Exhibit No.:	
Issues:	Revenue Requirement
Witness:	Gary S. Weiss
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Direct Testimony
Case No.:	GR-2007-0003
Date Testimony Prepared:	July 5, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2007-0003

DIRECT TESTIMONY

OF

GARY S. WEISS

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
July, 2006

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DIRECT TESTIMONY

OF

GARY S. WEISS

CASE NO. GR-2007-0003

I. INTRODUCTION

Q. Please state your name and business address.

A. Gary S. Weiss, 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 the Manager of Regulatory Accounting in the Controller's Function.

Q. Please describe your educational background and work experience.

A. My educational background consists of a Bachelor of Science Degree in Business Management from Southwest Missouri State University I received in 1968 and a Masters in Business Administration from Southern Illinois University at Edwardsville I received in 1977.

I was employed by Union Electric Company in June of 1968 and was employed continuously until January 1, 1998, except for a two-year tour of duty with the United States Army. Effective with the merger of Union Electric Company and Central Illinois Public Service Company into Ameren Corporation ("Ameren"), I assumed employment with Ameren Services. My work experience started at Union Electric as an Accountant in the Controller's function. I worked as an accountant in the Internal Audit Department, General Accounting Department, and Property Accounting Department from 1968 through 1973. In 1974 I was promoted to a Senior Accountant in the Internal Audit

Department. In 1976 I was promoted to Supervisor in the Rate Accounting Department. The Rate Accounting Department was combined with the Plant Accounting Department in 1990 to form the Plant and Regulatory Accounting Department. In December 1998 I and the Regulatory Accounting Section were moved to the Financial Communications Department. Starting in October 2001 I became a direct report to the Controller. On February 16, 2003, I was promoted to Director Regulatory Accounting and Depreciation. I was promoted to my current position, Manager of Regulatory Accounting, on October 1, 2004.

Q. Please describe your qualifications.

A. I have thirty years experience in the regulatory area of the public utility industry. I have submitted testimony concerning cost of service before the Missouri Public Service Commission, the Illinois Commerce Commission, the Iowa State Commerce Commission, and the Federal Energy Regulatory Commission. I have also provided anti-trust testimony before the United States District Court in the Eastern District of Missouri.

Q. What are your responsibilities in your current position?

A. My duties as Manager of Regulatory Accounting include preparing cost of service studies and developing accounting exhibits and testimony for use in applications for rate changes for Union Electric Company d/b/a AmerenUE ("AmerenUE" or "Company") and the three Ameren utilities operating in Illinois. I provide assistance to the Vice President and Controller regarding (1) rate case and regulatory accounting, (2) the need for and the timing of rate changes and (3) the effect on financial forecasts of proposed rate changes. I conduct studies to determine the effect on filed tariffs and operating income of various accounting policies and practices, analyze the results and suggest appropriate rate changes. I prepare regularly required reports and exhibits for the various regulatory commissions. I provide data, answer inquiries, arrange meetings, and otherwise assist representatives of regulatory commissions in conducting their audits and reviews. In addition I oversee the Service Request operations of Ameren Services.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your testimony?

A. The purpose of my testimony and attached Schedules GSW-G1 through GSW-G12 is to develop the cost of service (revenue requirement) for the gas operations of AmerenUE. The revenue requirement determines the level of gas 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 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 to use a test year consisting of the twelve months ended June 30, 2006, utilizing nine months of actual and three months of forecasted information, with updates for known and measurable changes through September 31, 2006. The three months forecasted information will be updated with actual data once it becomes available, including the filing of supplemental direct testimony on or before September 30, 2006 supporting that updated information.

Q. Have you prepared or has there been prepared under your direction and supervision a series of schedules for presentation to the Commission in this proceeding?

A. Yes. I am sponsoring Schedules GSW-G1 through GSW-G12.

Q. What is the subject matter of these schedules?

A. Schedules GSW-G1 through GSW-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 June 30, 2006, with pro forma adjustments and updates for known and measurable changes. I have also prepared an Executive Summary of my testimony attached hereto as Attachment A.

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

A. Each schedule provides the following information:

- Schedule GSW-G1 - Original Cost of Plant, per books and pro forma, for the Missouri gas operations at June 30, 2006 updated through September 2006, by functional classification.
- Schedule GSW-G2 - Reserves for Depreciation and Amortization, per books and pro forma, for the Missouri gas operations at June 30, 2006 updated through September 30, 2006, by functional classification.
- Schedule GSW-G3 - Average Materials and Supplies and Gas Inventories Applicable to Missouri Gas Operations for the thirteen months ended June 30, 2006.
- Schedule GSW-G4 - Average Prepayments for Missouri Gas Operations for the thirteen months ended June 30, 2006.
- Schedule GSW-G5 - Calculation of the Cash Working Capital for the Missouri Gas Operations for the twelve months ended June 30, 2006.

