Exhibit No.: 137
Issues: Production Plant Allocation Methods; Rate Design
Witness: Wilbon L. Cooper
Sponsoring Party: Union Electric Company
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2010-0036
Date Testimony Prepared: March 5, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2010-0036

SURREBUTTAL TESTIMONY

OF

WILBON L. COOPER

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
March 5, 2010

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SURREBUTTAL TESTIMONY

OF

WILBON L. COOPER

CASE NO. ER-2010-0036

I. IDENTIFICATION AND INTRODUCTION

Q. Please state your name and business address.

A. My name is Wilbon L. Cooper. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. Are you the same Wilbon L. Cooper that filed direct, additional direct, and rebuttal testimony in this proceeding?

A. Yes, I am.

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

A. The purpose of my testimony is to address the rebuttal testimonies on the allocation of production plant filed by Office of the Public Counsel (OPC) witness Barbara A. Meisenheimer.

Additionally, I will provide surrebuttal comments to the Missouri Department of Natural Resources witness Laura Wolfe's rebuttal testimony on the appropriate winter rate design for the Residential Service Class, and The Municipal Group witness Petree A. Eastman's rebuttal testimony on cost of service and rate design of the 5(M) classification for street lighting. My failure to address a particular witness' position or argument should not be construed as endorsement of same.

II. PRODUCTION PLANT ALLOCATION

Q. On page 4 of her cost of service rebuttal testimony, Ms. Meisenheimer states that "The use of non-coincident peaks in developing class cost allocations disproportionately attribute costs to classes that use more in months that are not even representative of the system peak or period of highest system costs". Is this statement a correct characterization of AmerenUE's 4 Non Coincident Peak Average & Excess Allocation (4 NCP A&E) method for allocating the cost of production plant?

A. No, it is not. While AmerenUE's four highest system peaks in a year usually occur during the months of June through September, a strict application of the 4 NCP A&E methodology requires the use of each class' four non-coincident peak demands, regardless of when such peaks occur. For the test year in this case, 15 of the 20 maximum 4 NCP monthly demands for the Company's major customer classes occurred during the Company's summer peak demand months of June-September. The fact that the remaining 5 NCP demands occurred during non-peak months should not render this method inappropriate for allocating the Company's fixed production capacity.

Q. Have you reviewed the testimony of all other parties with regard to the allocation of fixed production plant costs?

A. Yes, I have. AmerenUE, and the MIEC have provided testimony in support of the use of the 4 NCP A&E allocation method for fixed production plant cost allocation, while the remaining parties have sponsored other methods which I have previously rebutted. As stated in my rebuttal testimony, the Company's net investment in fixed production assets represents approximately 68% of the net original cost rate base and variations among the parties in allocation of this investment has produced significant differences in class cost of service requirements in this case.

Arguably, every allocation method for fixed production plant costs sponsored by parties in this docket has merit, and the Company is not suggesting that there is a single methodology for the allocation of production plant. However, the Company's proposed 4 NCP A&E method is superior to other proposals offered by certain parties in this case due to its more balanced consideration of both the energy and excess demands requirements for serving each customer class. For these reasons and those stated in my rebuttal testimony, the Company recommends that the Commission adopt the 4 NCP A&E method for the allocation of production plant costs.

III. RESIDENTIAL WINTER RATE DESIGN

Q. In the rebuttal testimony of Ms. Laura Wolfe it is recommended that "AmerenUE conduct a study addressing the elimination of declining block rates in its residential class in a revenue-neutral manner, and file the results of this study in its next general rate case." Please comment.

A. The Company commits to conduct such a study and to file the results in its next rate case. However, as stated in my rebuttal testimony, the retention of this declining block rate is warranted for three reasons: 1) to more fully utilize available existing production and transmission capacity installed to meet the higher summer demands for electricity, 2) to reflect the fact that additional winter demand can be served by the Company at a variable cost lower than its average running costs of generation, and 3) the material bill impact of the elimination of same on the Company's much above-average winter's energy use residential customers.

IV. SERVICE CLASSIFICATION NO. 5 (M) – COMPANY OWNED STREET LIGHTING AND SERVICE CLASSIFICATION NO. 6 (M) – CUSTOMER OWNED LIGHTING RATE DESIGN

Q. On pages 15 and 16 of her rebuttal testimony, Ms. Eastman lists six items of "relief" requested by the Municipal Group. Please comment.

A. The Company agrees with relief Items 2, 5, and 6. However, with regard to Item 1, wherein it states "No rate increase for street lighting under 5M and 6M …", and Item 3, wherein it states, "The 10% discount currently offered on all street lighting bills to municipalities will be increased to 20%...", the Company objects to both. As discussed in my direct testimony, the Company is proposing an across-the-board increase for all of its customer classes that is fairly consistent with the rates approved by the Commission in the Company's last rate case and fairly consistent with the rate increase proposals sponsored by the MPSC Staff and OPC in this case. While Ms. Eastman correctly points out that the Company did not provide a lighting cost study in the case, she does not present any compelling evidence to vary from the across-the-board allocation of the increase granted in the case. Clearly, either a rate freeze or an increase of the discount from 10% to 20% would be inconsistent with an across-the-board increase and would result in other customers receiving an increase greater than the overall average increase. Additionally, nothing in Ms. Eastman's testimony suggests a material change in the Company's cost structure since the last rate case or a change in the lighting service being provided by the Company; therefore, Ms. Eastman's recommendations should be rejected. Lastly, the Company's acceptance of Ms. Eastman's relief recommendation Item 2 which requires the completion of a lighting study, will shed light, so to speak, on the specific costs of providing street lighting service and be beneficial in establishing rates for the lighting classes in the Company's next rate case.

