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| Exhibit No.: | |
| Issues: | Revenue Requirement; Bank Credit Facility Fees; NBFC; Earned ROE, AAO-RES and Construction Acctg. |
| Witness: | Gary S. Weiss |
| Sponsoring Party: | Union Electric Company |
| Type of Exhibit: | Direct Testimony |
| Case No.: | ER-2011-0028 |
| Date Testimony Prepared: | September 3, 2010 |

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. ER-2011-0028**

# DIRECT TESTIMONY

# OF

# GARY S. WEISS

# ON

# BEHALF OF

# UNION ELECTRIC COMPANY
# d/b/a AmerenUE

**St. Louis, Missouri**
**September, 2010**

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**DIRECT TESTIMONY**

**OF**

**GARY S. WEISS**

**CASE NO. ER-2011-0028**

## I. <u>INTRODUCTION</u>

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

A. My name is Gary S. Weiss and my business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

**Q. By whom are you employed and what is your position?**

A. I am employed by Union Electric Company d/b/a AmerenUE ("AmerenUE" or "Company") as Manager of Regulatory Accounting.

**Q. Please describe your educational background and employment experience.**

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

I was employed by Union Electric Company in June 1968 and have been employed continuously with Union Electric Company, Ameren Services Company ("Ameren Services") or AmerenUE, except for a two-year tour of duty with the United States Army. My work experience started at Union Electric Company 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.

Effective with the 1998 merger of Union Electric Company and Central Illinois Public Service Company into Ameren Corporation ("Ameren") I was employed by Ameren Services. In December 1998, the Regulatory Accounting Section, where I was then employed, was 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 Manager of Regulatory Accounting on October 1, 2004. On March 1, 2009 the Regulatory Accounting Department was transferred from Ameren Services to AmerenUE.

**Q. Please describe your qualifications.**

A. I have over 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 ("Commission"), the Illinois Commerce Commission, the Iowa Utilities Board (f/k/a the Iowa State Commerce Commission), and the Federal Energy Regulatory Commission. I have also provided antitrust 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 AmerenUE. I provide assistance to the Vice President/Controller and Vice President Regulatory and Legislative Affairs of AmerenUE 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 of various accounting policies and practices to determine the effect on operating income, analyze the results and suggest appropriate rate changes. I prepare reports and exhibits regularly required by various regulatory commissions. I also provide data, answer inquiries, arrange meetings, and otherwise assist representatives of regulatory commissions in conducting their audits and reviews.

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

A. The purpose of my direct testimony and attached Schedules GSW-E1 through GSW-E16 is to develop the revenue requirement (cost of service) for the electric operations of AmerenUE. The revenue requirement determines the level of electric 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. AmerenUE witness William M. Warwick uses this data as the starting point for his class cost of service study. In addition, I provide testimony on the accounting treatment for bank facility fees, the calculation of net base fuel costs ("NBFC") and the calculation of AmerenUE's historic earned return on equity. Finally, I provide testimony related to AmerenUE's request for an Accounting Authority Order ("AAO") related to "Proposition C" expenditures and the Company's request to utilize "construction accounting" for government relocation projects on an ongoing basis as well as construction accounting for all non-revenue producing projects in construction work in progress at February 28, 2011, the proposed true-up date, that are transferred to plant in-service by July 31, 2011.

**Q. What test year is the Company proposing to use to establish the revenue requirement in this proceeding?**

A. The Company is proposing a test year consisting of the twelve months ended March 31, 2010, with various pro forma adjustments to account for the true-up of various items, as have been included in the Company's last two rate cases. In addition, the Company is proposing to true-up the following items through February 28, 2011: plant-in-service, depreciation reserve, materials and supplies (including fuel inventories), cash working capital (excluding lead/lag days), customer advances for construction, customer deposits, accumulated deferred income taxes, Sioux scrubber construction accounting recovery, pension and Other Post-Employment Benefits ("OPEB") tracker regulatory asset/liability balances, energy efficiency regulatory asset balances, revenues, customer growth, fuel and purchased power net of off-system sales (net fuel costs), compensation, steam plant maintenance expense, vegetation management/inspection tracker expenditures, capital structure, depreciation expense, various amortizations (such as the energy efficiency regulatory asset amortization) and property taxes. The Company also proposes that other significant items, both increases and decreases, should be included in the true-up.

**Q. Are you sponsoring any schedules for presentation to the Commission in this proceeding?**

A. Yes. I am sponsoring Schedules GSW-E1 through GSW-E17.

**Q. What is the subject matter of these schedules?**

A. Schedules GSW-E1 through GSW-E16 develop the various elements of the revenue requirement to be considered in arriving at the proper level of rates for the Company's electric service based on the test year of twelve months ended March 31, 2010, with pro forma adjustments and updates for known and measurable changes to be trued-up through February 28, 2011. Schedule GSW-E17 shows the calculation of the net base fuel costs.

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

A. Each revenue requirement schedule provides the following information:

• Schedule GSW-E1 – Original Cost of Electric Plant by functional classification at March 31, 2010 per book and pro forma.

• Schedule GSW-E2 – Electric Plant Reserves for Depreciation and Amortization by functional classification at March 31, 2010 per book and pro forma.

• Schedule GSW-E3 – Average Fuel Inventories and Average Materials and Supplies Inventories at March 31, 2010 per book and pro forma applicable to the electric operations.

• Schedule GSW-E4 – Average Prepayments at March 31, 2010 per book and pro forma applicable to the electric operations.

• Schedule GSW-E5 – Total Electric Cash Working Capital (Lead/Lag Study) for the twelve months ended March 31, 2010.

• Schedule GSW-E6 – Interest Expense Cash Requirement, Federal Income Tax Cash Requirement, State Income Tax Cash Requirement and City of St. Louis

Earnings Tax Cash Requirement applicable to the electric operations for the twelve months ended March 31, 2010.

• Schedule GSW-E7 – Average Electric Customer Advances for Construction and Average Electric Customer Deposits reductions to rate base at March 31, 2010.

• Schedule GSW-E8 – Total Electric Accumulated Deferred Income Taxes per book and pro forma at March 31, 2010.

• Schedule GSW-E9 – Electric Pension and Other Post-Employment Benefits Regulatory Liabilities and Energy Efficiency Regulatory Asset at March 31, 2010.

• Schedule GSW-E10 – Total Electric Operating Revenues for the twelve months ended March 31, 2010 per book and pro forma.

• Schedule GSW-E11 – Total Electric Operations and Maintenance Expenses, by functional classification, for the twelve months ended March 31, 2010, updated for certain known items, per book and pro forma. A description of each of the pro forma adjustments is included.

• Schedule GSW-E12 – Depreciation and Amortization Expenses applicable to Electric Operations, by functional classification, for the twelve months ended March 31, 2010 per book and pro forma. A description of the pro forma adjustments is included.

• Schedule GSW-E13 – Taxes Other Than Income Taxes, for the twelve months ended March 31, 2010 per book and pro forma. A description of the pro forma adjustments is included.

• Schedule GSW-E14 – Income Tax Calculation at the proposed rate of return and statutory tax rates for total electric.

• Schedule GSW-E15 – The pro forma Electric Net Original Cost Rate Base at March 31, 2010 and the Electric Revenue Requirement with pro forma adjustments.

• Schedule GSW-E16 – Increase Required at 8.456% Return on Net Original Cost Rate Base with pro forma adjustments.

**Q. Were these revenue requirement schedules prepared on the same basis as schedules which were presented in connection with previous applications to this Commission for authority to increase electric rates?**

A. Yes, the total electric amounts on these revenue requirement schedules were prepared on the same basis as schedules in prior applications to this Commission for authority to increase electric rates. However, unlike in previous rate cases, in this case the sales for resale revenue is now being included in the off-system sales revenue. Therefore, there is no longer the need to allocate the total electric revenue requirement between Missouri jurisdictional sales and sales for resale. The total electric revenue requirement is now equal to the Missouri jurisdictional revenue requirement.

## II. 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. The revenue requirement is based on a test year, and 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 current revenues are less than the revenue requirement, a rate increase is required, which is the purpose of this proceeding.

**Q. Why is it necessary to make pro forma adjustments to the test year data?**

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 known and measurable changes.

**Q. Please explain Schedule GSW-E1.**

A. Schedule GSW-E1 shows the recorded original cost of electric plant by functional classification at March 31, 2010, along with the estimated plant additions through February 28, 2011, which is the end of the Company's proposed true-up period.

**Q. Are the Company's plant accounts recorded on the basis of original cost as defined by the Uniform System of Accounts prescribed by this Commission?**

A. Yes, they are.

**Q. Please explain the elimination of the plant balances related to Financial Accounting Standard ("FAS") 143 Asset Retirement Obligation ("ARO"), which is shown as the first adjustment on Schedule GSW-E1.**

A. FAS 143 is basically a financial reporting requirement to reflect the fact that the Company has a legal obligation to remove certain facilities in the future. Since

AmerenUE is regulated and collects removal costs through its rates, Adjustment 1 to plant for $23,095,000 eliminates the ARO investment for ratemaking purposes.

**Q. Why is the Company including plant additions through February 28, 2011?**

A. The Company is continuing to spend tens of millions of dollars on infrastructure replacements and improvements. In order to provide the Company an opportunity to earn a fair and reasonable return on its total investment, it is necessary for the cost of service to reflect as closely as possible the level of the Company's investment at the time the new rates will become effective. Adjustment 2 adds the plant-in-service additions of $1,191,447,000 from April 2010 through February 2011, which is the end of the proposed true-up period.

**Q. Please explain the elimination of items of General Plant applicable to gas operations.**

A. General Plant facilities, such as general office buildings, the central warehouse, the central garage, and computers and office equipment, are used in both the electric and gas operations. For convenience, such facilities are accounted for as electric plant. Adjustment 3 eliminates the portion of the multi-use general plant applicable to the Company's gas operations of $6,053,000.

**Q. After reflecting the above pro forma adjustments, what amount of electric plant-in-service is the Company proposing to include in rate base?**

A. As shown on Schedule GSW-E1, the total electric plant-in-service is $14,120,754,000.

**Q. Please explain Schedule GSW-E2.**

A. Schedule GSW-E2 shows the electric plant reserve for depreciation and amortization at March 31, 2010, by functional group. It also indicates the pro forma adjustments.

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

A. The following adjustments were made to the reserve for depreciation on Schedule GSW-E2.

Adjustment 1 eliminates $6,213,000 from the depreciation reserve related to FAS 143 Asset Retirement Obligation. The plant related to FAS 143 was removed from rate base in Adjustment 1 to plant-in-service in Schedule GSW-E1.

Adjustment 2 increases the depreciation reserve by $331,257,000 to reflect the deprecation reserve increase on the end-of-March 2010 plant-in-service for the proposed true-up through February 28, 2011.

Adjustment 3 increases the depreciation reserve by $13,232,000 for the pro forma additions to plant-in-service for April 1, 2010 through February 28, 2011, the proposed true-up period.

Adjustment 4 increases the depreciation reserve by $3,195,000 to reflect the adjustment of the Taum Sauk removal costs recorded through March 31, 2010.

Finally, Adjustment 5 eliminates the accumulated amortization and depreciation reserve of $3,058,000 for the multi-use general plant applicable to gas operations and corresponds to Adjustment 3 made to the plant accounts in Schedule GSW-E1.

The pro forma accumulated provision for depreciation and amortization, as shown on Schedule GSW-E2, applicable to total electric plant-in-service is $5,937,666,000.

**Q. Please explain Schedule GSW-E3.**

A. Schedule GSW-E3 shows the average investment in fuel inventories and materials and supplies at March 31, 2010 applicable to electric operations. Fuel consists of nuclear fuel, coal and minor amounts of oil and stored natural gas used for electric generation. General materials and supplies include such items as poles, cross arms, wire, cable, line hardware and general supplies. A thirteen-month average is used for all of these items except nuclear fuel. An eighteen-month average is used for the nuclear fuel since the Callaway Nuclear Plant is refueled every eighteen months.

The actual thirteen-month average coal inventory has been increased by $14,720,000 to reflect the February 2011 price per ton in pro forma adjustment 1.

Pro forma adjustment 2 shown on Schedule GSW-E3 removes the portion of the average general materials and supplies inventory ($1,634,000) applicable to the Company's Missouri gas operations.

**Q. What is the amount of the pro forma materials and supplies applicable to electric operations?**

A. The pro forma materials and supplies applicable to total electric operations, as shown on Schedule GSW-E3, is $417,024,000.

**Q. Please explain the average prepayments shown on Schedule GSW-E4.**

A. Certain rents, insurance, assessment by the state regulatory commission, freight charges for coal, service agreements, medical and dental voluntary employee beneficiary association ("VEBA") and coal car leases are paid in advance. The thirteen-month average balances of total electric prepayments at March 31, 2010, after eliminating the portion applicable to gas operations, are $6,288,000.

**Q. Please explain Schedule GSW-E5.**

A. Schedule GSW-E5 shows the calculation of the electric cash working capital requirement of $42,806,000, which is based on a lead/lag study for the pro forma twelve months ended March 31, 2010. The development of the various revenue and expense leads and lags is explained in the direct testimony of Company witness Michael J. Adams from Concentric Energy Advisors.

**Q. What appears on Schedule GSW-E6?**

A. The interest expense cash requirement, the federal income tax cash requirement, the state income tax cash requirement and the city earnings tax cash requirement applicable to the electric operations are shown on Schedule GSW-E6. The payment lead times for these items are developed in the testimony of Mr. Adams.

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

A. Reflecting the payment lead times for each of these items compared to the revenue lag results in a negative cash requirement of ($25,600,000) for interest expense, a cash requirement of $2,188,000 for federal income taxes and $349,000 for state income taxes, and a negative cash requirement of ($227,000) for city earnings tax.

**Q. What items are shown on Schedule GSW-E7?**

A. The thirteen-month average balances at March 31, 2010 for electric customer advances for construction and electric customer deposits are shown on Schedule GSW-E7. These items represent cash provided by customers that can be used by the Company until they are refunded. Therefore, the average balances for the customer advances for construction and customer deposits are reductions to the Company's rate base.

Customer advances for construction are cash advances made by customers that are subject to refund to the customer in whole or in part. These advances provide the Company cash that offsets the cost of the construction until they are refunded. The thirteen-month average balance of electric customer advances for construction at March 31, 2010 is ($3,369,000).

Customer deposits are cash deposits made by customers which are subject to refund to the customer if the customer develops a good payment record. The Company pays interest on the deposits, which is shown as a customer account expense on Schedule GSW-E11. The thirteen-month average balance of electric customer deposits at March 31, 2010 is ($16,169,000).

**Q. Please explain Schedule GSW-E8.**

A. Schedule GSW-E8 lists the accumulated deferred income taxes applicable to total electric operations at March 31, 2010 and the pro forma adjustments required to move the balances forward to February 28, 2011, the end of the proposed true-up period. 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. As shown on Schedule GSW-E8, the total electric pro forma accumulated deferred income tax balance is a net balance of ($1,799,209,000). The net deferred income taxes are a deduction from the rate base.

