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March 1, 2004

HAND DELIVERED

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street
Jefferson City, Missouri 65102

Re: Case No. EO-2004-0108

Dear Mr. Roberts:

Enclosed for filing are an original and eight (8) copies of the Missouri Industrial Energy Consumers' Surrebuttal Testimony of Maurice Brubaker.

Thank you for your assistance in bringing this filing to the attention of the Commission, and please call me if you have any questions.

Very truly yours,

Diana M. Vuylsteke
DMV:rms

Enclosures (9)
cc: All Parties

FILED²

MAR 01 2004

Missouri Public
Service Commission

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Washington, DC

*And Bryan Cave,
A Multinational Partnership,
London*

Exhibit No.
Witness: Maurice Brubaker
Type of Exhibit: Cross-Surrebuttal Testimony
Sponsoring Party: Missouri Industrial Energy Consumers
Subjects: Requested Approval
Date: March 1, 2004

**BEFORE THE
PUBLIC SERVICE COMMISSION OF MISSOURI**

In the Matter of the Application of Union Electric)
Company, Doing Business as AmerenUE, for)
an Order Authorizing the Sale, Transfer and)
Assignment of Certain Assets, Real Estate, Leased) Case No. EO-2004-0108
Property, Easements and Contractual Agreements)
to Central Illinois Public Service Company, Doing)
Business as AmerenCIPS, and, in Connection)
Therewith, Certain Other Related Transactions.)

FILED²

MAR 01 2004

Cross-Surrebuttal Testimony of

Maurice Brubaker

**Missouri Public
Service Commission**

On behalf of

Missouri Industrial Energy Consumers

March 1, 2004
Projects 8117



BRUBAKER & ASSOCIATES, INC.
ST. LOUIS, MO 63141-2000


In the Matter of the Application of Union Electric)
Company, Doing Business as AmerenUE, for)
an Order Authorizing the Sale, Transfer and)
Assignment of Certain Assets, Real Estate, Leased) Case No. EO-2004-0108
Property, Easements and Contractual Agreements)
to Central Illinois Public Service Company, Doing)
Business as AmerenCIPS, and, in Connection)
Therewith, Certain Other Related Transactions.)

STATE OF MISSOURI)
) SS
COUNTY OF ST. LOUIS)

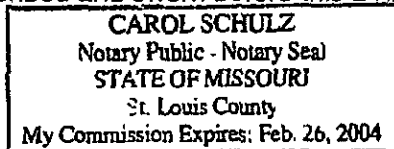
1. My name is Maurice Brubaker. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 1215 Fern Ridge Parkway, Suite 208, St. Louis, MO 63141-2000. We have been retained by the Missouri Industrial Energy Consumers in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in the ER-2004-0108 proceeding.

3. I hereby swear and affirm that my surrebuttal testimony is true and correct and shows the matters and things it purports to show.


Maurice Brubaker

Subscribed and sworn before this 24th day of February, 2004.



Carol Schug
Notary Public

My Commission expires on February 26, 2004.

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In the Matter of the Application of Union Electric)	
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Property, Easements and Contractual Agreements to)	
Central Illinois Public Service Company, Doing)	
Business as AmerenCIPS, and, in Connection)	
Therewith, Certain Other Related Transactions.)	

Cross-Surrebuttal Testimony of Maurice Brubaker

- 1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**
- 2 **A Maurice Brubaker. My business address is 1215 Fern Ridge Parkway, Suite 208,**
- 3 **St. Louis, Missouri 63141-2000.**
- 4 **Q WHAT IS YOUR OCCUPATION?**
- 5 **A I am a consultant in the field of public utility regulation and president of Brubaker &**
- 6 **Associates, Inc. (BAI), energy, economic and regulatory consultants.**
- 7 **Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**
- 8 **A This information is included in Appendix A to my testimony.**
- 9 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**
- 10 **A I am appearing on behalf of the Missouri Industrial Energy Consumers (MIEC).**

1 **Q WHAT IS THE SUBJECT OF YOUR TESTIMONY?**

2 A The purpose of my testimony is to indicate my agreement with the positions put forward
3 by the Staff of the Missouri Public Service Commission and the Office of Public Counsel
4 with respect to the failure of AmerenUE to clearly establish that the transactions it
5 proposes to undertake are not detrimental to the Missouri customers of AmerenUE.

6 **Q ON WHAT BASIS DO YOU MAKE THAT STATEMENT?**

7 A Both Staff and Public Counsel point out a number of shortcomings in the analysis offered
8 by AmerenUE. Although some of the issues pointed out by them may appear to be
9 small, I think it is critically important to keep in focus that, as Staff witness Michael
10 Proctor points at Page 4 of his rebuttal testimony – out of over \$400 million of estimated
11 present value revenue requirements, the estimated difference in net present value over
12 a 25-year period is only \$11 million. This difference is essentially a “breakeven”
13 conclusion, given the magnitude of dollars and the timeframe. Thus, a very in-depth
14 analysis is required to determine whether or not the proposed transfer is detrimental.

15 AmerenUE’s analysis was essentially based on a one-year review, with the only
16 adjustments being to recognize rate base depreciation. This is extremely shallow, and is
17 not the kind of analysis that I find to be sufficiently reliable for the purposes at hand.

18 Even a small difference in the value of any of the economic parameters, including
19 a modest increase in transmission costs, which could easily occur without some
20 assurances to the contrary, could reverse the economic conclusions.

