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May 7, 2002

Mr. Dale H. Roberts
Secretary/Chief Regulatory Law Judge
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

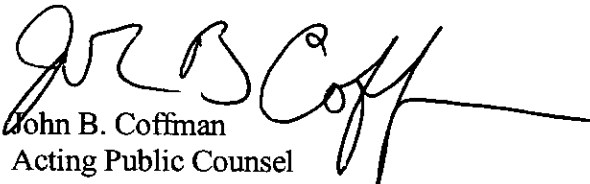
**RE: Union Electric Company,
Case No. EM-96-149**

Dear Mr. Roberts:

Enclosed for filing in the above-referenced case please find the original and eight copies **Direct Testimony of Mark Burdette, Ryan Kind (Proprietary and Non-Proprietary versions) and Ted Robertson (Proprietary and Non-Proprietary versions)**. I have on this date mailed, faxed, and/or hand-delivered the appropriate number of copies to all counsel of record. Please "file" stamp the extra enclosed copy and return it to this office.

Thank you for your attention to this matter.

Sincerely,


John B. Coffman
Acting Public Counsel

JBC:jb

cc: Counsel of Record

CERTIFICATE OF SERVICE

I hereby certify that the foregoing document has been either faxed, mailed, or hand-delivered to the following counsel of record on this 7th day of May 2002:

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A handwritten signature in black ink, appearing to read "J B Coff", written over a horizontal line.

Exhibit No.:
Issue(s): Adjustment to Common Equity
Witness/Type of Exhibit: Burdette/Direct
Sponsoring Party: Public Counsel
Case No.: EM-96-149

DIRECT TESTIMONY
OF
MARK BURDETTE

Submitted on Behalf of
the Office of the Public Counsel

UNION ELECTRIC

Case No. EM-96-149

May 7, 2002

1 Advocates. Also, I attended The Basics of Regulation: Practical Skills for a Changing
2 Environment presented by the Center for Public Utilities, New Mexico State University.

3 Q. DO YOU HAVE ANY PROFESSIONAL AFFILIATIONS?

4 A. Yes. I am a member of the Society of Utility and Regulatory Financial Analysts (SURFA).

5 Q. DO YOU HOLD ANY PROFESSIONAL DESIGNATIONS?

6 A. Yes. I have been awarded the professional designation Certified Rate of Return Analyst
7 (CRRRA) by the Society of Utility and Regulatory Financial Analysts. This designation is
8 awarded based upon work experience and successful completion of a written examination.

9 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MISSOURI PUBLIC
10 SERVICE COMMISSION (MPSC OR THE COMMISSION)?

11 A. Yes.

12 Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

13 A. This testimony will address AmerenUE's (the Company's) addition of prior, after-tax
14 Missouri sharing credits to its common equity balance. The addition of these prior sharing
15 credits acts to increase the level of the common equity account.

16 Q. WHAT IS THE RESULT OF THE ADDITION OF PRIOR SHARING CREDITS TO THE
17 COMMON EQUITY BALANCE?

18 A. The result of adding back the prior sharing credits is to increase the level of common
19 equity, which lowers the Company's apparent return on equity. This reduction of return on
20 equity places the Company *lower* in the sharing grid for the next period, which acts to
21 reduce the level of sharing credits calculated.

22 Q. IS THIS AN APPROPRIATE OR STANDARD ADJUSTMENT FOR RATEMAKING
23 PURPOSES?

24 A. No, it is not. There is no support for this type of adjustment in the Stipulation and
25 Agreement from Case No. EM-96-149, nor the Commission's Report and Order from that

1 same case, nor, to my knowledge, is there support via any precedent of the MPSC. Also, I
2 can find no support for such an adjustment in any financial literature.

3 Q. WHAT IS THE PURPOSE OF THIS ADJUSTMENT?

4 A. This adjustment serves but one purpose -- ultimately, it places the Company lower in the
5 sharing grid, which means a lower level of sharing credits is calculated for the subsequent
6 period. Simply, it reduces the amount of money the Company alleges it must give back to
7 ratepayers.

8 Q. DOES PUBLIC COUNSEL SUPPORT THE ADDITION OF PRIOR, AFTER-TAX
9 MISSOURI SHARING CREDITS TO THE COMPANY'S COMMON EQUITY
10 BALANCE?

11 A. Absolutely not. This inappropriate and unsupported adjustment serves no purpose but to
12 reduce the calculated level of sharing credits which the Company must return to Missouri's
13 ratepayers. It is, plain and simple, manipulation of the calculated return on equity in order
14 to reduce the money the Company must return.

15 Q. DOES THIS COMPLETE YOUR TESTIMONY?

16 A. Yes, it does.
17