

Exhibit No.:
Issues: Normalized Billing
Units
Witness: James R. Pozzo
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

JAMES R. POZZO

ON

BEHALF OF

**UNION ELECTRIC COMPANY
d/b/a AmerenUE**

**St. Louis, Missouri
June, 2010**

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1 **DIRECT TESTIMONY**

2 **OF**

3 **JAMES R. POZZO**

4 **CASE NO. GR-2010-_____**

5
6 **I. INTRODUCTION**

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

8 A. James R. Pozzo, One Ameren Plaza, 1901 Chouteau Avenue, St. Louis,
9 Missouri 63103.

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

11 A. I am employed by Union Electric Company d/b/a AmerenUE
12 (“AmerenUE” or “Company”) as a Rate Engineer in the Missouri Regulated Services
13 Department.

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

16 A. I received a Bachelor of Science degree in Mechanical Engineering from
17 the University of Missouri-Rolla in December 1978.

18 I began working at Union Electric Company in January 1979 in the Power
19 Operations Department, working as an Engineer at the Ashley Plant for two (2) years and
20 at the Meramec Plant for five (5) years. During this time I was responsible for operations
21 and maintenance support for assigned plant equipment along with various other projects
22 as assigned.

23 I transferred into Union Electric’s Rate Engineering Department in
24 September 1985. My current duties and responsibilities include assignments related to
25 the Company’s gas and electric rates. This includes participation in regulatory

proceedings, conducting rate analyses, developing and interpreting gas and electric tariffs, and performing other rate or regulatory projects as assigned.

II. DEVELOPMENT OF BILLING UNITS AND REVENUES

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

A. The purpose of my testimony is to explain the development of the weather normalized billing units and revenues for the customer classes of AmerenUE.

Q. What was the initial step you took in the development of the Company's billing units for each customer class?

A. I first reviewed Company reports that contain Ccf sales and revenues on a monthly basis for the Residential, General Service, Interruptible Service and Transportation Service rate classes. I then examined more detailed billing units and revenues information that was obtained from the Company data base system which provides sales and revenues. This data base contains data at the individual customer level and is called the Data Warehouse.

Q. How was this information utilized?

A. I applied the rates in effect during the test year to the billing units for each class. I used the sales and customer information from Company witness Steven M. Wills for the Residential Service class. For the other rate classes, General Service, Interruptible Service and Transportation Service, I used individual customer data from the Company's Data Warehouse. From this calculation I derived the actual revenues.

Q. Were adjustments made to the actual billing units?

A. Yes, there were adjustments made to the sales data for the Residential Service and General Service class. There were minor adjustments made to sales volumes due to the Automated Meter Reading issue for these two rate classes. The Residential

1 class sales were increased by 0.7337% and the General Service class sales were
2 decreased by 0.5291%.

3 There were also adjustments made to the Interruptible Service class due to
4 two customers leaving the class and adding months to the test year in order to have
5 twelve bills for each remaining customer.

6 **Q. Do the revenues calculated from this process exactly match the**
7 **revenues indicated on the Company's books ("reported revenue") for the same time**
8 **period?**

9 A. While the comparison of calculated revenue and reported revenue match
10 closely, there will always be some difference between the two. The difference results
11 from billing adjustments that are made during the test year due to corrected billings, and
12 partial initial and final bills.

13 **Q. What is weather normalization?**

14 A. A process by which we adjust the test year revenues to approximate what
15 revenues would be under "normal" weather conditions.

16 **Q. What process do you use to weather normalize the revenues?**

17 A. I use the actual and normal sales volumes as developed by Company
18 witness Mr. Wills to normalize the rate classes. The residential class actual and normal
19 sales are priced using the current rates to develop the weather adjustment. I used the
20 monthly ratios of the normal to actual sales volumes to normalize the General Service,
21 Interruptible Service and Transportation Service rate classes.

