Exhibit No.:	
Issue:	Revenue Requirement
Witness:	Steven C. Carver
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Missouri Industrial Energy Consumers
Case No.:	ER-2011-0028
Date Testimony Prepared:	February 8, 2011

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company, d/b/a Ameren Missouri's Tariff to Increase Its Annual Revenues for Electric Service	**))))))**	**Case No. ER-2011-0028** Tariff No. YE-2011-0116

Direct Testimony and Schedules of

Steven C. Carver

Revenue Requirement

On behalf of

Missouri Industrial Energy Consumers

February 8, 2011

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In the Matter of Union Electric Company, d/b/a Ameren Missouri's Tariff to Increase Its Annual Revenues for Electric Service	)	**Case No. ER-2011-0028** Tariff No. YE-2011-0116

STATE OF MISSOURI)
) **SS**
COUNTY OF JACKSON)

Affidavit of Steven C. Carver

Steven C. Carver, being first duly sworn, on his oath states:

1. My name is Steven C. Carver. I am Vice President of Utilitech, Inc., having my principal place of business at PO Box 481934, Kansas City, Missouri 64148. 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 direct testimony and schedules which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2011-0028.

3. I hereby swear and affirm that the testimony and schedules are true and correct and that they show the matters and things that they purport to show.

Steven C. Carver

Subscribed and sworn to before me this 4th day of February 2011.

Kathleen Morgan
Notary Public

KATHLEEN MORGAN
Notary Public - Notary Seal
State of Missouri, Jackson County
Commission # 08417145
My Commission Expires May 21, 2012

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<u>Direct Testimony of Steven C. Carver</u>

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Direct Testimony of Steven C. Carver

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Steven C. Carver. My business address is PO Box 481934, Kansas City, Missouri 64148.

Q WHAT IS YOUR PRESENT OCCUPATION?

A I am a Principal in the firm Utilitech, Inc., which specializes in providing consulting services for clients who actively participate in the process surrounding the regulation of public utility companies. Our work includes the review of utility rate applications, as well as the performance of special investigations and analyses related to utility operations and ratemaking issues.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing on behalf of the Missouri Industrial Energy Consumers ("MIEC"). MIEC member companies are large consumers of electricity and are materially impacted by Ameren Missouri's rates.

Q PLEASE SUMMARIZE THE PURPOSE AND CONTENT OF YOUR TESTIMONY.

A Generally, my responsibilities in this docket encompass the review and evaluation of various elements of rate base and operating income included within Ameren Missouri's (hereinafter "Ameren Missouri" or "Company") overall revenue requirement. As a result, I address various adjustments to rate base and operating income, as identified on the earlier table of contents. The additional ratemaking adjustments proposed by MIEC, which I do not sponsor, are separately addressed in the direct testimony of MIEC witnesses Michael Brosch, Greg Meyer, Maurice Brubaker, and James Dauphinais. The calculation of the various MIEC adjustments are reflected in schedules attached to the direct testimony of each sponsoring witness.

Q HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION IN PROCEEDINGS THAT INVOLVED AMEREN MISSOURI?

A Yes. I have prepared and presented revenue requirement recommendations in several prior proceedings involving Ameren Missouri (aka Union Electric Company and AmerenUE), while either employed by this Commission or as a consultant retained by the State of Missouri. I have filed testimony in four of the Company's previous Missouri rate cases (Case Nos. ER-82-52, ER-83-163, ER-84-168/EO-85-17 and ER-2007-0002) dating back to 1982.

EDUCATION AND EXPERIENCE

Q WHAT IS YOUR EDUCATIONAL BACKGROUND?

A I graduated from State Fair Community College, where I received an Associate of Arts Degree with an emphasis in Accounting. I also graduated from Central Missouri

State University with a Bachelor of Science Degree in Business Administration, majoring in Accounting.

Q PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE IN THE FIELD OF UTILITY REGULATION.

A From 1977 to 1987, I was employed by the Missouri Public Service Commission ("MPSC") in various professional auditing positions associated with the regulation of public utilities. In April 1983, I was promoted by the Missouri Commissioners to the position of Chief Accountant and assumed overall management and policy responsibilities for the Accounting Department. I provided guidance and assistance in the technical development of Staff issues in major rate cases and coordinated the general audit and administrative activities of the Department.

I commenced employment with the firm in June 1987. During my employment with Utilitech, I have been associated with various regulatory projects on behalf of clients in the States of Arizona, California, Florida, Hawaii, Kansas, Illinois, Iowa, Indiana, Mississippi, Missouri, Nevada, New Mexico, New York, Oklahoma, Pennsylvania, Texas, Utah, Washington, West Virginia and Wyoming. I have conducted revenue requirement analyses and special studies involving various regulated industries (i.e., electric, gas, telephone, water and steam). Since joining the firm, I have occasionally appeared as an expert witness before the MPSC on behalf of various clients, including the Commission Staff and the Office of the Public Counsel. Additional information regarding my professional experience and qualifications is summarized in Appendix A.

EXECUTIVE SUMMARY

Q WHAT IS THE OVERALL REVENUE REQUIREMENT QUANTIFIED BY MIEC FOR THE COMPANY'S MISSOURI ELECTRIC RETAIL OPERATIONS?

A For purposes of this proceeding, MIEC has not assembled an overall revenue requirement recommendation for Ameren Missouri's electric operations. Instead, MIEC witnesses have calculated and individually sponsor adjustments to Ameren Missouri's calculated revenue requirement, and those adjustments support an overall reduction to the Company's rate filing, which are summarized by MIEC witness Brubaker. Based on a historical test year ended March 31, 2010, with a known and measurable true-up cut-off date of February 28, 2011,[1] Ameren Missouri has quantified an overall revenue deficiency of about $263.3 million, which it seeks to recover in this case in the form of increased electric rates.[2] Schedules supporting the quantification of each MIEC adjustment are attached to the sponsoring witnesses' direct testimony.

Q PLEASE DESCRIBE MIEC'S APPROACH TO QUANTIFYING THE ADJUSTMENTS TO REVENUE REQUIREMENT IN THIS PROCEEDING.

A MIEC's recommended adjustments employ Ameren Missouri's "prefiled" amounts for rate base, revenues and expenses as a starting point. Ameren's proposed amounts were then adjusted to reflect the impact of the various adjustments sponsored by each MIEC witness.

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[1] By order issued November 10, 2010, in the pending docket, the Commission adopted the test year and true-up periods as agreed to by the parties.

[2] See AmerenUE Schedule GSW-E16, appended to the Direct Testimony of Gary S. Weiss, dated September 3, 2010.

Q THE VARIOUS SCHEDULES ATTACHED TO THE SUPPLEMENTAL DIRECT TESTIMONY OF COMPANY WITNESS WEISS, WHICH SUPPORT THE OVERALL RATE INCREASE SOUGHT BY AMEREN MISSOURI, IDENTIFY A NUMBER OF ADJUSTMENTS TO BOTH RATE BASE AND OPERATING INCOME. IF THE COMPANY PROPOSED A SPECIFIC ADJUSTMENT THAT WAS NOT CONTESTED BY AN MIEC WITNESS, DOES THAT NECESSARILY MEAN THAT MIEC CONCURS WITH EACH SUCH ADJUSTMENT?

A No. During the course of a rate case proceeding, numerous adjustments and transactions may be reviewed as part of the process of evaluating a utility's overall revenue deficiency. While is it true that MIEC's direct testimony will address various areas of known disagreement with Ameren Missouri's prefiled position, the absence of an adjustment in a particular area or to a specific component of the utility's revenue requirement does not indicate concurrence, but rather an indication that MIEC chose not to address a particular cost element or offer an alternative position.

Q HOW WILL YOU IDENTIFY AND REFER TO THE INDIVIDUAL ACCOUNTING ADJUSTMENTS YOU SPONSOR?

A I will refer to each adjustment that I sponsor by reference to the schedule attached to my testimony supporting the calculation of that adjustment. For purposes of testimony presentation in this proceeding, I may use the words "schedule" and "adjustment" interchangeably when generally referring to an individual adjustment I sponsor on behalf of MIEC.

Q DO YOUR SCHEDULES PROVIDE CALCULATION DETAIL SUPPORTING EACH MIEC ADJUSTMENT YOU SPONSOR?

A Yes. The individual adjustment schedules that I sponsor provide support for the quantification of each adjustment, with footnote references to additional workpapers or other supporting documentation. Since virtually all information relied upon in developing these adjustments was supplied by Ameren Missouri in response to written discovery or obtained from the Company's exhibits or workpapers, these adjustment schedules will often refer to relevant data sources already in the Ameren Missouri's possession.

Q PLEASE IDENTIFY AND BRIEFLY DESCRIBE EACH OF THE MIEC ADJUSTMENTS THAT YOU SPONSOR.

A The following table identifies the various adjustments that I sponsor on behalf of MIEC:

Description	**Schedule Reference**	**Amount**	
Expiring Amortization Adjustment:			
Primary Recommendation	SCC-1	$(11.1) million	Expense
Alternative Recommendation	SCC-2	$ (6.4) million	Expense
Other Amortizations	SCC-3	$ (9.1) million	Expense
Severance Payroll Tax Adjustment	SCC-4	$ (0.3) million	Expense
Pension/OPEB Tracking Mechanism		n/a	
Other Miscellaneous Revenues		n/a	

Q PLEASE DESCRIBE HOW THE REMAINDER OF YOUR TESTIMONY IS ORGANIZED.

A The remainder of my testimony is arranged by topical section, following the index to my testimony. This index identifies the specific areas I address in testimony and references the testimony pages as well as any related adjustment or schedule number.

TEST YEAR

Q PLEASE BRIEFLY DESCRIBE THE TEST YEAR APPROACH USED IN THIS PROCEEDING.

A Paragraph 1 of the Order Adopting Procedural Schedule and Establishing Test Year ("Procedural Order"), issued by the Commission on November 10, 2010, specified that the "test year for this case is the twelve months ending March 31, 2010, trued-up as of February 28, 2011." In general terms, a test year used for determining actual and pro forma rate base, operating revenues, expenses and operating income is a relatively recent twelve month period (i.e., the year ending March 31, 2010) and adjusted for changes that are fixed, known and measurable for ratemaking purposes through a specified date (i.e., February 28, 2011) following the end of the test year. In addition, this Commission has typically recognized various end-of-period, annualization and normalization adjustments recognizing changes that occur during and subsequent to the test year in order to set rates on ongoing investment, revenue and cost levels.

