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August 2, 2004

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street
Jefferson City, Missouri 65101

FILED²
AUG 02 2004
Missouri Public
Service Commission

Re: Case No. EE-2004-0267/EE-2004-0268

Dear Mr. Roberts:

Attached for filing is Direct Testimony of Julie Hess and Maurice Brubaker on behalf of River's Edge.

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

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*And Bryan Cave,
A Multinational Partnership,
London*

BEFORE THE
PUBLIC SERVICE COMMISSION OF MISSOURI

In the Matter of the Application of Union Electric)
Company, d/b/a AmerenUE, for a Metering Variance) Case No. EE-2004-0267
to Serve Brentmoor at Oaktree.)

In the Matter of the Application of Union Electric)
Company, d/b/a AmerenUE, for a Metering Variance) Case No. EE-2004-0268
to Serve River's Edge Properties, L.L.C.)

Affidavit of Maurice Brubaker

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

FILED²

AUG 02 2004

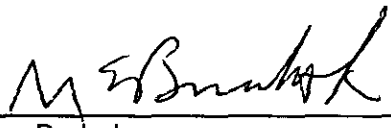
Missouri Public
Service Commission

Maurice Brubaker, being first duly sworn, on his oath states:

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 River's Edge Properties, L.L.C. in this proceeding on its behalf.

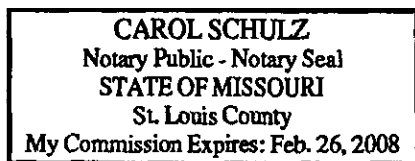
2. Attached hereto and made a part hereof for all purposes is my direct testimony which was prepared in written form for introduction into evidence in the EE-2004-0267/EE-2004-0268 proceeding.


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



Maurice Brubaker

Subscribed and sworn before this 30th day of July, 2004.





Notary Public

My Commission expires on February 26, 2008.

Exhibit No.
Witness: Maurice Brubaker
Type of Exhibit: Direct Testimony
Sponsoring Party: River's Edge Properties, L.L.C.
Subjects: Metering Variance
Date: August 2, 2004

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to Serve River's Edge Properties, L.L.C.) Case No. EE-2004-0268

Direct Testimony of

Maurice Brubaker

On behalf of

River's Edge Properties, L.L.C.

August 2, 2004
Project 8240



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

**BEFORE THE
PUBLIC SERVICE COMMISSION OF MISSOURI**

In the Matter of the Application of Union Electric)	
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to Serve River's Edge Properties, L.L.C.)	

Direct 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 River's Edge Properties, L.L.C. (River's Edge)

1 **Q PLEASE DESCRIBE IN GENERAL TERMS THE RIVER'S EDGE PROJECT.**

2 A The River's Edge project is located in St. Charles, Missouri. It consists of 145 individual
3 units for residents, and is designed to offer the elderly a supervised life style. It is a
4 single four-story structure, which houses the 145 apartments, as well as a central
5 kitchen and dining facilities which provides meal service to the residents, recreation,
6 grooming and other services in commonly used facilities. The facility was opened on
7 May 1, 2004, and currently 55 of the individual units are occupied.

8 River's Edge has a master metering arrangement and receives electric service
9 from UE on Rate Schedule 3.

10 The rent charged to the inhabitants includes the cost of electricity and natural gas
11 used in both the individual units and in the common areas. The rent also covers, among
12 others, housekeeping, laundry service, transportation, trash service, complete
13 maintenance, 24-hour supervision and emergency call service, recreation and exercise
14 programs, personal hygiene, medication set-up and reminders, and various other
15 services. It is my understanding that the average age of the residents is over 80 years.

16 **Q HOW IS HEATING AND COOLING PROVIDED TO THE 145 UNITS?**

17 A Electricity is used for air-conditioning and natural gas is used for heating. There is a
18 thermostat in each unit, but access to the thermostat is restricted so that a resident must
19 contact the maintenance staff if there is a desire to change the setting of the thermostat.
20 Hot water is provided by a gas-fired central system, and the individual units do not
21 contain water heaters.

22 River's Edge estimates that over 40%, and perhaps even over 50%, of the
23 electricity used in this facility will be consumed in the common areas.

1 **Q WHO WILL PAY THE UE BILL FOR THE ELECTRICITY CONSUMED AT RIVER'S**
2 **EDGE?**

3 **A The operators of River's Edge will pay the bill for electricity consumed at the facility.**
4 **This is true for electricity consumed in the individual units as well as in the common**
5 **areas.**

6 **Q IN TERMS OF WHO WILL PAY THE UE BILL, DOES IT MAKE A DIFFERENCE**
7 **WHETHER THE FACILITY HAS ONE SINGLE MASTER METER OR WHETHER**
8 **THERE ARE INDIVIDUAL METERS FOR EACH UNIT?**

9 **A No. Regardless of the metering configuration, the operators of River's Edge will pay the**
10 **bill or bills for all of the electricity consumed in the structure.**

