

**FILED**

APR 20 2007

Missouri Public  
Service Commission

Exhibit No.:

Issues: Revenues

Witness: James A. Busch

Sponsoring Party: MO PSC Staff

Type of Exhibit: Rebuttal Testimony

Case No.: ER-2007-0002

Date Testimony Prepared: January 31, 2007

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**JAMES A. BUSCH**

**UNION ELECTRIC COMPANY d/b/a**

**AMERENUE**

**CASE NO. ER-2007-0002**

**Jefferson City, Missouri**

**January 2007**

*Staff*  
Exhibit No. 204  
Case No(s). ER-2007-0002  
Date 3/29/07 Rptr pk

**EXHIBIT**

204

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

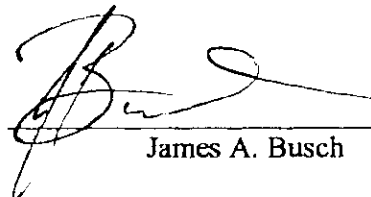
In the Matter of Union Electric Company )  
d/b/a AmerenUE for Authority to File )  
Tariffs Increasing Rates for Electric )  
Service Provided to Customers in the )  
Company's Missouri Service Area. )

Case No. ER-2007-0002

**AFFIDAVIT OF JAMES A. BUSCH**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

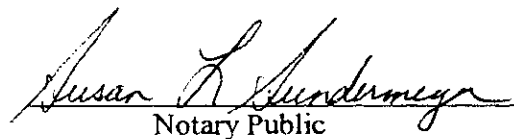
James A. Busch, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 3 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

  
James A. Busch

Subscribed and sworn to before me this 30<sup>th</sup> day of January, 2007.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942066

  
Notary Public

My commission expires 9-21-10

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**REBUTTAL TESTIMONY**  
**OF**  
**JAMES A. BUSCH**  
**UNION ELECTRIC COMPANY d/b/a**  
**AMERENUE**  
**CASE NO. ER-2007-0002**

Q. Please state your name and business address.

A. My name is James A. Busch and my business address is P. O. Box 360,  
Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am a Regulatory Economist III in the Economic Analysis Section of the  
Energy Department, Utility Operations Division of the Missouri Public Service Commission  
(Staff).

Q. Are you the same James A. Busch that filed direct testimony earlier in this  
proceeding?

A. Yes I am.

Q. What is the purpose of your rebuttal testimony in this case?

A. The purpose of my rebuttal testimony is to address the direct testimony of  
AmerenUE witness James Pozzo.

Q. What is the difference between the way Staff and AmerenUE weather  
normalized revenues?

Rebuttal Testimony of  
James A. Busch

1           A.     The difference between Staff and AmerenUE is in how the weather  
2 normalized usage adjustment is priced out. There are various ways to price out the change in  
3 usage due to the weather adjustment when a company has blocked energy rates. One way  
4 would be to price out the change in usage based on the first block energy charge assuming the  
5 entire change in usage occurred in the first block. Another way would be to price out the  
6 change in usage based on the tail block energy charge assuming the entire change in usage  
7 occurred in the tail block. Then there are ways to price out the adjustment based on some  
8 energy charge in between. Staff utilized a method that averages the energy charge by  
9 spreading the usage changes to all blocks. AmerenUE utilized a method that assumes the  
10 entire change in usage occurred in the tail block.

11                 Staff believes that its method of pricing out the change in usage by assuming  
12 that it occurs in all blocks is more reasonable than AmerenUE's method.

13           Q.     Why is Staff's method more reasonable?

14           A.     Staff does not believe that changes in usage due to weather normalization only  
15 occurs in the tail block. For example, in order for a residential customer to reach the tail  
16 block price, they must use more than 750 kWhs in a given non-summer month. If every  
17 residential customer uses at least 750 kWhs in every winter month, all of the changes due to  
18 weather normalization would occur in the tail block; however, that is not the case.

19           Q.     Please explain.

20           A.     Please look at the residential usage for January 2006. Residential usage for  
21 January 2006 were 636,950,682 kWh. If every customer reached the tail block rate, usage for  
22 all customers should exceed the 750 kWh threshold. It does not, however. In January of  
23 2006, AmerenUE had 1,018,018 residential customers. Multiplying those 1,018,018

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James A. Busch

1 customers times the 750 kWh first block limit is 763,513,500 kWhs. Total residential usage  
2 for January 2006 was 639,950,682 kWhs, or 126,562,818 kWhs less than if every customer  
3 used enough kWhs to reach the tail block. Thus, Staff believes that its method of pricing out  
4 the change in usage in both blocks is the most reasonable method.

5 Q. Was the same method used for the non-residential classes?

6 A. Yes.

7 Q. Does this conclude your rebuttal testimony?

8 A. Yes.