Q HOW DOES THE APPROACH EMPLOYED BY MIEC IN QUANTIFYING ADJUSTMENTS TO TEST YEAR RATE BASE AND OPERATING INCOME COMPARE TO THE REQUIREMENTS OF THE COMMISSION'S PROCEDURAL ORDER?

A In quantifying its revenue requirement recommendation, the various ratemaking adjustments proposed by MIEC are consistent with the Commission's Procedural

Order and serve to enhance the balance of the various elements of the ratemaking process, resulting in improved consistency in applying the overall test year approach.

Q WHEN YOU REFER TO IMPROVING THE CONSISTENCY IN APPLYING THE COMMISSION'S TEST YEAR APPROACH, ARE YOU STATING THAT EACH ELEMENT OF THE RATEMAKING EQUATION IS OR SHOULD BE DEVELOPED IN AN IDENTICAL MANNER?

A No. In the ratemaking process, it is neither possible nor desirable to employ a stringent or mechanical method or approach to quantify each element of the ratemaking equation. Because the overall revenue requirement is comprised of various dissimilar elements, the technique employed to determine the ongoing level of revenues and expenses must be unique to the facts and circumstances underlying each element. Rather, it was my intent to indicate that the test year approach, as set forth in the Commission's Procedural Order, should be balanced and consistently applied to the various ratemaking elements, such that the resulting revenue requirement contains minimal quantification distortions.

Q WHY IS THE SELECTION AND BALANCED ADJUSTMENT OF A TEST YEAR IMPORTANT IN THE DETERMINATION OF JUST AND REASONABLE UTILITY RATES?

A The ratemaking equation commonly employed by this Commission, and other regulatory agencies, compares a required return on rate base to the investment return generated by adjusted test year operating results. If the return indicated by the adjusted operating results (i.e., adjusted test year operating income and rate base) is deficient, an increase in revenues is required to provide the utility an opportunity to earn a “reasonable” return on its investment. Conversely, an excessive return would support a reduction in utility revenues and rates.

For the ratemaking equation to function properly, the components comprising the equation (i.e., rate base, revenues, expenses and rate of return) must be reasonably representative of ongoing levels, internally consistent and comparable – within the context of test period parameters. To the extent that these components are not properly synchronized, a utility may not have the opportunity to earn its authorized return or, alternatively, may have the opportunity to earn in excess of the return authorized. By synchronizing or maintaining the comparability of revenues, expenses and investment, the integrity of the test year can be maintained with the reasonable expectation that the resulting rates will not significantly misstate the ongoing cost of providing utility service.

Consequently, it is critical that the ratemaking process properly synchronize only those known and measurable changes that occur during the test year or within a reasonable period subsequent thereto, rather than establish utility rates on inappropriate factors or inconsistent post-test year events. In this manner, regulators can best be assured that rates are reasonably based on ongoing cost levels.

Q PLEASE EXPLAIN THE CONCEPT OF FIXED, KNOWN AND MEASURABLE CHANGES, AS TYPICALLY USED IN THE RATEMAKING PROCESS.

A In general terms, the recognition of changes or adjustments to test year rate base and operating income should be consistently applied and limited to transactions or events that are fixed, known and measurable for ratemaking purposes. In my opinion, the following definition or explanation of the “fixed, known and measurable” concept, as commonly applied in utility ratemaking, is consistent with the Procedural Order:

Fixed, known and measurable changes – transactions or events that are:

(a) Fixed in time. A qualifying transaction or event must be "fixed" within the test year or within the specified period following the test year – or by February 28, 2011.

(b) Known to occur. The transaction or event must be "known" to exist, in contrast with possible, uncertain or speculative changes.

(c) Measurable in amount. The financial effect of the transaction or event can be "measured" or accurately quantified.

In this context, a transaction or event should be considered fixed, known and measurable only if it has been agreed to by contract or commitment, can be verified to have occurred within the specified time period, and can be quantified employing known data.

It is not uncommon for regulatory commissions to recognize or annualize transactions occurring within, or subsequent to, the historical test period for verifiable, yet balanced, changes that will impact a utility's future earnings. However, it is also true that parties often differ on whether offsetting factors have been appropriately considered and how far outside the test year it may be appropriate to reach for changes. In my opinion, the recognition of fixed, known and measurable changes must be reasonably balanced or matched with offsetting factors. Otherwise, a distorted view of the cost of service may lead to improper rate adjustments. A consistent matching of both price and quantity changes is necessary to achieve this balance, particularly when volume changes, during or subsequent to the test year, offset price level increases.

Q BASED ON YOUR REGULATORY EXPERIENCE, IS IT REASONABLE TO EXPECT THAT CHANGES OCCURRING SUBSEQUENT TO A RATE CASE TEST YEAR WILL AUTOMATICALLY PUT UPWARD PRESSURE ON THE COST OF PROVIDING UTILITY SERVICE?

A No. It may be anticipated that the passage of time may result in increasing expenses (and investments), during periods of even modest inflation. As a result, the recognition of various revenue/expense annualization and/or normalization adjustments might be expected to consistently yield higher revenue requirements. However, revenue trends, productivity gains and reductions in certain operating expenses may offset the presumption of a generally increasing cost of service. Favorable and unfavorable revenue requirement influences can offset one another for many years, explaining how many utilities have successfully avoided base rate increases for extended periods of time.

<u>All</u> components of the ratemaking equation change over time. It is only by consistently analyzing the major cost of service components that a determination can be made as to whether the overall revenue requirement has changed materially. The key issue is whether revenues are growing faster or slower than the overall costs necessary to support those revenues.

<u>EXPIRING AMORTIZATION ADJUSTMENT</u>

Q PLEASE DESCRIBE MIEC ADJUSTMENTS REPRESENTED BY SCHEDULES SCC-1 AND SCC-2.

A Ameren Missouri has proposed to include a full year of amortization expense for certain deferred or amortizable costs, even though the individual amortizations are scheduled to expire by the time new rates under this case are likely to become effective (on or about August 1, 2011), or within the first 12 months the rates resulting from this rate case will be in effect (i.e., the period extending through August 1, 2012). Since the rates resulting from the instant proceeding are reasonably expected to be in effect for at least one year and may remain in effect for more than one year, well beyond the scheduled expiration of the subject amortizations, the MIEC adjustment to normalize the expiring amortizations is presented under two scenarios.

First, MIEC's primary recommendation (Schedule SCC-1) assumes that Ameren Missouri will not continue its recent cycle of filing back to back rate cases. Instead, MIEC proposes to reschedule over a two-year period the unamortized balances, as of the effective date of the rates from this proceeding, of the amortizations scheduled to expire during the "initial rate effective period," as defined below. Second, MIEC has quantified an alternative adjustment (Schedule SCC-2) that would allow recovery over one year of the unamortized balances, as of the effective date of the rates established in this proceeding, of those amortizations currently scheduled to expire within the "initial rate effective period." This alternative recommendation assumes that Ameren Missouri will file its next rate case immediately upon receipt of the Commission's order in this rate case.

Q PLEASE EXPLAIN YOUR REFERENCE TO THE "INITIAL RATE EFFECTIVE PERIOD."

A As used in this context, the term "initial rate effective period" refers to the first twelve (12) months that the rates resulting from this rate case are in effect and billed to tariff customers. Assuming that the rates from this rate case become effective on August 1, 2011, the initial rate effective period would be August 2011 through July 2012.

Q WHAT AMORTIZATION PERIOD DID AMEREN MISSOURI USE FOR PURPOSES OF THE EXPIRING AMORTIZATIONS?

A Since none of these amortizations expired during the test year,[3] Ameren Missouri did not propose any modification to the amount of amortization expense recorded during the test year – regardless of whether an amortization is currently scheduled to expire by the time the rates resulting from this case are likely to become effective.[4]

Q WHY WAS A TWO-YEAR PERIOD SELECTED FOR PURPOSES OF RESCHEDULING THE EXPIRING AMORTIZATIONS UNDER MIEC'S PRIMARY RECOMMENDATION?

A In order to minimize potential over-recovery or under-recovery of amortizable costs, the prospective term of any soon-to-expire amortization should consider the expected interval between the current rate case and the "next" following rate case. One basis for evaluating the amortization term is to examine historical rate case intervals as a guide to the possible timing of the utility's "next" rate case. The following table shows the filing dates for the Company's four most recent Missouri electric rate cases and the time intervals between filings:

MPSC Case No.	Filing Date	Filing Interval (approx. months)
ER-2007-0002	July 7, 2006	
ER-2008-0318	April 4, 2008	21
ER-2010-0036	July 24, 2009	16
ER-2011-0028	September 3, 2010	13
	Average	17

3 See Schedule SCC-1, page 2, Column (E).

4 See the response of Ameren Missouri to Data Requests MIEC 1.46 and 1.47.

It is not uncommon for this assessment of the interval for that next following rate case to consider utility specific plans for the filing of that very "next" rate case. However, in the current proceeding, MIEC submitted two separate data requests in an attempt to determine when Ameren Missouri might be reasonably expected to file its next rate case. In response to part (c) of Data Request MIEC 1.45, Ameren Missouri stated that "[t]he decision as to when the Company might file its next rate case has not been made." Recognizing that Ameren Missouri may not have yet set a firm filing date for that next rate case, Data Request MIEC 13.16 was submitted in an effort to establish whether a more general time table for that next rate case might exist. By letter dated January 13, 2011, Company counsel submitted the following objection: "The Company objects to DR 13.16 to the extent it seeks information protected from disclosure by the attorney-client and work product privileges, and because the DR calls for speculation." In a subsequent response to Data Request 13.16, Ameren Missouri stated: "Subject to the Company's objection, I do not know and can't speculate about when the next electric rate case filing may occur."

Based on the Company's recent filing record (i.e., an average 17 month interval between rate filings), an assumed twelve month filing interval is too short. Since Ameren Missouri has been unable to provide any estimate of the plans for its next rate case, a two year interval was determined to be more reasonable or likely, based on the available information from the Company's last four rate filings.