**Q. What is shown on Schedule GSW-E9?**

A. Schedule GSW-E9 shows the pension and OPEB regulatory liability and asset balances and the energy efficiency regulatory asset balances. The pension and OPEB regulatory liability and asset balances shown are for the period ended September 30, 2008 as amortized through February 2011, the end of the proposed true-up period. In Case No. ER-2008-0318 (AmerenUE's 2008/2009 rate case), the pension and OPEB trackers were rebased. The pension and OPEB regulatory liability balances at September 30, 2008 are being amortized over five years. In Case No. ER-2010-0036 (AmerenUE's most recent electric rate case), the pension and OPEB tracker expenses from October 2008 through January 2010 were again rebased and the regulatory liability balances at January 31, 2010 are being amortized over five years. In addition, the estimated pension and OPEB tracker expenses from February 1, 2010 through the end of the proposed true-up period (February 28, 2011) are also included and the net regulatory liability balance at February 28, 2011 is being amortized over five years. The pension tracker has a regulatory asset balance at February 28, 2011 while the OPEB tracker has a regulatory liability balance at the same date. The net balance of these regulatory liabilities and assets is ($43,514,000). As the net of these items is a regulatory liability, the rate base is reduced by that amount.

The energy efficiency regulatory asset balance as of December 31, 2009 to be amortized over a six-year period was established with the Commission's approval in the First Non-Unanimous Stipulation and Agreement in Case No. ER-2010-0036. In addition, the energy efficiency expenditures for the period of January 1, 2010 through February 28, 2011 are included in the regulatory asset. The energy efficiency regulatory asset balance at February 28, 2011 is $46,398,000.

**Q. What is the Company's pro forma net original cost electric rate base at March 31, 2009?**

A. The Company's total electric rate base as shown on Schedule GSW-E15 is $6,810,053,000 consisting of:

| | In Thousands of $ |
|---|---|
| Original Cost of Property & Plant | $14,120,754 |
| Less Reserve for Depreciation & Amortization | 5,937,666 |
| Net Original Cost of Property & Plant | 8,183,088 |
| Average Materials & Supplies | 417,024 |
| Average Prepayments | 6,288 |
| Cash Requirement (Lead/Lag) | 42,806 |
| Interest Expense Cash Requirement | (25,600) |
| Federal Income Tax Cash Requirement | 2,188 |
| State Income Tax Cash Requirement | 349 |
| City Earnings Tax Cash Requirement | (227) |
| Average Customer Advances for Construction | (3,369) |
| Average Customer Deposits | (16,169) |
| Accumulated Deferred Income Taxes | (1,799,209) |
| Pension and OPEB Regulatory Liability | (43,514) |
| Energy Efficiency Regulatory Asset | 46,398 |
| Total Electric Rate Base | $ 6,810,053 |

**Q. Please explain Schedule GSW-E10.**

A. Schedule GSW-E10 shows total electric operating revenues per book and pro forma for the twelve months ended March 31, 2010 with customer growth through February 2011, the proposed true-up period.

**Q. Please explain the pro forma adjustments to the electric operating revenues shown on Schedule GSW-E10.**

A. The following pro forma adjustments are shown on Schedule GSW-E10:

Adjustment 1 eliminates the revenue add-on taxes of ($105,165,000) from revenues as they are directly passed through to customers by the Company. Adjustment 2 eliminates the unbilled revenues of ($20,892,000) to reflect the book revenues on a bill cycle basis. As new retail rates (resulting from Case No. ER-2010-0036) were effective in June 2010, Adjustment 3 increases revenues $230,699,000 to annualize the effect of the new rates. The revenues were increased in Adjustment 4 by $16,510,000 to reflect normal weather. The sales and revenues for the twelve months ended March 31, 2010 were lower than normal. See the direct testimony of Company witness Steven M. Wills for the weather normalization methodology utilized by the Company. Adjustment 5 increases revenues by $7,893,000 to reflect customer growth through March 31, 2010. Additional customer growth through February 28, 2011 of $13,239,000 is reflected in Adjustment 6. Since the Company uses cycle and window billing, revenues are increased by $192,000 to reflect normal billing days in Adjustment 7. Adjustment 8 increases revenues $49,076,000 to synchronize the book revenues with the revenues developed by Company witness James R. Pozzo in his billing unit rate analysis as discussed in Mr. Pozzo’s direct testimony.

The provision for rate refunds of ($6,480,000) applicable to the operation of the Company's fuel adjustment clause ("FAC") is eliminated in Adjustment 9. Since the Company is rebasing the net base fuel costs in its FAC, it is appropriate to eliminate the provision for rate refunds.

Adjustment 10 increases the "other electric revenues" by $5,280,000 to remove the incorrect accounting entries recording some of the vegetation management and infrastructure inspections tracker amounts to revenues. The accounting records have been revised.

The "other electric revenues" on Schedule GSW-E10 were increased by $9,123,000 in Adjustment 11 to reflect an increase in the Midwest Interstate Transmission System Operator, Inc. ("MISO") Schedule 2 reactive supply and voltage control transmission revenue.

Adjustment 12 eliminates the gains from disposition of emission allowances of ($4,813,000). Per the Commission-approved First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036, the gains and losses from the sales of allowances will be treated as fuel expense or an offset to fuel expense in the Company's fuel adjustment clause.

**Q. Are the revenues from off-system energy sales included on Schedule GSW-E10?**

A. Yes, Adjustment 13 on Schedule GSW-E10 increases the actual off-system sales revenues from energy by $50,165,000 to reflect a normal level of off-system sales and revenues calculated using the current normalized market price for energy and the annualized power market revenues from the MISO and ancillary services revenue. As an offset to Adjustment 13, Adjustments 14 and 15 decrease the off-system revenues resulting from reclassifying the sales for resale contracts with AEP and Wabash from sales for resale to off-system sales ($54,953,000) per the Commission-approved Second Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036, and treating the remaining sales for resale revenues from contracts with Missouri municipalities as off-system sales ($21,086,000). The Company is proposing to treat all energy sales to non-retail customers as off-system sales. Adjustment 15 reduces sales of capacity by ($3,328,000) to reflect a normal level of capacity sales. The direct testimony of Company witness Jaime Haro develops the normal market prices for the off-system sales of energy, the value of the ancillary services revenues and the capacity sales. The production cost model ("PROSYM") explained in the direct testimony of Company witness Timothy D. Finnell develops the normal off-system sales volumes and revenues from energy sales.

**Q. What are the pro forma electric operating revenues for the twelve months ended March 31, 2010?**

A. The pro forma electric operating revenues for the twelve months ended March 31, 2010 are $2,899,072,000 including the off-system energy sales revenues.

**Q. Please describe what is shown on Schedule GSW-E11.**

A. Total electric operating and maintenance expenses for the twelve months ended March 31, 2010 per books by functional classification; a listing of the pro forma adjustments; and the pro forma electric operating and maintenance expenses by functional classification are shown on Schedule GSW-E11.

**Q. Will you please explain the pro forma adjustments to electric operating expenses for the twelve months ended March 31, 2010?**

A. A summary of the pro forma adjustments to operating expenses appears on Schedule GSW-E11. Adjustment 1 reflects the increased labor expense from annualizing the 3.00% wage increase for the Company's union employees effective July 1, 2009 and July 1, 2010 per the labor contracts. There were no management wage increases granted during the test year. If there are wage increases granted to management employees during the proposed true-up period ending February 28, 2011, they will be reflected in the true-up filing. The annualized increase in the total electric operating labor resulting from the above increases is $6,312,000. Incentive compensation was subtracted from the calculation of the wage increase as the wage increases only apply to base wages.

Adjustment 2 reflects the amortization of the union lump sum payment of $385,000 per the Stipulation and Agreement approved in Case No. ER-2008-0318.

The test year short-term incentive compensation is reduced by $1,630,000 in Adjustment 3 to eliminate the incentive compensation of the Ameren Services officers allocated to AmerenUE and the AmerenUE officers along with the twenty-five percent of the managers' and directors' incentive compensation that is related to earnings.

The total long-term incentive compensation of $6,140,000 applicable to AmerenUE, including the allocated Ameren Services amount, is eliminated in Adjustment 4.

Adjustment 5 is a decrease in operating expense of $4,304,000 to reflect the impact of the Voluntary Separation Election ("VSE") and Involuntary Separation Program ("ISP") during the test year. A comparable adjustment was provided for in the Commission-approved First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036.

The severance cost related to the VSE and ISP paid during the test year of $7,597,000 is eliminated in Adjustment 6. The severance costs are being amortized over three years per the First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036.

Adjustment 7 reflects the increase in cost of $274,000 to reflect additional staff required to operate the Taum Sauk Plant.

Adjustment 8 reduces operating expenses to remove the expenses related to the Taum Sauk reservoir failure that were recorded in the test year operating expenses. This adjustment reduces operating expenses by $2,541,177.

Due to the installation of the scrubbers at the Sioux Plant, additional maintenance staff is required as well as additional operating expense. Adjustment 9 increases operating expenses $5,061,000 for the additional staffing at the Sioux Plant, increased maintenance expense and additional materials (limestone) required to operate the scrubbers.

Adjustment 10 reflects the increase in fuel expense of $145,686,000 for the normalized billed kilowatt-hour ("kWh") sales and output with customer growth through February 28, 2011 reflecting the February 2011 fuel prices.

Adjustment 11 is a decrease in purchased power expense of $35,342,000 to reflect the normalized billed kWh sales and output with customer growth through February 28, 2011 and the February 2011 power prices.

The increases and the decreases in the fuel cost and the purchased power expense contained in Adjustments 10 and 11 were calculated by Mr. Finnell using the PROSYM production cost model. His direct testimony details the inputs and assumptions used in the PROSYM Model. The purchased power expenses also include the power market charges from MISO.

Adjustment 12 increases the operating expenses by $85,756,000 to eliminate the FAC under-recovery during the test year. Since the Company is rebasing the net base fuel costs in its FAC, it is appropriate to eliminate the FAC under-recovery. The over-recovery of the FAC was eliminated in Adjustment 9 on Schedule GSW-E10.

Adjustment 13 is an increase in the production expenses of $5,506,000 to reflect the two-year amortization of the $SO_2$ tracker balance at January 31, 2010 per Case No. ER-2010-0036 and $1,465,000 to reflect the two-year amortization of the $SO_2$ tracker balance from February 2010 through June 2010. The new rates effective on June 21, 2010 reflect the termination of the $SO_2$ tracker and the two-year amortization of the tracker balance through January 31, 2010, the true-up period in Case No. ER-2010-0036. The additional amounts added to the $SO_2$ tracker from February 1, 2010 until June 21, 2010 likewise must be amortized over two years. After June 21, 2010, per the First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036, the $SO_2$ premiums, net of discounts paid on coal contracts, are now a component of fuel expense in the FAC. Likewise, the gains or losses on the sales of SO2 allowances are now treated as fuel expense or an offset to fuel expense in the FAC.

Adjustment 14 is an increase to production expense to reflect two-thirds of the Spring 2010 Callaway Nuclear Plant refueling expenses other than replacement power. This adjustment is required because the test year did not include the cost of a Callaway refueling outage, which occurs every eighteen months. Therefore, in order to reflect a normal twelve months of operating and maintenance expenses, it is necessary to include two-thirds of the Callaway Plant refueling expense. The production expenses are increased by $19,000,000 for outside contractors' maintenance expenses and $6,533,000 for incremental overtime expense. This is a total increase of $25,533,000. The impact on replacement power and purchased power is part of the fuel and purchased power adjustment in Adjustments 10 and 11. The inputs for the PROSYM Model included two-thirds of a Callaway outage.

Adjustment 15 increased operating expenses by $8,003,000 to reflect a normal level of steam plant non-labor maintenance expense. The steam plant non-labor maintenance expense for the test year was $57,849,000. For the 12 months ending February 28, 2011, the proposed true-up period, the actual steam plant non-labor maintenance expense is expected to be $65,852,000. Adjustment 16 reduces operating expenses by $1,056,000 to eliminate prior period adjustments recorded during the test year for the common plant maintenance expenses.

Transmission expense is increased by $120,000 in Adjustment 17 to reflect the increase in MISO Schedule 2 Reactive and Voltage Control charges.

Adjustments 18 and 19 are increases to the vegetation management and infrastructure inspection tracker base amounts of $2,980,000 and $1,301,000 respectively, to reflect the expected actual expenditures for the twelve months ending February 28, 2011, the proposed true-up period. The Report and Order in Case No. ER-2010-0036 utilized the actual expenditures for the twelve months ended January 31, 2010 (the end of the true-up period in that case) to establish the tracker base.

Adjustment 20 increases the distribution expenses by $4,718,000 to reflect the four-year average for storm cost. The four-year average for storm cost is $5,952,000. In the last two AmerenUE electric rate cases, a four-year average of storm costs has been used to set the level of storm cost allowed in the revenue requirement and rates, along with the amortization of the test year storm cost in excess of the four-year average over five years. Since the test year storm expense is less than the four-year average it is not a normal level of storm cost. The four-year average of storm cost is more reflective of a normal level of storm cost.

In the Report and Order in Case No. ER-2010-0036 the Commission granted an additional $1,290,000 for increased training and staffing in the Energy Delivery Operations of the Company. Adjustment 21 increases the operating expense for the $1,290,000 additional training and staffing.

Adjustment 22 is an increase in customer accounting expenses to reflect interest expense at 4.25% on the average customer deposit balance. The average customer deposit balance at March 31, 2010 is deducted from the rate base. The interest expense added to the customer accounting expenses is $687,000.

Customer service expenses are decreased $150,000 in Adjustment 23 to remove from operating expenses the outside service cost related to re-branding for AmerenUE.

Administrative and general expenses are increased by $636,000 in Adjustment 24 to reflect the current level of insurance premiums.

Adjustment 25 increases administrative and general expenses by $5,889,000 to reflect the increases in the major medical and other employee benefit expenses to annualize the calendar year 2010 employee benefits expenses. Increasing the employee benefit costs to the 2010 annual level matches the pro forma labor expense adjustment in Adjustment 1.

Adjustment 26 decreases the administrative and general expenses by $15,610,000 to rebase the pension and OPEB tracker to reflect the annualized calendar year 2010 level of expense.

In the Report and Order in Case No. ER-2010-0036, the January 31, 2010 net regulatory liability balances for FAS 87 and FAS 106 were ordered to be amortized over five years. Adjustment 27 is a decrease in administrative and general expense of $5,217,000 to reflect a full year's amortization of the pension and OPEB net regulatory liability balances at January 31, 2010 and the estimated net regulatory liability balances at February 28, 2011, the proposed true-up period.

Adjustment 28 decreases administrative and general expenses by $8,382,000 to eliminate the bank credit facility fees charged to operating expense during the test year. Per the First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036, the bank credit facility fees are being booked to a regulatory asset and amortized over two years into Allowance for Funds Used During Construction ("AFUDC") and capitalized.

The administrative and general expenses are reduced by $131,000 to eliminate the outside legal expenses paid during the test year related to the Entergy case before the Federal Energy Regulatory Commission in Adjustment 29.

Finally, administrative and general expenses are increased in Adjustment 30 by a net of $473,000 to reflect the expenses that have been and will be incurred to prepare and litigate this rate increase filing (rate case expense) less the rate case expenses paid during the test year related to Case No. ER-2010-0036. The Company's estimated expenses applicable to this rate case are $2,050,000.

