Exhibit No.:	
Issues:	Return on Equity Off-System Sales Sharing Mechanism 10% Cap on Residentials
Witness:	Billie S. LaConte
Sponsoring Party:	Missouri Energy Group
Type of Exhibit:	Direct Testimony
Case No.:	ER-2007-0002
Date Testimony Prepared:	December 15, 2006

AmerenUE

Case No. ER-2007-0002

Before the
Missouri Public Service Commission

Direct Testimony of Billie Sue LaConte

on Behalf of the
Missouri Energy Group

****DENOTES PROPRIETARY INFORMATION****

Project 061402
December, 2006

NP

AmerenUE

Case No. ER-2007-0002

Affidavit of Billie S. LaConte

STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS)

Billie S. LaConte, being of lawful age and duly affirmed, states the following:

1. My name is Billie S. LaConte. I am a consultant in the field of public utility economics and regulation and a member of Drazen Consulting Group, Inc.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony consisting of Pages 1 through 18 and Appendix A.

3. I have reviewed the attached Direct Testimony and hereby affirm that my testimony is true and correct to the best of my knowledge and belief.

Billie S. LaConte

____
Billie S. LaConte

Duly affirmed before me this 15th day of December, 2006.

Notary Seal
SHERYL M. FENELON
St. Louis County
My Commission Expires
December 29, 2006

Sheryl M. Fenelon

____
Notary Public

My commission expires on December 29, 2006.

AmerenUE

Missouri Public Service Commission
Case No. ER-2007-0002

<u>Direct Testimony of the Missouri Energy Group</u>

Section I—Introduction and Overview

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Billie S. LaConte, 8000 Maryland Avenue, Suite 1210, St. Louis, Missouri.

Q WHAT IS YOUR OCCUPATION?

A I am a consultant in the field of public utility economics and regulation and a member of Drazen Consulting Group, Inc.

Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A Please see Appendix A for a description of my background and experience.

Q ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?

A I am presenting it on behalf of the Missouri Energy Group (MEG), which comprises manufacturers and hospitals who are customers of AmerenUE.

Q WHAT TOPICS ARE COVERED IN THIS TESTIMONY?

A This testimony covers the rate of return on equity (RoE), AmerenUE's proposed off-system sales sharing mechanism (OSS) and the 10% cap on Residential rates. I shall discuss the return on equity recommended by AmerenUE's expert witnesses, Dr. Vander Weide and Kathleen C. McShane. In addition, I shall discuss risk reducing factors that reduce AmerenUE's return on equity. I shall also comment on AmerenUE's proposed off-system sales sharing mechanism.

Q WHAT ARE THE MAIN POINTS OF THIS TESTIMONY?

A The first point of this testimony is the return on equity recommended by AmerenUE's expert witnesses is too high. I shall discuss why the upward adjustment for market-to-book ratio should be excluded and why downward adjustments are appropriate to reflect AmerenUE's lower risk relative to the other utilities considered. Next, I shall comment on AmerenUE's proposed sharing mechanism for off-system sales. Finally, I shall provide comments regarding AmerenUE's proposed 10% cap on the Residential rate increase and how that might be considered a revenue requirement issue.

Return on Equity

Q WHAT RETURN ON EQUITY DID AMERENUE'S WITNESSES RECOMMEND?

A AmerenUE presented two witnesses with return on equity recommendations. Ms. McShane recommended a return on equity of 12.0% and Dr. Vander Weide recommended a return on equity of 12.2%. AmerenUE decided to use a 12.0%

RoE in its request. In each case, the witness calculated a return on equity and the adjustment upward to reflect the ratio of share equity market value to book value.

Q WHAT IS THE "MARKET-TO-BOOK" ADJUSTMENT THAT THEY MADE?

A Ms. McShane calculated a cost of equity in the range of 9.3% to 12.25% using several different methods. The average was 11.0%. She then went on to say:

> *The proxy electric utility samples' market value common equity ratio is 62%. The allowed return on equity will be applied to AmerenUE's book value common equity ratio of 52%. The difference in financial risk between a market value common equity ratio of 62% and AmerenUE's book value common equity ratio of 52% requires an increase in the required equity return requirement from 11.0% to a range of 11.6% to 12.3%. I recommend that the allowed return on equity for AmerenUE be set at the midpoint of this range, that is, at 12.0%.* (Direct Testimony of Kathleen C. McShane, Attachment A-3)

Q WHAT IS THE "MARKET VALUE COMMON EQUITY RATIO?"