Given the magnitude of the soon-to-expire amortizations Ameren Missouri proposes to include in test year expense (i.e., $15.7 million as set forth on attached Schedules SCC-1 and SCC-2), the Company's approach to <u>not</u> adjust test year amortization expense creates an increased over-collection risk to customers, if the filing interval for the next rate case were to exceed one year. The general objective for amortizing certain abnormal or unusual costs outside utility control is to provide a ratable mechanism for cost recovery. That objective is neither to deny recovery of reasonably incurred costs nor provide for a structural over-recovery of those costs. By extending the amortization period to two years, as proposed by the MIEC, Ameren Missouri will continue to recover a significant amount of amortization expense through rates on an annual basis,[5] while reducing the potential for over-recovery if the next rate case proceeds on a time interval longer than one year.

Q PLEASE EXPLAIN THE NATURE AND INTENT OF THIS TYPE OF AMORTIZATION "RESCHEDULING" ADJUSTMENT.

A Typically, non-capital costs (i.e., period costs) incurred by a regulated entity are chargeable directly to expense in the year incurred, unless cost deferral authorization is approved by a regulatory body having rate jurisdiction over the company's operations. Regulators occasionally allow regulated companies to defer and amortize a variety of one-time costs including such items as extraordinary storm damage costs, demand-side management costs, unusual or extraordinary maintenance costs, accounting transition costs, merger costs, etc. However, the authorization of such deferrals normally occurs in conjunction with determinations as to the aggregate amount to be amortized, the effective date of the commencement of the amortization and the specific time period over which such costs will be amortized.

Although such amortizations may commence with the effective date of a regulatory decision implementing a change in utility rates, the expiration of such regulatory amortizations rarely conform to the exact timing of a rate order in a subsequent rate case. Consequently, ratemaking adjustments may be required to

[5] According to attached Schedules SCC-1 and SCC-2, the soon-to-expire amortizations to be included in rates and recovered by Ameren Missouri would be $4.66 million per year for two years or $9.32 million for one year, respectively.

ensure that the specific costs authorized for deferral and amortization are not materially over-recovered or under-recovered from ratepayers. Amortization "rescheduling" adjustments focus on this timing differential and attempt to minimize inappropriate cost recovery attributable to the relative infrequency, or inexact timing, of rate filings and the resulting regulatory lag.

Q SHOULD ANY AMORTIZATIONS THAT HAVE EXPIRED BY THE TIME NEW RATES FROM THIS CASE ARE IMPLEMENTED BE COMPLETELY REMOVED FROM TEST YEAR EXPENSE?

A Yes. At the time the Commission authorized the amortization of each item, Ameren Missouri was essentially allowed to defer and amortize specific costs over a defined time interval. To the extent that the underlying amortizations have expired by the time the rates resulting from this case are implemented, the failure to remove such expired amortizations from test year expense would effectively allow continued recovery during the entire term that the rates resulting from this case are in effect. Rather than allow Ameren Missouri to structurally over-collect such costs from its tariff customers, MIEC recommends the removal of these costs from test year expense.

Because the Company filed the instant rate increase request in early September 2010, the effective date of the Commission's rate order can be expected no later than early August 2011. Absent some form of rate case adjustment to recognize the known, certain and measurable effect of the expiration of these amortizations,[6] Ameren Missouri would be guaranteed to commence over-recovering

[6] The amortizations that appear to be scheduled to expire before the rates from this case are likely to be implemented include: Missouri Merger Costs (June 2011), Y2K Costs (June 2011) and SO_2 Tracker Costs as of September 2008 (February 2011). See Schedule SCC-1, page 2, Column (E).

these costs immediately upon the issuance of a Commission order in the pending proceeding. Such an over-recovery of those costs would clearly be an unintended result of past regulatory actions to allow recovery of one-time costs through two-year and four-year amortization periods.

Q FOR THOSE AMORTIZATIONS SCHEDULED TO EXPIRE BEFORE AUGUST 2011, AND IN THE ABSENCE OF MIEC'S PROPOSED AMORTIZATION ADJUSTMENT, WHAT WOULD BE THE AMOUNT OF THE OVER-RECOVERY DURING THE FIRST YEAR AFTER NEW RATES ARE SET IN THIS CASE?

A Assuming the Commission were to adopt Ameren Missouri's proposed amortization of Missouri Merger Costs, Y2K Costs and SO_2 Tracker Costs (as of September 2008) and recognizing that the Company should cease recording the amortization of these items before these rates become effective, Ameren Missouri would structurally over-collect about $4.84 million during the first year after new rates are set in this case, as shown by the following table:

	Annual Amortization
Missouri Merger Costs	$ .416 million
Y2K Costs	.157 million
SO_2 Tracker Costs (as of September 2008)	4.267 million
Subtotal	$4.840 million
Less: Remaining Amortization (as of August 1, 2011)	0.000 million
Structural Over-Collection in First Rate Year	$4.840 million

Absent the amortization rescheduling adjustment proposed by MIEC, Ameren Missouri would also theoretically over-recover an additional $6.217 million of other amortizations scheduled to expire during the first year after new rates from this case are likely to become effective.[7]

Q FOR THOSE AMORTIZATIONS SCHEDULED TO EXPIRE ON OR AFTER AUGUST 1, 2011, DOES MIEC PROPOSE TO REMOVE THE AMOUNT OF THE ANNUAL AMORTIZATION FROM TEST YEAR EXPENSE?

A No. Because there will be an unamortized balance for certain amortizable items at the likely effective date of new rates resulting from this rate case, the amortization of those balances would be rescheduled over the period the new rates are expected to be in effect, which is two years under MIEC's primary recommendation. The concept underlying amortization "rescheduling" adjustments considers four basic questions:

1. What is the amount of the unamortized deferral as of the end of the test year?
2. What is the amount of the unamortized deferral as of the expected date of the rate order in the pending rate case?
3. When is the terminal, or completion, date of the currently authorized amortization?
4. What is the expected duration, or life, of the new rates to be authorized by the Commission in the pending rate case?

With this information, it is possible to determine whether any unamortized balance is material to Ameren Missouri's overall operations. If so, the remaining period of the original amortization can be compared to the expected life of any new rates to assess whether it is necessary to "reschedule," or modify, the period over which any material unamortized balance should be amortized for ratemaking purposes.

[7] The $6.217 million of other amortizations represents the difference between the total amortization rescheduling adjustment of $11.057 million (see attached Schedule SCC-1) less $4.84 million associated with the amortizations expiring before August 1, 2011.

When the remaining period of the current amortization is substantially equal to the expected duration of new rates, a separate "rescheduling" adjustment would not be necessary, because the Company should recover sufficient revenues related to the amortization expense over the entire period the new rates are expected to remain in effect. However, if the remaining period of amortization is significantly shorter than the expected "life" of the new rates or expires before the new rates are implemented, the failure to adjust the amortization for ratemaking purposes would result in the continuation of the related revenue stream (i.e., from ratepayers to the utility) well beyond the expiration of the book amortization expense. This situation would cause a structural over-collection of the deferred amount originally approved for amortization treatment. In my opinion, such an over-collection would improperly default into operating income to the benefit of Ameren Missouri and its shareholders until rates were subsequently revisited.

Q EARLIER, YOU INDICATED THAT YOU DID NOT BELIEVE THAT THE COMMISSION INTENDED FOR AMEREN MISSOURI TO OVER-RECOVER THESE DEFERRED AMOUNTS. WHAT IS THE BASIS FOR YOUR OPINION?

A When regulators authorize the deferral and amortization of one-time costs for ratemaking purposes, it has been my experience that the regulators expect that the specified costs will be recovered from ratepayers – no more and no less. At the time the amortization is established, the understanding is that the amortization and recovery of the amount deferred will commence and terminate at specified points in time. Unfortunately, if rates are not automatically reduced when the amortization expires, or the amortization is not "rescheduled" to better synchronize the period of amortization with expected rate changes, a structural over-collection will be introduced into the ratemaking process. Absent detailed accounting or other mechanisms to address this disconnect between the amortization expiration and rate change dates, ratepayers would over-compensate the Company for the specified costs originally intended for recovery.

Q DO YOU BELIEVE THAT THE EXPIRATION OF CERTAIN AMORTIZATIONS IN 2011 AND 2012 REPRESENT KNOWN AND MEASURABLE CHANGES THAT SHOULD BE RECOGNIZED IN THE CURRENT PROCEEDING SO THAT COST OF SERVICE IS REPRESENTATIVE OF ONGOING COST LEVELS?

A Yes. When the regulatory process allowed these deferrals and amortizations, the "dates" that the amortizations would start and stop were known with certainty, just as they are today. In each rate case, it is not necessary to explicitly address or consider the ratemaking implications of the expiration of each and every amortization, because many of the amortizations are ongoing. However, each rate case may include unique amortizations that are scheduled to expire prior to or shortly subsequent to the effective date of the Commission's rate order. It is these amortizations that are the subject of Schedules SCC-1 and SCC-2.

Q WHEN IS THE COMMISSION EXPECTED TO ISSUE THE FINAL ORDER IN THIS PROCEEDING?

A According to Section 393.150 RSMo, the Commission must issue a rate order within eleven months after the utility files its rate increase request, or the rate request is final as proposed. Since Ameren Missouri filed the testimony and exhibits supporting its requested rate increase on September 3, 2010, the suspension period should lapse in early August 2011, resulting in a final order authorizing the implementation of new rate schedules in late July 2011.

Q DO YOU BELIEVE THAT THE SCHEDULED EXPIRATION OF THESE AMORTIZATIONS REPRESENT OUT-OF-PERIOD TRANSACTIONS OR VIOLATE THE FEBRUARY 28, 2011, TRUE-UP PROVISION SPECIFIED IN THE COMMISSION'S PROCEDURAL ORDER?

A No. Certainly, the terminal date of certain amortizations does occur subsequent to February 28, 2011. However, the "transactions" that gave rise to these amortizations actually occurred a number of years ago. The issue that should be addressed is whether Ameren Missouri should be allowed to over-recover the deferred costs through future rates at ratepayer expense. In my opinion, such action would be inappropriate.

Q DID AMEREN MISSOURI RECOGNIZE AN ADJUSTMENT TO REMOVE THESE AMORTIZATIONS FROM TEST YEAR EXPENSE?