**Q. What is the impact on total electric operating and maintenance expenses from the above pro forma adjustments?**

A. As shown on Schedule GSW-E11, the total electric operating and maintenance expenses are increased from $1,577,723,000 to $1,791,698,000, or a total net increase of $213,975,000 by the above pro forma adjustments.

**Q. What is shown on Schedule GSW-E12?**

A. Schedule GSW-E12 shows the total electric depreciation and amortization expenses by functional classifications for the twelve months ended March 31, 2010, per book and pro forma.

**Q. What pro forma adjustments apply to the depreciation and amortization expenses?**

A. Schedule GSW-E12-2 details the following pro forma adjustments to the depreciation and amortization expenses.

Adjustment 1 eliminates the portion of the depreciation and amortization expenses for multi-use general facilities applicable to gas operations of $186,000. The related plant is removed from the electric general plant on Schedule GSW-E1.

Adjustment 2 increases depreciation expense by $16,770,000 to reflect the book depreciation annualized for the plant-in-service depreciable balances at March 31, 2010 based on the new depreciation rates approved in Case No. ER-2010-0036. However, the depreciation rates for Taum Sauk have been revised to reflect an eighty year life with a final retirement date of 2089. Footnote 2 on Schedule GSW-E12-1 lists the revised depreciation rates for each of the Taum Sauk Plant accounts.

Depreciation expense is increased by $38,578,000 in Adjustment 3 to reflect a full year's depreciation expense at the book depreciation rates on the additions to plant-in-service from April 2010 through February 2011, the proposed true-up period.

The Venice Power Plant was retired and its investment removed from rate base. However, the depreciation expense did not recover the full investment in the plant and final removal costs have been and will continue to be incurred. The depreciation rates allowed by the Commission on the Venice Plant did not include the final removal cost of the plant at the end of its life. As a consequence, the amortization expense is being increased in Adjustment 4 by $981,000 for the five-year amortization of the terminal removal costs of the Venice Plant.

Adjustment 5 increases amortization expense by $800,000 to reflect a full year's amortization of the 2009 storm cost in excess of the four-year average per the Report and Order in Case No. ER-2010-0036.

Amortization expense is decreased by $857,000 in Adjustment 6 to eliminate amortization of prior period rate case expenses

Adjustment 7 reflects the net increase to the amortization expense of $714,000 resulting from the operation of the vegetation management and infrastructure inspection trackers approved in Case Nos. ER-2008-0318 and ER-2010-0036. This adjustment includes a net decrease to the amortization expense of $69,000 to adjust the per book annualized amortization to the annualized amortization of the vegetation management and infrastructure inspection costs approved in the Report and Order in Case No.

ER-2008-0318. In addition there is a decrease to the amortization expense of $1,133,000 to reflect the three-year amortization of the net $3.4 million over-collections of the vegetation management and infrastructure inspection trackers per the Report and Order in Case No. ER-2008-0318. Finally, per the Report and Order in Case No. ER-2010-0036 the vegetation management and infrastructure inspection trackers base was set at the actual expenditures for the twelve months ended January 31, 2010 or $58.0 million. The expenditures on vegetation management and infrastructure inspection for the twelve months ending February 28, 2011 are $5,571,000 higher than this base. Amortization expense is increased by $1,917,000 to reflect the three-year amortization of this under collection of the vegetation management and infrastructure inspection trackers' expenditures.

Adjustment 8 decreases the amortization expense by $4,079,000 to reflect the annualized amortization of the RSG resettlement costs for the extended amortization period per the First Nonunanimous Stipulation and Agreement per the Report and Order in Case No. ER-2010-0036.

Adjustment 9 summarizes the net increase in amortization expense due to the amortization of the energy efficiency regulatory assets. It includes a reduction of $7,000 in the amortization expense to reflect the annual amortization (ten years) of the Energy Efficiency regulatory asset per the Report and Order in Case No. ER-2008-0318. In addition, it includes an increase of $1,905,000 in amortization expense to reflect the annual amortization (six years) of the Energy Efficiency regulatory asset at December 31, 2009 per the First Nonunanimous Stipulation and Agreement per the Report and Order in Case No. ER-2010-0036. Finally, the Company has incurred additional energy efficiency costs since December 31, 2009. Therefore, amortization expense is increased by $12,079,000 for the proposed three-year amortization of the Energy Efficiency regulatory asset balance from January 2010 through February 2011, the proposed true-up period. This results in a total net increase in amortization expense of $13,977,000 due to the energy efficiency regulatory assets amortizations.

Adjustment 10 is an increase in amortization of $2,651,000 to reflect the annual amortization of the common equity issuance cost (flotation cost) over five years per the Second Nonunanimous Stipulation and Agreement approved by the Commission in Case No. ER-2010-0036.

The amortization expense is increased by $2,350,000 in Adjustment 11 to reflect the annual amortization of the VSE and ISP severance costs over three years per the First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036.

Adjustment 12 is an increase in amortization of $581,000 for the annual contribution from AmerenUE's customers to the Low-Income Pilot Program per the Third Nonunanimous Stipulation and Agreement approved in Case No. ER-2010-0036.

Adjustment 13 increases amortization by $420,000 for the annual amortization over five years for $2,100,000 of additional training equipment and materials for the energy delivery operations per the Report and Order in Case No. ER-2010-0036.

As a result of complying with Missouri's Renewable Energy Requirements (RES) law AmerenUE will have paid solar rebates totaling $690,000 by February 28, 2011, the proposed true-up period. Amortization is being increased by $690,000 in Adjustment 14 to reflect the proposed one-year amortization of these rebates. AmerenUE is also requesting an Accounting Authority Order ("AAO") to allow the deferral of future solar rebate payments, renewable energy credit purchases, and other related costs. See Section VI of my testimony for additional discussion of the request for an AAO.

**Q. What are the total electric pro forma depreciation and amortization expenses?**

A. As reported on Schedule GSW-E12 the total electric pro forma depreciation and amortization expenses are $426,931,000.

**Q. Please explain Schedule GSW-E13.**

A. Schedule GSW-E13 shows the taxes other than income taxes for the twelve months ended March 31, 2010, per book and pro forma.

**Q. Please list the pro forma adjustments required to arrive at the total electric pro forma taxes other than income taxes as detailed on Schedule GSW-E13.**

A. The following pro forma adjustments detailed on Schedule GSW-E13 are required to arrive at the total electric pro forma taxes other than income taxes.

Adjustment 1 increases F.I.C.A. taxes by $447,000 to reflect the pro forma wage increases and the additional AmerenUE employees.

The December 2009 payroll taxes were incorrectly charged between the electric and gas operations on the Company's books. Adjustment 2 increases the payroll taxes by $1,217,000 to reflect the correct amount applicable to the electric operations for the test year.

Adjustment 3 increases property taxes by $8,255,000 to reflect the current level of property taxes.

Adjustments 4 and 5 increase the property taxes $7,500,000 and $2,500,000 respectively for the increase in property taxes related to the addition of the Sioux Plant scrubbers and the additional investment at Taum Sauk being added to plant-in-service in this case.

Property taxes of $145,000 applicable to plant held for future use are eliminated in Adjustment 6. This adjustment is required as the investment in plant held for future use is not included in rate base.

Adjustment 7 adjusts taxes other than income taxes to remove the Missouri gross receipts taxes of $105,843,000, as they are add-on taxes that are directly passed through to customers. The pro forma book revenues also reflect the removal of the add-on revenue taxes.

**Q. How much are the pro forma taxes other than income taxes for the twelve months ended March 31, 2010 for total electric?**

A. As reflected on Schedule GSW-E13, the pro forma total electric taxes other than income taxes are $159,479,000.

**Q. What is shown on Schedule GSW-E14?**

A. Schedule GSW-E14 shows the derivation of the income tax calculation at the requested 8.456% rate of return for total electric operations reflecting the statutory tax rates.

**Q. As shown on Schedule GSW-E14, what are the income taxes at the requested rate of return for total electric operations?**

A. The total current federal, state and city earnings income taxes using the statutory tax rates at the requested rate of return as shown on Schedule GSW-E14 are $215,191,000 for total electric operations. The deferred income taxes are also shown on

Schedule GSW-E14 and are ($6,773,000) for total electric. The net current and deferred income taxes for electric operations are $208,418,000.

**Q. Please explain Schedule GSW-E15.**

A. Schedule GSW-E15 shows the total electric rate base of $6,810,053,000 at the requested return of 8.456%. See the direct testimony of Company witness Michael G. O'Bryan for the development of the 8.456% rate of return.

**Q. What does Schedule GSW-E16 reflect?**

A. Schedule GSW-E16 compares the total electric revenue requirement of $3,162,384,000 with the total electric pro forma operating revenues under the present rates of $2,899,072,000, including off-system energy sales revenues. It shows that the revenue requirement for the test year is $263,312,000 more than the pro forma operating revenues at present rates. This is the amount of additional revenues AmerenUE needs to collect each year to recover its cost of service.

## III. <u>BANK CREDIT FACILITY FEES</u>

**Q. Please describe the accounting treatment approved in the First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036 for bank credit facility fees.**

A. Per the First Nonunanimous Stipulation and Agreement in Case No. ER-2010-0036, the bank credit facility fees appropriately allocated to AmerenUE are being booked to a regulatory asset, amortized over two years into AFUDC and capitalized. Per the direct testimony of Mr. O'Bryan, the Company is currently negotiating a new bank credit facility. AmerenUE requests the same accounting treatment be approved as part of the Report and Order in this case for the fees to be incurred under the new and future bank credit facilities.

## IV. DETERMINATION OF NET BASE FUEL COSTS

**Q. Did you determine the "net base fuel costs" utilized in the Company's FAC, as addressed in the direct testimony of AmerenUE witness Lynn M. Barnes?**

A. Yes. I calculated a summer net base fuel cost of 1.312 cents per kilowatt-hour and a winter net base fuel cost of 1.275 cents per kilowatt-hour. Schedule GSW-E17 shows the calculation of the total net base fuel costs and the calculation of the summer net base fuel cost and the winter net base fuel cost. The net base fuel costs calculation starts with the fuel and purchased power costs for load and off-system energy sales determined by PROSYM, as discussed in Mr. Finnell's direct testimony. There are other costs for fuel and purchased power that are not modeled by PROSYM, including net fly ash revenues and expenses, fixed gas supply costs, credits from Westinghouse relating to the settlement of a prior dispute regarding the Callaway Plant, MISO Day 2 expenses, PJM expenses, account 565 transmission expenses, the cost of purchasing ancillary services, the load and generation forecasting deviation costs and the cost of purchased power to serve common boundary customers. This total cost of fuel and purchased power is then offset or reduced by off-system energy sales revenues calculated by PROSYM using inputs provided by Mr. Haro. There are additional revenues not included in PROSYM, including the MISO Day 2 revenues, capacity sales and revenues from sales of ancillary services. All of the above expenses and revenues are then segregated between summer and winter to develop a separate net base fuel cost figure for each season under the Company's FAC tariff. Per Schedule GSW-E17 the summer net base fuel cost ($181,364,000) was then divided by the normalized AmerenUE summer load at the generator of 13,827,369,000 kWhs to arrive at a summer net base fuel cost on a per kWh basis of 1.312 cents. The winter net base fuel cost ($332,371,000) was then divided by the normalized AmerenUE winter load at the generator of 26,066,613,000 kWh to arrive at a winter net base fuel cost on a per kWh basis of 1.275 cents. The total net base fuel costs have increased by approximately $73 million over the Missouri retail total net base fuel costs developed in Case No. ER-2010-0036.

## V. HISTORIC RETURN ON EQUITY

**Q. Has AmerenUE been able to earn the return on equity authorized by the Commission since new rates were established in the Company's 2006 rate case (Case No. ER-2007-0002) in early June, 2007?**

A. No. The Commission authorized returns on equity of 10.2% and 10.76%, respectively, in Case No. ER-2007-0002 and Case No. ER-2008-0318. For the thirty-seven months from June 2007 through June 2010 (each a twelve month ending period) in which rates set in those cases were in effect, the Company's earned return on equity, excluding the effect of Taum Sauk, has consistently been below its authorized return on equity, as shown in the table below. During that period, the Company's average earned return on equity was just 8.40 percent, or 180 and 236 basis points below that authorized by the Commission in Case No. ER-2007-0002 and Case No. ER-2008-0318, respectively. In fact, in only five of those thirty-seven months did the Company's return on equity equal or exceed the allowed return on equity in effect at that time, and in only seven other months was the Company's return on equity within even 50 basis points of its authorized return on equity. For the period ending March 31, 2010, the test year in this rate case, the actual earned return on equity was 8.61% compared to the authorized return of 10.76% or 215 basis points under the authorized return on equity. These under-earnings have been significant. As a point of reference, each 100 basis points of under-earnings in a year equals under-earnings of approximately $54 million for the Company.

1

| Month | Mo. Electric Rate Base | Mo. Electric Operating Income | Return on Rate Base | Return on Equity |
|---|---|---|---|---|
| June 2007 | $5,894,787,447 | $ 426,345,989 | 7.23% | 8.85% |
| July | 5,857,606,784 | 430,297,165 | 7.35% | 9.07% |
| August | 5,852,708,753 | 450,584,217 | 7.70% | 9.74% |
| September | 5,832,533,516 | 470,735,749 | 8.07% | 10.46% |
| October | 5,843,612,754 | 454,668,095 | 7.78% | 9.90% |
| November | 5,850,240,664 | 445,519,451 | 7.62% | 9.58% |
| December | 5,815,927,377 | 450,047,236 | 7.74% | 9.82% |
| January 2008 | 5,814,605,545 | 457,447,435 | 7.87% | 10.07% |
| February | 5,856,834,745 | 449,516,189 | 7.68% | 9.70% |
| March | 5,832,160,085 | 461,050,493 | 7.91% | 10.14% |
| April | 5,849,549,828 | 498,623,642 | 8.52% | 11.32% |
| May | 5,869,432,908 | 483,933,858 | 8.24% | 10.79% |
| June | 5,874,810,247 | 474,296,709 | 8.07% | 10.46% |
| July | 5,877,435,787 | 471,055,057 | 8.01% | 10.35% |
| August | 5,890,259,653 | 449,954,940 | 7.64% | 9.63% |
| September | 5,957,247,493 | 426,579,355 | 7.16% | 8.71% |
| October | 6,002,477,409 | 394,963,376 | 6.58% | 7.60% |
| November | 6,118,937,710 | 372,692,007 | 6.09% | 6.67% |
| December | 6,158,150,109 | 400,456,064 | 6.50% | 7.45% |
| January 2009 | 6,169,143,105 | 399,268,351 | 6.47% | 7.40% |
| February | 6,224,863,979 | 378,261,766 | 6.08% | 6.64% |
| March | 6,019,494,000 | 370,114,364 | 6.15% | 6.55% |
| April | 6,019,642,000 | 352,539,364 | 5.86% | 5.99% |
| May | 6,037,599,000 | 358,182,364 | 5.93% | 6.14% |
| June | 6,038,441,000 | 368,840,364 | 6.11% | 6.47% |
| July | 6,083,856,000 | 359,086,364 | 5.90% | 6.08% |
| August | 6,091,596,000 | 370,755,364 | 6.09% | 6.43% |
| September | 5,940,022,000 | 370,313,364 | 6.23% | 6.72% |
| October | 5,940,577,000 | 394,444,364 | 6.64% | 7.50% |
| November | 5,944,307,000 | 403,274,364 | 6.78% | 7.77% |
| December | 5,930,950,000 | 386,879,364 | 6.52% | 7.27% |
| January 2010 | 5,847,204,000 | 420,412,364 | 7.19% | 8.55% |
| February | 5,855,130,000 | 433,373,364 | 7.40% | 8.96% |
| March | 5,828,584,000 | 420,876,364 | 7.22% | 8.61% |
| April | 5,981,975,000 | 407,133,364 | 6.81% | 7.82% |
| May | 5,988,850,000 | 391,114,000 | 6.53% | 7.29% |
| June | 5,922,468,868 | 418,552,521 | 7.07% | 8.32% |
| Average | | | | 8.40% |

## VI. ACCOUNTING AUTHORITY ORDER – RES STANDARDS

**Q. Why is the Company requesting an Accounting Authority Order?**

A. To comply with Missouri's Renewable Energy Standard Requirements law, the Company is required to pay solar rebates and either build renewable energy facilities or purchase renewable energy or renewable energy credits. The cost of compliance with the RES law is still uncertain. Therefore, the Company is requesting that the Commission grant the Company accounting authority to defer the cost of the solar rebates, the cost to purchase renewable energy or renewable energy credits and other related costs incurred after February 28, 2011 (the true-up period in this case) until the effective date of new rates in the Company's next rate case. At that time the appropriateness of the cost and the recovery of the cost can be determined. The cost of the solar rebates through February 28, 2011 are included in the revenue requirement with a one year amortization period requested.

