

Exhibit No.:  
Issue(s): Callaway 1 License  
Extension, Callaway Plant  
and Reserve Allocation,  
Pension Tracker Liability  
and OPEB Tracker  
Liability, Gross Receipt  
Tax, RSG Resettlement,  
Rate Case Expense, Dues &  
Donations and EEI Dues,  
Capital Structure Correction  
Witness: Gary S. Weiss  
Sponsoring Party: Union Electric Company  
Type of Exhibit: Rebuttal Testimony  
Case No.: ER-2008-0318  
Date Testimony Prepared: October 14, 2008

**MISSOURI PUBLIC SERVICE COMMISSION**

**Case No. ER-2008-0318**

**REBUTTAL TESTIMONY**

**OF**

**GARY S. WEISS**

**ON**

**BEHALF OF**

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

**St. Louis, Missouri  
October, 2008**

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **GARY S. WEISS**

4 **CASE NO. ER-2008-0318**

5 **I. INTRODUCTION**

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

7 A. My name is Gary S. Weiss. My business address is One Ameren Plaza,  
8 1901 Chouteau Avenue, St. Louis, Missouri 63103.

9 **Q. By whom and in what capacity are you employed?**

10 A. I am employed by Ameren Services Company (“Ameren Services”) as  
11 Manager Regulatory Accounting.

12 **Q. Are you the same Gary S. Weiss who filed direct testimony in this case?**

13 A. Yes, I am.

14 **Q. What is the purpose of your rebuttal testimony?**

15 A. The purpose of my rebuttal testimony is to address various issues contained in  
16 the Staff Report and Cost of Service filed by the Missouri Public Service Commission Staff  
17 (“Staff”).

18 **Q. On what specific issues are you providing rebuttal testimony?**

19 A. Specifically, my testimony addresses the following issues: (1) The cost of the  
20 Callaway Unit 1 (“Callaway 1”) operating license extension application being included in  
21 rate base in rebuttal to Staff witness Stephen M. Rackers; (2) The allocation of the current  
22 Callaway Plant investment and the Callaway depreciation reserve as shown on the Staff’s  
23 Accounting Schedules 3 and 5; (3) The Pension Tracker Liability and OPEB Tracker

1 Liability shown on Staff's Accounting Schedule 2; (4) The gross receipt tax eliminated from  
2 revenues on Accounting Schedule 10; (5) The resettlement expense related to the Midwest  
3 Independent Transmission System Operator, Inc. ("MISO") RSG charges, in rebuttal to  
4 Jeremy K. Hagemeyer; (6) The appropriate amount of rate case expenses, in rebuttal to Erin  
5 M. Carle; (7) Ms. Carle's various adjustments to expenses for dues and donations; and (8)  
6 The proposed disallowance of all Edison Electric Institute ("EEI") dues, in rebuttal to Ms.  
7 Carle.

## 8 **II. CALLAWAY 1 LICENSE EXTENSION**

9 **Q. Why does Mr. Rackers propose disallowance of costs associated with the**  
10 **Callaway 1 license extension?**

11 A. Mr. Rackers indicates that because the license extension application has not  
12 yet actually been submitted, the Staff has chosen to propose a disallowance of these costs and  
13 recommends that these costs remain in construction work in progress ("CWIP"). The  
14 proposed disallowance of these costs from rate base impacts the AmerenUE requested  
15 revenue requirement by \$74,000.

16 **Q. Why is Mr. Rackers' proposed disallowance inappropriate?**

17 A. In AmerenUE's last rate case, the Staff argued strenuously that the  
18 Company's depreciation rates for the Callaway plant should be lowered based upon the  
19 assumption that Callaway 1's license will in fact be extended for an additional 20 years. The  
20 Commission adopted Staff's position and lowered AmerenUE's revenue requirement in the  
21 last rate case by over \$20 million. Consequently, customers are paying rates based upon  
22 Callaway 1 already having its license extended for 20 years to the year 2044.