A No.[8]

Q PLEASE PROVIDE A BRIEF DESCRIPTION OF EACH AMORTIZATION ITEM SET FORTH ON SCHEDULES SCC-1 AND SCC-2 THAT IS SUBJECT TO MIEC'S PROPOSED RESCHEDULING ADJUSTMENT.

A The following amortizations are either eliminated entirely or rescheduled, depending on whether the amortization is currently scheduled to terminate before August 2011:

- <u>Missouri Merger Costs Readjusted</u>: Costs (approximately $34.4 million) were initially deferred as a regulatory asset resulting from the merger of the Union Electric Company and Central Illinois Power Company, creating Ameren Corporation. This regulatory asset was initially amortized over a ten-year period, beginning January 1998 and ending December 2007 (Case No. EM-96-149).[9] In Case No. ER-2007-0002, the original amortization was extended through June

[8] See Company responses to Data Requests MIEC 1.46 and 1.47.

[9] Company responses to Data Requests AG/UTI-108 and AG/UTI-145 (Case No. ER-2007-0002).

2011.[10] As shown on Ameren Missouri Schedule GSW-E12-1, the Company has proposed to include a full year of the revised amortization of $416,000 in test year expense. As set forth on Schedules SCC-1 (line 2) and SCC-2 (line 2), MIEC recommends that the amortization, which expires in June 2011 (see Ameren Missouri's response to Data Request MIEC 1.46), be removed from test year expense.

- Y2K Costs Readjusted: With the approach of January 1, 2000, significant national concerns focused on the readiness of embedded software programs to successfully recognize dates subsequent to calendar year 1999. In order to ensure the integrity of computer systems and processes, companies incurred significant costs to review, re-write and modify installed software to accommodate the transition into the Year 2000. Ameren Missouri's Y2K costs were originally amortized over a six-year period, beginning April 2002 and ending March 2008 (Case No. EC-2002-01).[11] In Case No. ER-2007-0002, the original amortization was extended through June 2011.[12] Referring to Ameren Missouri's Schedule GSW-E12-1, the Company has proposed to include a full year of the revised amortization of $157,000 in test year expense. As set forth on Schedules SCC-1 (line 3) and SCC-2 (line 3), MIEC recommends that the amortization, which expires in June 2011 (see Ameren Missouri's response to Data Request MIEC 1.46), be removed from test year expense.

- RSG-Readjust: In Case No. ER-2008-0318, the Company was allowed to amortize over a two-year period (beginning March 2009) certain costs ($12,238,670) assessed by the Regional Transmission Organization ("MISO") for prior years. Pursuant to a recommendation of the MPSC Staff in Case No. ER-2010-0318, the amortization period was extended for two years (July 2010 through June 2012).[13] Because Ameren Missouri filed the pending rate case shortly after the Commission issued its decision in Case No. ER-2010-0036, Ameren Missouri quantified an adjustment reducing the amount of the test year amortization of this item from about $6,119,000 to a full year of the revised amortization of $2,040,000 (see Company's Schedule GSW-E12-1). Since the unamortized RSG balance at August 1, 2011,[14] of $1,870,000 will be less than the annual amortization, this unamortized balance should either again be extended for two years (see Schedule SCC-1, line 4) or limited to $1,870,000 (see Schedule SCC-2, line 4), depending on whether MIEC's primary or alternative recommendation is adopted.

[10] As indicated by the responses to MIEC 10-10 and 10-11, the extension of the Merger Cost amortization to June 2011 was proposed by Steven Carver as a witness for the Attorney General.

[11] Company response to Data Request AG/UTI-108 (Case No. ER-2007-0002).

[12] As indicated by the responses to MIEC 10-10 and 10-11, the extension of the Y2K cost amortization to June 2011 was proposed by Steven Carver as a witness for the Attorney General.

[13] See Company's response to MIEC 1.46.

[14] August 1, 2011, is the assumed or approximate date that the rates resulting from this pending rate case will become effective.

- <u>2006 Storm Amortization</u>: In Case No. ER-2007-0002 (see Ameren Missouri's response to Data Request MIEC 1.46), the Company was allowed to amortize over a five-year period (July 2007 through June 2012) $4,000,000 of storm-related costs. Since the unamortized balance of the 2006 Storm cost deferral at August 1, 2011, of about $733,000 will be less than the $800,000 annual amortization, this unamortized balance should either again be extended for two years (see Schedule SCC-1, line 5) or limited to $733,000 (see Schedule SCC-2, line 5), depending on whether MIEC's primary or alternative recommendation is adopted.

- <u>Vegetation 01/2008-09/2008</u>: In Case No. ER-2008-0318 (see Ameren Missouri's response to Data Request MIEC 1.46), the Company was allowed to amortize over a three-year period (March 2009 through February 2012) $5,850,000 of vegetation-related costs. Since the unamortized balance of this vegetation cost deferral at August 1, 2011, of about $1,138,000 will be less than the $1,950,000 annual amortization, this unamortized balance should either again be extended for two years (see Schedule SCC-1, line 6) or limited to $1,138,000 (see Schedule SCC-2, line 6), depending on whether MIEC's primary or alternative recommendation is adopted.

- <u>Low Income Assistance Surcharge (Pilot)</u>: In Case No. ER-2010-0036 (see Ameren Missouri's response to Data Request MIEC 1.46), the Company was allowed to amortize over a two-year period (July 2010 through June 2012) $1,162,000 of costs related to the Low Income Assistance pilot program. Since the unamortized balance of this cost deferral at August 1, 2011, of about $533,000 will be less than the $581,000 annual amortization, this unamortized balance should either again be extended for two years (see Schedule SCC-1, line 7) or limited to $533,000 (see Schedule SCC-2, line 7), depending on whether MIEC's primary or alternative recommendation is adopted.

- <u>SO_2 Tracker as of January 2010</u>: In Case No. ER-2010-0036 (see Ameren Missouri's response to Data Request MIEC 1.47), the Company was allowed to amortize over a two-year period (July 2010 through June 2012) $11,012,037 of costs related to an SO_2 tracker balance at January 31, 2010. Even though this amortization commenced in July 2010, the unamortized balance of this cost deferral at August 1, 2011, of about $5,047,000 will be less than the $5,506,000 annual amortization Ameren Missouri proposes to include in test year expense.[15] This unamortized balance should either be extended for two years (see Schedule SCC-1, line 10) or limited to $5,047,000 (see Schedule SCC-2, line 10), depending on whether MIEC's primary or alternative recommendation is adopted.

- <u>SO_2 Tracker as of September 2008</u>: In Case No. ER-2008-0318 (see Ameren Missouri's response to Data Request MIEC 1.47), the Company was allowed to amortize over a two-year period (March 2009 through February 2011) $8,534,159 of costs related to an SO_2 tracker balance at September 2008. Since this

[15] See the Direct Testimony of Company witness Weiss, page 21.

amortization was scheduled to terminate in February 2011,[16] MIEC recommends that the expiring amortization be removed from test year expense, as set forth on Schedules SCC-1 (line 11) and SCC-2 (line 11).

Q DO YOU HAVE ANY FINAL COMMENTS ON MIEC'S PROPOSED AMORTIZATION RESCHEDULING ADJUSTMENTS?

A Yes. As indicated previously, it is not MIEC's intent to either deny Ameren Missouri an opportunity to recover these deferred costs or allow the Company to over-recover these costs. Because of the frequency with which Ameren Missouri has chosen to file electric rate cases in recent years, it may appear that the proposed adjustment to amortization expense is either overly complicated or unnecessarily detailed. In my opinion, a regulatory commitment to allow recovery of defined costs is just that – a commitment allowing the utility to recover those costs. Schedule SCC-1 quantifies an $11 million reduction to test year expense that removes terminating amortizations or reschedules other amortizations that will terminate in the near future, assuming Ameren Missouri files its next rate case two years from the filing of the pending rate case. Alternatively, if Ameren Missouri is expected to file that next rate case almost immediately upon issuance of the Commission's final order in the pending rate case, Schedule SCC-2 quantifies a $6.4 million reduction to test year expense. In the absence of either adjustment, the Company would be allowed to improperly over-recover millions of dollars at ratepayer expense.

[16] Additional discovery was submitted (Data Request MIEC 25.3) to clarify the actual amortization recorded by Ameren Missouri.

OTHER AMORTIZATIONS

Q PLEASE IDENTIFY THE MIEC ADJUSTMENT ON SCHEDULE SCC-3.

A In direct testimony, MIEC witness Brubaker addresses the proposed recovery of the cost of certain energy efficiency measures and solar rebate expenditures over a ten (10) year period. I sponsor Schedule SCC-3, which quantifies the adjustment to Ameren Missouri's proposed test year amortization expense to implement these MIEC recommendations.

Q PLEASE PROVIDE A BRIEF EXPLANATION OF THE ENERGY EFFICIENCY COMPONENT OF SCHEDULE SCC-3.

A Ameren Missouri witness William R. Davis proposes to amortize certain demand side management ("DSM") costs to implement energy efficiency programs and services over a three (3) year period.[17] Mr. Brubaker discusses supply-side energy efficiency measures, recommends no change to the amortization of existing regulatory assets associated with demand-side resources, and proposes that the current layer of energy efficiency deferrals since the last rate case be amortized over ten (10) years – the average life of the related demand-side measures.

Referring to Schedule SCC-3, line 4, Ameren Missouri's estimate of the new layer of energy efficiency costs at February 2011 is $36,237,312, which the Company proposes to amortize over a three-year period, or $12,079,104 per year.[18] Schedule SCC-3 quantifies the MIEC's recommended adjustment to reflect a ten-year

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[17] Direct Testimony of Ameren Missouri witness Davis, page 3.

[18] See Company Schedules GSW-E12-1 and GSW-E12-2 (Adjustment 9), and GSW-WP-E175, GSW-WP-E477 and GSW-WP-E478.

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amortization period, reducing the annual amortization of this item to $3,623,731 – a decrease of $8,455,373.

Q PLEASE EXPLAIN THE AMORTIZATION OF SOLAR REBATES ON SCHEDULE SCC-3.