## VII. CONSTRUCTION ACCOUNTING FOR GOVERNMENT RELOCATIONS

**Q. What are government relocations?**

A. Government relocations are capital projects that are completed at the request of a government entity. An example would be the relocation of a distribution line due to the widening of a road or highway. When the Company's facilities are located on the public rights-of-way, in most cases the Company is required to move its facilities at the Company's expense when requested to do so.

**Q. Does the Company have control over when these projects are done?**

A. Normally not. The government entity contacts the Company and tells the Company by what date they must have the project completed. The Company must provide the resources, labor, material, etc. to complete the project on time.

**Q. When does the Company start earning a return on this investment and recovering the depreciation in its rates?**

A. The Company does not start earning a return or recovering the depreciation expense until this investment is included in rate base in a rate case filing and the final rates are approved. This regulatory lag can be months or years depending on the timing of rate cases. Since the Company cannot control the timing of these projects, the delay in the start of recovery can be prolonged. Until rates are approved which reflect these investments, return and depreciation costs are permanently lost to the Company. In other words, regulatory lag doesn't simply defer the recovery of these costs, it prevents the Company from ever recovering the full cost of these projects.

**Q. Does this impact the other capital investments the Company can make?**

A. Yes. The amount of money required to be invested by the Company in the government relocation projects reduces the amount of money the Company can invest in reliability and infrastructure replacement projects that would benefit its customers.

**Q. What can be done to mitigate the negative impact of the government relocation projects?**

A. The Company is requesting approval by this Commission to reflect "construction accounting" for these government relocation projects until the time they are recovered in rates. Construction accounting would allow the Company to continue to accrue Allowance for Funds Used During Construction on these projects and to defer the depreciation expense between the time they are booked to plant-in-service and the effective date of the new rates reflecting these investments.

## VIII. CONSTRUCTION ACCOUNTING FOR OTHER PROJECTS

**Q. Are there other projects for which the Company is requesting construction accounting?**

A. Yes. The Company also requests construction accounting treatment for all projects (other than new business) that are placed in-service after February 28, 2011, the proposed true-up date, but by July 31, 2011 (which is prior to the operation-of-law date in this case).

**Q. Why is the Company requesting construction accounting for these projects?**

A. The Company continues to experience excessive regulatory lag which continues to create chronic under-earnings, as shown above in my testimony on the Company's historic earned rate of return. A project placed in-service one day after the true-up period in the last case ended (February 1, 2010) will not start earning a return and no depreciation expense will be recovered in rates for approximately 18 months – not until approximately August 1, 2011. A project placed in-service on the last day of the proposed true-up period in this case will also not start earning a return and depreciation will not be recovered for approximately six months, but will be serving customers when rates take effect in this case. As mentioned in my discussion of highway relocation projects, recovery of this revenue is not simply delayed; it is lost forever. The Company has limited resources to invest in infrastructure and must decide in which of many competing worthwhile projects to invest. This situation will worsen as the Company's infrastructure continues to age and as environmental investment requirements continue to increase. Construction accounting for projects placed in-service from the end of the true-up period to a date close to the effective date of new rates in this case will provide the Company with additional cash to invest in its system.

**Q. What is the Company's proposal for construction accounting?**

A. Construction accounting would allow the Company to continue to accrue AFUDC on these projects and to defer the depreciation expense from the time they are booked to plant-in-service and the effective date of the new rates reflecting this investment, in the Company's next rate case. The Company will provide the list of projects in construction work in progress at the end of the true-up period with projected in-service dates prior to August 1, 2011 as part of its true-up filing.

## IX. CONCLUSIONS

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

A. My testimony and attached schedules have developed the Company's total electric rate base and revenue requirement. As summarized on Schedule GSW-E16, the Company's total electric revenue requirement, including the Company's proposed 8.456% return on rate base, exceeds the pro forma operating revenues at present rates by $263,312,000. The Company should be allowed to increase its rates to permit it to recover this $263,312,000 in additional revenue requirement. The Company should be granted an Accounting Authority Order for expenditures related to Missouri's Renewable Energy Standard Requirements law. Finally, the Company should be authorized to utilize construction accounting for all government relocation projects on an ongoing basis and for other projects (excluding projects for new business) placed in service from March 1, 2011 through July 31, 2011.

**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<br>d/b/a AmerenUE for Authority to File<br>Tariffs Increasing Rates for Electric<br>Service Provided to Customers in the<br>Company's Missouri Service Area. | )<br>)<br>)<br>)<br>) | Case No. ER-2011-0028 |

**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 Union Electric Company d/b/a AmerenUE as Manager, Regulatory Accounting.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of AmerenUE consisting of 40 pages, and Schedules GSW-E1 through GSW-E17, 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 3 day of September, 2010.

Amanda Tesdall
Notary Public

My commission expires:

Amanda Tesdall - Notary Public
Notary Seal, State of
Missouri - St. Louis County
Commission #07158967
My Commission Expires 7/29/2011

**AmerenUE**
**ORIGINAL COST OF ELECTRIC PLANT**
**BY FUNCTIONAL CLASSIFICATION AT MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | FUNCTIONAL CLASSIFICATION (A) | TOTALS PER BOOKS (B) | PRO FORMA ADJUSTMENTS (C) | PRO FORMA ELECTRIC TOTALS (D) |
|---|---|---|---|---|
| | **INTANGIBLE PLANT** | | | |
| 1 | FRANCHISES - PRODUCTION | $ 20,582 | $ - | $ 20,582 |
| 2 | OTHER INTANGIBLE PLANT-PRODUCTION | 23,353 | 7,525 | 30,878 |
| 3 | OTHER INTANGIBLE PLANT-DISTRIBUTION | 6,325 | 851 | 7,176 |
| 4 | **TOTAL INTANGIBLE PLANT** | 50,260 | 8,376 | 58,636 |
| | **PRODUCTION PLANT** | | | |
| 5 | NUCLEAR | 2,938,727 | 46,987 | 2,985,714 |
| 6 | STEAM | 2,993,924 | 698,101 | 3,692,025 |
| 7 | HYDRAULIC | 341,406 | 106,885 | 448,291 |
| 8 | OTHER | 1,196,244 | 11,005 | 1,207,249 |
| 9 | **TOTAL PRODUCTION PLANT** | 7,470,301 | 862,978 | 8,333,279 |
| 10 | **TRANSMISSION PLANT** | 639,622 | 51,115 | 690,737 |
| 11 | **DISTRIBUTION PLANT** | 4,247,261 | 213,616 | 4,460,877 |
| 12 | **GENERAL PLANT** | 551,011 | 26,214 | 577,225 |
| 13 | **TOTAL PLANT IN SERVICE** | **$ 12,958,455** | **$ 1,162,299** | **$ 14,120,754** |

| LINE | PRO FORMA ADJUSTMENTS | (C) | (D) |
|---|---|---|---|
| 14 | (1) Eliminate Plant balances related to FAS 143 Asset Retirement Obligation | | |
| 15 | NUCLEAR | $ - | |
| 16 | STEAM | (22,367) | |
| 17 | DISTRIBUTION | (338) | |
| 18 | GENERAL | (390) | |
| 19 | TOTAL | | $ (23,095) |
| 20 | (2) Plant Additions for the true-up period April 1, 2010 through February 28, 2011 | | |
| 21 | INTANGIBLE FRANCHISES - PRODUCTION | - | |
| 22 | OTHER INTANGIBLE PLANT-PRODUCTION | 7,525 | |
| 23 | OTHER INTANGIBLE PLANT-DISTRIBUTION | 851 | |
| 24 | NUCLEAR | 46,987 | |
| 25 | STEAM | 720,468 | |
| 26 | HYDRAULIC | 106,885 | |
| 27 | OTHER | 11,005 | |
| 28 | TRANSMISSION | 51,115 | |
| 29 | DISTRIBUTION | 213,954 | |
| 30 | GENERAL | 32,657 | |
| 31 | TOTAL | | 1,191,447 |
| 32 | (3) Eliminate portions of plant in service for multi use general facilities which are applicable to gas | | |
| 33 | operations. For convenience, such facilities are recorded as electric plant but are commonly used for | | |
| 34 | both electric and gas. | | |
| 35 | GENERAL | | (6,053) |
| 36 | **TOTAL PRO FORMA ADJUSTMENTS** | | **$ 1,162,299** |

## AmerenUE
## TOTAL ELECTRIC RESERVES FOR DEPRECIATION AND AMORTIZATION
## BY FUNCTIONAL CLASSIFICATION AT MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011
## ($000)

| LINE | FUNCTIONAL CLASSIFICATION (A) | TOTALS PER BOOKS (B) | PRO FORMA ADJUSTMENTS (C) | PRO FORMA ELECTRIC TOTALS (D) |
|---|---|---|---|---|
| | **INTANGIBLE PLANT** | | | |
| 1 | FRANCHISES - PRODUCTION | $ 1,908 | $ 628 | $ 2,536 |
| 2 | MISC INTANGIBLE PLANT - PROD | 16,266 | 4,909 | 21,175 |
| 3 | MISC INTANGIBLE PLANT - DIST | 4,872 | 1,231 | 6,103 |
| 4 | **TOTAL INTANGIBLE PLANT** | 23,046 | 6,768 | 29,814 |
| | **PRODUCTION PLANT** | | | |
| 5 | NUCLEAR | 1,260,459 | 52,303 | 1,312,762 |
| 6 | CALLAWAY POST OPERATIONAL | 62,955 | 3,380 | 66,335 |
| 7 | STEAM | 1,325,660 | 77,375 | 1,403,035 |
| 8 | HYDRAULIC | 69,656 | 11,432 | 81,088 |
| 9 | OTHER | 491,260 | 21,240 | 512,500 |
| 10 | **TOTAL PRODUCTION PLANT** | 3,209,990 | 165,730 | 3,375,720 |
| 11 | **TRANSMISSION PLANT** | 234,796 | 13,562 | 248,358 |
| 12 | **DISTRIBUTION PLANT** | 1,860,010 | 132,163 | 1,992,173 |
| 13 | **GENERAL PLANT** | 271,411 | 20,190 | 291,601 |
| 14 | **TOTAL DEPRC. & AMORT RESERVE** | **$ 5,599,253** | **$ 338,413** | **$ 5,937,666** |
| | **PRO FORMA ADJUSTMENTS** | | | |
| 15 | (1) Eliminate Reserve balances related to FAS 143 Asset Retirement Obligation | | | |
| 16 | NUCLEAR | | $ - | |
| 17 | STEAM | | (5,800) | |
| 18 | DISTRIBUTION | | (261) | |
| 19 | GENERAL | | (152) | |
| 20 | TOTAL | | | $ (6,213) |
| 21 | (2) Reserve Balance at March 31, 2010 adjusted to reflect Reserve Balance at | | | |
| 22 | February 28, 2011. | | | |
| 23 | INTANGIBLE FRANCHISES - PROD | | 628 | |
| 24 | MISC INTANGIBLE PLANT - PROD | | 4,282 | |
| 25 | MISC INTANGIBLE PLANT - DIST | | 1,160 | |
| 26 | NUCLEAR | | 55,411 | |
| 27 | STEAM | | 76,270 | |
| 28 | HYDRAULIC | | 6,661 | |
| 29 | OTHER | | 21,102 | |
| 30 | TRANSMISSION | | 13,128 | |
| 31 | DISTRIBUTION | | 129,931 | |
| 32 | GENERAL | | 22,684 | |
| 33 | TOTAL | | | 331,257 |
| 34 | (3) Adjustment to depreciation reserve for the additions to plant in service for the | | | |
| 35 | true-up period of April 1, 2010 through February 28, 2011. | | | |
| 36 | INTANGIBLE FRANCHISES - PROD | | - | |
| 37 | MISC INTANGIBLE PLANT - PROD | | 627 | |
| 38 | MISC INTANGIBLE PLANT - DIST | | 71 | |
| 39 | NUCLEAR | | 272 | |
| 40 | STEAM | | 6,905 | |
| 41 | HYDRAULIC | | 1,576 | |
| 42 | OTHER | | 138 | |
| 43 | TRANSMISSION | | 434 | |
| 44 | DISTRIBUTION | | 2,493 | |
| 45 | GENERAL | | 716 | |
| 46 | TOTAL | | | 13,232 |
| 47 | (4) Reserve Balance adjustment to Taum Sauk Removal Cost. | | | |
| 48 | HYDRAULIC | | | 3,195 |
| 49 | (5) Eliminate portions of plant in service for multi use general facilities which are | | | |
| 50 | applicable to gas operations. For convenience, such facilities are recorded | | | |
| 51 | as electric plant but are commonly used for both electric and gas | | | |
| 52 | GENERAL | | | (3,058) |
| 53 | **TOTAL PRO FORMA ADJUSTMENTS** | | | **$ 338,413** |

**AmerenUE**
**AVERAGE FUEL AND MATERIALS & SUPPLIES INVENTORIES**
**AT MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | DESCRIPTION (A) | TOTALS PER BOOKS (B) | PRO FORMA ADJUSTMENTS (C) | PRO FORMA ELECTRIC TOTALS (D) |
|---|---|---|---|---|
| 1 | **AVERAGE NUCLEAR FUEL** | $ 76,043 | $ - | $ 76,043 |
| | **AVERAGE FOSSIL FUEL:** | | | |
| 2 | COAL | 144,118 | 14,720 | 158,838 |
| 3 | OIL | 5,815 | - | 5,815 |
| 4 | STORED GAS FOR CTG'S | 5,921 | - | 5,921 |
| 5 | **TOTAL FOSSIL FUEL** | **155,854** | **14,720** | **170,574** |
| 6 | **GENERAL MATERIALS AND SUPPLIES** | 172,041 | (1,634) | **170,407** |
| 7 | **TOTAL** | **$ 403,938** | **$ 13,086** | **$ 417,024** |