A This is the equity ratio that comes from a hypothetical capital structure that comprises the utility's debt at book value and the utility's "market value" equity, which is equal to the utility book equity times the market-to-book ratio. Ms. McShane calculated this by using an average stock price of $49.64 per share and a book value of $30.75 per share, giving a market-to-book ratio of 1.61.

Q DOES DR. VANDER WEIDE MAKE A SIMILAR ADJUSTMENT?

A Yes, although he uses somewhat different terms. He calculated a cost of equity of 11.5% (compared to Ms. McShane's 11.0%) and then adjusted it to reflect the "average market value capital structure" for AmerenUE's comparable companies (see, for example, Schedules JVW-10 and JVW-11). Based on this, he increased the recommended RoE from 11.5% to 12.2% (compared to Ms. McShane's 12.0%).

Q IS THIS A COMMONLY ACCEPTED APPROACH IN DETERMINING RETURN ON EQUITY?

A No. A review of decisions of other regulators show that 12.0% to 12.2% is above the top end of the range of granted returns on equity. The return on equity is applied to the actual book equity, not to the "market value" of the equity. A recent survey by the Edison Electric Institute shows this:

Table 1

Regulated Electric Utilities Equity Ratio and Awarded ROEs

Company	**Awarded ROE**	**Equity/ Total Cap**	**Order Date**
South Carolina Electric and Gas	10.70%	50.31%	1/6/2005
Aquila Networks	10.50	33.63	1/28/2005
Puget Sound Energy Inc.	10.30	43.00	2/18/2005
PacificCorp (UT)	10.50	47.80	2/25/2005
Empire District Electric Co.	11.00	49.14	3/10/2005
Consolidated Edison Co. of NY	10.30	48.00	3/24/2005
Central Vermont Public Service	10.00	55.53	3/29/2005*
Arizona Public Service Co.	10.25	45.00	4/7/2005
Atlantic City Electric Co.	9.75	46.22	5/26/2005
Jersey Central Power and Light Co.	9.75	46.00	6/1/2005
Wisconsin Power and Light Co.	11.50	61.75	7/19/2005
AEP Texas Central Co.	10.13	40.00	8/15/2005
PacifCorp (OR)	10.00	47.56	9/28/2005
Madison Gas and Electric Co.	11.00	56.65	12/12/2005
Oklahoma Gas and Electric Co.	10.75	55.69	12/13/2005
Avista Corp.	10.40	40.00	12/21/2005
Cincinnati Gas and Electric Co.	10.29	47.53	12/21/2005
Consumers Energy Co.	11.15	44.21**	12/22/2005
Wisconsin Public Service Corp	11.00	59.73	12/22/2005
Westar Energy Inc.	10.00	44.59	12/28/2005
Northern States Power Co.	11.00	53.66	1/5/2006
United Illuminating Co.	9.75	47.00	1/27/2006
Interstate Power and Light Co. (MN)	10.39	49.10	3/3/2006
Delmarva Power and Light Co.	10.00	47.72	4/25/2006
Sierra Pacific Power Co.	10.60	40.76	4/26/2006
Upper Peninusula Power Co.	10.75	47.12	6/27/2006
Maine Public Service Co.	10.20	50.00	7/6/2006
Central Hudson Gas and Electric	9.60	47.00	7/19/2006***
PacifiCorp (WA)	10.20	46.00	4/17/2009
Average	10.41%	47.68%	

Source: Edison Electric Institute Rate Case Summary Q3 2006 Financial Update, Appendix I.
*Corrected. EEI table stated 4/4/05.
**Corrected. EEI table listed amount as 36.31%.
***Corrected. EEI table stated 7/20/2006.

Although each utility must be considered on its own terms, it is striking that AmerenUE's witnesses recommend a return on equity *above* the high end of all these other utilities.

Q WHAT ARE THE PROBLEMS WITH ADJUSTING THE RETURN ON EQUITY TO REFLECT THE MARKET-TO-BOOK RATIO?