1           **Q.     Is Staff's proposed disallowance consistent with charging customers rates**  
2 **on the assumption that Callaway Unit 1 has had its license extended 20 years?**

3           A.     No. Applying for a nuclear plant license extension is an extremely complex  
4 and time-consuming undertaking that by its very nature takes years to complete. Substantial  
5 costs must be incurred before a license extension application can be submitted, with  
6 additional costs to be incurred in connection with Nuclear Regulatory Commission  
7 proceedings relating to the processing of the application once it is filed. These are legitimate,  
8 prudently incurred costs that should be included in the Company's rate base, just like any  
9 other prudently incurred investment necessary for operating the Company's business. The  
10 appropriateness of including these costs in rate base is made even more clear by the fact that  
11 the AmerenUE rates are substantially lower today because of the assumption that Callaway  
12 Unit 1 has already had its license extended. The Staff's proposed adjustment has the effect  
13 of giving the ratepayers the benefits of lower rates based upon a 20 year license extension  
14 and life for Callaway 1, but then relieves customers of the responsibility to pay a return on  
15 the investment required to achieve the Callaway 1's life extension.

16           **Q.     How did AmerenUE treat these costs related to the Callaway 1 license**  
17 **extension in its revenue requirement?**

18           A.     The revenue requirement filed by AmerenUE in this case reflects the  
19 estimated costs of the Callaway Unit 1 license extension through September 30, 2008 as  
20 plant in service (intangible plant). As additional costs are incurred on the Callaway Unit 1  
21 license extension project they will be charged to plant in service. The Company's proposed  
22 treatment allows a return on its Callaway Unit 1 license extension costs but not a return of  
23 these costs. AmerenUE has booked these costs as CWIP to Federal Energy Regulatory

Commission (“FERC”) Uniform System of Accounts (“USOA”) Account 303, Miscellaneous Intangible Plant, as specified by the USOA. However, the Commission is not bound by the USOA for ratemaking purposes. I therefore recommend that the Commission grant AmerenUE accounting authority to record these license extension costs to plant in service and earn a return on this investment. Once the Callaway Unit 1 license extension has been received, the total cost charged to Miscellaneous Intangible Plant can be amortized over the life of the license extension.

**III. ALLOCATION OF CALLAWAY PLANT IN SERVICE AND DEPRECIATION RESERVE**

**Q. Please explain the issue AmerenUE has with the Staff’s allocation of the Callaway plant in service.**

A. The Staff inappropriately allocated the total Callaway disallowances to Missouri retail customers. The proper method and the method followed and approved by the Commission in all prior AmerenUE cases is to directly assign the Missouri portion of the disallowances to Missouri retail and the sales for resale portion of the disallowances directly to sales for resale. The Staff’s inappropriate allocation of the Callaway disallowances (rather than direct assignment) results in an understatement of Missouri retail plant in service. It is my understanding that Staff has agreed to correct this issue and will directly assign the Callaway disallowances in their next filed cost of service.

**Q. What is the related issue with the Staff’s allocation of the Callaway Plant depreciation reserve?**

A. Staff failed to allocate the Calloway Plant depreciation reserve properly. Once the Callaway Plant disallowances are directly assigned, then the total Callaway Plant investment should be allocated using the demand allocation factor. A composite Callaway

1 allocation factor is developed from the net of directly assigned and total allocated Callaway  
2 Plant. This is referred to as the nuclear allocation factor. This nuclear allocation factor is  
3 then used to allocate the total Callaway Plant depreciation reserve to Missouri retail. The  
4 nuclear allocation factor has been used and approved to allocate the depreciation reserve in  
5 all prior AmerenUE cases. It is my understanding that Staff has agreed to correct this  
6 allocation of the Callaway depreciation reserve and will use the nuclear allocation factor to  
7 allocate the Callaway depreciation reserve in their next filed cost of service.

8 **IV. PENSION TRACKER LIABILITY AND OPEB TRACKER LIABILITY**

9 **Q. Does AmerenUE agree that the Pension Tracker Liability and the OPEB**  
10 **Tracker Liability should be deducted from rate base?**

11 A. Yes. However the Pension Tracker Liability and the OPEB Tracker Liability  
12 deducted from rate base should be allocated between the Missouri retail and sales for resale  
13 using the labor allocation factor. The Staff assigned 100% of the Pension Tracker Liability  
14 and the OPEB Tracker Liability to Missouri retail. The Staff has indicated they will correct  
15 this allocation of the Pension Tracker Liability and OPEB Tracker Liability in their next filed  
16 Cost of Service.