**PRO FORMA ADJUSTMENT**

| LINE | | |
|---|---|---|
| 8 | (1) Adjust Coal Supply to reflect 13 month average inventory priced at the Feburary 2011 coal prices. | $ 14,720 |
| 9 | (2) Eliminate portions of average fuel and general materials and supplies which are applicable to gas operations. | (1,634) |
| 10 | **TOTAL PRO FORMA ADJUSTMENTS** | $ 13,086 |

**AmerenUE**
**AVERAGE PREPAYMENTS**
**MARCH 31, 2010**
**($000)**

| LINE | DESCRIPTION (A) | TOTALS PER BOOKS(1) (B) | PRO FORMA ADJUSTMENTS (C) | PRO FORMA ELECTRIC TOTALS (D) |
|---|---|---|---|---|
| 1 | RENTS (3) | $ 9 | $ - | $ 9 |
| 2 | INSURANCE - DIRECT (2) | 4,035 | (970) | 3,065 |
| 3 | REG. COMMISSION ASSESSMENTS (3) | 131 | (3) | 128 |
| 4 | FREIGHT ON COAL (2) | 618 | - | 618 |
| 5 | IMAGING SOFTWARE (2) | 89 | - | 89 |
| 6 | M/A COMM RADIO SYS SRVC AGREEMENT (3) | 33 | (1) | 32 |
| 7 | MEDICAL AND DENTAL VEBA (3) | 1,858 | (41) | 1,817 |
| 8 | SYBASE MAINTENANCE (3) | 42 | - | 42 |
| 9 | COAL CAR LEASE (2) | 488 | - | 488 |
| 10 | **TOTAL AVERAGE PREPAYMENTS** | **$ 7,303** | **$ (1,015)** | **$ 6,288** |

11 (1) Reflects 13 month average
12 (2) Directly assigned to electric or gas.
13 (3) Allocated to gas based on operating expenses excluding fuel and purchased power.

**PRO FORMA ADJUSTMENT**

14 (1) Eliminate portions of prepayments which are applicable to gas operations. Allocated between electric $ (1,015)
15 and gas operations based on operating expenses excluding purchased power, off-system sales and
16 purchased gas.

**AmerenUE**
**TOTAL ELECTRIC CASH WORKING CAPITAL**
**TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | DESCRIPTION | REVENUE LAG(1) | EXPENSE LEAD (1) | NET LEAD/LAG | FACTOR | TEST YEAR EXPENSE | CASH WORKING CAPITAL REQUIREMENT |
|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| 1 | PENSIONS AND BENEFITS | 42.190 | (33.820) | 8.370 | 0.022932 | $ 96,843 | $ 2,221 |
| 2 | PURCHASED POWER | 42.190 | (22.500) | 19.690 | 0.053945 | 83,727 | 4,517 |
| 3 | PAYROLL & WITHHOLDINGS | 42.190 | (11.700) | 30.490 | 0.083534 | 355,135 | 29,666 |
| 4 | FUEL | | | | | | |
| 5 | NUCLEAR | 42.190 | (15.210) | 26.980 | 0.073918 | 71,862 | 5,312 |
| 6 | COAL | 42.190 | (21.410) | 20.780 | 0.056932 | 721,095 | 41,053 |
| 7 | OIL | 42.190 | (10.310) | 31.880 | 0.087342 | 2,579 | 225 |
| 8 | NATURAL GAS | 42.190 | (36.680) | 5.510 | 0.015096 | 5,596 | 84 |
| 9 | UNCOLLECTIBLE ACCOUNTS | 42.190 | (42.190) | 0.000 | - | 5,912 | - |
| 10 | OTHER OPERATING EXPENSES | 42.190 | (42.110) | 0.080 | 0.000219 | 448,949 | 98 |
| 11 | TOTAL O&M EXPENSES | | | | | 1,791,698 | |
| 12 | **TOTAL CASH WORKING CAPITAL REQUIREMENT** | | | | | | **83,176** |
| 13 | FICA - EMPLOYER'S PORTION | 42.190 | (12.700) | 29.490 | 0.080795 | 22,581 | 1,824 |
| 14 | FEDERAL UNEMPLOYMENT TAXES | 42.190 | (76.380) | (34.190) | (0.093671) | 279 | (26) |
| 15 | STATE UNEMPLOYMENT TAXES | 42.190 | (76.380) | (34.190) | (0.093671) | 540 | (50) |
| 16 | CORPORATE FRANCHISE TAXES | 42.190 | 77.500 | 119.690 | 0.327918 | 2,147 | 704 |
| 17 | PROPERTY TAXES | 42.190 | (182.500) | (140.310) | (0.384411) | 113,579 | (43,660) |
| 18 | SALES TAXES | 42.190 | (38.790) | 3.400 | 0.009315 | 48,008 | 447 |
| 19 | USE TAXES | 42.190 | (76.380) | (34.190) | (0.093671) | 310 | (29) |
| 20 | GROSS RECEIPTS TAXES | 29.060 | (27.590) | 1.470 | 0.004027 | 105,843 | 426 |
| 21 | ST. LOUIS PAYROLL EXPENSE TAXES | 42.190 | (76.380) | (34.190) | (0.093671) | 61 | (6) |
| 22 | TOTAL TAXES | | | | | 293,348 | |
| 23 | **NET CUSTOMER SUPPLIED FUNDS** | | | | | | **(40,370)** |
| 24 | **NET CASH WORKING CAPITAL REQUIREMENT** | | | | | | **$ 42,806** |

25 (1) Revenue Lag and Expense Lead per direct testimony of Company witness Michael J. Adams.

**AmerenUE**
**TOTAL ELECTRIC INTEREST EXPENSE CASH REQUIREMENT AND**
**FEDERAL AND STATE INCOME TAX AND CITY EARNINGS TAX CASH REQUIREMENTS**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | DESCRIPTION (A) | TOTAL ELECTRIC (B) |
|---|---|---|
| | **INTEREST EXPENSE CASH REQUIREMENT** | |
| 1 | TOTAL ELECTRIC INTEREST ON LONG-TERM DEBT | $ 192,656 |
| 2 | FACTOR PER DIRECT TESTIMONY OF MICHAEL J. ADAMS | -13.29% |
| 3 | **TOTAL ELECTRIC INTEREST EXPENSE CASH REQUIREMENT** | $ (25,600) |
| | **FEDERAL INCOME TAX CASH REQUIREMENT** | |
| 4 | TOTAL ELECTRIC CURRENT FEDERAL INCOME TAXES | $ 185,265 |
| 5 | FACTOR PER DIRECT TESTIMONY OF MICHAEL J. ADAMS | 1.18% |
| 6 | **TOTAL ELECTRIC FEDERAL INCOME TAX CASH REQUIREMENT** | $ 2,188 |
| | **STATE INCOME TAX CASH REQUIREMENT** | |
| 7 | TOTAL ELECTRIC STATE INCOME TAXES | $ 29,568 |
| 8 | FACTOR PER DIRECT TESTIMONY OF MICHAEL J. ADAMS | 1.18% |
| 9 | **TOTAL ELECTRIC STATE INCOME TAX CASH REQUIREMENT** | $ 349 |
| | **CITY EARNINGS TAX CASH REQUIREMENT** | |
| 10 | TOTAL ELECTRIC CITY EARNINGS TAX | $ 358 |
| 11 | FACTOR PER DIRECT TESTIMONY OF MICHAEL J. ADAMS | -63.37% |
| 12 | **TOTAL ELECTRIC CITY EARNINGS TAX CASH REQUIREMENT** | $ (227) |

**AmerenUE**
**TOTAL ELECTRIC AVERAGE CUSTOMER ADVANCES FOR CONSTRUCTION AND AVERAGE CUSTOMER DEPOSITS**
**MARCH 31, 2010**
**($000)**

| LINE | DESCRIPTION<br>(A) | TOTAL ELECTRIC<br>(B) |
|---|---|---|
| 1 | AVERAGE CUSTOMER ADVANCES FOR CONSTRUCTION | $ (3,369) |
| 2 | AVERAGE CUSTOMER DEPOSITS | $ (16,169) |

# AmerenUE
## ACCUMULATED DEFERRED INCOME TAXES
## AT MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011
## ($000)

| LINE | DESCRIPTION<br>(A) | TOTAL ELECTRIC PER BOOKS<br>(B) | PRO FORMA ADJUSTMENTS<br>(C) | PRO FORMA ELECTRIC TOTAL<br>(D) |
|---|---|---|---|---|
| 1 | **ACCOUNT 190** | $ 4,257 | $ 17,253 | $ 21,510 |
| 2 | **ACCOUNT 282** | (1,560,019) | (180,480) | (1,740,499) |
| 3 | **ACCOUNT 283** | (67,599) | (12,621) | (80,220) |
| 4 | **TOTAL ACCUMULATED DEFERRED INCOME TAXES** | **$ (1,623,361)** | **$ (175,848)** | **$ (1,799,209)** |

**PRO FORMA ADJUSTMENT**

5 Changes in balances from March 31, 2010 to end of true-up period February 28, 2011.

**AmerenUE**
**PENSION REGULATORY ASSET**
**OTHER POST-EMPLOYMENT REGULATORY LIABILITY**
**AND ENERGY EFFICIENCY REGULATORY ASSET**
**AT MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | DESCRIPTION (A) | TOTAL ELECTRIC (B) |
|---|---|---|
| | **PENSIONS** | |
| 1 | PENSION TRACKER REG LIABILITY AT 9/30/2008 | $ (6,952) |
| 2 | PENSION TRACKER REG ASSET AT 1/31/2010 | 3,501 |
| 3 | PENSION TRACKER REG ASSET AT 2/28/2011 | 4,754 |
| 4 | TOTAL PENSION TRACKER REGULATORY ASSET | 1,303 |
| | **OTHER POST-EMPLOYMENT BENEFITS** | |
| 5 | OPEB TRACKER REG LIABILITY AT 9/30/2008 | (12,136) |
| 6 | OPEB TRACKER REG LIABILITY AT 1/31/2010 | (14,279) |
| 7 | OPEB TRACKER REG LIABILITY AT 2/28/2011 | (18,402) |
| 8 | TOTAL OPEB TRACKER REGULATORY LIABILITY | (44,817) |
| 9 | **NET REGULATORY LIABILITY** | $ (43,514) |
| | **ENEREGY EFFICIENCY** | |
| 10 | REGULATORY ASSET ER-2010-0036 (12/31/2009) | 10,160 |
| 11 | REGULATORY ASSET AT 2/28/2011 | 36,238 |
| 12 | **TOTAL REGULATORY ASSET** | $ 46,398 |

# AmerenUE
## TOTAL ELECTRIC PER BOOK AND PRO FORMA OPERATING REVENUES
## FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011
## ($000)

| LINE | | DESCRIPTION (A) | TOTAL ELECTRIC (B) | PRO FORMA ADJUSTMENTS (C) | ADJUSTED TOTAL ELECTRIC (D) |
|---|---|---|---|---|---|
| | | **OPERATING REVENUES** | | | |
| 1 | | RETAIL REVENUES | $ 2,246,188 | $ 191,552 | 2,437,740 |
| 2 | | PROVISION FOR RATE REFUNDS | 6,480 | (6,480) | - |
| 3 | | OTHER ELECTRIC REVENUES | 57,585 | 14,403 | 71,988 |
| 4 | | **TOTAL REVENUES** | **2,310,253** | **199,475** | **2,509,728** |
| 5 | | DISPOSITION OF ALLOWANCES | 4,813 | (4,813) | - |
| 6 | | OFF-SYSTEM SALES - ENERGY | 330,616 | 50,165 | 380,781 |
| 7 | | OFF-SYSTEM SALES - AEP AND WABASH | 54,953 | (54,953) | - |
| 8 | | OFF-SYSTEM SALES - OTHER CITIES | 21,086 | (21,086) | - |
| 9 | | OFF-SYSTEM SALES-CAPACITY REVENUE | 11,890 | (3,328) | 8,562 |
| 10 | | **TOTAL REVENUES PER BOOKS** | **$ 2,733,611** | **$ 165,461** | **$ 2,899,072** |
| | | **PRO FORMA ADJUSTMENTS:** | | | |
| 11 | (1) | REMOVE ADD ON REVENUE TAX | $ (105,165) | | |
| 12 | (2) | ELIMINATE UNBILLED REVENUE | (20,892) | | |
| 13 | (3) | ANNUALIZE 2010 RATE CHANGE | 230,699 | | |
| 14 | (4) | ADJUST FOR NORMAL WEATHER | 16,510 | | |
| 15 | (5) | ADJUST FOR GROWTH THROUGH MARCH | 7,893 | | |
| 16 | (6) | ADJUST FOR GROWTH THROUGH FEBRUARY | 13,239 | | |
| 17 | (7) | DAYS ADJUSTMENT | 192 | | |
| 18 | (8) | ADJUST FOR BILLING UNITS | 49,076 | | |
| 19 | (9) | ELIMINATE PROVISION FOR RATE REFUNDS | (6,480) | | |
| 20 | (10) | ELIMINATE VEGETATION MANGEMENT REVENUES | 5,280 | | |
| 21 | (11) | ADJUSTMENT TO TRANSMISSION REVENUES | 9,123 | | |
| 22 | (12) | ELIMINATE DISPOSITION OF ALLOWANCES | (4,813) | | |
| 23 | (13) | ADJUST OFF-SYSTEM SALES - ENERGY | 50,165 | | |
| 24 | (14) | RECLASS OFF SYSTEM SALES - AEP AND WABASH | (54,953) | | |
| 25 | (15) | RECLASS OFF SYSTEM SALES - OTHER CITIES | (21,086) | | |
| 26 | (16) | ADJUST OFF-SYSTEM SALES - CAPACITY REVENUE | (3,328) | | |
| 27 | | **TOTAL PRO FORMA ADJUSTMENTS** | $ 165,461 | | |