1 **Q. Were there any other adjustments made to the rate classes?**

2 A. I made adjustments to the Residential and General Service rate classes to
3 account for customer growth to November 2010. The method used is the same as
4 Missouri Public Service Commission Staff used in AmerenUE's last rate case.

5 **Q. What adjustments for these customer classes resulted from your**
6 **weather normalization process?**

7 A. Total test year revenue for all of the rate classes was increased by
8 \$651,923 (1%) to reflect what the gas usage of these customer classes would have been in
9 the test year under normal weather conditions. Schedule JRP-G1 shows the actual and
10 normal growth adjusted sales and revenue for various rate classes.

11 **Q. What adjustments for these customer classes resulted from your**
12 **growth process?**

13 A. Total test year revenues were increased by \$520,335 (less than 1%). The
14 growth calculation was performed for the Residential and General Service classes and
15 used forecast November 2010 customer counts from Company witness Mr. Wills. This
16 value will be updated using actual November 2010 customer counts at a later date.

17 **Q. Please summarize your testimony and conclusions.**

18 A. The results of the study shows that weather was slightly warmer than
19 normal so that sales and revenues had to be increased and that there was some customer
20 growth that also caused revenues to be increased from normal usage.

21 **Q. Does this conclude your direct testimony?**

22 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) Case No. GR-2010-
Service Provided to Customers in the)
Company's Missouri Service Area.)

AFFIDAVIT OF JAMES R. POZZO

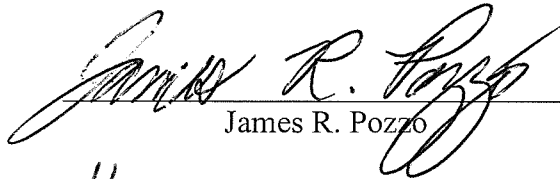
STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

James R. Pozzo, being first duly sworn on his oath, states:

1. My name is James R. Pozzo. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a AmerenUE as a Rate Engineer.

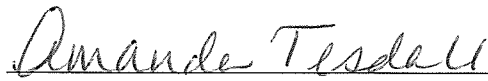
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of AmerenUE consisting of 4 pages, Schedule JRP-G1, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

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



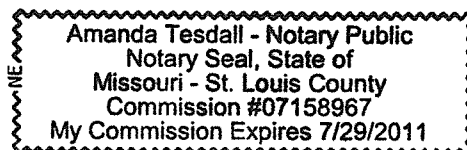
James R. Pozzo

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



Notary Public

My commission expires:



AmerenUE

Weather and Growth Adjustment to Non-Gas Revenue

12 Months Ending December 2009

	Average # Customers	As Billed		Weather Adjustment		Growth Adjustment		Normal/Growth Adjusted	
		Use	Non-Gas Revenue	Use	Non-Gas Revenue	Use	Non-Gas Revenue	Use	Non-Gas Revenue
Residential	112,898	72,242,487	\$39,315,827	1,662,665	\$400,536	116,209	\$61,659	74,021,361	\$39,778,022
Small General Service	9,861	9,328,402	\$5,565,742	194,143	\$53,914	287,357	\$170,926	9,809,902	\$5,790,581
Large General Service	3,405	29,399,522	\$8,930,710	497,530	\$133,927	942,593	\$287,750	30,839,645	\$9,352,387
Interruptible	17	5,062,496	\$933,713	29,586	\$5,271	0	\$0	5,092,082	\$938,983
Standard Small Transportation	34	85,557	\$34,666	1,463	\$412	0	\$0	87,020	\$35,078
Standard Large Transportation	264	16,857,824	\$3,748,498	205,863	\$44,861	0	\$0	17,063,687	\$3,793,359
Large Volume Transportation	18	21,981,105	\$3,430,464	90,481	\$13,002	0	\$0	22,071,586	\$3,443,466
Special Contracts	6	5,597,295	\$814,433	0	\$0	0	\$0	5,597,295	\$814,433
Total	126,503	160,554,688	\$62,774,053	2,681,731	\$651,923	1,346,159	\$520,335	164,582,578	\$63,946,310