A Ameren Missouri witness Weiss estimates that, by the February 28, 2011 true-up date in this proceeding, the Company will have paid $690,000 in solar rebates pursuant to Missouri's Renewable Energy Requirements ("RES").[19] Mr. Weiss proposes to amortize these expenditures over a one-year period.[20] MIEC witness Brubaker recommends that the solar rebate costs should instead be amortized over a ten-year period. Schedule SCC-3, line 7, reflects MIEC's amortization proposal.

Q DO YOU HAVE ANY ADDITIONAL RECOMMENDATIONS REGARDING THESE ENERGY EFFICIENCY AND SOLAR REBATE AMORTIZATIONS?

A As indicated previously, these amortization adjustments for the new layer of energy efficiency costs and the amount of solar rebate expenditures are based on estimates at February 28, 2011. Schedule SCC-3 should be revised at the time of the true-up to reflect actual amounts as of that date.

SEVERANCE PAYROLL TAX ADJUSTMENT

Q PLEASE DESCRIBE SCHEDULE SCC-4.

A Ameren Missouri O&M Adjustment #5 is a labor only adjustment that decreases expense to remove the Voluntary Separation Election ("VSE") and the Involuntary

[19] Direct Testimony of Ameren Missouri witness Weiss, page 28.

[20] See Company Schedules GSW-E12-1 and GSW-E12-2 (Adjustment 14) and GSW-WP-E484.

Separation Program ("ISP") from the test year.[21] As indicated in the responses to Data Request MIEC 10.18 and part (c) of MIEC 4.14, Ameren Missouri O&M Adjustment #5 only adjusted labor costs and the failure to remove the related payroll taxes "was just an oversight." Schedule SCC-4 represents a placeholder adjustment to reflect an estimated reduction to payroll tax expense related to the severance labor adjustment.

Q WHY DID YOU REFER TO SCHEDULE SCC-4 AS A "PLACEHOLDER" ADJUSTMENT?

A As shown on Schedule SCC-4, the payroll tax adjustment was quantified by multiplying the amount of the Company's labor adjustment by the combined payroll tax rate of 7.65% (i.e., 6.20% FICA plus 1.45% Medicare). This calculation basically assumes that the total compensation for each employee included in Ameren Missouri's VSE/ISP labor adjustment would have been fully taxable at 7.65% and would not have exceeded the $106,800 FICA taxable limit in calendar year 2009. Data Request MIEC 25.2 was submitted shortly before this testimony was finalized in order to further refine the calculation of the adjustment to payroll tax expense.

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[21] Direct Testimony of Ameren Missouri witness Weiss, page 20.

PENSION AND OPEB TRACKING MECHANISM

Q HAVE YOU REVIEWED THE DIRECT TESTIMONY OF COMPANY WITNESS RANDALL K. LYNN CONCERNING THE PROPOSED REFINEMENT OF THE PENSION AND OPEB TRACKING MECHANISM?

A Yes. Ameren Missouri proposes to "refine" the pension and OPEB tracking mechanism in the event funding regulations result in required pension contributions in excess of pension costs pursuant to FAS87.[22] At pages 4 and 5, Mr. Lynn summarizes the proposed changes to the tracking mechanism, as follows:

- Ensure that the amount collected in the rates for pension and OPEB, based on the ASC 715 costs recognized by the Company for financial reporting purposes, will be funded to the trusts; and
- Ensure that all amounts contributed by the Company to the pension and VEBA trusts are recoverable in rates.

The reference to "OPEB" relates to Other Post-Employment Benefits or "FAS106" costs.[23]

Q ARE YOU GENERALLY FAMILIAR WITH THE RATE CASE ISSUES THAT PRECEDED THE INTRODUCTION OF PENSION AND OPEB TRACKING MECHANISMS?

A Yes. For a number of years, there has been a general disconnect between the pension (and OPEB) costs included in setting utility rates <u>from</u> the pension (and OPEB) costs a utility records and reports for financial statement disclosure purposes

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[22] "FAS87" refers to Statement of Financial Accounting Standards 87, now known as American Standards Codification 715 ("ASC 715"). FAS87 will be used as the reference for testimony purposes.

[23] "FAS106" refers to Statement of Financial Accounting Standards 106, now known as American Standards Codification 715 ("ASC 715"). OPEB or FAS106 will be used as the reference for testimony purposes.

from the utility's actual contributions to its external pension (and OPEB) trust fund. While each of these elements may (or may not) be synchronized during a particular utility rate case, the significant volatility in the amount of pension (and OPEB) costs arising between utility rate cases has often resulted in the presentation of challenging ratemaking and cost recovery issues in utility rate cases. However, the pension and OPEB tracking mechanism previously approved by this Commission has substantially mitigated those issues.

Some jurisdictions have committed significant resources to evaluate, adjust and modify various assumptions (e.g., discount rate, assumed return on plan assets, amortization of gains and losses, etc.) included in the actuarial studies used to determine annual costs recorded by the utility and recognized in operating expense. Regulators in other jurisdictions have also expended significant resources evaluating the reasonableness of utility claims that a pension (or OPEB) asset or liability should (or should not) be recognized in rate base.

Over the years, I have sponsored testimony in various jurisdictions addressing utility requests to include a prepaid pension asset in rate base and introduced a pension/OPEB tracking mechanism that has been adopted by the Public Utility Commission of the State of Hawaii.

Q IS MIEC OPPOSING AMEREN MISSOURI'S PROPOSED MODIFICATIONS TO THE PENSION/OPEB TRACKING MECHANISM?

A No. MIEC is not opposing Ameren Missouri's proposal to "refine" the tracking mechanism. However, there are two recommended safeguards the Commission should implement to counterbalance the Company's desire for full cost recovery with the potentially burdensome costs that these revisions could impose on ratepayers. First, all tracker deferrals associated with minimum contributions in excess of accrual basis costs pursuant to FAS87 and FAS106 should be subject to subsequent review and potential adjustment in the next following rate case. Rather than pre-approve cost recovery of yet undefined and unknown costs (i.e., significant increase in minimum funding requirements), the Commission should clearly reserve or provide an opportunity allowing for additional review, evaluation and potential adjustment of any additional contributions before pre-approving recovery of unknown costs from ratepayers.

Second, any minimum contribution in excess of FAS87/FAS106 accrual basis cost should be considered an advance funding contribution. In general terms, the tracking mechanism requires Ameren Missouri to make fund contributions in an amount equal to FAS87/FAS106 accrual basis costs. So, any required minimum contributions in excess of such accrual basis amounts should be considered an advance funding of the Company's future contribution obligations under the tracking mechanism. When future minimum contribution requirements drop below FAS87/FAS106 accrual basis costs, Ameren Missouri should be temporarily relieved of the accrual cost contribution requirements under the tracking mechanism until the previously advanced contributions are, in effect, recaptured or rebalanced with cumulative accrual basis costs.

Q DOES AMEREN MISSOURI AGREE WITH YOUR RECOMMENDATION?

A Yes. In response to part (b) of Data Request MIEC 10.15, Ameren Missouri stated that it "does not oppose requiring excess funding be offset against future funding requirements."

Q WHY DO YOU BELIEVE THAT AMEREN MISSOURI'S PROPOSED CHANGES TO THE TRACKING MECHANISM COULD RESULT IN THE RECOVERY OF COSTS THAT COULD BE BURDENSOME FOR RATEPAYERS?

A Data Request MIEC 1.57 sought any scenarios or examples illustrating how the proposed changes to the pension and OPEB tracking mechanisms could impact the Company's accounting for and cost recovery of pension and OPEB costs from ratepayers. In response, Ameren Missouri stated:

> No scenarios have been created. The proposed change in the tracker only clarifies how a contribution in excess of expense necessary to avoid the imposition of benefit restrictions would be treated. Under the current baseline forecast of pension expense and contributions presented in Exhibit (sic) 1.53, no such contribution is expected. Thus, the impact of a potential change in the tracker was not illustrated.

The attachment to the response to Data Request MIEC 1.53 (i.e., not Exhibit 1.53) provides information, as summarized in the following tables, comparing qualified pension expense and contributions for Ameren Missouri and Ameren Services:[24]

Ameren Missouri (Millions)

Year	Expense	Contributions	Advance Contribution	Cumulative Advance Contribution
2010	$ 34.3	$ 33.8	$ (0.5)	$ (0.5)
2011	58.0	58.0	0.0	(0.5)
2012	60.9	108.0	47.1	46.6
2013	57.9	116.3	58.4	105.0
2014	56.2	105.9	49.7	154.7
2015	48.6	97.3	48.7	203.4
	$315.9	$519.3	$203.4	

[24] Subpart (b)(ii) of MIEC 1.53 requested, in part, minimum, maximum tax deductible and required contributions under the Pension Protection Act. In response, the Company only provided one contribution amount which was assumed to represent the minimum required contribution for purposes of the following illustration.

Ameren Services (Millions)				
Year	Expense	Contributions	Advance Contribution	Cumulative Advance Contribution
2010	$ 14.3	$ 14.1	$(0.2)	$(0.2)
2011	24.4	24.4	0.0	(0.2)
2012	25.6	45.3	19.7	19.5
2013	24.2	48.7	24.5	44.0
2014	23.6	44.4	20.8	64.8
2015	20.4	40.8	20.4	85.2
	$132.5	$217.7	$85.2	

Note: AMS amounts before Allocation.

Although the response to Data Request MIEC 1.57 quoted above indicates that "no such contribution is expected," the difference between the forecast of annual FAS87 pension costs and fund contributions could become sufficiently large (i.e., $203.4 million for Ameren Missouri and $85.2 million for Ameren Services) that the Company may seek to recover the substantial differential from ratepayers (i.e., five-year amortization and rate base inclusion of the advance funding).

Q IN THE EVENT THAT THESE ADDITIONAL PENSION CONTRIBUTIONS ARE RECOVERED THROUGH THE TRACKING MECHANISM, HOW WOULD TREATMENT OF THESE AMOUNTS AS ADVANCE CONTRIBUTIONS RELIEVE THE BURDEN ON RATEPAYERS?