## AmerenUE
### ELECTRIC OPERATING AND MAINTENANCE EXPENSES
### PER BOOK AND PRO FORMA
### FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 UPDATED THROUGH FEBRUARY 28, 2011
### ($000)

| LINE | FUNCTIONAL CLASSIFICATION (A) | TOTAL PER BOOKS (B) | #1 LABOR ADJUSTMENT (C) | #2 UNION LUMP SUM PAYMENT AMORTIZATION (D) | #3 INCENTIVE COMPENSATION ADJUSTMENT (E) | #4 LONG TERM INCENTIVE COMPENSATION ADJUSTMENT (F) | #5 VSE/ISP LABOR ADJUSTMENT (G) | #6 VSE/ISP SEVERANCE PAY ADJUSTMENT (H) | #7 TAUM SAUK ADDL STAFF ADJUSTMENT (I) | #8 TAUM SAUK EXPENSE ADJUST. (J) | #9 SIOUX SCRUBBER ADJUSTMENTS (K) | #10 INCREASE FUEL EXPENSE FOR FEB. GROWTH (L) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **PRODUCTION:** | | | | | | | | | | | |
| | INCREMENTAL COSTS: | | | | | | | | | | | |
| 1 | LABOR | $ 7,543 | $ 137 | $ 8 | $ (35) | $ (133) | $ - | $ - | $ - | $ - | $ - | $ - |
| | FUEL (EXCL. W/H CR.) | | | | | | | | | | | |
| 2 | BASE LOAD | 490,348 | - | - | - | - | - | - | - | - | - | 125,876 |
| 3 | INTERCHANGE | 177,581 | - | - | - | - | - | - | - | - | - | 19,810 |
| 4 | WESTINGHOUSE CREDITS | (1,948) | - | - | - | - | - | - | - | - | - | - |
| 5 | FAC UNDER RECOVER | (85,756) | - | - | - | - | - | - | - | - | - | - |
| | PURCHASED POWER | | | | | | | | | | | |
| 6 | BASE LOAD | 50,750 | - | - | - | - | - | - | - | - | - | - |
| 7 | INTERCHANGE | 49,737 | - | - | - | - | - | - | - | - | - | - |
| 8 | OTHER (FUEL HANDLING) | 3,523 | - | - | - | - | - | - | - | - | - | - |
| 9 | **TOTAL INCREMENTAL COSTS** | 691,778 | 137 | 8 | (35) | (133) | - | - | - | - | - | 145,686 |
| | **OTHER OPERATING EXPENSES:** | | | | | | | | | | | |
| 10 | LABOR | 114,855 | 2,082 | 127 | (538) | (2,026) | (1,697) | - | - | - | - | - |
| 11 | OTHER | 45,693 | - | - | - | - | - | - | - | - | 4,300 | - |
| 12 | **TOTAL OTHER OPERATING EXPENSES** | 160,548 | 2,082 | 127 | (538) | (2,026) | (1,697) | - | - | - | 4,300 | - |
| | **MAINTENANCE EXPENSES:** | | | | | | | | | | | |
| 13 | LABOR | 81,889 | 1,484 | 91 | (384) | (1,444) | (824) | - | 274 | - | 761 | - |
| 14 | OTHER | 87,330 | - | - | - | - | - | - | - | (2) | - | - |
| 15 | **TOTAL MAINTENANCE EXPENSES** | 169,219 | 1,484 | 91 | (384) | (1,444) | (824) | - | 274 | (2) | 761 | - |
| | **CAPACITY COSTS** | | | | | | | | | | | |
| 16 | BASE LOAD | 9,281 | - | - | - | - | - | - | - | - | - | - |
| 17 | INTERCHANGE | 10 | - | - | - | - | - | - | - | - | - | - |
| 18 | **TOTAL PRODUCTION EXPENSES** | 1,030,836 | 3,703 | 226 | (957) | (3,603) | (2,521) | - | 274 | (2) | 5,061 | 145,686 |
| 19 | **TRANSMISSION EXPENSES** | 40,449 | 111 | 8 | (32) | (120) | (92) | - | - | - | - | - |
| 20 | **REGIONAL MARKET EXPENSES** | 10,428 | - | - | - | - | - | - | - | - | - | - |
| 21 | **DISTRIBUTION EXPENSES** | 179,795 | 1,641 | 79 | (335) | (1,261) | (653) | - | - | - | - | - |
| 22 | **CUSTOMER ACCOUNTING EXPENSES** | 46,836 | 422 | 16 | (68) | (257) | (75) | - | - | - | - | - |
| 23 | **CUSTOMER SERV. & INFO. EXPENSES** | 14,073 | 48 | 5 | (22) | (84) | (84) | - | - | - | - | - |
| 24 | **SALES EXPENSES** | 313 | - | - | - | (2) | (3) | - | - | - | - | - |
| | **ADMINISTRATIVE & GENERAL EXPENSES:** | | | | | | | | | | | |
| 25 | E.P.R.I. ASSESSMENT - MO. | 3,759 | - | - | - | - | - | - | - | - | - | - |
| 26 | ACCOUNT 930-1 - MO. | 1,096 | 2 | - | - | (1) | - | - | - | - | - | - |
| 27 | A&G DIRECT - MISSOURI | - | - | - | - | - | (876) | - | - | - | - | - |
| 28 | **TOTAL DIRECT A. & G. EXPENSE** | 4,855 | 2 | - | - | (1) | (876) | - | - | - | - | - |
| 29 | ALLOCATED ON LABOR RATIO | 250,138 | 385 | 51 | (216) | (812) | - | (7,597) | - | (2,539) | - | - |
| 30 | **TOTAL ADMINISTRATIVE & GENERAL EXPENSES** | 254,993 | 387 | 51 | (216) | (813) | (876) | (7,597) | - | (2,539) | - | - |
| 31 | **TOTAL OPERATIONS & MAINTENANCE EXPENSES** | $ 1,577,723 | $ 6,312 | $ 385 | $ (1,630) | $ (6,140) | $ (4,304) | $ (7,597) | $ 274 | $ (2,541) | $ 5,061 | $ 145,686 |

32 **NOTE:** See SCHEDULE GSW-E11-4 for explanation of the pro forma adjustments.

SCHEDULE GSW-E11-1

## AmerenUE
## ELECTRIC OPERATING AND MAINTENANCE EXPENSES
## PER BOOK AND PRO FORMA
## FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 UPDATED THROUGH FEBRUARY 28, 2011
## ($000)

| LINE | FUNCTIONAL CLASSIFICATION (A) | #11 PURCHASED POWER FOR FEB. GROWTH (B) | #12 ELIMINATE FAC UNDER RECOVERY (C) | #13 SO2 TRACKER AMORTIZATION (D) | #14 CALLAWAY REFUELING EXPENSES (E) | #15 POWER PLANT STEAM MAINTENANCE ADJUSTMENT (F) | #16 POWER PLANT COMMON MAINTENANCE ADJUSTMENT (G) | #17 MISO TRANSMISSION EXPENSE (H) | #18 VEGETATION MANAGEMENT ADJUSTMENT (I) | #19 INFRASTRUCTURE INSPECTION ADJUST. (J) | #20 NORMALIZE STORM COST (K) | #21 DISTRIBUTION TRAINING EXPENSE (L) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **PRODUCTION:** | | | | | | | | | | | |
| | INCREMENTAL COSTS: | | | | | | | | | | | |
| 1 | LABOR | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | FUEL (EXCL. W/H CR.) | | | | | | | | | | | |
| 2 | BASE LOAD | - | - | - | - | - | - | - | - | - | - | - |
| 3 | INTERCHANGE | - | - | - | - | - | - | - | - | - | - | - |
| 4 | WESTINGHOUSE CREDITS | - | - | - | - | - | - | - | - | - | - | - |
| 5 | FAC UNDER RECOVER | - | 85,756 | - | - | - | - | - | - | - | - | - |
| | PURCHASED POWER | | | | | | | | | | | |
| 6 | BASE LOAD | 22,345 | - | - | - | - | - | - | - | - | - | - |
| 7 | INTERCHANGE | (48,396) | - | - | - | - | - | - | - | - | - | - |
| 8 | OTHER (FUEL HANDLING) | - | - | - | - | - | - | - | - | - | - | - |
| 9 | **TOTAL INCREMENTAL COSTS** | (26,051) | 85,756 | - | - | - | - | - | - | - | - | - |
| | **OTHER OPERATING EXPENSES:** | | | | | | | | | | | |
| 10 | LABOR | - | - | - | - | - | - | - | - | - | - | - |
| 11 | OTHER | - | - | 6,971 | - | - | - | - | - | - | - | - |
| 12 | **TOTAL OTHER OPERATING EXPENSES** | - | - | 6,971 | - | - | - | - | - | - | - | - |
| | **MAINTENANCE EXPENSES:** | | | | | | | | | | | |
| 13 | LABOR | - | - | - | 6,533 | - | - | - | - | - | - | - |
| 14 | OTHER | - | - | - | 19,000 | 8,003 | (1,056) | - | - | - | - | - |
| 15 | **TOTAL MAINTENANCE EXPENSES** | - | - | - | 25,533 | 8,003 | (1,056) | - | - | - | - | - |
| | **CAPACITY COSTS** | | | | | | | | | | | |
| 16 | BASE LOAD | (9,281) | - | - | - | - | - | - | - | - | - | - |
| 17 | INTERCHANGE | (10) | - | - | - | - | - | - | - | - | - | - |
| 18 | **TOTAL PRODUCTION EXPENSES** | (35,342) | 85,756 | 6,971 | 25,533 | 8,003 | (1,056) | - | - | - | - | - |
| 19 | **TRANSMISSION EXPENSES** | - | - | - | - | - | - | 120 | - | - | - | - |
| 20 | **REGIONAL MARKET EXPENSES** | - | - | - | - | - | - | - | - | - | - | - |
| 21 | **DISTRIBUTION EXPENSES** | - | - | - | - | - | - | - | 2,980 | 1,301 | 4,718 | 1,290 |
| 22 | **CUSTOMER ACCOUNTING EXPENSES** | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **CUSTOMER SERV. & INFO. EXPENSES** | - | - | - | - | - | - | - | - | - | - | - |
| 24 | **SALES EXPENSES** | - | - | - | - | - | - | - | - | - | - | - |
| | **ADMINISTRATIVE & GENERAL EXPENSES:** | | | | | | | | | | | |
| 25 | E.P.R.I. ASSESSMENT - MO. | - | - | - | - | - | - | - | - | - | - | - |
| 26 | ACCOUNT 930-1 - MO. | - | - | - | - | - | - | - | - | - | - | - |
| 27 | A&G DIRECT - MISSOURI | - | - | - | - | - | - | - | - | - | - | - |
| 28 | **TOTAL DIRECT A. & G. EXPENSE** | - | - | - | - | - | - | - | - | - | - | - |
| 29 | ALLOCATED ON LABOR RATIO | - | - | - | - | - | - | - | - | - | - | - |
| 30 | **TOTAL ADMINISTRATIVE & GENERAL EXPENSES** | - | - | - | - | - | - | - | - | - | - | - |
| 31 | **TOTAL OPERATIONS & MAINTENANCE EXPENSES** | $ (35,342) | $ 85,756 | $ 6,971 | $ 25,533 | $ 8,003 | $ (1,056) | $ 120 | $ 2,980 | $ 1,301 | $ 4,718 | $ 1,290 |

32 **NOTE:** See SCHEDULE GSW-E11-4 for explanation of the pro forma adjustments.

## AmerenUE
## ELECTRIC OPERATING AND MAINTENANCE EXPENSES
## PER BOOK AND PRO FORMA
## FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 UPDATED THROUGH FEBRUARY 28, 2011
## ($000)

| | | #22 | #23 | #24 | #25 | #26 | #27 | #28 | #29 | #30 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ADD INTEREST ON CUSTOMER SURETY DEPOSITS | EXTERNAL BRANDING COST | INSURANCE EXPENSES ADJUST. | MEDICAL & BENEFIT ADJUST. | REBASE PENSION AND OPEB TRACKER | AMORTIZE PENSION AND OPEB TRACKER | BANK FACILITY FEES ADJUSTMENT | LEGAL FEES ENTERGY CASE | NET RATE CASE EXPENSES | TOTAL PRO FORMA ADJUSTMENT | PRO FORMA ELECTRIC TOTALS |
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) |
| | **PRODUCTION:** | | | | | | | | | | | |
| | INCREMENTAL COSTS: | | | | | | | | | | | |
| 1 | LABOR | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ (23) | $ 7,520 |
| | FUEL (EXCL. W/H CR.) | | | | | | | | | | | |
| 2 | BASE LOAD | - | - | - | - | - | - | - | - | - | 125,876 | 616,224 |
| 3 | INTERCHANGE | - | - | - | - | - | - | - | - | - | 19,810 | 197,391 |
| 4 | WESTINGHOUSE CREDITS | - | - | - | - | - | - | - | - | - | - | (1,948) |
| 5 | FAC UNDER RECOVER | - | - | - | - | - | - | - | - | - | 85,756 | - |
| | PURCHASED POWER | | | | | | | | | | | |
| 6 | BASE LOAD | - | - | - | - | - | - | - | - | - | 22,345 | 73,095 |
| 7 | INTERCHANGE | - | - | - | - | - | - | - | - | - | (48,396) | 1,341 |
| 8 | OTHER (FUEL HANDLING) | - | - | - | - | - | - | - | - | - | - | 3,523 |
| 9 | **TOTAL INCREMENTAL COSTS** | - | - | - | - | - | - | - | - | - | 205,368 | 897,146 |
| | **OTHER OPERATING EXPENSES:** | | | | | | | | | | | |
| 10 | LABOR | - | - | - | - | - | - | - | - | - | (2,052) | 112,803 |
| 11 | OTHER | - | - | - | - | - | - | - | - | - | 11,271 | 56,964 |
| 12 | **TOTAL OTHER OPERATING EXPENSES** | - | - | - | - | - | - | - | - | - | 9,219 | 169,767 |
| | **MAINTENANCE EXPENSES:** | | | | | | | | | | | |
| 13 | LABOR | - | - | - | - | - | - | - | - | - | 6,491 | 88,380 |
| 14 | OTHER | - | - | - | - | - | - | - | - | - | 25,945 | 113,275 |
| 15 | **TOTAL MAINTENANCE EXPENSES** | - | - | - | - | - | - | - | - | - | 32,436 | 201,655 |
| | **CAPACITY COSTS** | | | | | | | | | | | |
| 16 | BASE LOAD | - | - | - | - | - | - | - | - | - | (9,281) | - |
| 17 | INTERCHANGE | - | - | - | - | - | - | - | - | - | (10) | - |
| 18 | **TOTAL PRODUCTION EXPENSES** | - | - | - | - | - | - | - | - | - | 237,732 | 1,268,568 |
| 19 | **TRANSMISSION EXPENSES** | - | - | - | - | - | - | - | - | - | (5) | 40,444 |
| 20 | **REGIONAL MARKET EXPENSES** | - | - | - | - | - | - | - | - | - | - | 10,428 |
| 21 | **DISTRIBUTION EXPENSES** | - | - | - | - | - | - | - | - | - | 9,760 | 189,555 |
| 22 | **CUSTOMER ACCOUNTING EXPENSES** | 687 | - | - | - | - | - | - | - | - | 725 | 47,561 |
| 23 | **CUSTOMER SERV. & INFO. EXPENSES** | - | (150) | - | - | - | - | - | - | - | (287) | 13,786 |
| 24 | **SALES EXPENSES** | - | - | - | - | - | - | - | - | - | (5) | 308 |
| | **ADMINISTRATIVE & GENERAL EXPENSES:** | | | | | | | | | | | |
| 25 | E.P.R.I. ASSESSMENT - MO. | - | - | - | - | - | - | - | - | - | - | 3,759 |
| 26 | ACCOUNT 930-1 - MO. | - | - | - | - | - | - | - | - | - | 1 | 1,097 |
| 27 | A&G DIRECT - MISSOURI | - | - | - | - | - | - | - | (131) | 473 | (534) | (534) |
| 28 | **TOTAL DIRECT A. & G. EXPENSE** | - | - | - | - | - | - | - | (131) | 473 | (533) | 4,322 |
| 29 | ALLOCATED ON LABOR RATIO | - | - | 636 | 5,889 | (15,610) | (5,217) | (8,382) | - | - | (33,412) | 216,726 |
| 30 | **TOTAL ADMINISTRATIVE & GENERAL EXPENSES** | - | - | 636 | 5,889 | (15,610) | (5,217) | (8,382) | (131) | 473 | (33,945) | 221,048 |
| 31 | **TOTAL OPERATIONS & MAINTENANCE EXPENSES** | $ 687 | $ (150) | $ 636 | $ 5,889 | $ (15,610) | $ (5,217) | $ (8,382) | $ (131) | $ 473 | $ 213,975 | $ 1,791,698 |

32 **NOTE:** See SCHEDULE GSW-E11-4 for explanation of the pro forma adjustments.

