings Tax	Schedule TGO-G11	14
33	Total Income Taxes		7,927
34	Deferred Income Taxes - Net	Schedule TGO-G11	(93)
35	Return @ 8.269%		20,248
36	Total Revenue Requirement		$ 78,009
37	Operating Revenue (Pro Forma)	Schedule TGO-G7	66,134
38	Revenue Deficiency		$ 11,875

Tracker for Pension and Other Post-Employment Benefits

Intent:

1. These provisions are intended to accomplish the following:

   a. To ensure that the amount collected in rates for pension and other post-employment benefit (OPEB) costs is based on the Accounting Standards Codification (ASC) 715-30 and ASC 715-60 (formerly FAS 87 and FAS 106) costs AmerenUE recognizes for financial reporting purposes; and

   b. To ensure AmerenUE recovers in rates certain contributions it makes to its pension and OPEB trusts; and

   c. To clarify, for ratemaking purposes, the accounting treatment of future charges AmerenUE would be required to record to equity (e.g., decreases to other comprehensive income) by ASC 715-20 (formerly FAS 158) or any other Financial Accounting Standards Board (FASB) codification relative to the recognition of pension and OPEB costs and / or liabilities.

Procedure:

2. The ASC 715-30 and ASC 715-60 costs AmerenUE recognizes for financial reporting purposes shall be recognized in rates. The calculation of these costs shall be, unless specifically changed by the issuance of new FASB codifications, based on the Market-Related Value of Assets that reflects asset gains and losses over a 4-year period. Unrecognized gains and losses shall be, unless specifically changed by the issuance of new FASB codifications, amortized over a 10-year period. This calculation does not employ the corridor approach. AmerenUE will inform the Staff of the Missouri Public Service Commission and the Office of Public Counsel as soon as it becomes aware of a new FASB codification that would affect the calculation parameters discussed above.

3. Each year AmerenUE shall contribute to its pensions and VEBA trusts the amount of its ASC 715-30 and ASC 715-60 costs for that year, excluding any cost or credit triggered due to any special events as described in paragraph 9 below.

4. AmerenUE shall be allowed rate recovery for contributions it makes to its pension trust that exceed its ASC 715-30 cost for any of the following reasons: the minimum required contribution is greater than the ASC 715-30 cost or avoidance or reduction of Pension Benefit Guaranty Corporation (PBGC) variable premiums. To track any such excess contributions, a regulatory asset will be established and will be included in rate base.

5. Due to the Pension Protection Act of 2006 (PPA), AmerenUE may choose to make contributions in excess of ASC 715-30 in order to avoid benefit restrictions under the PPA. Such contributions will be examined in the context of future rate cases and a determination will be made at that time as to the appropriate and proper level recognized as a regulatory asset to be included in the rate base.

6. The difference between the level of pension (ASC 715-30) or OPEB (ASC 715-60) costs AmerenUE incurs and the level of those costs built into rates shall be tracked by means of regulatory assets and/or liabilities described in the following paragraphs.

7. Regulatory assets or liabilities shall be established on AmerenUE's books to track the difference between the level of ASC 715-30 and ASC 715-60 costs AmerenUE incurs during the period between general natural gas rate cases and the level of ASC 715-30 and ASC 715-60 costs built into rates for that period. If the ASC 715-30 or ASC 715-60 cost during the period is more than the ASC 715-30 or ASC 715-60 cost built into rates for the period, AmerenUE shall establish a regulatory asset which has been reduced by any existing regulatory liability for pensions, or OPEBs, maintained pursuant to the following paragraph. If the ASC 715-30 or ASC 715-60 cost during the period, adjusted for any amount of such expense used to reduce a regulatory liability maintained pursuant to the following paragraph, is less than the cost built into rates for the period, AmerenUE shall establish a regulatory liability. Since this is a cash item,

the regulatory asset or liability will be included in rate base for purposes of setting new rates in the next rate case, and amortized over 5 years beginning with the effective date of the new rates.

8. If AmerenUE incurs negative ASC 715-30 or ASC 715-60 cost, AmerenUE shall set up a regulatory liability to offset the negative cost. The regulatory liability will increase by the amount of negative cost, or decrease by the amount of positive cost, in each subsequent year. Positive cost in such subsequent year will be used to reduce this regulatory liability before being used to establish a regulatory asset pursuant to the preceding paragraph. Any existing regulatory liability related to prior negative ASC 715-30 or ASC 715-60 cost will reduce the ASC 715-30 or ASC 715-60 cost included in cost of service in AmerenUE's next rate case. This regulatory liability is a noncash item that AmerenUE shall exclude from its rate base in future rate cases.

9. The parties have designed this agreement so that AmerenUE will receive through rates reimbursement of its ASC 715-30 and ASC 715-60 costs. Therefore, AmerenUE shall set up a regulatory asset to offset any charges that would otherwise be recorded against equity (e.g., decreases to other comprehensive income) caused by applying the provisions of ASC 715-20 or any other FASB codification that requires accounting adjustments due to the funded status or other attributes of AmerenUE's Pension or OPEB plans. This regulatory asset shall not be amortized into rates or included in rate base because AmerenUE will recover for the amounts in this regulatory asset in rates through AmerenUE's ASC 715-30 or ASC 715-60 costs in future years. This regulatory asset will increase or decrease each year by the same amount that the equity charge increases or decreases.

10. If AmerenUE has a curtailment, settlement, or special termination cost or credit due to requirements of applicable accounting rules according to ASC 715-30 (formerly FAS 88)

and ASC 715-60 (formerly FAS 106), the following procedure will be used to address such a cost or credit.

a. If the special event triggers a charge, then AmerenUE will establish an offsetting regulatory asset. This regulatory asset will not be added to rate base (since it is not a cash item), and it will be amortized over five years beginning when new rates are implemented in AmerenUE's next general natural gas rate increase or decrease proceeding before the Missouri Public Service Commission. AmerenUE shall make additional contributions to the applicable pension or OPEB trust equal to the amount of the amortization.

b. If the special event triggers a credit, then AmerenUE shall establish an offsetting regulatory liability. This regulatory liability will not be added to rate base (since it is not a cash item), and it will be amortized over five years beginning when new rates are implemented in AmerenUE's next general natural gas rate increase or decrease proceeding before the Missouri Public Service Commission. Generally, AmerenUE will contribute to the applicable pension or OPEB trust an amount equivalent to its ASC 715-30/715-60 costs for the year less the amortization amount, subject to the following condition:

> If pension or OPEB cost becomes negative as a result of an ASC 715-30 or ASC 715-60 credit, AmerenUE shall set up an offsetting regulatory liability. This regulatory liability is a non-cash item which will not require rate base treatment. When ASC 715-30 or ASC 715-60 costs becomes positive again, the regulatory liability will be amortized over five years, or longer, if necessary to avoid the net of the ASC 715-30 or ASC 715-60 cost and the offsetting amortized regulatory liability yielding a result which is less than $0 in any year.