17 **V. GROSS RECEIPT TAX**

18 **Q. Please explain the difference in the gross receipt taxes removed from the**  
19 **book revenues by AmerenUE and the Staff.**

20 A. The gross receipt taxes should be removed from book revenues as AmerenUE  
21 is just collecting the taxes for the taxing authorities. AmerenUE used a report from its Tax  
22 Department as the source for the amount of gross receipt taxes included in the book revenues  
23 for the test year. Staff used a comparison of revenue reports with and without taxes to

1 calculate the gross receipt taxes to be removed from the book revenues. After discussions  
2 with the Staff, it is my understanding that they agree that the proper source of the gross  
3 receipt taxes is the report from the Tax Department. The Staff indicated that they will reflect  
4 this change in the amount of gross receipt taxes removed from the book revenues in their  
5 next filed cost of service.

6 **VI. MISO RESETTLEMENT RSG EXPENSES**

7 **Q. Please explain the MISO resettlement of RSG charges.**

8 A. The RSG resettlement was a result of an order of the FERC. The FERC ruled  
9 that the MISO had not followed its Energy Markets Tariff (which governs transactions in its  
10 “Day 2” energy markets) when it came to charging for RSG. As a result, FERC ordered  
11 MISO to follow its tariff by resettling energy market transactions back to the date the Day 2  
12 markets began operation, which was April 1, 2005. As a result of the FERC order, MISO  
13 resettled these transactions in 2007. As a result of this resettlement, MISO billed AmerenUE  
14 during the test year for this case additional RSG expenses, sometimes referred to as  
15 resettlement charges, applicable to years 2005 and 2006 of \$12,430,094.

16 **Q. How should these resettlement charges be treated for ratemaking**  
17 **purposes?**

18 A. Since these resettlement RSG charges were accumulated over approximately  
19 two years, AmerenUE proposed to amortize these resettlement RSG charges over two years  
20 in its filed revenue requirement.

21 **Q. What is Mr. Hagemeyer’s recommendation for recovery of the MISO**  
22 **resettlement RSG charges?**



1           A.     Mr. Hagemeyer is recommending no recovery of the resettlement MISO  
2     resettlement RSG charges on the grounds that the charges applied to transactions which  
3     occurred in the years 2005 and 2006.

4           **Q.     Were the year 2006 MISO expenses (excluding the resettlement of MISO**  
5     **RSG) included in the final revenue requirement in Case No. ER-2007-0002?**

6           A.     Yes. In Case No. ER-2007-0002 the true-up filing, which was approved by  
7     the Commission, included the actual MISO expenses for the year 2006.

8           **Q.     How does the inclusion of MISO expenses from 2006 in the revenue**  
9     **requirement in Case No. ER-2007-0002 relate to the resettlement RSG charges in this**  
10    **case?**

11          A.     If MISO had been correctly following its Energy Markets Tariff during 2006,  
12    the RSG charges to AmerenUE in 2006 would have been higher and would have been  
13    reflected in the true-up in that case. This would have raised AmerenUE's revenue  
14    requirement and the rate increase that was approved in Case No. ER-2007-0002. MISO's  
15    mistake caused ratepayers to receive the full benefit of AmerenUE being a member of MISO  
16    without paying the full cost. AmerenUE stockholders should not have to pay for the  
17    resettlement MISO RSG expenses that were incurred for the benefit of the customers, which  
18    would be the direct effect if the Staff's position on this issue were accepted.

19          **Q.     Was the participation in MISO by AmerenUE approved by this**  
20    **Commission?**

21          A.     Yes, in Case No. EO-2003-0271, the Commission approved AmerenUE's  
22    participation in MISO, including approval of the Stipulation and Agreement in that case  
23    which provided that AmerenUE's participation, on the conditions specified in the Stipulation

1 and Agreement, was “prudent and reasonable.” The continued participation of AmerenUE in  
2 MISO was approved in Case No. EO-2008-0134 on similar stipulated terms. The  
3 Commission’s approval of AmerenUE’s participation in MISO would suggest that the  
4 signatories to those Stipulations and the Commission believe that participating in MISO is of  
5 net benefit to the AmerenUE customers. There has indeed been no suggestion of imprudence  
6 on AmerenUE’s part with respect to its MISO participation or these RSG charges.