Item 4 states "AmerenUE will permanently remove and cease pole rental charges to municipalities for poles that pre-date 1988 under the 5M classification." The Company objects to this recommendation for several reasons. Ms. Eastman states that "monies paid over this lengthy period of time for pole rental should have long since paid for the cost of those poles that pre-date 1988." First, the Company utilizes mass property accounting for its investment in lighting facilities and, as a consequence, does not track depreciation by a specific item of street lighting property. Therefore, it would be impossible to determine whether a given pole has been completely depreciated. Additionally, the Company's street lighting pole installation records do not contain data on the vintage of every street lighting pole.

More compelling is the buy vs. rent arrangement for real property. Ms. Eastman's logic would seem to suggest that a landlord who had a thirty year mortgage and the same rent -paying tenant over this time frame, would consider it fair to deed the dwelling to said tenant, as he/she has provided rent over the thirty year period that afforded the landlord the ability to pay off the mortgage. Clearly, such is not the case. Property owners are most likely to sell real property at fair market value, regardless of whether it is paid for or who paid for it. Ms. Eastman's proposal does not reflect real property markets and should be rejected. Additionally, her proposal would result in increased rates to the Company's other customers.

V. LARGE TRANSMISSION SERVICE ("NORANDA") RATE DESIGN

Q. Your direct testimony recommends a take-or-pay rate design for the Large Transmission Service Class and your rebuttal testimony offers the Commission the alternative of an "N" factor addition to the Company's fuel adjustment clause ("FAC") in order to address the Company's and MPSC Staff's use of billing units for Noranda at its full historical load rather than some lower level reflecting reduced consumption as a result of the January 2009 ice storm. Please comment.

A. The Commission's adoption of either of these approaches will mitigate the Company's risk of reduced Noranda load, and thus afford the Company a more reasonable opportunity to earn the rate of return authorized by the Commission in this case. On the other hand, if neither of these approaches is adopted, then Noranda's test year billing units should be adjusted consistent with the test year update period (i.e., January 31, 2010) in this case. While this billing unit update does not provide the same level of risk mitigation, it better reflects current Noranda operations and makes it less likely that the Company will not actually recover the Noranda revenues assumed in this case. Also it is consistent with the true-up of other revenue and cost items that the Commission has approved for this case.

Q. Have you developed a schedule that demonstrates the present annual revenue impact of Noranda at the full test year load vs. load at the January 31, 2010 update period?

A. Yes. Schedule WLC-SR12 shows this difference to be approximately $21 million annually based on present rates. It should be noted that Noranda's actual January 2010 billing units were utilized to develop this analysis and the remaining months' billing determinants were estimated based on the proportionality of actual January 2010 billing units to test year full load January billing units.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a AmerenUE's Tariffs to Increase its Annual Revenues for Electric Service.	) Case No. ER-2010-0036) Tracking No. YE-2010-0054) Tracking No. YE-2010-0055

AFFIDAVIT OF WILBON L. COOPER

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

Wilbon L. Cooper, being first duly sworn on his oath, states:

1. My name is Wilbon L. Cooper. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a AmerenUE as Manager, Rates and Tariffs.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 7 pages and Schedules WLC-SR12 through WLC-SR12, 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.

Wilbon L. Cooper
Wilbon L. Cooper

Subscribed and sworn to before me this 5th day of March, 2010.

Mary Hoyt
Notary Public

My commission expires: 4-1-2010

Mary Hoyt - Notary Public
Notary Seal, State of
Missouri - Jefferson County
Commission #06397820
My Commission Expires 4/1/2010

Large Transmission Service Rate

Revenue Impact of Test Year Billing Determinants Versus
Billing Determinants Adjusted to Update Period

	Original Test Year Billing Determinants			Adjusted Based on Actual January 2010 Billing				
	Demands MW	Energy MWH	Total $1,000's	Demands MW		Energy MWH		Total $1,000's
April	477	351,150	$9,928	410		296,331		$8,415
May	477	362,205	$10,171	410		305,660		$8,619
June	475	348,670	$14,587	409		294,238		$12,405
July	476	361,148	$14,897	409		304,768		$12,666
August	476	361,910	$14,922	409		305,411		$12,687
September	475	349,618	$14,612	409		295,038		$12,426
October	476	361,096	$10,142	409		304,724		$8,595
November	475	349,658	$9,890	409		295,071		$8,382
December	477	362,600	$10,177	410		305,993		$8,624
January	477	363,676	$10,202	410	(1)	306,902	(1)	$8,646
February	478	328,839	$9,450	411		277,503		$8,011
March	477	362,614	$10,179	410		306,005		$8,626
Total	5,717	4,263,183	$139,156	4,914		3,597,644		$118,103

(1) Actual January 2010 data.