

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Tariff Filings of Union)
Electric Company, d/b/a AmerenUE, to increase)
Its Revenues for Retail Electric Service.) **Case No. ER-2011-0028**

REPLY POSTHEARING BRIEF

OF

MIDWEST ENERGY USERS ASSOCIATION

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ATTORNEYS FOR MIDWEST
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June 13, 2011

As demonstrated in MEUA’s Initial Brief, a non-Unanimous Stipulation was executed between virtually every representative of AmerenUE’s customers. That Stipulation addresses the allocation of any rate increase among the various rate classes. Only the Municipal Group, representing municipal lighting customers, opposed that Stipulation. As a result of this lone opposition, the Commission was required to conduct an evidentiary hearing for the sole purpose of hearing the Objection. Despite its outstanding objection, the only statement regarding the appropriate allocation of rate increase among the customer classes is to state that “the Municipal Group supports AmerenUE’s recommendation that the Lighting Class as a whole receive the system wide average of any revenue increase.”¹ Instead, the Municipal Group devotes the entirety of its Initial Brief to the discussion of the difference between the 5M and 6M lighting classes and the collection of rates from those lighting classes. Such concerns regarding the collection of rates from the 5M and 6M classes involve the rate design within the lighting class. As such, they do not involve the allocation among the classes and provide no basis for rejection of the Stipulation.

SYSTEM WIDE AVERAGE INCREASE IS NOT APPROPRIATE

In its Brief, the Municipal Group ignores the results of each of the class cost of service studies conducted in this case. As reflected in the MEUA Initial Brief, those class cost of service studies indicate that revenue neutral shifts are necessary to bring the classes closer to their actual class cost of service.

¹ Municipal Group Brief at page 2.

ER-2011-0028 Class Cost of Service Results

	AmerenUE ²	MIEC ³	OPC ⁴	Staff ⁵
Residential	\$75,995	\$106,064	\$34,119	\$98,978
Small GS	(\$24,557)	(\$20,458)	(\$31,386)	(\$15,435)
Large GS / Small Primary	(\$63,653)	(\$74,281)	(\$40,352)	(\$76,739)
Large Primary	(\$2,578)	(\$12,151)	\$11,324	(\$12,521)
Large Transmission	\$7,810	(\$6,922)	\$26,295	\$237
Lighting	\$6,983	\$7,749	N/A	\$5,504

(in thousands)

Despite the apparent inequities involved in current rates and without any evidentiary support, the Municipal Group simply asks that the Lighting Class receive the system wide average of any revenue increase.

In its last AmerenUE decision, the Commission noted the problem with allocating the rate increase on the basis of an equal allocation. Such an allocation “would leave the existing disparities revealed in the class cost of service studies unchanged.”⁶ Undoubtedly, an equal percentage increase would be beneficial to the Lighting Class which currently pays rates that are 18-25% below cost of service.⁷ In this regard, it would simply perpetuate the subsidy that the Lighting Class is receiving. On the other

² Exhibit 551 (Data Request No. 2.7).

³ Exhibit 404, Schedule MEB-COS-5 (column 8).

⁴ Exhibit 301, Attachment A.

⁵ Exhibit 552.

⁶ *Report and Order*, Case No. ER-2010-0036, page 88.

⁷ Based upon current lighting class revenues of \$31,160,000. Ex. 404, Schedule MEB-COS-5, Column 1.

hand, such an allocation would also perpetuate the increasing subsidy in the Small and Large General Service rate classes which are 5.5 to 11.2% over cost of service.⁸

The Municipal Group has provided no basis for the Commission to simply allocate to it the average overall rate increase. As such, the Commission should take reasonable steps to eliminate the subsidy that currently exists in the Lighting class rates. While such rates are currently 18-25% below cost of service, the Stipulation would allocate a reasonable 4% revenue neutral increase to the Lighting Class. MEUA asks that the Commission issue its Findings of Fact consistent with the positions advanced in the Stipulation.

Respectfully submitted,

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⁸ Based upon current small general service class revenues of \$280,137,000. Based upon current large general service class revenues of \$711,918,000. *Id.*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.

A handwritten signature in black ink, appearing to read "David L. Woodsmall". The signature is written in a cursive, somewhat stylized font.

David L. Woodsmall

Dated: June 13, 2011