7 **Q. Have non-recurring, extraordinary expenses such as the MISO**  
8 **resettlement RSG charges been approved for recovery by this Commission in previous**  
9 **cases?**

10 A. Yes. There are numerous cases where this Commission has allowed non-  
11 recurring, extraordinary expenses to be recovered by companies. The various storm  
12 Accounting Authority Orders (“AAOs”) are examples. Since these resettlement MISO RSG  
13 expenses occurred during the test year, there was no need for AmerenUE to apply for an  
14 AAO.

15 **Q. Are the resettlement MISO RSG expenses material?**

16 A. Yes, \$12,430,094 is certainly material. AmerenUE was granted a rate  
17 increase in Case No. ER-2007-0002 based on costs that excluded the resettlement MISO  
18 RSG expenses, which shows AmerenUE was under earning at the time these higher expenses  
19 would have been incurred, but for MISO’s mistake. In addition, since the approved rates  
20 from Case No. ER-2007-0002 have been in effect, AmerenUE has only earned its allowed  
21 return on equity one time as shown by the update of the table appearing on page 29 of my  
22 supplemental direct testimony, shown below:

1

Month	Mo. Electric Rate Base	Mo. Electric Operating	Return on Rate Base	Return on Equity
June 2007	\$5,894,787,477	\$ 409,836,625	6.95%	8.24%
July	5,857,606,784	413,787,801	7.06%	8.46%
August	5,852,708,753	434,074,853	7.42%	9.15%
September	5,832,533,516	454,226,385	7.79%	9.88%
October	5,843,612,754	438,158,731	7.50%	9.31%
November	5,850,240,664	429,010,087	7.33%	8.99%
December	5,815,927,377	433,537,872	7.45%	9.22%
January 2008	5,814,605,545	440,938,071	7.58%	9.48%
February	5,856,834,745	433,006,825	7.39%	9.10%
March	5,832,160,085	444,754,129	7.62%	9.46%
April	5,849,549,828	482,114,278	8.24%	10.68%
May	5,869,432,908	467,424,494	7.96%	10.13%
June	5,874,810,247	457,787,345	7.79%	9.79%
July	5,877,435,787	454,545,696	7.73%	9.68%
August	5,890,259,653	433,445,576	7.36%	8.94%
Average				9.31%

2

3 **Q. Please summarize why the resettlement MISO RSG expenses are**  
4 **appropriate for recovery.**

5 A. The resettlement MISO RSG expenses (although non-recurring) qualify for  
6 recovery since the expenses were incurred in compliance with the MISO's FERC-approved  
7 tariff, the Company's participation in MISO was approved by the Commission, this  
8 participation in MISO is of net benefit to the customers, the expense is extraordinary, and the  
9 expense is material.

10 **VII. RATE CASE EXPENSE**

11 **Q. What level of rate case expense is AmerenUE including in its revenue**  
12 **requirement?**

1           A.     AmerenUE's revenue requirement includes \$3,600,000 of estimated rate case  
2 expenses. These expenses are composed of legal fees, the cost of outside experts and  
3 consultants, travel and other miscellaneous expenses involved with filing and processing this  
4 rate case.

5           **Q.     What level of rate case expense is Ms. Carle recommending to be**  
6 **included in AmerenUE's revenue requirement?**

7           A.     Ms. Carle is only recommending \$1,000,000 be included in AmerenUE's  
8 revenue requirement for rate case expenses.

9           **Q.     How does Ms. Carle arrive at the \$1,000,000 recommended rate case**  
10 **expense for AmerenUE?**

11          A.     The Staff's Cost of Service Report filed in this case states that the Staff  
12 surveyed other large utilities in Missouri to determine what these companies spent to process  
13 recent rate cases. The largest amount claimed to have been found was \$848,971 for Missouri  
14 Gas Energy in Case No. GR-2006-0422. Based on this Staff survey, Ms. Carle decided that  
15 \$1,000,000 should be sufficient for AmerenUE to process its rate case.