- Schedule GSW-G6 – Missouri Gas Average Customer Deposits, Missouri Gas Average Customer Advances for Construction, Federal Income Tax Cash Requirement and State Income Tax Cash Requirement, Missouri Gas Interest Expense Cash Requirement, and Missouri Gas Accumulated Deferred Income Taxes at June 30, 2006.
- Schedule GSW-G7 – Missouri Gas Operating Revenues, per books and pro forma, for the twelve months ended June 30, 2006.
- Schedule GSW-G8 - Missouri Gas Operating and Maintenance Expenses, per books and pro forma, for the twelve months ended June 30, 2006.
- Schedule GSW-G9 - Missouri Gas Depreciation and Amortization Expense, per books and pro forma, for the twelve months ended June 30, 2006.
- Schedule GSW-G10 - Taxes Other Than Income Taxes for Missouri Gas Operations, per books and pro forma, for the twelve months ended June 30, 2006.
- Schedule GSW-G11 - Income Tax Calculation for Missouri Gas Operations at the proposed rate of return and statutory tax rates for the twelve months ended June 30, 2006.
- Schedule GSW-G12 – Missouri Gas Net Original Cost Rate Base and Total Revenue Requirement for the pro forma twelve months ended June 30, 2006.

Q. Have the books of the Company on which these schedules are based been maintained in accordance with the Uniform System of Accounts as adopted by the Missouri Public Service Commission ("Commission")?

A. Yes, they have.

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 a fair and reasonable return on the net value of property used and useful in serving its 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, it is necessary to make certain "pro forma" adjustments.

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 investors. To the extent that revenues are below the 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 GSW-G1.

A. Schedule GSW-G1 shows the original cost of plant by functional classifications for the Company's Missouri jurisdictional gas operations at June 30, 2006 updated through September 30, 2006 with 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 GSW-G1.

A. Adjustments 1 and 2 allocate to the Company's Missouri gas operations $4,657,000 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 gas?

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 $1,563,000 for July through September 2006 applicable to the Company's Missouri gas Distribution and General Plant.

Q. What plant additions are contained in Adjustment 5?

A. Adjustment 5 contains the infrastructure investment from October through December 2006 of $3,606,000. The Stipulation and Agreement approved by the Commission in Case No. GR-2003-0517 included the following commitment: "AmerenUE commits that it will make ISRS-qualifying investments in its Missouri gas system of at least $15 to $25 million between July 1, 2003, and December 31, 2006." The projects included in this adjustment are the remaining investments that are covered by this Stipulation and

Agreement. The direct testimony of Company witness Steven R. Colyer discusses the ISRS-qualifying investments in more detail.

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 June 30, 2006, as shown on Schedule GSW-G1 is $316,296,000.

Q. Please explain Schedule GSW-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 June 30, 2006 updated through September 30, 2006.

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

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

Adjustment 1 of $1,278,000 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.

Adjustment 2 for $2,000 eliminates the excess accumulated reserve balance in Account 366, Roads, as this account is fully depreciated.

Adjustments 3 and 4 increase the accumulated depreciation reserve by $120,000 to reflect the plant additions on Schedule GSW-G1.

In addition, the accumulated reserve by account within the Distribution and General Plant functions were reallocated in Adjustments 5 and 6 to bring the actual reserve balances by account in line with the theoretical reserve balances by account. See the direct testimony of Company witness John F. Wiedmayer for additional explanation of this restatement. This reallocation has no impact on the total accumulated depreciation reserve by function.

After reflecting these pro forma adjustments, the pro forma accumulated depreciation reserve applicable to the Company's Missouri jurisdictional gas plant at June 30, 2006 is $104,306,000.

Q. What appears on Schedule GSW-G3?

A. Schedule GSW-G3 shows the average investment in materials and supplies, propane gas, and gas stored underground for the thirteen months ended June 30, 2006. 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 and intrastate 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 June 30, 2006 is $27,667,000.

Q. Will you please explain Schedule GSW-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 $1,349,000 for the thirteen months ended June 30, 2006.

Q. What is calculated on Schedule GSW-G5?

A. The cash working capital allowance is calculated on Schedule GSW-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 Navigant Consulting for the development of the revenue and expense leads and lags that support the Company's cash working capital calculation. Schedule GSW-G5 shows a negative $2,217,000 cash working capital allowance requirement. This indicates that the customers are on average paying for their gas service before the payment for expenses by the Company. Therefore, the customers are supplying funds to the Company and the rate base is reduced by this $2,217,000.