11 **Q IF THE OPERATORS PAY FOR THE BILL OR BILLS FOR ELECTRICITY**
12 **CONSUMED, WOULD THE INDIVIDUAL CONSUMERS IN THE 145 UNITS**
13 **DIRECTLY RECEIVE THE FINANCIAL BENEFITS OF INDIVIDUAL CONSERVATION**
14 **AND EFFICIENCY EFFORTS IF THEY UNDERTOOK THEM?**

15 **A No, they would not. Since the operator of the facility will pay for all of the electricity**
16 **consumed, whether metered unit-by-unit or in total, actions by individual consumers**
17 **would not be productive of any direct economic benefits to them.**

18 **Q THIS BEING THE CASE, IN YOUR OPINION, WILL THE PURPOSES OF THE**
19 **PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978 (PURPA) BE ACHIEVED**
20 **EQUALLY WELL WITH MASTER METERING AS WITH INDIVIDUAL METERING?**

21 **A Yes. Since the operator will pay all of the electricity costs, regardless of how electricity**
22 **is metered and billed, the incentive to individual consumers to undertake conservation**

1 and efficiency efforts is identical under both configurations because the economic
2 consequences are the same to the individual consumer under both configurations.

3 **Q IN YOUR OPINION, WILL THE LONG-RUN BENEFITS TO ELECTRIC CONSUMERS**
4 **OF INDIVIDUAL UNIT METERING EXCEED THE COSTS OF PURCHASING AND**
5 **INSTALLING SEPARATE METERS IN THE FACILITY?**

6 **A** In my opinion, they will not since the price signals and incentives are the same in either
7 case. This is true regardless of the cost of installing individual metering. However, I
8 would note that the January 3, 2004 report of the Electric Meter Variance Committee
9 indicated that Ameren had estimated a cost of \$350 per unit, or about \$51,000 if it were
10 required to install individual metering. Further, River's Edge indicated that it believes the
11 additional cost to it of wiring for individual metering would be in excess of \$500,000.

12 In my opinion, requiring individual metering would be a waste of economic
13 resources.

14 **Q WOULD GRANTING THE REQUESTED VARIANCE RESULT IN UNDULY**
15 **PREFERENTIAL RATES FOR THE INHABITANTS OF RIVER'S EDGE, RELATIVE**
16 **TO RESIDENTIAL ELECTRIC CONSUMERS LIVING IN TRADITIONAL MULTI-**
17 **OCCUPANCY APARTMENT TYPE BUILDINGS?**

18 **A** No. For an undue preference, or unduly discriminatory rates, to occur requires that
19 identical circumstances be treated differently. That is clearly not the case.

20 There are a number of important differences between the River's Edge property
21 and typical multi-apartment structures. First, at River's Edge a significant fraction of the
22 electricity required for ordinary daily living will be consumed in the common areas of the
23 building. Second, the inhabitants of the individual units at River's Edge will have a

1 restricted ability to control the use of the most significant electricity consuming device in
2 their living quarters – namely, the air conditioning unit. Third, the entire amount of the
3 electricity consumed at River's Edge will be paid for directly by the operator of River's
4 Edge – none will be paid for directly by the individuals who inhabit the living quarters at
5 River's Edge.

6 These are major features which distinguish the River's Edge property from typical
7 multi-apartment unit buildings. Granting of the variance for River's Edge will not create
8 an unduly preferential situation nor amount to unduly discriminatory rates.

9 **Q SHOULD THE REQUESTED VARIANCE BE GRANTED?**

10 **A** Yes, it should.

11 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 **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.

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, and water utilities. These studies have included analyses of the
22 cost to serve various types of customers, the design of rates for utility services, cost

1 forecasts, cogeneration rates and determinations of rate base and operating income. I
2 have also addressed utility resource planning principles and plans, reviewed capacity
3 additions to determine whether or not they were used and useful, addressed demand-
4 side management issues independently and as part of least cost planning, and have
5 reviewed utility determinations of the need for capacity additions and/or purchased
6 power to determine the consistency of such plans with least cost planning principles. I
7 have also testified about the prudence of the actions undertaken by utilities to meet the
8 needs of their customers in the wholesale power markets and have recommended
9 disallowances of costs where such actions were deemed imprudent.

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

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

23 During the past ten years, Brubaker & Associates, Inc. and its predecessor firm
24 has participated in over 700 major utility rate and other cases and statewide generic
25 investigations before utility regulatory commissions in 40 states, involving electric, gas,

1 water, and steam rates and other issues. Cases in which the firm has been involved
2 have included more than 80 of the 100 largest electric utilities and over 30 gas
3 distribution companies and pipelines.

4 An increasing portion of the firm's activities is concentrated in the areas of
5 competitive procurement. While the firm has always assisted its clients in negotiating
6 contracts for utility services in the regulated environment, increasingly there are
7 opportunities for certain customers to acquire power on a competitive basis from a
8 supplier other than its traditional electric utility. The firm assists clients in identifying and
9 evaluating purchased power options, conducts RFPs and negotiates with suppliers for
10 the acquisition and delivery of supplies. We have prepared option studies and/or
11 conducted RFPs for competitive acquisition of power supply for industrial and other end-
12 use customers throughout the United States and in Canada, involving total needs in
13 excess of 3,000 megawatts.

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

MEB:cs/8240/48431