A One problem is that it can lead to an illogical conclusion that higher returns on equity require even *higher* returns on equity and vice versa. To illustrate, assume that the market-required RoE is 10% and that the regulator, for whatever reason, grants 12%. In this case, investors will perceive the stock to be more valuable and bid up the share price above book value. Then, the utility could use the higher market-to-book ratio to argue for further upward adjustment in the RoE. Conversely, assume that the share price is below book value. In that case, the same theory would suggest lowering the RoE to reflect the market-based discount to book value.

More generally, the relationship of market value to book value can be determined by factors having nothing to do with the regulated utility in question. Unregulated affiliates can affect the parent company's share value. General market developments can affect investors' perceptions. In any event, investors know that utilities are regulated on the basis of a fair return on book value. It is not the obligation of the Commission to support any particular market value.

Q ARE THESE OTHER RISK FACTORS THAT JUSTIFY A RETURN ON EQUITY HIGHER THAN FOR OTHER UTILITIES?

A In his testimony, Dr. Vander Weide suggests that "the Commission should recognize . . . additional risks and the correspondingly higher returns required by investors in setting AmerenUE's allowed rate of return in this proceeding" (Testimony Page 16, Lines 6-8). Some of the risks he identifies are:

- demand uncertainty;
- high volatility in fuel prices or interruption in supply;
- volatile purchased power and off-system sales prices;
- greater uncertainty in the cost of satisfying environmental regulations;
- greater uncertainty in employee health and pension expenses;
- increased competition in the industry;
- high debt leverage; and
- greater uncertainty in expenses associated with system outages, storm damage and security. (Pages 13-15)

Q IS AMERENUE EXPOSED TO THESE RISKS?

A To some extent, yes. The fact that return on equity is set higher than the cost of risk-free capital recognizes that a utility–any utility–faces some risks. But the relevant questions are: (1) how significant are these risks; (2) what is the *relative* risk to AmerenUE versus other utilities; and (3) are there devices to mitigate the risk?

Q DR. VANDER WEIDE IDENTIFIED "DEMAND UNCERTAINTY" AS AN ELEMENT OF RISK. PLEASE COMMENT.

A At Page 13 of his testimony, he says that "demand uncertainty is one of the primary business risks of investing in an electric energy company such as AmerenUE" and lists the components as:

- strong dependence of electric demand on the state of the economy and weather patterns;
- the ability of customers to choose alternatives forms of energy, such as natural gas or oil;
- the ability of some customers to locate facilities in the service areas of competitors;
- the ability of some customers to conserve energy or produce their own electricity under cogeneration or self-generation arrangements; and
- the ability of municipalities to go into the energy business rather than renew their company's franchise.

Note that he did not quantify the extent of any of these potential risks, nor show how Ameren is situated relative to other energy companies. In fact, in many respects AmerenUE's risk is relatively low, especially compared to other utilities.

Q ARE AMERENUE'S RETAIL SALES VOLATILE?

A No. Table 2 shows AmerenUE's retail sales for the years 2000-2005.

**

Table 2

AmerenUE Annual Sales

Year	**Sales GWh**
2000	**
2001	**
2002	**
2003	**
2004	**
2005	**

Source: MPSC DR 381.

**

Although there are fluctuations, they are not large. AmerenUE added the Noranda load in 2005, which represents about 4,000 GWh annually. This is a steady guaranteed load, as compared to less uncertain off-system sales that it displaced.

Q DOES WEATHER HAVE A MAJOR EFFECT ON AMERENUE'S SALES?

A Obviously, it has some effect. However, the weather normalization adjustment overall is only about 2% for a year that AmerenUE describes as the 13th warmest year on record (Schukar Testimony, Page 10).

Q WHAT ABOUT THE ABILITY OF CUSTOMERS TO CHOOSE ALTERNATIVE FORMS OF ITS ENERGY, SUCH AS NATURAL GAS OR OIL?

A Dr. Vander Weide did not explain what applications might be converted from electricity to natural gas or oil. Although there are some electric heating customers, most customers in the service territory already use natural gas, so there is not much electric heating load to be lost.

Q IS THERE A SIGNIFICANT ABILITY OF CUSTOMERS TO "LOCATE FACILITIES IN THE SERVICE AREAS OF COMPETITORS?"