A Using the cumulative additional contribution from the Ameren Missouri table above and assuming the "next" rate case was in 2015, the Company would have theoretically recorded a new pension regulatory asset of $203.4 million. Absent advance funding treatment, Ameren Missouri's refinement to the pension tracking mechanism would include this regulatory asset in rate base and amortize the $203.4

million over five years, or about $40.7 million per year. With advance funding treatment, once minimum contributions drop below FAS87 accrual basis cost, Ameren Missouri would be temporarily relieved of the requirement to fund FAS87 costs (i.e., instead being subjected to minimum funding requirements only) and would commence recording a regulatory liability[25] to offset the unamortized portion of the $203.4 million regulatory asset until such time as a combination of the amortization and the reduced contribution drive the regulatory asset to zero.

Obviously, this is not an immediate turn-around scenario, but it would provide some relief to ratepayers from potentially significant costs resulting from the tracking mechanism.

Q DO YOU HAVE ANY ADDITIONAL PENSION AND OPEB COMMENTS REGARDING AMEREN MISSOURI'S CALCULATION OF RELATED TRACKER AMORTIZATIONS, RATE BASE VALUES OR THE TEST YEAR REBASE ADJUSTMENT?

A As indicated at pages 14 and 24 of the direct testimony of Company witness Weiss and in the responses to Data Requests MIEC 13.11 through 13.14, various components of the pension and OPEB tracker amounts from February 1, 2010 through the February 28, 2011 true-up were based on estimates and assumptions (e.g., estimates of the "recorded" pension and OPEB costs during that period, actuarial estimates of pro forma pension and OPEB costs, estimated allocation factors, etc.). These component estimates are subject to the February 28, 2011,

[25] The regulatory liability would represent the excess of actual FAS87 costs over the minimum funding requirement.

true-up and should be revised at that time, once actual amounts and allocation factors are finalized and available for review.[26]

In addition, Ameren Missouri O&M Adjustment #26 reduces O&M expense by $(15,609,866) to rebase the pension and OPEB tracker to reflect annualized 2010 pension and OPEB expense.[27] The calculation of this Company adjustment, shown on workpaper GSW-WP-E439, may also require modification at the time of the true-up to incorporate any necessary revisions to the actuarial estimates or allocation factors. However, there are two changes to the Company's calculation of O&M Adjustment #26 that should be addressed at the time of the true-up. First, Ameren Missouri appears to be requesting an expansion of the pension tracker to include non-qualified pension costs. I am unaware of any prior regulatory commitment, support or agreement to track non-qualified pension costs.

Second, Ameren Missouri appears to quantify its rebase adjustment by comparing the annualized 2010 pension and OPEB expense to the amount of pension and OPEB expense previously allowed in rates in the last rate case. This adjustment should be revised to compare the 2010 annualized pension and OPEB expense to the amount of pension and OPEB expense recorded during the test year, not to the amounts allowed in the last rate case.

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[26] The net pension and OPEB regulatory asset/liability balance of $(43,514,000) included in rate base is summarized on Ameren Missouri Schedule GSW-E9. The calculations supporting the Company's estimated pension and OPEB tracker balances at February 28, 2011, are set forth on workpapers GSW-WP-E441 and GSW-WP-E442. The related net pension and OPEB tracker amortization of $(5,216,979), comprising Ameren Missouri O&M Adjustment #27, is set forth on Company workpaper GSW-WP-E440. Each of these workpapers, adjustments and schedules are subject to revision as part of the true-up process.

[27] See the Direct Testimony of Company witness Weiss, page 24.

Q HAVE YOU RECALCULATED AMEREN MISSOURI O&M ADJUSTMENT #26 TO REFLECT THESE CHANGES?

A No. At the present time, it is unclear whether any further revisions to the actuarial estimates or allocation factors will be necessary. While it appears that the Company has provided the amounts of pension and OPEB expense recorded during the test year in response to Data Request MIEC 13.15, this Ameren Missouri response also states that the calculations presented in workpaper GSW-WP-E439 are subject to true-up. Consequently, it is my intent to review the revised calculations as part of the true-up process and to incorporate these two additional changes, as necessary.

<u>OTHER MISCELLANEOUS REVENUES</u>

Q HAS THE MIEC QUANTIFIED OR PROPOSED ANY ADJUSTMENTS TO OTHER MISCELLANEOUS REVENUES AT THIS TIME?

A No. In this context, Other Miscellaneous Revenues encompass FERC Accounts 450, 451, 454 and 456, excluding any vegetation management or transmission-related revenues recorded in Account 456.

Q DO YOU ANTICIPATE THAT THE MIEC WILL PROPOSE ANY ADJUSTMENTS TO OTHER MISCELLANEOUS REVENUES?

A I do not know, at this time. Data Request MIEC 10.1 was submitted on January 3, 2011, seeking a breakdown of miscellaneous revenues by month for the period January 2009 through the most recent month available. In addition, MIEC 10.1 sought an explanation of monthly revenue variances that exceeded specified ranges.[28] On January 26, 2011, we were notified that Ameren Missouri had posted the response to Data Request MIEC 10.1 on its Caseworks Extranet website. However, Ameren Missouri's response contained the requested monthly revenue breakdown, but only through September 2010, and declined to provide any variance explanation stating: "This type of variance analysis is not performed in normal operations." As a result, additional discovery questions were submitted to obtain revenue data for October through December 2010 and to follow up specific monthly revenue variances.[29]

At this time, MIEC respectfully reserves the right to submit supplemental direct testimony once these outstanding responses are received, analyzed and any follow-up questions are resolved.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes.

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[28] For FERC Accounts 450, 451 and 454, explanations were sought for monthly revenue variances greater than 10% for each subaccount with annual revenues exceeding $500,000. For FERC Account 456, similar explanations were sought for variances greater than 25% for each subaccount with annual revenues exceeding $700,000.

[29] Data Requests MIEC 22.1 through 22.5 were submitted on January 28, 2011, and remain outstanding at the time this testimony was finalized.

Appendix A

Qualifications of Steven C. Carver

Education and Experience

I graduated from State Fair Community College where I received an Associate of Arts Degree with an emphasis in Accounting. I also graduated from Central Missouri State University with a Bachelor of Science Degree in Business Administration, majoring in Accounting. Subsequent to the completion of formal education, my entire professional career has been dedicated to public utility investigations, regulatory analysis and consulting.

From 1977 to 1987, I was employed by the Missouri Public Service Commission in various professional auditing positions associated with the regulation of public utilities. In that capacity, I participated in and supervised various accounting compliance and rate case audits (including earnings reviews) of electric, gas and telephone utility companies and was responsible for the submission of expert testimony as a Staff witness.

In October 1979, I was promoted to the position of Accounting Manager of the Kansas City Office of the Commission Staff and assumed supervisory responsibilities for a staff of regulatory auditors, directing numerous rate case audits of large electric, gas and telephone utility companies operating in the State of Missouri. In April 1983, I was promoted by the Commission to the position of Chief Accountant and assumed overall management and policy responsibilities for the Accounting Department, providing guidance and assistance in the technical development of Staff issues in major rate cases and coordinating the general audit and administrative activities of the Department.

During 1986-1987, I was actively involved in a docket established by the Missouri Public Service Commission to investigate the revenue requirement impact of the Tax Reform Act of 1986 on Missouri utilities. In 1986, I prepared the comments of the Missouri Public Service

Commission respecting the Proposed Amendment to FAS Statement No. 71 (relating to phase-in plans, plant abandonments, plant cost disallowances, etc.) as well as the Proposed Statement of Financial Accounting Standards for Accounting for Income Taxes. I actively participated in the discussions of a subcommittee responsible for drafting the comments of the National Association of Regulatory Utility Commissioners ("NARUC") on the Proposed Amendment to FAS Statement No. 71 and subsequently appeared before the Financial Accounting Standards Board with a Missouri Commissioner to present the positions of NARUC and the Missouri Commission.

In July of 1983 and in addition to my duties as Chief Accountant, I was appointed Project Manager of the Commission Staff's construction audits of two nuclear power plants owned by electric utilities regulated by the Missouri Public Service Commission. As Project Manager, I was involved in the staffing and coordination of the construction audits and in the development and preparation of the Staff's audit findings for presentation to the Commission. In this capacity, I coordinated and supervised a matrix organization of Staff accountants, engineers, attorneys and consultants.

Since commencing employment with Utilitech in June 1987, I have conducted revenue requirement and special studies involving various regulated industries (i.e., electric, gas, telephone, water and steam heating) and have been associated with regulatory projects on behalf of clients in twenty State regulatory jurisdictions.

Previous Expert Testimony

I have appeared as an expert witness before the Missouri Public Service Commission on behalf of various clients, including the Commission Staff. I have filed testimony before utility regulatory agencies in Arizona, California, Florida, Hawaii, Kansas, Indiana, Nevada, New Mexico, Missouri, Oklahoma, Pennsylvania, Texas, Utah, and Washington. My previous experience involving electric and gas company proceedings includes: PSI Energy, Union Electric (now Ameren Missouri), Kansas City Power & Light, Missouri Public Service/ UtiliCorp United/Aquila (now Kansas City Power & Light Company), Public Service Company of Oklahoma, Oklahoma Gas and Electric, Hawaii Electric Light Company, Hawaiian Electric Company, Maui Electric Company, Sierra Pacific Power/ Nevada Power, Gas Service Company, Northern Indiana Public Service Company, Arkla (a Division of NORAM Energy), Oklahoma Natural Gas Company, Missouri Gas Energy, Arizona Public Service Company, Southwestern Public Service (Texas) and The Gas Company (Hawaii). I have also sponsored testimony in telecommunications, water and steam heat proceedings in various regulatory jurisdictions.