SCHEDULE GSW-E11-3

**AmerenUE**
**ELECTRIC OPERATING AND MAINTENANCE EXPENSE**
**PRO FORMA ADJUSTMENTS**
**TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | PRO FORMA ITEM NO. (A) | DESCRIPTION (B) | TOTAL AMOUNT (C) |
|---|---|---|---|
| 1<br>2<br>3 | (1) | Increased labor expense from annualizing the 3.00% wage increase for the Company's union employees effective July 1, 2009 and July 1, 2010 per the labor contracts. | $ 6,312 |
| 4 | (2) | Amortization of the lump sum Union wage payment from case ER-2008-0318 | $ 385 |
| 5<br>6<br>7 | (3) | Decrease the incentive compensation expense for the incentive compensation applicable to AMS and AmerenUE officers along with 25% of the managers and directors related to earnings. | $ (1,630) |
| 8 | (4) | Eliminate the long term incentive compensation expense. | $ (6,140) |
| 9 | (5) | Reduce test year labor for employee reductions from VSE/ISP programs. | $ (4,304) |
| 10<br>11 | (6) | Reduce test year labor expense for VSE and ISP severance payments made during test year. | $ (7,597) |
| 12<br>13 | (7) | Increase labor due to additional staff need to operate Taum Sauk Pumped Storage facility after rebuild. | $ 274 |
| 14<br>15 | (8) | Reduce operating expenses to remove the expenses related to the Taum Sauk reservoir failure that were recorded in the test year operating expenses. | $ (2,541) |
| 16<br>17 | (9) | Increase expenses due to additional staff, additional materals and maintenance cost needed to operate and maintain the Sioux scrubbers. | $ 5,061 |
| 18<br>19 | (10) | Increase in fuel expense to reflect the normalized sales and customer growth through February 28, 2011 reflecting 2/28/2011 fuel prices. | $ 145,686 |
| 20<br>21 | (11) | Decrease in purchased power expense to reflect normalized sales and customer growth through February 28, 2011 and normalized power prices. | $ (35,342) |
| 22 | (12) | Eliminate test year FAC under recovery | $ 85,756 |
| 23<br>24 | (13) | Increase in the production expenses to reflect the amortization of the SO2 tracker balances. | $ 6,971 |
| 25<br>26 | (14) | Increase to the production expense to include two-thirds of the Spring 2010 Callaway Nuclear Plant refueling expenses other than replacement power. | $ 25,533 |
| 27 | (15) | Increase Steam Power Plant Maintenance expense to normalized level. | $ 8,003 |
| 28<br>29 | (16) | Decrease Common Power Plant Maintenance expense to eliminate prior period adjustment. | $ (1,056) |
| 30 | (17) | Adjust MISO Schedule 2 transmission expenses. | $ 120 |
| 31 | (18) | Adjust the base level of expenses for the vegetation management tracker. | $ 2,980 |
| 32 | (19) | Adjust the base level of expenses for the infrastructure inspection tracker. | $ 1,301 |
| 33 | (20) | Increase expenses to normalize Storm costs. | $ 4,718 |
| 34 | (21) | Increase operating expenses for additional Distribution training expenses. | $ 1,290 |
| 35 | (22) | Increase in customer accounting expenses to reflect interest expense at 4.25% on the | $ 687 |
| 36 | (23) | Reduce test year expenses for external costs related to name change. | $ (150) |
| 37 | (24) | Increase insurance expense based upon current insurance premiums. | $ 636 |
| 38<br>39 | (25) | Increase administrative and general expenses to reflect increases in the major medical and other employee benefit expenses. | $ 5,889 |
| 40 | (26) | Rebase Pension and OPEB Tracker. | $ (15,610) |
| 41 | (27) | Amortize net Regulatory Liabilities for Pension and OPEB Tracker. | $ (5,217) |
| 42 | (28) | Reduce test year expenses to remove Bank Facility Fees. | $ (8,382) |
| 43 | (29) | Reduce test year expenses for Legal Fees related to the Entergy Case. | $ (131) |
| 44<br>45<br>46 | (30) | Increase administrative and general expenses to reflect the expenses that have been and will be incurred to prepare and litigate this rate increase filing over the amount in the test year. | $ 473 |
| 47 | **Total Pro Forma Adjustments to Electric Operating and Maintenance Expenses** | | $ 213,975 |

**AmerenUE**
**DEPRECIATION & AMORTIZATION EXPENSE**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | DESCRIPTION (A) | TOTALS PER BOOKS (B) | PRO FORMA ADJUSTMENTS(1) (C) | PRO FORMA ELECTRIC TOTALS (D) |
|---|---|---|---|---|
| 1 | INTANGIBLE PLANT - PRODUCTION | $ 3,541 | $ 3,425 | $ 6,966 |
| 2 | INTANGIBLE PLANT - DISTRIBUTION | 174 | 1,155 | 1,329 |
| 3 | TOTAL INTANGIBLE PLANT | 3,715 | 4,580 | 8,295 |
| | PRODUCTION PLANT: | | | |
| 4 | NUCLEAR | 61,921 | (4,506) | 57,415 |
| 5 | CALLAWAY POST OPERATIONAL | 3,687 | - | 3,687 |
| 6 | CALLAWAY DECOMMISSIONING | 6,759 | - | 6,759 |
| 7 | STEAM | 54,219 | 55,084 | 109,303 |
| 8 | HYDRAULIC (2) | 5,386 | 4,625 | 10,011 |
| 9 | OTHER | 31,215 | (7,864) | 23,351 |
| 10 | OTHER - CTG AMORTIZATION | (6,501) | - | (6,501) |
| 11 | TOTAL PRODUCTION PLANT | 156,686 | 47,339 | 204,025 |
| 12 | TRANSMISSION PLANT | 14,224 | 1,380 | 15,604 |
| 13 | DISTRIBUTION PLANT | 141,649 | 6,078 | 147,727 |
| 14 | GENERAL PLANT | 20,921 | (3,234) | 17,687 |
| 15 | TOTAL DEPRC. & AMORT. - PLANT | 337,195 | 56,143 | 393,338 |
| 16 | AMORT OF MO. MERGER COSTS | 416 | - | 416 |
| 17 | AMORT OF Y2K COSTS | 157 | - | 157 |
| 18 | AMORT. OF 2006, 2008 AND 2009 STORM COSTS | 1,771 | 800 | 2,571 |
| 19 | AMORT. OF STORM COST AAO | 4,912 | - | 4,912 |
| 20 | AMORT. OF RATE CASE COSTS | 857 | (857) | - |
| 21 | AMORT. OF VEGETATION MANAGEMENT & | | | |
| 22 | INFRASTRUCTURE INSPECTION REG. ASSETS | 2,019 | 714 | 2,733 |
| 23 | AMORT. OF RSG RESETTLEMENT | 6,119 | (4,079) | 2,040 |
| 24 | AMORT. OF ENERGY EFFICIENCY REG ASSETS | 95 | 13,977 | 14,072 |
| 25 | AMORT. OF FLOTATION COSTS | - | 2,651 | 2,651 |
| 26 | AMORT. OF VSE/ISP SEVERANCE PAY | - | 2,350 | 2,350 |
| 27 | AMORT. OF LOW INCOME ASSIST | - | 581 | 581 |
| 28 | AMORT OF DISTRIBUTION TRAINING EQUIP. | - | 420 | 420 |
| 29 | AMORT OF SOLAR REBATES | - | 690 | 690 |
| | TOTAL AMORTIZATION | 16,346 | 17,247 | 33,593 |
| 30 | TOTAL DEPR & AMORTIZATION EXPENSE | $ 353,541 | $ 73,390 | $ 426,931 |

31 (1) See SCHEDULE GSW-E12-2 for explanation of the pro forma adjustments.
32 (2) Depreciation Rates for Taum Sauk were revised to reflect an 80 year remaining life with a final retirement date of 2089.
33 The revised depreciation rates are 1.65% for account 331, 1.48% for account 332, 1.80% for account 333,
34 1.92% for account 334, 1.87% for account 335 and 2.03% for account 336.

**AmerenUE**

**ELECTRIC DEPRECIATION & AMORTIZATION EXPENSE PRO FORMA ADJUSTMENTS**

**FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**

**($000)**

| LINE | ITEM NO. (A) | DESCRIPTION (B) | PRO FORMA ADJUSTMENTS (C) |
|---|---|---|---|
| 1 | (1) | Eliminate portions of depreciation and amortization expense for multi-use general facilities | $ (186) |
| 2 | | which are applicable to gas operations | |
| 3 | (2) | To reflect the book depreciation annualized for the plant in service depreciable balances at | |
| 4 | | March 31, 2010 | |
| 5 | | Change in Deprc. Exp. - Intangible Plant-Production | $ 1,920 |
| 6 | | Change in Deprc. Exp. - Intangible Plant-Distribution | 985 |
| 7 | | Change in Deprc. Exp. - Nuclear | (5,159) |
| 8 | | Change in Deprc. Exp. - Steam | 28,482 |
| 9 | | Change in Deprc. Exp. - Hydro | 2,788 |
| 10 | | Change in Deprc. Exp. - Other Prod. | (8,195) |
| 11 | | Change in Deprc. Exp. - Transmission | 339 |
| 12 | | Change in Deprc. Exp. - Distribution | 94 |
| 13 | | Change in Deprc. Exp. - General Plant | (4,484) |
| 14 | | Total Increase in Depreciation Expense | $ 16,770 |
| 15 | (3) | To reflect a full year's depreciation expense at book depreciation rates on the additions to | |
| 16 | | plant in service from April 2010 through February 2011 for the true-up | |
| 17 | | Increase in Deprc. Exp. - Intangible Plant-Production | $ 1,505 |
| 18 | | Increase in Deprc. Exp. - Intangible Plant-Distribution | 170 |
| 19 | | Increase in Deprc. Exp. - Nuclear | 653 |
| 20 | | Increase in Deprc. Exp. - Steam | 25,621 |
| 21 | | Increase in Deprc. Exp. - Hydro | 1,837 |
| 22 | | Increase in Deprc. Exp. - Other Prod. | 331 |
| 23 | | Increase in Deprc. Exp. - Transmission | 1,041 |
| 24 | | Increase in Deprc. Exp. - Distribution | 5,984 |
| 25 | | Increase in Deprc. Exp. - General Plant | 1,436 |
| 26 | | Total Increase in Depreciation Expense | $ 38,578 |
| 27 | (4) | To reflect the amortization of unrecovered removal cost at Venice Plant | $ 981 |
| 28 | (5) | To reflect the first year's amortization of 2009 storm costs | $ 800 |
| 29 | (6) | Eliminate the amortization of prior period Rate Case Expense | $ (857) |
| 30 | (7) | To reflect the first year's amortization of vegetation management and | $ 714 |
| 31 | | infrastructure inspection costs | |
| 32 | (8) | To reflect the extended amortization of RSG resettlement costs | $ (4,079) |
| 33 | (9) | To reflect amortizations of the Energy Efficiency regulatory assets | $ 13,977 |
| 34 | (10) | To reflect the amortization of the Flotation Costs | $ 2,651 |
| 35 | (11) | To reflect the amortization of VSE/ISP Severance pay | $ 2,350 |
| 36 | (12) | To reflect the customer portion of the Low Income Assistance | $ 581 |
| 37 | (13) | To reflect the first year amortization of Distribution Training equipment | $ 420 |
| 38 | (14) | To reflect the amortization of Solar Rebates | $ 690 |
| 39 | | **TOTAL PRO FORMA ADJUSTMENTS: DEPRECIATION & AMORTIZATION** | $ 73,390 |

**AmerenUE**
**TAXES OTHER THAN INCOME TAXES**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | DESCRIPTION (A) | TOTAL PER BOOKS (B) | PRO FORMA ADJUSTMENTS(1) (C) | PRO FORMA ELECTRIC TOTALS (D) |
|---|---|---|---|---|
| | **PAYROLL TAXES** | | | |
| 1 | F.I.C.A. | $ 20,917 | $ 1,664 | $ 22,581 |
| 2 | FEDERAL UNEMPLOYMENT | 279 | - | 279 |
| 3 | MISSOURI UNEMPLOYMENT | 540 | - | 540 |
| 4 | IOWA UNEMPLOYMENT | 8 | - | 8 |
| 5 | ST. LOUIS EMPLOYMENT TAX | 203 | - | 203 |
| 6 | TOTAL PAYROLL TAXES | 21,947 | 1,664 | 23,611 |
| | **R.E., P.P. & CORP FRANCHISE** | | | |
| 7 | MISSOURI R.E., & P.P. | 112,555 | 18,110 | 130,665 |
| 8 | MISSOURI CORP FRANCHISE | 2,148 | - | 2,148 |
| 9 | ILLINOIS R.E., & P.P. | 4,067 | - | 4,067 |
| 10 | ILLINOIS CORP FRANCHISE | 78 | - | 78 |
| 11 | IOWA R.E., & P.P. | 1,248 | - | 1,248 |
| 12 | IOWA CORP FRANCHISE | - | - | - |
| 13 | OTHER STATES R.E. & P.P. | 390 | - | 390 |
| 14 | R.E. TAXES CAPITALIZED | (3,368) | - | (3,368) |
| 15 | TRANSFER TO GAS | (78) | - | (78) |
| 16 | R.E. TRANSFER TO NON UTILITY | (46) | - | (46) |
| 17 | TOTAL R.E., P.P. & CORP FRANCHISE | 116,994 | 18,110 | 135,104 |
| | **MISCELLANEOUS** | | | |
| 18 | MUNICIPAL GROSS RECEIPTS | 105,843 | (105,843) | - |
| 19 | FED. EXCISE TAX-HEAVY VEH. USE TAX | 6 | - | 6 |
| 20 | ST. LOUIS EARNINGS | - | - | - |
| 21 | MO. EXCISE - NEIL INS. PREM. | 758 | - | 758 |
| 22 | MISCELLANEOUS | - | - | - |
| 23 | TOTAL MISCELLANEOUS | 106,607 | (105,843) | 764 |
| 24 | **TOTAL TAXES OTHER THAN INCOME TAXES** | **$ 245,548** | **$ (86,069)** | **$ 159,479** |

25 (1) See SCHEDULE GSW-E13-2 for explanation of the pro forma adjustments.