16          **Q.     Is this survey of other companies' rate case expense an appropriate**  
17 **comparison to AmerenUE's rate case expense?**

18          A.     No. AmerenUE is by far the largest utility in Missouri. Its rate case filings  
19 involve large sums and many complex issues, and include numerous intervening parties.  
20 One example of the wide scope of an AmerenUE rate case versus a rate case for other  
21 utilities is the very large number of local public hearings that were held in this and in the last  
22 AmerenUE rate case – 14 in this rate case, 16 in the last rate case. This compares to a more  
23 normal level of local public hearings in other electric utility rate cases – about two to four

1 local public hearings. This rate case also includes a request for a fuel adjustment clause, the  
2 need to address the issue of off-system sales, which is a very large and important revenue  
3 item, multiple issues regarding MISO costs, including the RSG resettlement issue noted  
4 earlier, and many other complex issues raised by numerous parties in this case.

5 **Q. Did Ms. Carle perform a detailed analysis and review of the various items**  
6 **included in the AmerenUE rate case expense?**

7 A. No.

8 **Q. How does the rate case expense for Missouri Gas Energy in Case No.**  
9 **GR-2006-0422 compare to AmerenUE's requested rate case expense in this case as a**  
10 **percentage of the total revenue requirement?**

11 A. The total revenue requirement filed by Missouri Gas Energy in Case No.  
12 GR-2006-0422 was \$201,652,740. The \$848,971 of rate case expense is 0.42% of the  
13 revenue requirement. The total revenue requirement filed by AmerenUE in its supplemental  
14 direct testimony in this case was \$2,889,260,182. The requested rate case expense of  
15 \$3,600,000 is only 0.13% of the revenue requirement.

16 **Q. Please summarize why the AmerenUE rate case expense is appropriate.**

17 A. AmerenUE has an obligation to all of its major stakeholders (ratepayers,  
18 shareholders, employees and this Commission) to file a complete and fully supported rate  
19 case. In addition AmerenUE has an obligation to defend and process its rate case in a highly  
20 professional and competent manner. The AmerenUE rate cases are very large with many  
21 complex issues that are simply not present in rate cases involving other types of utilities.  
22 There is a heightened level of interest in the AmerenUE rate cases with numerous intervening  
23 parties actively participating, and AmerenUE rate cases affect customers in one-half of

1 Missouri's counties, given the breadth of AmerenUE's service territory. AmerenUE does not  
2 maintain a staff of experts in all the areas being addressed in this rate case. In addition,  
3 AmerenUE does not have a complete staff that is exclusively devoted to rate case processing  
4 and, properly, does not have a staff to meet its peak demand for services, as this would  
5 simply increase ongoing level of expenses every year. In short, it would be inefficient and  
6 too costly to maintain a staff large enough to handle a rate case completely without the  
7 assistance of outside attorneys and consultants. The AmerenUE rate case expense requested  
8 is a very small percent (0.13%) of the AmerenUE total revenue requirement. Therefore, the  
9 Staff's adjustment to the AmerenUE rate case expense should not be accepted and the  
10 AmerenUE's rate case expense request should be approved.

11 **Q. Would it be possible to provide an updated estimate of rate case expense**  
12 **based on the September 30, 2008 true-up period?**

13 **A.** Yes. The rate case process can be separated into three phases or periods.  
14 These three phases are first, the development of the original filing; second, the review of  
15 other parties' filings and the preparation of rebuttal and surrebuttal testimony; and third, the  
16 hearings and briefs. Assuming that the rate case expense is incurred evenly during these  
17 three phases, then at the time of the September 30 true-up only the first phase has been  
18 completed. The actual amount of the rate case expense the Company incurred through  
19 September 30 is \$1,068,614. Annualizing this first phase rate case expense for the other two  
20 phases provides total estimated rate case expense of approximately \$3,200,000.

21 **VIII. DUES AND DONATIONS**

22 **Q. Do you agree with the \$215,918 of miscellaneous dues and donations that**  
23 **Ms. Carle eliminated?**



1 for activities related to legislative or regulatory advocacy or research. (See Schedule GSW-  
2 RE39-5). The second category of EEI expenses includes the costs of “acquisition,  
3 compilation, categorization and dissemination of information useful in the improvement of  
4 the quality and value of service rendered to customers.” (See Schedule GSW-RE39-6).