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2011 (February)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
Kansas City Power & Light	Missouri	PSC	ER-78-252	Staff	1978	Rate Base, Operating Income
Gas Service Company	Missouri	PSC	GR-79-114	Staff	1979	Rate Base, Operating Income
United Telephone of Missouri	Missouri	PSC	TO-79-227	Staff	1979	Rate Base, Operating Income, Affiliated Interest
Kansas City Power & Light	Missouri	PSC	ER-80-48	Staff	1980	Operating Income, Fuel Cost
Gas Service Company	Missouri	PSC	GR-80-173	Staff	1980	Operating Income
Southwestern Bell Telephone	Missouri	PSC	TR-80-256	Staff	1980	Operating Income
Missouri Public Service	Missouri	PSC	ER-81-85	Staff	1981	Operating Income
Missouri Public Service	Missouri	PSC	ER-81-154	Staff	1981	Interim Rates
Gas Service Company	Missouri	PSC	GR-81-155	Staff	1981	Operating Income
Gas Service Company	Missouri	PSC	GR-81-257	Staff	1981	Interim Rates
Union Electric Company	Missouri	PSC	ER-82-52	Staff	1982	Operating Income, Fuel Cost
Southwestern Bell Telephone	Missouri	PSC	TR-82-199	Staff	1982	Operating Income
Union Electric Company	Missouri	PSC	ER-83-163	Staff	1983	Rate Base, Plant Cancellation Costs
Gas Service Company	Missouri	PSC	GR-83-207	Staff	1983	Interim Rates
Union Electric Company	Missouri	PSC	ER-84-168/ EO-85-17	Staff	1984 1985	Construction Audit, Operating Income
Kansas City Power & Light	Missouri	PSC	ER-85-128/ EO-85-185	Staff	1983 1985	Construction Audit, Rate Base, Operating Income
St. Joseph Light & Power	Missouri	PSC	EC-88-107	Public Counsel	1987	Rate Base, Operating Income

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
Northern Indiana Public Service	Indiana	IURC	38380	Consumer Counsel	1988	Operating Income
US West Communications	Arizona	ACC	E-1051-88-146	Staff	1989	Rate Base, Operating Income
Dauphin Consol. Water Supply Co.	Pennsylvania	PUC	R-891259	Staff	1989	Rate Base, Operating Income, Rate Design
Southwest Gas Corporation	Arizona	ACC	E-1551-89-102 E-1551-89-103	Staff	1989	Rate Base, Operating Income
Southwestern Bell Telephone	Missouri	PSC	TO-89-56	Public Counsel	1989 1990	Intrastate Cost Accounting Manual
Missouri Public Service	Missouri	PSC	ER-90-101	Public Counsel/ Staff	1990	UtiliCorp United Corporate Structure/ Diversification
City Gas Company	Florida	PSC	891175-GU	Public Counsel	1990	Rate Base, Operating Income, Acquisition Adjustment
Capital City Water Company	Missouri	PSC	WR-90-118	Jefferson City	1991	Rehearing - Water Storage Contract
Southwestern Bell Telephone Company	Oklahoma	OCC	PUD-000662	Attorney General	1991	Rate Base, Operating Income
Public Service of New Mexico	New Mexico	PSC	2437	USEA	1992	Franchise Taxes
Citizens Utilities Company	Arizona	ACC	ER-1032-92-073	Staff	1992 1993	Rate Base, Operating Income
Missouri Public Service Company	Missouri	PSC	ER-93-37	Staff	1993	Accounting Authority Order
Public Service Company of Oklahoma	Oklahoma	OCC	PUD-1342	Staff	1993	Rate Base, Operating Income, Acquisition Adjustment
Hawaiian Electric Company	Hawaii	PUC	7700	Consumer Advocate	1993	Rate Base, Operating Income

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2011 (February)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
US West Communications	Washington	WUTC	UT-930074, 0307	Public Counsel/ TRACER	1994	Sharing Plan Modifications
US West Communications	Arizona	ACC	E-1051-93-183	Staff	1994	Rate Base, Operating Income
PSI Energy, Inc.	Indiana	IURC	39584	Consumer Counselor	1994	Operating Income, Capital Structure
Arkla, Division of NORAM Energy	Oklahoma	OCC	PUD-940000354	Attorney General	1994	Rate Base, Operating Income
Kauai Electric Division of Citizens Utilities Company	Hawaii	PUC	94-0097	Consumer Advocate	1995	Hurricane Iniki Storm Damage Restoration
Oklahoma Natural Gas Company	Oklahoma	OCC	PUD-940000477	Attorney General	1995	Rate Base, Operating Income
US West Communications	Washington	WUTC	UT-950200	Attorney General/ TRACER	1995	Rate Base, Operating Income
PSI Energy, Inc.	Indiana	IURC	40003	Consumer Counselor	1995	Rate Base, Operating Income
GTE Hawaiian Tel; Kauai Electric - Citizens Utilities Co.; Hawaiian Electric Co.; Hawaii Electric Light Co.; Maui Electric Company	Hawaii	PUC	95-0051	Consumer Advocate	1996	Self-Insured Property Damage Reserve
GTE Hawaiian Telephone Co., Inc.	Hawaii	PUC	94-0298	Consumer Advocate	1996	Rate Base, Operating Income
Oklahoma Gas and Electric Company	Oklahoma	OCC	PUD-960000116	Attorney General	1996	Rate Base, Operating Income
Public Service Company	Oklahoma	OCC	PUD-0000214	Attorney General	1997	Rate Base, Operating Income

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2011 (February)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
Arizona Telephone Company (TDS)	Arizona	ACC	U-2063-97-329	Staff	1997	Rate Base, Operating Income, Affiliate Transactions
US West Communications	Utah	UPSC	97-049-08	Committee of Consumer Services	1997	Rate Base, Operating Income
Missouri Gas Energy	Missouri	PSC	GR-98-140	Public Counsel	1998	Revenues, Uncollectibles
Sierra Pacific Power Company	Nevada	PUCN	98-4062 98-4063	Utility Consumers Advocate	1999	Sharing Plan
Hawaii Electric Light Co., PPA (Encogen)	Hawaii	PUC	98-0013	Consumer Advocate	1999	Keahole CT-4/CT-5 AFUDC, Avoided Cost
Kansas City Power & Light Company	Missouri	MoPSC	EC-99-553	GST Steel Company	1999	Complaint Investigation
US West Communications	New Mexico	NM PRC	3008	PRC Staff	2000	Rate Base, Operating Income
Hawaii Electric Light Company	Hawaii	PUC	99-0207	Consumer Advocate	2000	Keahole pre-PSD Common Facilities
US West/ Qwest Communications	Arizona	ACC	T-1051B-99-105	Staff	2000	Rate Base, Operating Income
The Gas Company	Hawaii	PUC	00-0309	Consumer Advocate	2001	Rate Base, Operating Income, Nonreg Svcs.
Craw-Kan Telephone Cooperative, Inc.	Kansas	KCC	01-CRKT-713-AUD	KCC Staff	2001	Rate Base, Operating Income
Home Telephone Company, Inc.	Kansas	KCC	02-HOMT-209-AUD	KCC Staff	2002	Rate Base, Operating Income
Wilson Telephone Company, Inc.	Kansas	KCC	02-WLST-210-AUD	KCC Staff	2002	Rate Base, Operating Income

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2011 (February)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
SBC Pacific Bell	California	PUC	01-09-001 / 01-09-002	Office of Ratepayer Advocate	2002	New Regulatory Framework / Earnings Sharing Investigation
JBN Telephone Company	Kansas	KCC	02-JBNT-846-AUD	KCC Staff	2002	Rate Base, Operating Income
Kerman Telephone Company	California	PUC	02-01-004	Office of Ratepayer Advocate	2002	General Rate Case, Affiliate Lease, Nonregulated Transactions
S&A Telephone Company	Kansas	KCC	03-S&AT-160-AUD	KCC Staff	2003	Rate Base, Operating Income, Nonreg Alloc
PSI Energy, Inc.	Indiana	IURC	42359	Consumer Counselor	2003	Rate Base, Operating Income, Nonreg Alloc
Arizona Public Service Company	Arizona	ACC	E-10345A-03-0437	ACC Staff	2004	Rate Base, Operating Income
Qwest Corporation	Arizona	ACC	T-01051B-03-0454 & T-00000D-00-0672	ACC Staff	2004	Rate Base, Operating Income, Nonreg Alloc
Verizon Northwest Inc.	Washington	WUTC	UT-040788	Attorney General/ AARP/ WeBTEC	2004	Rate Base, Operating Income
Public Service Company	Oklahoma	OCC	PUD-200300076	Attorney General	2005	Operating Income
Hawaiian Electric Company	Hawaii	PUC	04-0113	Consumer Advocate	2005	Rate Base, Operating Income
Citizens Gas & Coke Utility	Indiana	IURC	42767	Consumer Counselor	2005	Operating Income, Benchmarking Study
AmerenUE d/b/a Union Electric Co.	Missouri	MoPSC	ER-2007-0002	State of Missouri	2006	Revenue Requirement

STEVEN C. CARVER
Summary of Previously Filed Testimony
1978 through 2011 (February)

Utility	Jurisdiction	Agency	Docket/Case Number	Party Represented	Year	Areas Addressed
Hawaii Electric Light Company	Hawaii	PUC	05-0315	Consumer Advocate	2007	Rate Base, Operating Income & Keahole Units
Hawaii Electric Company	Hawaii	PUC	2006-0386	Consumer Advocate	2007	Rate Base, Operating Income
Maui Electric Company	Hawaii	PUC	2006-0387	Consumer Advocate	2007	Rate Base, Operating Income
Trigen-Kansas City Energy Corp.	Missouri	MoPSC	HR-2008-0300	Trigen-KC	2008	Revenue Requirement
Southwestern Public Service	Texas	PUCT	35763	Alliance of Xcel Muni.	2008	Rate Base, Operating Income
The Gas Company, LLC	Hawaii	PUC	2008-0081	Consumer Advocate	2009	Rate Base, Operating Income, Nonutility
Hawaiian Electric Company	Hawaii	PUC	2008-0083	Consumer Advocate	2009	Rate Base, Operating Income
Southwestern Public Service	Texas	PUCT	37135	Alliance of Xcel Muni.	2009	Transmission Cost Recovery Factor
Maui Electric Company	Hawaii	PUC	2009-0163	Consumer Advocate	2010	Rate Base, Operating Income
Hawaii Electric Light Company	Hawaii	PUC	2009-0164	Consumer Advocate	2010	Rate Base, Operating Income
Atmos Pipeline – Texas	Texas	RRC	10000	Atmos Texas Municipalities	2010	Rate Base, Operating Income
AmerenUE d/b/a Ameren Missouri	Missouri	MoPSC	ER-2011-0028	Missouri Industrial Energy Consumers	2011	Revenue Requirement

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AMEREN MISSOURI
CASE NO. ER-2011-0028

EXPIRING AMORTIZATION ADJUSTMENT
FOR THE TEST YEAR ENDED MARCH 31, 2010
(000's)

