Exhibit No.:
Issues: Normalized Billing Units
Witness: James R. Pozzo
Sponsoring Party: Union Electric Company
Type of Exhibit: Direct Testimony
Case No.: ER-2007-0002
Date Testimony Prepared: July 5, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2007-0002

DIRECT TESTIMONY

OF

JAMES R. POZZO

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
July, 2006

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DIRECT TESTIMONY

OF

JAMES R. POZZO

CASE NO. ER-2007-0002

I. INTRODUCTION

Q. Please state your name and business address.

A. James R. Pozzo, Ameren Services Company ("Ameren Services"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. What is your position with Ameren Services?

A. I am a Rate Engineer in Ameren Services' Regulatory Policy Department.

Q. What is Ameren Services?

A. Ameren Services provides various corporate, administrative and technical support services for Ameren Corporation ("Ameren") and its affiliates, including Union Electric Company d/b/a AmerenUE ("Company" or "AmerenUE"). Part of that work is assistance in the area of rate engineering, including work in the area of weather normalization which is the subject of my direct testimony on this case.

Q. Please describe your educational background, work experience and duties of your position.

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

I began working at Union Electric Company in January 1979 in the Power Operations Department, working as an Engineer at the Ashley Plant for two (2) years and at the Meramec Plant for five (5) years. During this time I was responsible for operations and

maintenance support for assigned plant equipment along with various other projects as assigned.

I transferred into Union Electric's Rate Engineering Department in September 1985 and I assumed my current position with Ameren Services upon completion of the merger of CIPSCO Inc. and Union Electric Company effective December 31, 1997.

My current duties and responsibilities include assignments related to the gas and electric rates of Union Electric Company, now doing business as AmerenUE; Central Illinois Public Service Company, now doing business as AmerenCIPS; Central Illinois Light Company, now doing business as AmerenCILCO; and Illinois Power Company, now doing business as AmerenIP. For each of these companies I participate in regulatory proceedings, conduct rate analyses, develop and interpret the gas and electric tariffs, and perform other rate or regulatory projects as assigned.

II. DEVELOPMENT OF WEATHER NORMALIZED BILLING UNITS

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

A. The purpose of my direct testimony is to develop weather normalized test year billing units for the Company's electric operations. An Executive Summary of my testimony is included in Attachment A of Company witness Wilbon L. Cooper's direct testimony.

Q. Please explain what is meant by the term "billing unit."

A. A billing unit is a quantity of electric customers, and usage (kilowatt-hours), demand (kilowatts) or reactive demand (kilovar) data to which filed rates are applied in determining customers' bills.

Q. Please describe the billing units used by AmerenUE.

A. AmerenUE uses a) customer count; b) kilowatt hours, which are energy units; c) kilowatts, which are demand units; and d) kilovars, which are units of reactive demand. Depending on a customer's rate class, two or more of these components are used to bill virtually all customers. The weather normalized billing units I developed in this case are a compilation of the individual customer billing units which occurred during the study period, adjusted to reflect normal weather. The study period is the test year consisting of the twelve months ending June 30, 2006, including nine months of actual data and three months of budgeted data.

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

A. Existing Company reports contain aggregate kilowatt-hour sales and revenues on a monthly basis for the Residential, Small General Service, Large General Service, Small Primary Service, and Large Primary Service rate classes. A more detailed monthly report provides the billing units that can be priced at the Company's filed rates to calculate customer revenues. This report provides billing data both by revenue month, which is the month for which the data was reported, and the primary month, which is the month the data should have been reflected in customer bills. I used this report to assemble the billing data in the proper primary month. I then applied the Company's existing filed rate values for each specific rate class to the billing units for the class. This results in the "calculated revenue" for each class.

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

A. While the comparison of calculated revenue and reported revenue match closely, there will always be some difference between the two. This results from billing adjustments which are made to a number of accounts each month due to corrected billings, and initial and final bills, which apply to periods that are either longer or shorter than the Company's standard billing periods, causing such bills to be adjusted or prorated.

Q. Did you analyze all of the rate classes using the billing unit reports?

A. No, I analyzed the Large Primary Service class using individual customer data because the class contains less than sixty customers and has a relatively simple rate structure.

Q. After you verified the billing units associated with the Company's reported revenues, how were these billing units and revenues adjusted to reflect normal weather?

A. I used weather adjustment ratios provided by Company witness Richard A. Voytas for the billing month to adjust the monthly reported sales to normal sales. The weather adjusted kilowatt-hours were priced at the last kilowatt-hour rate block by month for each rate class and added or subtracted from actual billing units to develop normalized billing units and revenues. The resulting normalized monthly billing units were then divided into the summer and winter billing periods for presentation on Schedules JRP-E1 through JRP-E6, attached hereto. Schedule JRP-E7 is a summary of the weather normalized billing unit kilowatt-hours and revenues. These weather normalized revenues and billing units are used by Company witness William M. Warwick in the development of his class cost of service study and by Mr. Cooper, in his development of the Company's proposed rates in this

case. The normalized revenues are also used by Company witness Gary S. Weiss as an adjustment to revenues in Mr. Weiss's cost of service study.