5 NARUC is an impartial body whose membership includes all 50 state public  
6 service commissions, including this Commission. Consequently, its determination should be  
7 very persuasive in this matter. The Company charged only 76% of its EEI dues to operating  
8 expense in its revenue requirement in this case, or \$356,873. The remaining 24% was  
9 recorded below-the-line to recognize the legislative and regulatory advocacy work of EEI,  
10 based on EEI’s review of its activities for the year. The full amount of EEI dues charged to  
11 operating expense of \$356,873 should be included as legitimate expenses that benefit  
12 ratepayers.

13 **Q. Can you elaborate on some of the current EEI projects that benefit**  
14 **ratepayers?**

15 **A.** Yes. EEI is an authoritative source of information and insights for regulatory  
16 and industry trends across the energy supply, delivery and service segments of the electric  
17 utility industry. EEI maintains a professional staff that focuses on industry issues and risks,  
18 and shares their information with the member utilities. Some recent activities include EEI’s  
19 leadership in assisting the electric utility industry with the transition of the North American  
20 Electric Reliability Corporation (“NERC”) into the Electric Reliability Organization  
21 (“ERO”) with enforceable reliability standards. These reliability standards are now in place  
22 and EEI will continue to work closely with members, NERC, and the regional entities on the  
23 implementation of NERC regional compliance procedures and the continued development of



1 reliability standards. EEI also led the effort to create an industry-wide Spare Transformer  
2 Equipment Program (“STEP”) to help address the increased risk of the loss of major  
3 transmission-level transformers. Today the 48 member utilities in STEP (including  
4 AmerenUE) own seventy percent of the transmission transformers in the United States. EEI  
5 now has formed a task force to work on issues related to transportation of transformers.

6 EEI and its members have also committed to working with state regulators to  
7 help advance energy efficiency, demand response, and advanced consumer products. EEI is  
8 focusing on five key action areas to help promote energy efficiency: (1) Helping to foster  
9 more energy-efficient buildings; (2) Promoting the development and deployment of more  
10 energy-efficient electric appliances, consumer electronics, and other technologies;  
11 (3) Accelerating the development and use of “smart,” or advanced, electric meters;  
12 (4) Supporting the development of innovative electric ratemaking and rate design that  
13 promote efficiency and allow customers to control their electricity bills; and (5) Helping to  
14 commercialize plug-in hybrid electric vehicles that will improve transportation efficiency,  
15 reduce fuel costs, improve the environment, and help to reduce dependence on foreign oil.  
16 All of these areas of energy efficiency will be of benefit to ratepayers. These EEI activities  
17 are supportive of NARUC’s Nation Action Plan for Energy Efficiency, an important new  
18 initiative to save electricity and natural gas.

19 **Q. Please summarize the benefits of EEI membership.**

20 A. In addition to the specific current EEI projects, EEI membership allows the  
21 AmerenUE employees to keep current on industry developments, allows AmerenUE to  
22 participate in and reap the benefits of industry-specific surveys and other knowledge sharing  
23 mechanisms and, overall, reduces the cost to individual members of providing these benefits.

1 Without such EEI benefits, AmerenUE would either have to do without needed information  
2 and services or it would have to pay the entire cost of the needed information and services  
3 itself. The types of benefits AmerenUE derives from EEI membership are similar to those  
4 which I imagine are derived by members of the regulatory community that attend NARUC  
5 meetings. The full amount of EEI dues included in the AmerenUE revenue requirement in  
6 this case is of benefit to the ratepayers.

7 **X. CAPITAL STRUCTURE CORRECTION**

8 **Q. AmerenUE witness Michael G. O'Bryan's rebuttal testimony addresses**  
9 **his correction of a mistake in AmerenUE's capital structure. Does this correction**  
10 **impact AmerenUE's revenue requirement?**

11 A. Yes. The correction increases the overall return on rate base from 8.356%  
12 (with a fuel adjustment clause) as outlined in Mr. O'Bryan's supplemental direct testimony  
13 (Schedule MGO-E5) to 8.412%. This change in return on rate base increases AmerenUE's  
14 revenue requirement by \$7.6 million.