A No; if anything, for large loads just the opposite is true. Noranda Aluminum was already located in the service area of another utility, but preferred to be served by AmerenUE (and AmerenUE made an attractive offer to Noranda). As Ms. McShane notes (Page 9), AmerenUE has the benefit of very competitive rates.

Q ARE ENERGY CONSERVATION, COGENERATION AND SELF-GENERATION SIGNIFICANT RISKS FOR AMERENUE?

A They have not been so far, and it is unlikely they will be in the near future. Conservation efforts by customers, while ongoing, will not lead to a reduction in sales from current levels. Rather, it will result in growth at a somewhat lower rate than would be the case without conservation.

Cogeneration and self-generation are not attractive, given the current cost of natural gas (or oil) as the fuel. In any event, like conservation, customer-owned generation would have the effect of slowing AmerenUE's growth rate, not causing a drop in sales. AmerenUE has not encouraged customer-owned generation. However, it might do so in the future, because it can be beneficial to the utility. Customer-owned generation (sometimes called distributed generation), can reduce the need for building new generation, transmission and distribution. At times when the cost of growth exceeds the embedded cost of supply, this can be a financial benefit to the utility.

Finally, to repeat a previous point, it is also relevant to ask whether the risk to AmerenUE is as great as it is to other utilities.

Q IS THERE A RISK TO AMERENUE BECAUSE OF THE "ABILITY OF MUNICIPALITIES TO GO INTO THE ENERGY BUSINESS RATHER THAN RENEW THE COMPANY'S FRANCHISE?"

A A scattering of municipalities around the country have contemplated this action–usually, because of the high cost of power from the local utility. To my knowledge, no municipality in AmerenUE's service territory has proposed to take over the local distribution system. (The only suburb of St. Louis County that operates its system is Kirkwood, and it does so only in part of the city.) In any event, given AmerenUE's favorable cost of generation, the most likely source of power for a city wishing to go into the business would be from AmerenUE. (Kirkwood purchases its supply from AmerenUE.)

Q IN THE CATEGORY OF "OPERATING UNCERTAINTY," DR. VANDER WEIDE MENTIONS "HIGH VOLATILITY IN FUEL PRICES." IS THIS A PROBLEM FOR THE UTILITY?

A No. About 97% of AmerenUE's generation comes from coal (81%) and nuclear (16%) generation. (Hydro brings the total close to 99%.) The volatility in the prices of these fuels has been far less than for natural gas and for purchased power. In this respect, AmerenUE is better situated than several other Missouri utilities. Although coal and nuclear fuel have increased–and AmerenUE expects further increases–the Company has filed a fuel adjustment clause rider that will recover any increases in cost.

Q DOES AMERENUE FACE SIGNIFICANT RISK FROM VOLATILITY OF PURCHASED POWER AND OFF-SYSTEM SALES PRICES?

A Of course there is some. However, the proposed fuel adjustment clause mitigates the cost risk on purchased power cost for serving retail load. With respect to off-system sales (OSS), the risk depends on what level of OSS margin is assumed in setting rates. One way to mitigate this risk is the proposed off-system sales sharing mechanism. In addition, by taking on the Noranda load, which is very steady and has a fixed price, AmerenUE has reduced the amount of energy that is subject to the variability of the wholesale market.

Q DR. VANDER WEIDE MENTIONS THE PROSPECT OF STRICTER ENVIRONMENTAL REGULATIONS AS A RISK. IS THIS A SIGNIFICANT RISK FOR AMERENUE?

A This risk is mitigated by the Environmental Cost Recovery (ECR) clause. The ECR clause states that "any electrical, gas, or water corporation may make an application to the Commission to approve rate schedules authorizing periodic rate adjustments outside of the general rate proceedings to reflect increases and decreases in its prudently incurred costs, capital or expense, to comply with any federal, state or local environmental law, regulation or rule" (Missouri Revised Statutes, Section 386.266.2). This statute allows a utility to collect *outside of the normal rate case proceedings* additional costs that it incurs due to environmental costs through an additional surcharge. The additional annual amount that the utility may collect is limited to 2.5% of its annual gross revenues. With revenues of about $2 billion (before any increase), this allows for an increase of about $50 million. Over a three-year period, this would allow AmerenUE to recover about $300 million. Any costs that are not recovered as a result of the annual 2.5% limitation may be deferred at a carrying cost and be allowed for recovery in the subsequent rate case or complaint proceeding.