Q. What appears on Schedule GSW-G6?

A. The various other deductions to rate base are shown on Schedule GSW-G6 including average customer deposits, average customer advances for construction, the federal income tax cash requirement, the state income tax cash requirement, the interest expense cash requirement and the accumulated deferred income taxes.

Q. What are customer deposits and customer advances for construction shown on Schedule GSW-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 $544,000 at

June 30, 2006. 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 $525,000 at June 30, 2006. 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 and the interest expense cash requirement.

A. The federal income tax, the state income tax and the interest expense cash requirements arise because customers pay for income taxes and interest expenses 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. However the payment lead time for the interest expense was calculated by Mr. Adams based on the Company’s methodology.

Q. How was the expense lead time for the interest expense calculated?

A. The expense lead time for the interest expense was calculated as the mid-point of six months (i.e., 365/2/2 or 91.25 days) plus a half day to account for the mid-point of the day on which the interest payment is made.

Q. Did the Company direct Mr. Adams to employ this approach when calculating the interest expense lead time?

A. Yes, I directed Mr. Adams to follow this approach. This approach is consistent with that used by the Commission Staff in recent cases. For purposes of this proceeding, the Company believes that the approach described above most accurately reflects the timing of cash flows related to the payment of the Company's interest expense.

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

A. The expense leads for federal income tax, state income tax and interest expense are greater than the revenue lags. This results in a negative cash requirement for the Missouri gas operations of ($404,000) for federal income taxes, ($64,000) for state income taxes and ($762,000) for interest expense.

Q. What other rate base deductions are shown on Schedule GSW-G6?

A. The last rate base deduction shown on Schedule GSW-G6 is the accumulated deferred income taxes applicable to the Company's Missouri gas operations at June 30, 2006. 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 June 30, 2006 are $18,360,000 and represent a deduction from the rate base.

Q. What is the Company's Missouri pro forma net original gas rate base at June 30, 2006?

A. The rate base as shown on Schedule GSW-G12 is $218,130,000 and consists of:

	(In Thousands of $s)
Original Cost of Property and Plant	$ 316,296
Less Reserve for Depreciation & Amortization	104,306
Net Original Cost of Property & Plant	211,990
Average Material and Supplies	27,667
Average Prepayments	1,349
Cash Working Capital	(2,217)
Average Customer Deposits	(544)
Average Customer Advances for Construction	(525)
Federal Income Tax Cash Requirement	(404)
State Income Tax Cash Requirement	(64)
Interest Expense Cash Requirement	(762)
Accumulated Deferred Taxes on Income -	
Account 190	1,300
Account 282	(20,877)
Account 283	1,217
Total Missouri Gas Original Cost Rate Base	$ 218,130

Q. Please explain Schedule GSW-G7.

A. Schedule GSW-G7 shows the Company's Missouri gas operating revenues per books and pro forma for the twelve months ended June 30, 2006. The actual revenues for July 2005 through March 2006 along with the forecasted revenues for April through June 2006 were used to develop the twelve months ended June 30, 2006 revenues.

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

A. The following pro forma adjustments to the Company's Missouri gas operating revenues are shown on Schedule GSW-7: (1) Revenue add-on taxes of $8,774,000 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 $829,000 are eliminated to reflect the book revenues on a bill cycle basis. Since the unbilled revenues for the twelve months ended June 30, 2006 were negative, the revenues are increased to eliminate the unbilled revenues. (3) Operating revenues are deceased by $110,314,000 to reflect the elimination of the operating revenues associated with gas costs that are collected through the Company's Tariff Rider A, Purchased Gas Adjustment ("PGA"). This proceeding involves a request for an increase in the Company's Missouri gas base revenues. (4) Revenues are decreased by $1,878,000 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) The revenues are increased by $2,412,000 to reflect the impact of normal weather on revenues. The actual gas sales and revenues for the twelve months ended June 30, 2006 were lower than normal. See the direct testimony of Mr. Pozzo for the calculation of the weather normalization adjustment.

Q. What are the Missouri gas pro forma operating revenues for the twelve months ended June 30, 2006?

A. The Company's Missouri gas pro forma operating revenues for the twelve months ended June 30, 2006 are $59,341,000.

Q. Please explain Schedule GSW-G8.

A. Schedule GSW-G8 shows the Company's Missouri gas operating and maintenance expenses, per books and pro forma, by function for the twelve months ended June 30, 2006.

Q. Will you please explain the pro forma adjustments to the Missouri gas operating expenses for the twelve months ending June 30, 2006?

A. A summary of the pro forma adjustments to operating expenses appear on Schedule GSW-G8.

Adjustment 1 eliminates $109,789,000 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 $374,000 to reflect annualized wage increase of 3.25% effective July 1, 2006 for the contract workers and the April 1, 2006 wage increase of 3.75% for management employees.