15 **Q. Does this conclude your rebuttal testimony?**

16 A. Yes, it does.

In the Matter of Union Electric )  
Company d/b/a AmerenUE for )  
Authority to File Tariffs Increasing )  
Rates for Electric Service Provided ) Case No. ER-2008-0318  
To Customers in the Company's )  
Missouri Service Area. )

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

1. My name is Gary S. Weiss. I am employed by Ameren Services Company as Manager of Regulatory Accounting.

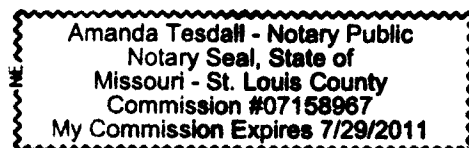
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Gary S. Weiss  
Gary S. Weiss

Subscribed and sworn to before me this 14<sup>th</sup> day of October, 2008.

Amanda Tesdahl  
Notary Public

My commission expires:



**AUDIT REPORT ON THE EXPENDITURES  
OF THE  
EDISON ELECTRIC INSTITUTE**

**(For the 12 month period ended December 31, 1999)**

**JUNE 2001**



**COMMITTEE ON  
UTILITY ASSOCIATION OVERSIGHT**

**National Association of  
Regulatory Utility Commissioners  
1101 Vermont Avenue; Suite 200  
Washington, D.C. 20005**

**Telephone No. (202) 898-2200**

**EDISON ELECTRIC INSTITUTE  
SUMMARY OF EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>EXPENSE CATEGORY</b>	<b>PERCENTAGE</b>
1) Legislative Advocacy	15.57%
2) Legislative Policy Research	7.55%
3) Regulatory Advocacy	12.58%
4) Regulatory Policy Research	7.35%
5) Advertising	3.52%
6) Marketing	7.52%
7) Utility Operations & Engineering	8.89%
8) Finance, Legal, Planning and Customer Service	31.94%
9) Public Relations	5.08%
<b>TOTAL</b>	<b>100.00%</b>

**Note:** The table above was prepared by the Staff Subcommittee on Utility Association Oversight and should be read in conjunction with the audited financial statements and schedules contained within this report. The expense categories listed above relate to audit definitions found on page VII-1 herein.

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**LEGISLATIVE ADVOCACY (LA)** - EEI defines the term "legislative advocacy" consistent with the definition of the term "lobbying" in IRC Section 162 (e). Title 26 USC 162 (e) (see Page I-4)

**LEGISLATIVE POLICY RESEARCH (LP)** - The cost of all efforts spent on research or the preparation of general or specific background information, studies, or analysis of proposed or potential legislation to determine its scope and potential impact, for use by EEI or its member companies. This account shall also include the cost of researching and responding to ALL inquiries regarding the potential impact, proper implementation, or effect of proposed or potential legislation but shall not include costs for legislative advocacy.

Legislative Policy Research begins when resources are expended for the purposed described in the above areas.

**REGULATORY ADVOCACY (RA)** - The cost of all written and oral communications with Federal or State regulatory agencies intended to influence the actions of such agencies and the cost of other expenditures which contribute in a general manner to furthering an EEI or member company position on a regulatory or administrative matter.

**REGULATORY POLICY RESEARCH (RP)** - Includes all costs divided into the following categories:

- (1) **Federal** - The cost of studying and responding to notices of inquiry or proposed Federal rulemaking or administrative or regulatory proceedings, including the filing of comments on proposed regulatory or administrative actions; discussions with federal regulatory agencies to determine the status or timing of activities, or procedures of the agencies; the preparation of general or specific background information, studies or analysis, for use by EEI or its member companies to determine the scope and potential impact of proposed, or potential federal regulatory or administrative action; the cost of researching and responding to ALL inquiries regarding the potential impact, proper implementation, or effect of, proposed or potential federal regulatory or administrative actions; and the cost of monitoring existing federal government programs.

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- (2) **State** - All direct and indirect costs which are incurred for the purpose of an EEI or member company response to a State notice of inquiry or proposed State rulemaking or administrative, or regulatory proceeding, including the filing of comments on proposed regulatory, or administrative actions.

**ADVERTISING ( A1)** - All costs, including costs of development (both direct and indirect), of paid and public service advertising in newspapers, magazines, radio, television and billboards and similar displays.