21 **Q IS THERE AN ISSUE CONCERNING CALLAWAY DECOMMISSIONING?**

22 A Yes. As discussed in the testimony of Staff witness Greg Meyer, AmerenUE seeks to
23 have the Callaway assets and the existing balance in the Illinois jurisdictional portion of

1 the Callaway decommissioning trust fund transferred to Missouri since the
2 decommissioning would become the responsibility almost entirely of AmerenUE's
3 Missouri retail customers. However, it did not recognize that a certain amount of funds
4 is being added to the decommissioning trust fund each year as the result of utilization of
5 the Callaway capacity by Illinois retail customers. Rather, it wants to continue funding at
6 the current level established for Missouri retail customers – and address any deficiency
7 when the fund is reviewed again in 2005. Given the extremely narrow difference in the
8 economics of the service area transfer versus other alternatives, the amount at issue
9 here could, by itself, tip the balance.

10 **Q WHAT IS YOUR RECOMMENDATION?**

11 A I agree with the recommendations of the Missouri PSC Staff that in subsequent
12 testimony AmerenUE needs to address the deficiencies that have been pointed out in
13 this proceeding, those noted above as well as others. If that additional testimony by
14 AmerenUE does not cure the defects that have been noted – then the Commission
15 should not approve the requested transfer.

16 **Q DOES THIS CONCLUDE YOUR CROSS-SURREBUTTAL TESTIMONY?**

17 A Yes.

Qualifications of Maurice Brubaker

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A Maurice Brubaker. My business mailing address is P. O. Box 412000, 1215 Fern Ridge
3 Parkway, Suite 208, St. Louis, Missouri 63141-2000.

4 **Q PLEASE STATE YOUR OCCUPATION.**

5 A I am a consultant in the field of public utility regulation and President of the firm of
6 Brubaker & Associates, Inc., energy, economic and regulatory consultants.

7

8 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

9 A I was graduated from the University of Missouri in 1965, with a Bachelor's Degree in
10 Electrical Engineering. Subsequent to graduation I was employed by the Utilities Section
11 of the Engineering and Technology Division of Esso Research and Engineering
12 Corporation of Morristown, New Jersey, a subsidiary of Standard Oil of New Jersey.

13 In the Fall of 1965, I enrolled in the Graduate School of Business at Washington
14 University in St. Louis, Missouri. I was graduated in June of 1967 with the Degree of
15 Master of Business Administration. My major field was finance.

16 From March of 1966 until March of 1970, I was employed by Emerson Electric
17 Company in St. Louis. During this time I pursued the Degree of Master of Science in
18 Engineering at Washington University, which I received in June, 1970.

19 In March of 1970, I joined the firm of Drazen Associates, Inc., of St. Louis,
20 Missouri. Since that time I have been engaged in the preparation of numerous studies
21 relating to electric, gas, telephone and water utilities. These studies have included
22 analyses of the cost to serve various types of customers, the design of rates for utility

1 services, cost forecasts, cogeneration rates and determinations of rate base and
2 operating income. I have also addressed utility resource planning principles and plans,
3 reviewed capacity additions to determine whether or not they were used and useful,
4 addressed demand-side management issues independently and as part of least cost
5 planning, and have reviewed utility determinations of the need for capacity additions
6 and/or purchased power to determine the consistency of such plans with least cost
7 planning principles and the prudence of the actions undertaken.

8 I have testified before the Federal Energy Regulatory Commission (FERC),
9 various courts and legislatures, and the state regulatory commissions of Alabama,
10 Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia,
11 Guam, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Missouri, Nevada,
12 New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island,
13 South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia, Wisconsin and
14 Wyoming.

15 The firm of Drazen-Brubaker & Associates, Inc. was incorporated in 1972 and
16 assumed the utility rate and economic consulting activities of Drazen Associates, Inc.,
17 founded in 1937. In April, 1995 the firm of Brubaker & Associates, Inc. was formed. It
18 includes most of the former DBA principals and staff. Our staff includes consultants with
19 backgrounds in accounting, engineering, economics, mathematics, computer science
20 and business.

21 During the past ten years, Brubaker & Associates, Inc. and its predecessor firm
22 has participated in over 700 major utility rate and other cases and statewide generic
23 investigations before utility regulatory commissions in 40 states, involving electric, gas,
24 water, and steam rates and other issues. Cases in which the firm has been involved

1 have included more than 80 of the 100 largest electric utilities and over 30 gas
2 distribution companies and pipelines.

3 An increasing portion of the firm's activities is concentrated in the areas of
4 competitive procurement. While the firm has always assisted its clients in negotiating
5 contracts for utility services in the regulated environment, increasingly there are
6 opportunities for certain customers to acquire power on a competitive basis from a
7 supplier other than its traditional electric utility. The firm assists clients in identifying and
8 evaluating purchased power options, conducts RFPs and negotiates with suppliers for
9 the acquisition and delivery of supplies. We have prepared option studies and/or
10 conducted RFPs for competitive acquisition of power supply for industrial and other end-
11 use customers in more than a dozen states, involving total needs in excess of 2,500
12 megawatts.

13 In addition to our main office in St. Louis, the firm also has branch offices in
14 Corpus Christi, Texas; Plano, Texas; Denver, Colorado; and Chicago, Illinois.

MEB:cs/8117/43421