**AmerenUE**
**TAXES OTHER THAN INCOME**
**PRO FORMA ADJUSTMENTS**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | ITEM NO. (A) | DESCRIPTION (B) | PRO FORMA AMOUNT (C) |
|---|---|---|---|
| 1 | (1) | Increase the F.I.C.A. taxes to reflect the pro forma wage increases. | $ 447 |
| 2 | (2) | Reclass Payroll Taxes from Gas Operations for December 2009. | $ 1,217 |
| 3 | (3) | Increase Real Estate Tax to 2010 expense level. | $ 8,255 |
| 4 | (4) | Increase Property Taxes for Sioux Scrubber. | $ 7,500 |
| 5 | (5) | Increase Property Taxes for Taum Sauk enhancements. | $ 2,500 |
| 6<br>7 | (6) | Eliminate the property taxes on future use plant, as this investment is excluded from rate base. | $ (145) |
| 8 | (7) | Eliminate the gross receipts tax as they are a pass through tax. | $ (105,843) |
| 9 | | **Total Pro Forma Adjustments to Taxes Other Than Income** | $ (86,069) |

## AmerenUE

### TOTAL ELECTRIC INCOME TAXES AT THE PROPOSED RETURN
### FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011
### ($000)

| LINE | DESCRIPTION (A) | (B) | TOTAL ELECTRIC (C) |
|---|---|---|---|
| 1 | TOTAL ELECTRIC NET INCOME FROM OPERATIONS | | $ 575,858 |
| | ADD | | |
| 2 | CURRENT INCOME TAXES | | 215,191 |
| 3 | DEFERRED INCOME TAXES | | |
| 4 | DEFERRED INCOME TAX EXPENSE | | (1,953) |
| 5 | I.T.C. AMORTIZATION | | (4,820) |
| 6 | TOTAL ELECTRIC NET INCOME BEFORE INCOME TAX | | 784,276 |
| | ADDITIONS TO NET INCOME BEFORE INCOME TAX | | |
| 7 | BOOK DEPRECIATION | | 393,337 |
| | SUBTRACTIONS TO NET INCOME BEFORE INCOME TAX | | |
| 8 | INTEREST ON DEBT (1) | | 192,656 |
| 9 | PRODUCTION DEDUCTION | | 8,942 |
| 10 | TAX STRAIGHT LINE | | 409,936 |
| 11 | TOTAL SUBTRACTIONS | | 611,534 |
| 12 | **TOTAL ELECTRIC NET TAXABLE INCOME** | | **566,079** |
| | **FEDERAL INCOME TAX** | | |
| 13 | NET TAXABLE INCOME | | 566,079 |
| 14 | DEDUCT MISSOURI INCOME TAX | | 29,568 |
| 15 | DEDUCT CITY EARNINGS TAX | | 358 |
| 16 | FEDERAL TAXABLE INCOME | | 536,153 |
| 17 | **FEDERAL INCOME TAX** | **35.00%** | 187,654 |
| | LESS TAX CREDITS | | |
| 18 | RESEARCH CREDIT | | 631 |
| 19 | PRODUCTION TAX CREDIT | | 1,758 |
| 20 | **TOTAL ELECTRIC FEDERAL INCOME TAX** | | **185,265** |
| | **STATE INCOME TAXES** | | |
| 21 | NET TAXABLE INCOME | | 566,079 |
| 22 | DEDUCT 50% OF FEDERAL INCOME TAX | | 92,633 |
| 23 | DEDUCT CITY EARNINGS TAX | | 358 |
| 24 | MISSOURI TAXABLE INCOME | | 473,088 |
| 25 | **TOTAL ELECTRIC MISSOURI INCOME TAX** | **6.25%** | **29,568** |
| | **CITY EARNINGS TAX** | | |
| 26 | NET TAXABLE INCOME | | 566,079 |
| 27 | CITY EARNINGS TAX | **0.0695%** | 393 |
| 28 | LESS: TAX CREDIT | | 35 |
| 29 | **TOTAL ELECTRIC NET CITY EARNINGS TAX** | | **358** |
| 30 | **TOTAL ELECTRIC CURRENT INCOME TAXES** | | **215,191** |
| | **DEFERRED INCOME TAXES:** | | |
| 31 | DEFERRED INCOME TAX EXPENSE | | (1,953) |
| 32 | I.T.C. AMORTIZATION | | (4,820) |
| 33 | **TOTAL ELECTRIC DEFERRED INCOME TAX** | | **(6,773)** |
| 34 | **TOTAL ELECTRIC CURRENT & DEFERRED INCOME TAX** | | **$ 208,418** |
| 35 | (1) RATE BASE X EMBEDDED | | |
| 36 | COST OF DEBT. | **2.829%** | |

**AmerenUE**
**TOTAL ELECTRIC NET ORIGINAL COST RATE BASE AND REVENUE REQUIREMENT**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**
**($000)**

| LINE | DESCRIPTION (A) | REFERENCE (B) | TOTAL ELECTRIC AMOUNT (C) |
|---|---|---|---|
| | **A. TOTAL ELECTRIC NET ORIGINAL COST RATE BASE** | | |
| 1 | ORIGINAL COST OF PLANT IN SERVICE | SCHEDULE GSW-E1 | $ 14,120,754 |
| 2 | LESS: RESERVES FOR DEPRECIATION | SCHEDULE GSW-E2 | 5,937,666 |
| 3 | NET ORIGINAL COST OF PLANT | | 8,183,088 |
| 4 | AVERAGE MATERIALS AND SUPPLIES | SCHEDULE GSW-E3 | 417,024 |
| 5 | AVERAGE PREPAYMENTS | SCHEDULE GSW-E4 | 6,288 |
| 6 | CASH WORKING CAPITAL | SCHEDULE GSW-E5 | 42,806 |
| 7 | INTEREST EXPENSE CASH REQUIREMENT | SCHEDULE GSW-E6 | (25,600) |
| 8 | FEDERAL INCOME TAX CASH REQUIREMENT | SCHEDULE GSW-E6 | 2,188 |
| 9 | STATE INCOME TAX CASH REQUIREMENT | SCHEDULE GSW-E6 | 349 |
| 10 | CITY EARNINGS TAX CASH REQUIREMENT | SCHEDULE GSW-E6 | (227) |
| 11 | AVERAGE CUSTOMER ADVANCES FOR CONSTRUCTION | SCHEDULE GSW-E7 | (3,369) |
| 12 | AVERAGE CUSTOMER DEPOSITS | SCHEDULE GSW-E7 | (16,169) |
| 13 | ACCUMULATED DEFERRED INCOME TAXES | SCHEDULE GSW-E8 | (1,799,209) |
| 14 | PENSION TRACKER REG ASSET | SCHEDULE GSW-E9 | 1,303 |
| 15 | OPEB TRACKER REG LIABILITY | SCHEDULE GSW-E9 | (44,817) |
| 16 | ENERGY EFFICIENCY REGULATORY ASSET | SCHEDULE GSW-E9 | 46,398 |
| 17 | **TOTAL ELECTRIC NET ORIGINAL COST RATE BASE** | | **$ 6,810,053** |
| | **B. TOTAL ELECTRIC REVENUE REQUIREMENT** | | |
| | TOTAL ELECTRIC OPERATING EXPENSES: | | |
| 18 | PRODUCTION | SCHEDULE GSW-E11-3 | $ 1,268,568 |
| 19 | TRANSMISSION | SCHEDULE GSW-E11-3 | 40,444 |
| 20 | REGIONAL MARKET EXPENSES | SCHEDULE GSW-E11-3 | 10,428 |
| 21 | DISTRIBUTION | SCHEDULE GSW-E11-3 | 189,555 |
| 22 | CUSTOMER ACCOUNTS | SCHEDULE GSW-E11-3 | 47,561 |
| 23 | CUSTOMER SERVICE | SCHEDULE GSW-E11-3 | 13,786 |
| 24 | SALES | SCHEDULE GSW-E11-3 | 308 |
| 25 | ADMINISTRATIVE AND GENERAL | SCHEDULE GSW-E11-3 | 221,048 |
| 26 | TOTAL ELECTRIC OPERATING EXPENSES | | 1,791,698 |
| 27 | DEPRECIATION AND AMORTIZATION | SCHEDULE GSW-E12-1 | 426,931 |
| 28 | TAXES OTHER THAN INCOME TAXES | SCHEDULE GSW-E13-1 | 159,479 |
| | INCOME TAXES-BASED ON PROPOSED RATE OF RETURN | | |
| 29 | FEDERAL | SCHEDULE GSW-E14 | 185,265 |
| 30 | STATE | SCHEDULE GSW-E14 | 29,568 |
| 31 | CITY EARNINGS | SCHEDULE GSW-E14 | 358 |
| 32 | TOTAL INCOME TAXES | | 215,191 |
| | DEFERRED INCOME TAXES | | |
| 33 | DEFERRED INCOME TAX EXPENSE | SCHEDULE GSW-E14 | (1,953) |
| 34 | I.T.C. AMORTIZATION | SCHEDULE GSW-E14 | (4,820) |
| 35 | TOTAL DEFERRED INCOME TAXES | | (6,773) |
| 36 | RETURN (RATE BASE * 8.456%) | **8.456%** | 575,858 |
| 37 | **TOTAL ELECTRIC REVENUE REQUIREMENT** | | **$ 3,162,384** |

# AmerenUE

## INCREASE REQUIRED TO PRODUCE 8.456% RETURN ON TOTAL ELECTRIC NET ORIGINAL COST RATE BASE FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011

| LINE | DESCRIPTION | TOTAL ELECTRIC AMOUNT |
|---|---|---|
| | (A) | (B) |
| 1 | **TOTAL ELECTRIC NET ORIGINAL COST RATE BASE** | **$ 6,810,053** |
| | **TOTAL ELECTRIC REVENUE REQUIREMENT:** | |
| 2 | RETURN AT PROPOSED RATE (8.456%) | 575,858 |
| 3 | OPERATING AND MAINTENANCE EXPENSES | 1,791,698 |
| 4 | DEPRECIATION AND AMORTIZATION | 426,931 |
| 5 | TAXES OTHER THAN INCOME | 159,479 |
| 6 | FEDERAL AND STATE INCOME AND CITY EARNINGS TAXES AT CLAIMED RETURN | 215,191 |
| 7 | DEFERRED INCOME TAXES | (6,773) |
| 8 | **TOTAL ELECTRIC REVENUE REQUIREMENT** | **3,162,384** |
| 9 | **PRO FORMA TOTAL ELECTRIC OPERATING REVENUE AT PRESENT RATES** | **2,899,072** |
| 10 | **DEFICIENCY IN TOTAL ELECTRIC OPERATING REVENUE** | **$ 263,312** |

**AmerenUE**
**CALCULATION OF NET BASE FUEL COST (NBFC)**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2010 WITH TRUE-UP THROUGH FEBRUARY 28, 2011**

| LINE | | DESCRIPTION (A) | TOTAL (B) | SUMMER (D) | WINTER (E) |
|---|---|---|---|---|---|
| | A | **FUEL & PURCHASED POWER COSTS** | | | |
| 1 | | FUEL FOR LOAD | 612,276,000 | 216,944,000 | 395,332,000 |
| 2 | | FLY ASH (1) | (2,242,446) | (749,425) | (1,493,021) |
| 3 | | FIXED GAS SUPPLY COSTS FOR LOAD (1) | 6,190,459 | 2,068,851 | 4,121,608 |
| 4 | | PURCHASED POWER FOR LOAD | 29,472,000 | 9,199,000 | 20,273,000 |
| 5 | | TOTAL FUEL AND PURCHASED POWER FOR LOAD | 645,696,013 | 227,462,426 | 418,233,587 |
| 6 | | FUEL FOR OSS | 196,127,000 | 65,712,000 | 130,415,000 |
| 7 | | FLY ASH (1) | (718,310) | (240,059) | (478,251) |
| 8 | | FIXED GAS SUPPLY COSTS FOR OSS (1) | 1,982,956 | 662,704 | 1,320,252 |
| 9 | | PURCHASED POWER FOR OSS | 1,341,000 | 411,000 | 930,000 |
| 10 | | TOTAL FUEL AND PURCHASED POWER FOR OSS | 198,732,646 | 66,545,645 | 132,187,001 |
| 11 | | **TOTAL FUEL AND PURCHASED POWER** | **844,428,659** | **294,008,071** | **550,420,588** |
| | B | **ADDITIONAL FUEL & PP COSTS** | | | |
| 12 | | WESTINGHOUSE CREDITS (ACCT. 518) (1) | (1,948,040) | (651,035) | (1,297,005) |
| 13 | | MISO DAY 2 EXCLUDING ADMIN (ACCT 555) (1) | 31,672,281 | 10,584,876 | 21,087,405 |
| 14 | | COMMON BOUNDARY PURCH POWER (ACCT 555) (1) | 232,920 | 77,842 | 155,078 |
| 15 | | ANCILLARY SERVICES PURCHASED (ACCT. 555) (1) | 4,634,479 | 1,548,843 | 3,085,636 |
| 16 | | PJM EXCLUDING ADMIN (ACCT. 555) (1) | 275,733 | 92,150 | 183,583 |
| 17 | | TRANSMISSION BY OTHERS (ACCT. 565) (1) | 15,314,885 | 5,118,235 | 10,196,650 |
| 18 | | REPLACEMENT POWER INSURANCE (ACCT. 925) (1) | 1,659,847 | 554,721 | 1,105,126 |
| 19 | | LOAD & GENERATION FORECASTING DEVIATION (1) | 6,807,403 | 2,275,034 | 4,532,369 |
| 20 | | **TOTAL ADDITIONAL FUEL & PP COSTS** | **58,649,508** | **19,600,666** | **39,048,842** |
| | C | **SALES** | | | |
| 21 | | OFF-SYSTEM ENERGY SALES REVENUES (ACCT. 447) | 374,337,000 | 127,230,000 | 247,107,000 |
| 22 | | MISO DAY 2 REVENUES (ACCT 447) (1) | (135,371) | (45,241) | (90,130) |
| 23 | | CAPACITY SALES REVENUES (ACCT. 447) (1) | 8,562,598 | 2,861,620 | 5,700,978 |
| 24 | | ANCILLARY SERVICES REVENUE (ACCT. 447) (1) | 6,579,316 | 2,198,807 | 4,380,509 |
| 25 | | **TOTAL SALES** | **389,343,543** | **132,245,187** | **257,098,356** |
| 26 | **A + B - C** | **NET BASE FUEL COSTS** | **513,734,624** | **181,363,550** | **332,371,074** |
| 27 | | **LOAD FORECAST AT GENERATION LEVEL** | **39,893,981,502** | **13,827,368,842** | **26,066,612,660** |
| 28 | | **NET BASE FUEL COSTS ($ PER MWH)** | **12.88** | **13.12** | **12.75** |
| 29 | | **NET BASE FUEL COSTS (CENTS PER KWH)** | **1.288** | **1.312** | **1.275** |

30 (1) ALLOCATED BETWEEN SUMMER AND WINTER BASED ON NUMBER OF DAYS IN SUMMER (122/365) OR 33.42%.