Line No.	Description	Reference	Unamortized Balance @ 8/1/11	Reschedule Amortization Period (Yrs)	MIEC Proposed Amortization	Less: Company Proposed Amortization	MIEC Adjustment
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	**Amortization Expense:**						
2	Missouri Merger Costs Readjusted	(a) (b)	$ -		$ -	$ (416)	$ (416)
3	Y2K Costs Readjusted	(a) (b)	-		-	(157)	(157)
4	RSG-Readjust	(a) (b)	1,870	2	935	(2,040)	(1,105)
5	2006 Storm Amortization	(a) (b)	733	2	367	(800)	(433)
6	Vegetation 01/2008-09/2008	(a) (b)	1,138	2	569	(1,950)	(1,381)
7	Low Income Assistance Surcharge (Pilot)	(a) (b)	533	2	266	(581)	(315)
8	Subtotal		4,273		2,137	(5,944)	(3,807)
9	**O&M Expense:**						
10	SO2 Tracker As of January 2010	(a) (c)	5,047	2	2,524	(5,506)	(2,982)
11	SO2 Tracker As of September 2008	(a) (c)	-		-	(4,267)	(4,267)
12	Subtotal		5,047		2,524	(9,773)	(7,250)
13	Total (before retail allocation)		$ 9,320		$ 4,660	$ (15,717)	(11,057)
14	Missouri Retail Allocation %	(b) (c)					100.000%
15	**MIEC Proposed Adjustment to Reschedule Expiring**						**$ (11,057)**
16	**Amortizations Over a Two Year Period**						

FOOTNOTES:

(a) Source: MIEC proposed amortization per Schedule SCC-1, page 2.

(b) Source: Company amortization per Ameren response to Data Request MIEC 1.46 & GSW-WP-E449.

(c) Source: Company amortization per Ameren response to Data Request MIEC 1.47 & GSW-WP-E394.

AMEREN MISSOURI
CASE NO. ER-2011-0028

EXPIRING AMORTIZATION ADJUSTMENT
FOR THE TEST YEAR ENDED MARCH 31, 2010
(000's)

LINE NO.	DESCRIPTION	Amortizable Balance	Current Amortization Term (Yrs)	Commence	Terminate	Annual	Monthly	Cumulative Amortization @ 3/31/10	Unamortized Balance @ 3/31/10	Cumulative Amortization @ 2/28/11	Unamortized Balance @ 2/28/11	Cumulative Amortization @ 8/1/11	Unamortized Balance @ 8/1/11	Months Lapse 3/31/10	2/28/11	8/1/11
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)			
1	**Amortization Expense:** (a)															
2	Missouri Merger Costs Readjusted	$ 1,664,622	4	Jul-07	Jun-11	$ 416,156	$ 34,680	$ 1,144,428	$ 520,194	$ 1,525,904	$ 138,719	$ 1,664,622	$ -	33	44	49
3	Y2K Costs Readjusted	626,742	4	Jul-07	Jun-11	$ 156,686	13,057	430,885	195,857	574,514	52,229	626,742	-	33	44	49
4	RSG-Readjust	4,079,552	2	Jul-10	Jun-12	$ 2,039,832	169,986	-	4,079,552	1,359,888	2,719,664	2,209,818	1,869,734	0	8	13
5	2006 Storm Amortization	4,000,000	5	Jul-07	Jun-12	$ 800,000	66,667	2,200,000	1,800,000	2,933,333	1,066,667	3,266,667	733,333	33	44	49
6	Vegetation 01/2008-09/2008	5,850,000	3	Mar-09	Feb-12	$ 1,950,000	162,500	2,112,500	3,737,500	3,900,000	1,950,000	4,712,500	1,137,500	13	24	29
7	Low Income Assistance Surcharge (Pilot)	1,162,000	2	Jul-10	Jun-12	$ 581,000	48,417	-	1,162,000	387,333	774,667	629,417	532,583	0	8	13
8																
9	Subtotal	$ 17,382,916				$ 5,943,673	$ 495,306									
10	**O&M Expense:** (b)															
11	SO2 Tracker As of January 2010	$ 11,012,037	2	Jul-10	Jun-12	$ 5,506,019	$ 458,835	$ -	$ 11,012,037	$ 3,670,679	$ 7,341,358	$ 5,964,853	$ 5,047,184	0	8	13
12	SO2 Tracker As of September 2008	8,534,159	2	Mar-09	Feb-11	$ 4,267,080	$ 355,590	$ 4,622,669	$ 3,911,490	$ 8,534,159	$ -	$ 8,534,159	$ -	13	24	29
13																
14	Subtotal	$ 19,546,196				$ 9,773,098	$ 814,425									
								(c)	(c)	(c)	(c)	(c)	(c)			

Footnotes :

(a) Source: Test year amortization per Ameren response to Data Request MIEC 1.46 & GSW-WP-E-449.

(b) Source: Test year amortization per Ameren response to Data Request MIEC 1.47.

(c) Calculated based on current amortization schedules.

AMEREN MISSOURI
CASE NO. ER-2011-0028

ALTERNATIVE EXPIRING AMORTIZATION ADJUSTMENT
FOR THE TEST YEAR ENDED MARCH 31, 2010
(000's)

Line No.	Description	Reference	Unamortized Balance @ 8/1/11	Reschedule Amortization Period (Yrs)	MIEC Proposed Amortization	Less: Company Proposed Amortization	MIEC Adjustment
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	**Amortization Expense:**						
2	Missouri Merger Costs Readjusted	(a) (b)	$ -	1	$ -	$ (416)	$ (416)
3	Y2K Costs Readjusted	(a) (b)	-	1	-	(157)	(157)
4	RSG-Readjust	(a) (b)	1,870	1	1,870	(2,040)	(170)
5	2006 Storm Amortization	(a) (b)	733	1	733	(800)	(67)
6	Vegetation 01/2008-09/2008	(a) (b)	1,138	1	1,138	(1,950)	(813)
7	Low Income Assistance Surcharge (Pilot)	(a) (b)	533	1	533	(581)	(48)
8	Subtotal		4,273		4,273	(5,944)	(1,671)
9	**O&M Expense:**						
10	SO2 Tracker As of January 2010	(a) (c)	5,047	1	5,047	(5,506)	(459)
11	SO2 Tracker As of September 2008	(a) (c)	-	1	-	(4,267)	(4,267)
12	Subtotal		5,047		5,047	(9,773)	(4,726)
13	Total (before retail allocation)		$ 9,320		$ 9,320	$ (15,717)	(6,396)
14	Missouri Retail Allocation %	(b) (c)					100.000%
15	**MIEC Proposed Adjustment to Reschedule Expiring**						**$ (6,396)**
16	**Amortizations Over a Two Year Period**						

FOOTNOTES:

(a) Source: Unamortized balance & MIEC proposed amortization per Schedule SCC-1, page 2.

(b) Source: Company amortization per Ameren response to Data Request MIEC 1.46 & GSW-WP-E449.

(c) Source: Company amortization per Ameren response to Data Request MIEC 1.47 & GSW-WP-E394.

AMEREN MISSOURI
CASE NO. ER-2011-0028

ADJUSTMENT TO OTHER AMORTIZATIONS
FOR THE TEST YEAR ENDED MARCH 31, 2010
(000's)

Line No.	Description	Reference	Amount Subject to Amortization	Amortization Period (Yrs)	MIEC Proposed Amortization	Less: Company Proposed Amortization	MIEC Adjustment
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	**DSM-Energy Efficiency**						
2	Energy Efficiency (ER-2008-0318)	(a) (b) (c)	$ 876	10	$ 88	$ (88)	$ (0)
3	Energy Efficiency (ER-2010-0036)	(a) (b) (c)	11,431	6	1,905	(1,905)	(0)
4	Energy Efficiency (ER-2011-0028)	(a) (b) (d)	36,237	10	3,624	(12,079)	(8,455)
5	Subtotal		48,544		5,616	(14,072)	(8,455)
6	**Solar Rebates**						
7	Solar Rebates (ER-2011-0028)	(a) (b) (d)	690	10	69	(690)	(621)
8	Subtotal		690		69	(690)	(621)
9	Total (before retail allocation)		$ 49,234		$ 5,685	$ (14,762)	(9,076)
10	Missouri Retail Allocation %						100.000%
11	**MIEC Proposed Adjustment to Amortize Energy**						**$ (9,076)**
12	**Efficiency and Solar Rebate Costs**						

FOOTNOTES:

(a) Source: Amounts subject to amortization from Ameren Missouri GSW-WP-E477, GSW-WP-E484 & response to MIEC 1.46.

(b) Source: Company proposed amortization per Ameren Missouri Schedule GSW-E12-1, GSW-WP-E477 & GSW-WP-E484.

(c) Amortization periods approved in Case Nos. ER-2008-0318 & ER-2010-0036. See Company response to MIEC 1.46.

(d) Ten year amortization proposal sponsored by MIEC witness Brubaker.

AMEREN MISSOURI
CASE NO. ER-2011-0028

SEVERANCE PAYROLL TAX ADJUSTMENT
FOR THE TEST YEAR ENDED MARCH 31, 2010
(000's)

Line No.	Description	Reference	Voluntary Separation Election	Involuntary Separation Program	Total
	(A)	(B)	(C)	(D)	(E)
1	**Ameren Services Company**				
2	Annual Salaries	(a)	$ 1,837	$ 1,709	
3	% Allocated to UEC	(a)	44.19%	44.19%	
4	Ameren Missouri Salaries		812	755	$ 1,567
5	**Union Electric Company**				
6	Annual Salaries	(a)	4,313	576	4,889
7	Total UEC and AMS allocated to UEC-Mgt	(a)	$ 5,124	$ 1,332	$ 6,456
8	Ameren Missouri Adjustment (Salaries paid Apr - Nov 09)	(a)	$ (3,416)	$ (888)	$ (4,304)
9	Composite Payroll Tax Rate	(b)	7.65%	7.65%	
10	Payroll Tax Adjustment		$ (261)	$ (68)	$ (329)
11	**MIEC Proposed Adjustment to Remove Payroll Tax**				**$ (329)**
12	**Expense for Severance Adjustment**				

FOOTNOTES:

(a) Source: Ameren Missouri GSW-WP-E343.

(b) 2009 composite FICA (6.20%) and Medicare (1.45%) tax rate.