This clause, in effect, guarantees the company recovery of environmental costs that it may incur between rate cases.

Q ARE THERE ANY OTHER EXAMPLES OF RISK MITIGATING MECHANISMS?

A Yes. For example, AmerenUE has proposed a "pension tracker." This is a mechanism that allows the Company to defer any variances from forecast in the collection of FAS 106 and FAS 87 costs (pension-related costs), until its next rate case. If these costs vary from the as-filed amount, the difference will be deferred (and added to rate base) until the next rate case. The Company will receive a return on the deferred amount and then collect the deferred amount over a period of years through amortization.

Q ARE VARIANCES IN THESE PENSION-RELATED COSTS A SIGNIFICANT RISK FOR AMERENUE?

A It is not clear why the risk for AmerenUE is any greater than for other utilities. The point is that approval of this tracker will reduce the risk of income variation.

Q DOES AMERENUE FACE INCREASED COMPETITION?

A No. AmerenUE operates in a regulated environment. AmerenUE's affiliates, AmerenCILCO, AmerenCIPS, AmerenIP, and especially AmerenEnergy, do operate in a competitive environment. However, AmerenUE customers should not have to pay for this risk.

Q IS AMERENUE'S DEBT LEVEL CAUSE FOR INCREASED RISK?

A No. The amount of debt the utility has is comparable to the debt levels of other regulated electric utilities, as shown in Table 1.

Q PLEASE COMMENT ON THE RISK TO EXPENSES ASSOCIATED WITH SYSTEM OUTAGES, STORM DAMAGE AND SECURITY.

A As recent experience has shown, this is a risk that the utility faces. However, this risk is faced by all utilities, not just AmerenUE. Southern utilities face outages due to hurricanes and Northern utilities face outages due to ice storms.

Q PLEASE SUMMARIZE YOUR COMMENTS REGARDING RISK.

A A general catalog of possible risks, such as Dr. Vander Weide presents, does not justify the proposal that AmerenUE needs a return on equity higher than most (if not all) other electric utilities. The return on equity already compensates the utility for bearing some risk. An RoE developed from industry-wide data may be adjusted up–or down–depending on the specific risks that the subject utility faces. Some of these risks to the utility (actually, to its shareholders) can be mitigated by various devices, as AmerenUE has proposed.

Off-System Sales

Q WHAT HAS AMERENUE PROPOSED?

A AmerenUE's application is based on the assumption that off-system sales will produce a margin (revenue minus associated fuel cost) of $180 million. As an alternative, the Company has proposed an OSS sharing mechanism, which would assume a margin of only $120 million and a sharing of any margins above that level.

Q PLEASE DESCRIBE AMERENUE'S PROPOSED OFF-SYSTEM SALES SHARING MECHANISM.

A AmerenUE has proposed a mechanism that allows the company to track actual off-system sales. A positive variation in sales from the base level forecast would be credited to customers' retail rates, based on a sharing grid. The sharing amounts are:

Table 3

AmerenUE Sharing Off-System Sales Sharing Mechanism

Off-System Sales	Customer %	Company %
0-120 million	100%	0%
120-180 million	80%	20%
181-360 million	50%	50%
Above 360 million	100%	0%

Q PLEASE COMMENT ON THESE PROPOSALS.

A In the base proposal, the $180 million forecast margin is a conservative estimate. AmerenUE adjusted out several factors, such as high gas prices, that resulted in a very high level of off-system sales margins in recent years.

Q PLEASE COMMENT ON THE ALTERNATE SHARING PROPOSAL.

A I have two comments, one regarding the base level to be used in setting rates, the other regarding the structure of the sharing mechanism.

Setting the base at $120 million is very conservative. AmerenUE itself says that it is virtually certain it can achieve this level of sales.

> *I believe it would be likely that AmerenUE could achieve this level of off-system sales margin even under relatively adverse market and operational conditions.* (Testimony of Shawn E. Schukar, Page 21, Lines 8-10)

Based on AmerenUE's proposal, it appears that it is confident that it can achieve an OSS margin of $180 million and foresees the potential to be up to $360 million. Thus, if we look at $180 million as the expected level, AmerenUE foresees some risk that it might go as low as $120 million, but the potential that it might go as high as $360 million. In short, the expected range is from minus $60 million to plus $180 million. This suggests that the risk/reward profile is biased in favor of AmerenUE.