Adjustment 3 reduces the test year level of incentive compensation by $32,000 to reflect the amount of incentive compensation annualized at the target level for calendar year 2006. The actual incentive compensation for the year 2005 exceeded the maximum due to unusual circumstances.

Adjustment 4 is an increase in transmission expenses of $7,000 to reverse a correcting entry to a prior period adjustment.

Adjustment 5 increases the customer accounts expenses to reflect interest expense of $52,000 at the 9.50% rate on the customer deposits that was deducted from rate base.

Adjustment 6 reduces administrative and general expenses to reflect a decrease in pension expense of $46,000 to annualize the calendar year 2006 pension expense.

Adjustment 7 increases administrative and general expenses for post-retirement benefits other than pensions, major medical and other benefits by $208,000 to annualize calendar year 2006 employee benefit expenses. This adjustment to employee benefits is appropriate to match the wage increases reflected in Adjustment 2.

Adjustment 8 increases administrative and general expenses by $170,000 to reflect a three-year amortization of the estimated expenses for the outside attorneys and consultants and the travel expenses of Company witnesses required to prepare and present testimony this case.

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 GSW-G8 the Company's Missouri gas operating and maintenance expenses are decreased from $138,765,000 to $29,709,000 or a total decrease of $109,056,000.

Q. What is shown on Schedule GSW-G9?

A. Schedule GSW-G9 summarizes the Missouri gas provision for depreciation and amortization for the twelve months ended June 30, 2006 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 ($452,000) appears on Schedule GSW-G9.

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

A. Adjustment 1 increases the depreciation expense by $367,000 to reflect a full year's depreciation on the June 30, 2006 depreciable plant balances reflecting the current depreciation rates.

Adjustment 2 reflects a net decrease in depreciation expense of $952,000 to reflect a full year's depreciation on the June 30, 2006 depreciable plant balances reflect the proposed depreciation rates. See the direct testimony of Mr. Wiedmayer for the development of the proposed depreciation rates.

Adjustment 3 increases the depreciation expense by $120,000 to reflect a full year's depreciation on the pro forma plant additions at the proposed depreciation rates.

Adjustment 4 increases the depreciation expense by $13,000 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 proposed electric depreciation rates.

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 GSW-G9 the pro forma depreciation and amortization expense applicable to the Company's Missouri gas operations is $6,941,000.

Q. What does Schedule GSW-G10 present?

A. Taxes other than income taxes for the Missouri gas operations for the twelve months ended June 30, 2006, both book and pro forma, are presented on Schedule GSW-G10. 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 GSW-G10.

A. Adjustment 1 increases the F.I.C.A. taxes by $29,000 to reflect the pro forma labor increases.

Adjustment 2 eliminates the revenue add-on taxes of $10,297,000 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 GSW-G10 applicable to the Company's Missouri gas operations are $6,291,000.

Q. What is Schedule GSW-G11?

A. Schedule GSW-G11 develops the federal and state income taxes for the test year ended June 30, 2006 at the requested return on rate base of 8.607% based on the statutory federal and Missouri state income tax rates. The direct testimony of Company witness Lee R. Nickloy contains the development of the recommended 8.607% return on rate base. The federal and Missouri state income taxes applicable to the Missouri gas operations for the twelve months ended June 30, 2006 at the proposed return of 8.607% are $7,208,000 and $1,133,000 respectively.

Q. Please explain Schedule GSW-G12.

A. Schedule GSW-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 8.607%. As shown on Schedule GSW-G12 the total Missouri gas rate base is $218,130,000 and the total Missouri gas revenue requirement is $70,056,000. After reflecting the increase in uncollectible revenues the Missouri gas revenue requirement is $70,195,000.

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

A. As shown on Schedule GSW-G12 the pro forma Missouri gas operating revenues are $59,341,000 compared to the total Missouri gas revenue requirement after the increased uncollectible revenues of $70,195,000. Therefore, an increase of $10,853,000 is required. This is the amount of additional revenues AmerenUE needs to collect each year to recover its cost of service.

IV. 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 GSW-G12 the Company's Missouri gas revenue requirement including an 8.607% return on rate base exceeds the pro forma operating revenues at present rates by $10,853,000. The Company should be allowed to increase its rates to permit it to recover this $10,853,000 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-2007-0003

AFFIDAVIT OF GARY S. WEISS

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

Gary S. Weiss, being first duly sworn on his oath, states:

1. My name is Gary S. Weiss. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services Company as Manager of Regulatory Accounting.

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 20 pages, Attachment A and Schedules GSW-G1 through GSW-G12, 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.

Gary S. Weiss
Gary S. Weiss

Subscribed and sworn to before me this 5th day of July, 2006.