Advertising costs include the following categories:

- (1) **Conservation** - Identifies conservation techniques, benefits, demonstrates conservation methods including peak clipping, valley filling or load shifting;
- (2) **Safety** - Promotes safety, e.g., informing customers of hazards;
- (3) **Customer education** - Informs about ways to reduce costs; promotes use of efficient appliances; promotes efficient use of utility service; optional payment plans; financial assistance, etc.
- (4) **Legally required** - Is required by law or other governmental requirement;
- (5) **Promotes consumption** - Promotes continued or increased sales; i.e., maintaining or increasing sales to present or prospective customers;
- (6) **Institutional** - Enhances the image of EEI or of the utility industry as a business entity;

**MARKETING AND DEMAND SIDE MANAGEMENT (M1)** - The cost of all efforts (with the exception of advertising) to influence the demand for or sales of electricity. This account shall include the cost of research, publications, conferences, training sessions, meetings with trade allies, committee meetings or other efforts undertaken for the purpose of influencing the demand for or sales of electricity. Demand Side Management and marketing costs include the following:

- (1) **Strategic Conservation** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by a reduction in sales as well as a change in the pattern of use;

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- (2) Peak Clipping** - expenses related to explorations, development, analysis and implementation of means by which load shape might be modified by the reduction of peak load;
- (3) Valley Filling** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by increasing off-peak loads.
- (4) Load Shifting** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by shifting loads from on-peak to off-peak periods;
- (5) Strategic Load Growth** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified by a general increase in sales;
- (6) Flexible Load Shape** - expenses related to exploration, development, analysis and implementation of means by which load shape might be modified temporarily.

**UTILITY OPERATIONS AND ENGINEERING (UE)** - The cost of collecting and providing information on utility operations and engineering issues to member companies, other utilities, and other utility organizations. For purposed of this definition, operations and engineering shall include engineering and standards, fossil and synfuels, nuclear power, and environment. This category shall not include costs for activities related to legislative advocacy or research, regulatory advocacy or research, surveys and analysis of State laws and regulation, public relations, or litigation.



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**FINANCE, LEGAL, PLANNING, AND CUSTOMER SERVICE (FL)** - The cost of collecting and providing information on finance, legal and planning issues to member companies, other utilities and other utility organizations.

For purposes of this definition, finance, legal and planning shall include accounting, finance and regulation, legal, strategic planning, human resource management, information and administration, and information systems and library services. Customer Service and Support Information include expenses relating to the acquisition, compilation, categorization and dissemination of information useful in the improvement of the quality and value of service rendered to customers.

This category shall not include costs for activities related to legislative advocacy, legislative policy research, regulatory advocacy, regulatory policy research, surveys and analysis of State laws and regulation, sales promotion, public relations or litigation.

**PUBLIC RELATIONS (PR)** - The cost of developing and promoting reciprocal understanding and goodwill between EEI or its member companies and the various publics with which they interact including but not limited to the cost of developing and advancing an EEI or member company relationship or position with the media and the costs associated with responding to media inquiries. Public Relations shall include the costs associated with public opinion research which seeks to enhance the image of EEI, its member companies, or of the utility industry as a business entity or otherwise seeks to influence public opinion on matters not relating to legislative or regulatory issues.

The cost of public relations shall also include the costs associated with EEI employee time charges for time donated to outside organizations other than EEI member companies and any other expenses whose ultimate purpose is to develop goodwill or enhance the image of EEI, its member companies, or of the utility industry as a business entity, which do not more properly relate to other categories.

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**GENERAL AND ADMINISTRATIVE (GA)** - Administrative expenses (subscriptions, membership fees to professional organizations, travel, etc.) for all divisions, except the Administrative and Treasury Division (A&T), and the Human Resource Department (HR) were allocated to the various NARUC categories in proportion to direct salary dollars within the respective divisions. Administrative expenses in the A&T Division were allocated in proportion to direct salary dollars.

**OVERHEAD (OO)** - Corporate-wide expenses allocated to the various NARUC categories in proportion to total company direct salary dollars. Overhead consists primarily of General Office (rent, depreciation, communications, maintenance, office supplies, postage, insurance, etc.) expenses.