Q. What was the result of your analysis?

A. My analysis provides the normal billing units to be used to develop proposed rates. The study also shows that sales should be reduced by 437,670 megawatt-hours and revenues should be reduced by approximately $37 million.

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 Electric Service Provided to Customers in the Company's Missouri Service Area.	)))))	Case No. ER-2007-0002

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 Ameren Services Company as a Rate Engineer in Regulatory Policy.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 5 pages and Schedules JRP-E1 through JRP-E7, 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 5th day of July, 2006.

Notary Public

My commission expires:

CAROLYN J. WOODSTOCK
Notary Public - Notary Seal
STATE OF MISSOURI
Franklin County
My Commission Expires: May 19, 2008

Residential Service Rate
AmerenUE - Missouri
Weather Normalized-12 months ending June 2006
April-June Forecast

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$7.25
Customer Charge TOD	Per Month	$15.00
Energy Charge:		
All Kwh	Cents per Kwh	7.640 ¢
TOD On Peak	Cents per Kwh	11.11 ¢
TOD Off Peak	Cents per Kwh	4.56 ¢
Winter (October - May)		
Customer Charge	Per Month	$7.25
Customer Charge TOD	Per Month	$15.00
Energy Charge:		
0- 750 Kwh	Cents per Kwh	5.420 ¢
All Kwh Over 750	Cents per Kwh	3.660 ¢
TOD On Peak	Cents per Kwh	6.55 ¢
TOD Off Peak	Cents per Kwh	3.24 ¢

Proof of Revenue

	Units	Rate	$1,000
Summer			
Customer Charge	4,047,891	$7.25	$29,347
Customer Charge TOD	108	$15.00	$2
Mwh	4,842,999	$0.07640	$370,005
TOD On Peak Kwh	141	$0.11110	$16
TOD Off Peak Kwh	307	$0.04560	$14
	4,843,447		$399,384
Winter			
Customer Charge	8,122,335	$7.25	$58,887
Customer Charge TOD	217	$15.00	$3
0-750 Mwh	4,979,288	$0.05420	$269,877
Over 750 Mwh	3,334,003	$0.03660	$122,025
TOD On Peak Kwh	287	$0.06550	$19
TOD Off Peak Kwh	578	$0.03240	$19
Total MWH	8,314,156		$450,830
Total Res	13,157,603		$850,213

Small General Service Rate Comparison
AmerenUE - Missouri
Weather Normalized-12 months ending June 2006
April-June Forecast

Billing Components		Present
Summer (June - September)		
Customer Charge:		
Single Phase Service	Per Month	$7.25
Three Phase Service	Per Month	$15.10
Single Phase Service TOD	Per Month	$15.00
Three Phase Service TOD	Per Month	$30.00
Energy Charge:		
All Kwh	Cents per Kwh	7.42 ¢
TOD On Peak	Cents per Kwh	11.01 ¢
TOD Off Peak	Cents per Kwh	4.49 ¢
Winter (October - May)		
Customer Charge:		
Single Phase Service	Per Month	$7.25
Three Phase Service	Per Month	$15.10
Single Phase Service TOD	Per Month	$15.00
Three Phase Service TOD	Per Month	$30.00
Energy Charge:		
Base Use	Cents per Kwh	5.53 ¢
Seasonal Use	Cents per Kwh	3.20 ¢
TOD On Peak	Cents per Kwh	7.25 ¢
TOD Off Peak	Cents per Kwh	3.33 ¢

Proof of Revenue

	Units	Rate	1000's
Summer			
Customer Charge - Single Phase	369,238	$7.25	$2,677
Customer Charge - Three Phase	139,514	$15.10	$2,107
Single Phase Service TOD	544	$15.00	$8
Three Phase Service TOD	281	$30.00	$8
Mwh	1,268,678	$0.0742	$94,136
TOD On Peak Kwh	2,684	$0.1101	$296
TOD Off Peak Kwh	4,664	$0.0449	$209
Summer Total MWH	1,276,026		$99,441
Winter			
Customer Charge - Single Phase	740,475	$7.25	$5,368
Customer Charge - Three Phase	281,232	$15.10	$4,247
Single Phase Service TOD	1,340	$15.00	$20
Three Phase Service TOD	585	$30.00	$18
Winter Base Mwh	1,871,325	$0.0553	$103,484
Winter Seasonal Mwh	419,840	$0.0320	$13,435
TOD On Peak Kwh	5,298	$0.0725	$384
TOD Off Peak Kwh	9,389	$0.0333	$313
Winter Total MWH	2,305,852		$127,269
Total	3,581,878		$226,710

Large General Service Rate Comparison
AmerenUE - Missouri
Weather Normalized-12 months ending June 2006
April-June Forecast

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$66.00
Customer Charge TOD	Per Month	$80.00
Energy Charge (¢ per kWh)		
First 150 kWh per KW		7.41 ¢
Next 200 kWh per KW		5.58 ¢
All over 300 kWh per KW		3.74 ¢
TOD On Peak Adjust. per Kwh		0.88 ¢
TOD Off Peak Adjust. per Kwh		-0.49 ¢
Demand		
Per KW of Billing Demand		$3.58
Winter (October - May)		
Customer Charge	Per Month	$66.00
Customer Charge TOD	Per Month	$80.00
Energy Charge (¢ per kWh)		
First 150 kWh per KW		4.64 ¢
Next 200 kWh per KW		3.48 ¢
All over 350 kWh per KW		2.70 ¢
Seasonal Energy Charge		2.70 ¢
TOD On Peak Adjust. per Kwh		0.27 ¢
TOD Off Peak Adjust. per Kwh		-0.15 ¢
Demand		
Per KW of Billing Demand		$1.28

Proof of Revenue

	Units	Rate	$1,000
Summer			
Customer Charge	37,552	$66.00	$2,478
Customer Charge TOD	84	$80.00	$7
Summer Energy Mwh			
0-150 hours	1,139,107	$0.0741	$84,408
151-350 hours	1,222,263	$0.0558	$68,202
Over 350 hours	494,132	$0.0374	$18,481
Seasonal	113	$0.0000	$0
TOD On Peak	2,000	$0.0088	$18
TOD Off Peak	3,158	-$0.0049	-$15
Demand	8,319,125	$3.58	$29,782
			$203,360
Winter			
Customer Charge	75,312	$66.00	$4,971
Customer Charge TOD	168	$80.00	$13
Winter Energy Mwh			
0-150 hours	1,897,091	$0.0464	$88,025
151-350 hours	2,021,758	$0.0348	$70,357
Over 350 hours	852,489	$0.0270	$23,017
Seasonal	334,520	$0.0270	$9,032
TOD On Peak	3,288	$0.0027	$9
TOD Off Peak	5,172	-$0.0015	-$8
Demand	15,226,610	$1.28	$19,490
			$214,907
	7,961,473		$418,267

Small Primary Service Rate Comparison
AmerenUE - Missouri
Weather Normalized-12 months ending June 2006
April-June Forecast

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$210.00
Customer Charge TOD	Per Month	$224.00
Energy Charge (¢ per kWh)		
First 150 kWh per KW		7.04 ¢
Next 200 kWh per KW		5.31 ¢
All over 350 kWh per KW		3.56 ¢
TOD On Peak Adjust. per Kwh		0.88 ¢
TOD Off Peak Adjust. per Kwh		-0.49 ¢
Demand		
Per KW of Billing Demand		$2.85
Billing Kvars		24 ¢
Rider B 34kv		
Per KW		81 ¢
Rider B 138kv		
Per KW		95 ¢
Winter (October - May)		
Customer Charge	Per Month	$210.00
Customer Charge TOD	Per Month	$224.00
Energy Charge (¢ per kWh)		
First 150 kWh per KW		4.43 ¢
Next 200 kWh per KW		3.30 ¢
All over 300 kWh per KW		2.58 ¢
Seasonal Energy Charge		2.58 ¢
TOD On Peak Adjust. per Kwh		0.27 ¢
TOD Off Peak Adjust. per Kwh		-0.15 ¢
Demand		
Per KW of Billing Demand		$1.04
Billing Kvars		24 ¢
Rider B 34kv		
Per KW		81 ¢
Rider B 138kv		
Per KW		95 ¢

Proof of Revenue

	Units	Rate	$1,000
Summer			
Customer Charge	2,563	$210.00	$538
Customer Charge TOD	19	$224.00	$4
Summer Energy Mwh			
0-150 hours	466,903	$0.0704	$32,870
151-350 hours	530,728	$0.0531	$28,182
Over 350 hours	465,948	$0.0356	$16,588
Seasonal	-4,804	$0.0000	$0
TOD On Peak	5,182	$0.0088	$46
TOD Off Peak	7,926	-$0.0049	($39)
Demand	3,205,417	$2.85	$9,135
Billing Kvars	618,614	$0.24	$148
Rider B 34kv	324,507	$0.81	($263)
Rider B 138kv	0	$0.95	$0
			$87,210
Winter			
Customer Charge	5,078	$210.00	$1,066
Customer Charge TOD	40	$224.00	$9
Winter Energy Mwh			
0-150 hours	780,677	$0.0443	$34,584
151-350 hours	926,556	$0.0330	$30,576
Over 350 hours	745,533	$0.0258	$19,235
Seasonal	155,255	$0.0258	$4,006
TOD On Peak	10,205	$0.0027	$28
TOD Off Peak	16,333	-$0.0015	($24)
Demand	5,685,807	$1.04	$5,913
Billing Kvars	1,226,639	$0.24	$294
Rider B 34kv	563,733	$0.81	($457)
Rider B 138kv	0	$0.95	$0
			$95,230
	4,066,796		$182,440

Large Primary Service Rate Comparison
AmerenUE - Missouri
Weather Normalized-12 months ending June 2006
April-June Forecast

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$210.00
Demand Charge	Per KW of Billing Demand	$13.97
Energy Charge:		
All Kwh	Cents per Kwh	2.34 ¢
TOD On Peak Adjust. per Kwh		0.45 ¢
TOD Off Peak Adjust. per Kwh		-0.25 ¢
Reactive Charge	Cents per kVar	24 ¢
Rider B 34kv	Per KW	81 ¢
Rider B 138kv	Per KW	95 ¢
Winter (October - May)		
Customer Charge	Per Month	$210.00
Demand Charge	Per KW of Billing Demand	$6.34
Energy Charge:		
All Kwh	Cents per Kwh	2.06 ¢
TOD On Peak Adjust. per Kwh		0.2 ¢
TOD Off Peak Adjust. per Kwh		-0.11 ¢
Reactive Charge	Cents per kVar	24 ¢
Rider B 34kv	Per KW	81 ¢
Rider B 138kv	Per KW	95 ¢

Proof of Revenue

	Units	Rate	1000's
Summer			
Customer Charge	242	$210.00	$51
Summer Mwh	1,492,472	$0.0234	$34,924
TOD On Peak	29,851	$0.0045	$134
TOD Off Peak	51,376	-$0.0025	-$128
Demand	2,669,326	$13.97	$37,290
Billing Kvars	325,275	0.24	$78
Rider B 34kv	681,130	0.81	($552)
Rider B 138kv	177,388	0.95	($169)
			$71,629
Winter			
Customer Charge	488	$210.00	$102
Winter Mwh	2,653,640	$0.0206	$54,665
TOD On Peak	49,855	$0.0020	$100
TOD Off Peak	93,028	-$0.0011	-$102
Demand	4,848,009	$6.34	$30,736
Billing Kvars	609,400	$0.24	$146
Rider B 34kv	1,267,707	$0.81	($1,027)
Rider B 138kv	355,245	$0.95	($337)
			$84,283
	4,146,112		$155,912

Large Transmission Service Rate
AmerenUE - Missouri
Weather Normalized-12 months ending June 2006
April-June Forecast

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$210.00
Demand Charge	Per KW of Billing Demand	$11.82
Energy Charge:		
All Kwh	Cents per Kwh	2.242 ¢
Line Loss Kwh	Cents per Kwh	3.25 ¢
Reactive Charge	Cents per kVar	24 ¢
Winter (October - May)		
Customer Charge	Per Month	$210.00
Demand Charge	Per KW of Billing Demand	$4.50
Energy Charge:		
All Kwh	Cents per Kwh	1.974 ¢
Line Loss Kwh	Cents per Kwh	3.25 ¢
Reactive Charge	Cents per kVar	24 ¢

Proof of Revenue

	Units	Rate	1000's
Summer			
Customer Charge	4	$210.00	$1
Summer Mwh	1,351,282	$0.02242	$30,296
Line Loss Mwh	47837	$0.03250	$1,555
Demand	1,845,439	$11.82	$21,806
Billing Kvars	0	0.24	$0
			$53,657
Winter			
Customer Charge	8	$210.00	$2
Winter Mwh	2,712,757	$0.01974	$53,550
Line Loss Mwh	94,947	$0.03250	$3,086
Demand	3,960,905	$4.50	$17,840
Billing Kvars	0	$0.24	$0
			$74,477
	4,064,039		$128,134
Annual Contribution Factor			$9,074
			$137,208

AmerenUE - Missouri
Weather Normalized-12 months ending June 2006
April-June Forecast

	Normal Bill Unit MWH	Billing Unit Revenue
Residential	13,157,603	$850,213,202
Small General Service	3,581,878	$226,709,603
Large General Service	7,961,473	$418,267,034
Small Primary Service	4,066,796	$182,439,828
Large Primary Service	4,146,112	$155,912,021
Large Transmission Service	4,064,039	$137,208,536
Lighting	228,072	$27,110,909
MSD		$39,487
Total	37,205,973	$1,997,900,620