Carolyn J. Woodstock
Notary Public

My commission expires:

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

EXECUTIVE SUMMARY

Gary S. Weiss

Manager of Regulatory Accounting for Ameren Services Company

* * * * * * * * * * *

The purpose of my testimony is to present the Company's revenue requirement recommendation for its Missouri gas operations. Based on the Company's revenue requirement, a $10,853,000 rate increase under traditional ratemaking is justified.

The Company's revenue requirement is based on a test year consisting of the twelve months ended June 30, 2006, utilizing nine months of actual and three months of forecasted information, with certain known and measurable items updated through September 30, 2006. The three months of forecasted information will be updated with actual data once it becomes available, including the filing of supplemental direct testimony on or before September 30, 2006 supporting that updated information. The Company's rate base is updated through December 31, 2006 to reflect all additions to plant in service except for new business additions. In addition, the remaining infrastructure investments through December 31, 2006 are included as these projects were included in the commitment made by AmerenUE in the Stipulation and Agreement in Case No. GR-2003-0517. The revenues have been adjusted to reflect normal weather. The revenues and expenses related to purchased gas have been eliminated as this case only applies to an increase in the base rates. The remaining operating expenses have been adjusted to reflect the 2006 wage and salary increases, incentive compensation expense has been reduced to the annualized year 2006 target level, pension expense and other employee benefits have been adjusted to reflect the

2006 level annualized and a three-year amortization of the expenses incurred to prepare and litigate this rate increase filing has been included.

The depreciation expense has been decreased to reflect proposed depreciation rates. The proposed depreciation rates are applied to the depreciable plant balances at June 30, 2006 as well as to the additions to plant through December 31, 2006. The testimony of Company witness John F. Wiedmayer provides support for the proposed depreciation rates. Taxes other than income taxes have been adjusted to reflect the increase in F.I.C.A. tax related to the wage and salary increases. Finally, the Company's revenue requirement is based on an 11.50% return on common equity (see the testimony of Company witnesses Kathleen C. McShane and James H. Vander Weide). Reflecting the above items, the Company's Missouri gas operations' revenue requirement after reflecting an increase in uncollectible accounts is $70,195,000. The Company's Missouri gas revenue requirement is $10,853,000 greater than the current operating revenues.

AmerenUE
ORIGINAL COST OF PLANT BY FUNCTIONAL CLASSIFICATION
MISSOURI GAS OPERATIONS
AT JUNE 30, 2006 UPDATED THROUGH SEPTEMBER 30, 2006
($000)

Line	Account Name	Total Per Books	Pro Forma Adjustments (1)	Pro Forma Total
1	Intangible Plant	$ -	$ -	$ -
2	Production Plant	1,517	-	1,517
3	Transmission Plant	5,845	0	5,845
4	Distribution Plant	288,213	4,980	293,193
5	General Plant	10,897	4,845	15,742
6	Total Missouri Gas Plant	$ 306,471	$ 9,825	$ 316,296

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

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO PLANT
MISSOURI GAS OPERATIONS
AT JUNE 30, 2006 UPDATED THROUGH SEPTEMBER 30, 2006
($000)

Line	Description		Amount
1	(1) Allocate portions of district general facilities applicable to Missouri gas operations. Such facilities,		$ 1,312
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	8.97%	
8	Electric and Illinois Gas	91.03%	
9	Total	100.00%	
10	Allocable Balances	$ 14,621	
11	Allocated Amount	$ 1,312	
12	(2) Allocate portions of the original cost of multi-use general facilities applicable to Missouri gas operations. Such		$ 3,345
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	2.92%	
19	Electric and Illinois Gas	97.08%	
20	Total	100.00%	
21	Allocable Balances	$ 114,545	
22	Allocated Amount	$ 3,345	
23	(3) Additional distribution plant facilities through 07/01/2006 to 12/31/2006.		$ 1,374
24	Account 376	$ 704	
25	Account 380	268	
26	Account 381	402	
27	Total	$ 1,374	
28	(4) Additional general plant facilities through 07/01/2006 to 12/31/2006.		$ 189
29	Account 390	$ 15	
30	Account 391	18	
31	Account 394	59	
32	Account 311	96	
33	Total	$ 189	
34	(5) Additional plant facilities ISRS projects 10/01/2006 to 12/31/2006.		$ 3,606
35	Account 376	$ 1,804	
36	Account 380	1,802	
37	Total	$ 3,606	
38	Total Pro Forma Adjustments		$ 9,825

AmerenUE
RESERVES FOR DEPRECIATION AND AMORTIZATION BY FUNCTIONAL CLASSIFICATION
MISSOURI GAS OPERATIONS
AT JUNE 30, 2006 UPDATED THROUGH SEPTEMBER 30, 2006
($000)

Line	Account Name	Total Per Books	Pro Forma Adjustments (1)	Pro Forma Total
1	Intangible Plant	$ -	$ -	$ -
2	Production Plant	379	-	379
3	Transmission Plant	1,535	-	1,535
4	Distribution Plant	95,962	112	96,074
5	General Plant	5,030	1,288	6,318
6	Total	$ 102,906	$ 1,400	$ 104,306

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

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO ACCUMULATED RESERVES
MISSOURI GAS OPERATIONS
AT JUNE 30, 2006 UPDATED THROUGH SEPTEMBER 30, 2006
($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		$ 1,278
6		Method of Determination		
7		The reserves for depreciation applicable to the above facilities are allocated to electric		
8		and gas operations in proportion to the allocations of the original cost of such facilities.		
9	(2)	Eliminate plant reserve balances for accounts which should have zero balances.		$ 2
10		Account 366	$ 2	
11		Total	$ 2	
12	(3)	Additional depreciation associated with distribution plant in service at 6/30/2006		$ 110
13		Account 376	$ 46	
14		Account 380	55	
15		Account 381	9	
16		Total	$ 110	
17	(4)	Additional depreciation associated with general plant in service at 6/30/2006		$ 10
18		Account 391	$ 1	
19		Account 394	3	
20		Account 397	6	
21		Total	$ 10	
22	(5)	Restate distribution plant book reserve balances at 06/30/2006		$ -
23		Account 375	$ 12	
24		Account 376	7,050	
25		Account 378	(216)	
26		Account 379	(28)	
27		Account 380	(9,585)	
28		Account 381	2,158	
29		Account 383	467	
30		Account 385	142	
31		Total	$ -	
32	(6)	Restate general plant book reserve balances at 06/30/2006		$ -
33		Account 390	$ (77)	
34		Account 391	222	
35		Account 392	(507)	
36		Account 393	16	
37		Account 394	352	
38		Account 395	42	
39		Account 396	(95)	
40		Account 387	47	
41		Total	$ -	
42		Total Pro Forma Adjustments		$ 1,400

AmerenUE
AVERAGE MATERIALS AND SUPPLIES
AND GAS INVENTORIES
APPLICABLE TO MISSOURI GAS OPERATIONS
THIRTEEN MONTHS ENDED JUNE 30, 2006
($000)

Line	Description	Total Per Books	Pro Forma Adjustments (1)	Pro Forma Total
1	General Materials & Supplies	$ 1,836	$ -	$ 1,836
2	Propane	129	-	129
3	Gas Stored Underground	25,702	-	25,702
4	Total	$ 27,667	$ -	$ 27,667

AmerenUE
AVERAGE PREPAYMENTS
APPLICABLE TO MISSOURI GAS OPERATIONS
THIRTEEN MONTHS ENDED JUNE 30, 2006
($000)

Line	Description	Total
1	Rents	$ 1
2	Insurance	1,318
3	Regulatory Commission Assessments	2
4	M/A Comm Radio System Srvc Agreement	9
5	Medical and Dental VEBA	19
6	Total	$ 1,349

AmerenUE
CASH WORKING CAPITAL
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line		Revenue Lag	Expense Lead	Net (Lag/Lead)	Factor	Test Year Expense	Cash Working Capital Requirement
	Operating Expenses						
1	Pensions and Benefits	40.15	(45.07)	(4.920)	(0.0135)	$ 4,759	$ (64)
2	Base Payroll	40.15	(11.24)	28.910	0.0792	13,371	1,059
3	Fuel	40.15	(39.73)	0.420	0.0012	109,789	126
4	Uncollectible Accounts	40.15	(40.15)	0.000	0.0000	2,050	-
5	Other O&M Expenses	40.15	(50.72)	(10.570)	(0.0290)	9,529	(276)
6	Sub-Total					139,498	845
	Taxes Other Than Income						
7	FICA - Employers's Portion	40.15	(12.89)	27.260	0.0747	574	43
8	Federal Unemployment Taxes	40.15	(60.63)	(20.480)	(0.0561)	17	(1)
9	State Unemployment Taxes	40.15	(60.63)	(20.480)	(0.0561)	(3)	0
10	Corporate Franchise Taxes	40.15	72.16	112.310	0.3077	38	12
11	Property and Real Estate Taxes	40.15	(187.84)	(147.690)	(0.4046)	5,065	(2,049)
12	Sales Taxes	40.15	(40.55)	(0.400)	(0.0011)	2,266	(2)
13	Gross Receipts Taxes	40.15	(77.89)	(37.740)	(0.1034)	10,297	(1,065)
14	Sub-Total					18,254	(3,063)
15	Total Cash Working Capital Requirement						$ (2,217)

SCHEDULE GSW-G5

AmerenUE
OTHER RATE BASE ITEMS
MISSOURI GAS OPERATIONS
AT JUNE 30, 2006
($000)

Line	Description		Total
1	Average Customer Deposits	$	(544)
2	Average Customer Advances for Construction		(525)
3	Federal Income Tax Cash Requirement		(404)
4	State Income Tax Cash Requirement		(64)
5	Interest Expense Cash Requirement		(762)
	Accumulated Deferred Income Taxes		
6	Account 190		1,300
7	Account 282		(20,877)
8	Account 283		1,217
9	Total Deferred Taxes		(18,360)
10	Total Other Rate Base Items	$	(20,658)

AmerenUE
OPERATING REVENUES
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

LINE		Description		Missouri Gas Revenues
1		Gas Operating Revenues	$	173,270
2		Sales For Resale		-
3		Transportation		8,332
4		Other Electric Revenues		(4,534)
5		Total Revenues	$	177,067
		Pro Forma Adjustments:		
6	(1)	Eliminate revenue add-on taxes		(8,774)
7	(2)	Eliminate the unbilled revenues		829
8	(3)	Remove the PGA Revenue		(110,314)
9	(4)	Reflect Billing Units at current rates		(1,878)
10	(5)	Adjust revenue to reflect weather normalized sales		2,412
11		Total Pro Forma Adjustments	$	(117,725)
12		Total Missouri Gas Operating Pro Forma Revenues	$	59,341

AmerenUE
OPERATING & MAINTENANCE EXPENSES
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line	Functional Classification	Per Books	Eliminate Purchased Gas Expense	Increase Labor	Adjust Incentive Compensation	Eliminate Correcting Entry	Add Interest On Customer Deposits	Pension Adjustment	Employee Benefits Adj.	Estimated Rate Case Expenses	(1) Total Pro Forma Adjustment	Pro Forma Operating Expenses
1	Production	$ 110,539	$ (109,789)	$ 12	$ 9	$ -	$ -	$ -	$ -	$ -	$ (109,767)	$ 772
2	Transmission	118	-	1	0	7	-	-	-	-	8	126
3	Distribution	8,451	-	165	(32)	-	-	-	-	-	133	8,584
4	Customer Accounts	7,199	-	91	(38)	-	52	-	-	-	105	7,304
5	Customer Service & Information	719	-	20	(3)	-	-	-	-	-	17	736
6	Sales	127	-	2	2	-	-	-	-	-	4	131
7	Administrative & General	11,611	-	83	29	-	-	(46)	208	170	445	12,056
8	Total Missouri Gas Operating & Maintenance Expenses	$ 138,765	$ (109,789)	$ 374	$ (32)	$ 7	$ 52	$ (46)	$ 208	$ 170	$ (109,056)	$ 29,709

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

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO O&M
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line		Pro Forma Adjustments	Amount
1	(1)	Eliminate cost of purchased gas and other related costs	$ (109,789)
2		and expenses that are collected through the PGA	
3	(2)	Increase labor costs to annualize wage and salary increases	374
4	(3)	Reduce labor costs to annualize 2006 incentive compensation	(32)
5		at target level	
6	(4)	Adjust Transmission Maintenance account 863 to eliminate	7
7		07/2005 correcting entry for original entry outside of test period.	
8	(5)	Increase customer accounts expense for interest at 9.50%	52
9		on customer deposits	
10	(6)	Decrease pension benefits to reflect Year 2006 pension	(46)
11		expense	
12	(7)	Increase other employee benefits to annualized the Year 2006	208
13		expenses	
14	(8)	Increase in administrative and general expense to include	170
15		three year amortization of rate case expenses	
16		Total Pro Forma Adjustments to Operating Expenses	$ (109,056)

AmerenUE
DEPRECIATION & AMORTIZATION EXPENSE
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line		Total Per Books	Pro Forma Adjustments (1)	Pro Forma Totals
1	Gas Plant	$ 7,261	$ (465)	$ 6,796
2	General Plant - Apportioned	132	13	145
3	Total	$ 7,393	$ (452)	$ 6,941

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

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO DEPRECIATION AND AMORTIZATION
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line		Pro Forma Adjustments	Amount
1	(1)	Adjust depreciation expense to annualize book depreciation	$ 367
2	(2)	Adjust depreciation expense to reflect the proposed rates	(952)
3	(3)	Net increase in depreciation expense for plant additions	120
4		Pro Forma Adjustments to Depreciation and Amortization Expense - Gas Plant	(465)
5	(4)	Adjust depreciation expense to reflect the proposed rates for Apportioned	13
6		General Plant	
7		Total Pro Forma Adjustments to Depreciation and Amortization Expense	$ (452)

AmerenUE
TAXES OTHER THAN INCOME TAXES
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line	Description	Per Books	Pro Forma Adjustments (1)	Pro Forma Totals
1	F.I.C.A.	$ 545	$ 29	$ 574
2	Federal & Missouri Unemployment	14	-	14
3	Missouri Corporation Franchise	38	-	38
4	Missouri Real Estate Tax and Personal Property	4,973	-	4,973
5	Other States Real Estate (Stored Gas)	691	-	691
6	Missouri Gross Receipts	10,297	(10,297)	-
7	Total	$ 16,559	$ (10,268)	$ 6,291

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

AmerenUE
EXPLANATION OF PRO FORMA ADJUSTMENTS TO TAXES OTHER THAN INCOME
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line		Pro Forma Adjustments		Amount
1	(1)	Increase F.I.C.A. tax to reflect wage and salary increases	$	29
2	(2)	Eliminate revenue add-on taxes		(10,297)
3		Total Pro Forma Adjustments to Taxes Other Than Income Taxes	$	(10,268)

AmerenUE
INCOME TAX CALCULATION AT PROPOSED RETURN
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line		At Proposed Return of 8.607%	
1	Return on Rate Base @ 8.607%	$ 18,774	(1)
	Interest Charges:		
2	Interest on Long-Term Debt (Rate Base x 2.470%)	(5,388)	
3	Net Income From Operations:	13,387	
	Add:		
4	Provision for Current Income Taxes	8,341	
5	Total Net Income	21,728	
	Federal Income Taxes:		
6	Net Taxable Income	21,728	
7	Missouri Income Tax	1,133	
8	Federal Taxable Income	20,595	
9	Federal Income Taxes at 35.00%	7,208	
	State Income Taxes:		
10	Net Taxable Income	21,728	
11	Deduct 50% of Federal Income Tax	3,604	
12	Missouri Taxable Income	18,123	
13	State Income Taxes at 6.25%	1,133	
14	Total Provision for Income Taxes	$ 8,341	

(1) See SCHEDULE GSW-G12.

AmerenUE
RATE BASE AND REVENUE REQUIREMENT
MISSOURI GAS OPERATIONS
TWELVE MONTHS ENDED JUNE 30, 2006
($000)

Line		Reference		Amount
	Original Cost Rate Base:			
1	Original Cost of Plant In Service	Schedule GSW-G1-1	$	316,296
2	Less: Reserves for Depreciation	Schedule GSW-G2-1		104,306
3	Net Original Cost of Plant			211,990
4	Materials and Supplies	Schedule GSW-G3		27,667
5	Average Prepayments	Schedule GSW-G4		1,349
6	Cash Working Capital	Schedule GSW-G5		(2,217)
7	Average Customer Deposits	Schedule GSW-G6		(544)
8	Average Customer Advances for Construction	Schedule GSW-G6		(525)
9	Federal Income Tax Cash Requirement	Schedule GSW-G6		(404)
10	State Income Tax Cash Requirement	Schedule GSW-G6		(64)
11	Interest Expense Cash Requirement	Schedule GSW-G6		(762)
12	Accumulated Deferred Taxes on Income			
13	Account 190	Schedule GSW-G6		1,300
14	Account 282	Schedule GSW-G6		(20,877)
15	Account 283	Schedule GSW-G6		1,217
16	Total Original Cost Rate Base		$	218,130
	Operating Expenses:			
17	Production	Schedule GSW-G8-1	$	772
18	Transmission	Schedule GSW-G8-1		126
19	Distribution	Schedule GSW-G8-1		8,584
20	Customer Accounts	Schedule GSW-G8-1		7,304
21	Customer Service	Schedule GSW-G8-1		736
22	Sales	Schedule GSW-G8-1		131
23	Administrative and General	Schedule GSW-G8-1		12,056
24	Total Operating Expenses			29,709
25	Depreciation and Amortization	Schedule GSW-G9-1		6,941
26	Taxes Other than Income Taxes	Schedule GSW-G10-1		6,291
	Income Taxes-Based on Proposed Rate of Return			
27	Federal	Schedule GSW-G11-1		7,208
28	State	Schedule GSW-G11-1		1,133
29	Total Income Taxes			8,341
30	Return @ 8.607%			18,774
31	Total Revenue Requirement		$	70,056
32	Total Revenue Requirement After Uncollectible Revenue Adjustment		$	70,195
33	Operating Revenue (Pro Forma)	Schedule GSW-G7		59,341
34	Revenue Deficiency After Uncollectible Revenue Adjustment (Note)		$	10,853

	Note:		
35	Revenue Requirement Before Uncollectible Gross-Up (line 31)	$	70,056
36	Gross-Up with 1.28% Uncollectible Rate ((line 31 - line 33) x 0.0128/(1-0.0128))		139
37	Revenue Requirement After Uncollectible Gross-Up (line 35 + line 36)	$	70,195