Q WHY DO YOU SAY THAT AMEREN FORESEES A POTENTIAL UP TO $360 MILLION OF OFF-SYSTEM SALES MARGIN?

A Its offer to refund 100% of the margin over that level suggests that it does not foresee giving up a lot of profits from sales above that level.

Q WHAT DO YOU PROPOSE?

A If the Commission accepts the sharing proposal, then the base level should be set at $180 million, per the Company's forecast. If not, then the Commission should lower the Company's allowed return on equity to reflect the reduced risk.

The sharing mechanism should be modified to provide an incentive to the Company to increase its off-system sales. If customers get 100% of any margin above $360 million, the utility has less incentive to make such sales. (I don't say "no incentive" because I believe that utility managers and operators do try to serve customers well. However, a financial incentive can be a way of increasing the motivation.) The utility's share of the margin should increase as the amount goes up. An example of this "progressive to the utility" sharing is:

Table 4

Proposed Off-System Sales Sharing Mechanism

Off-System Sales	Customer %	Company %
$180-$240 million	80%	20%
$240-$360 million	70%	30%
Above $360 million	50%	50%

Residential Rate Cap

Q PLEASE COMMENT ON THE UTILITY'S PROPOSAL TO LIMIT THE RESIDENTIAL RATE INCREASE TO 10% VERSUS THE COST BASED LEVEL OF 26%.

A Ameren's expressed concern about the impact on residential customers would be more credible if AmerenUE itself would stand behind it. As it is, AmerenUE is being generous with the money of its other customers–including schools, non-profit agencies, nursing homes and other customers who themselves face budgetary constraints. AmerenUE is willing to have other customers share the pain of rising costs, but it appears unwilling to do so itself. For example, the utility might have offered to accept an 8% return on equity on residential service as a way of moderating the impact on residential customers.

Furthermore, while no one likes to pay higher bills, not all residential customers will have difficulty with a cost-based increase. For example, Ladue, Missouri, has the 32nd highest average per-capita income (for communities with a population of 1,000 or more) in the United States. Incomes in some other St. Louis suburbs are:

Table 5

Income In Selected
St. Louis County Suburbs

Suburb	**Median Family Income (2000)**	**Population (2000)**
Chesterfield	$102,987	46,802
Clayton	$107,346	12,825
Creve Coeur	$99,100	16,500
Frontenac	$136,972	3,483
Glendale	$90,250	5,767
Ladue	$179,328	8,645
Town and Country	$167,875	10,894
Wildwood	$100,460	32,884
Warson Woods	$97,147	1,983

This is not to minimize the plight of many residential customers who will have trouble paying for an increase. However, with all the effort that has been put into this case, AmerenUE surely can find a better way of directing relief to those who need it the most as well as taking on some responsibility for providing that relief. For example, based on AmerenUE's class cost of service study, each percentage point reduction in the return on equity for the residential class translates into a reduced revenue requirement of about $24 million. Certainly, if AmerenUE expects the shareholders of its commercial and industrial customers to absorb the cost of this relief, it is logical that its own shareholders do the same. AmerenUE's argument that non-residential customers can deduct the additional cost on their income taxes applies equally to itself, yet does not ring true for its nonprofit customers, many of whom are being asked to pay a 20%-43% increase.

Summary

Q PLEASE SUMMARIZE YOUR TESTIMONY.

A Based on my review of AmerenUE's recommended return on equity and its lower risk, the upward adjustment for the market to book ratio of equity should be rejected. Based on my review of the risk factors identified by Dr. Vander Weide, a downward adjustment to AmerenUE's RoE is warranted.

If the Commission adopts the off-system sharing mechanism, then the base level and sharing grid should be adjusted.

If concern about impact is a reason for AmerenUE to limit the increase to Residential customers to below-cost level, AmerenUE should share in the cost and develop a method of directing that relief to the customers that need relief the most. AmerenUE should not limit the increase to the Residential class to 10% without sharing this burden, too.

Q DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes.