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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

LISA M. FERGUSON

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

FILE NO. ER-2011-0028

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Jefferson City, Missouri
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1 RATE CASE EXPENSE

2 Q. Does Staff believe that its proposed allowance of \$1,000,000 for rate case expense
3 prevents Ameren Missouri from recovering prudently incurred costs as stated by Company
4 witness Barnes at page 11 of her rebuttal testimony?

5 A. No. The Staff is not proposing to disallow specific rate case costs over others;
6 however, Staff believes that \$1,000,000 represents a sufficient level for the Company to
7 successfully defend their rate case filing. Other electric utility Companies in the state have
8 prepared and defended their rate cases with very similar issues as Ameren Missouri for
9 approximately this amount of expense.

10 Q. Do you have a position as to whether the ratepayers and shareholders should split
11 the cost of rate case expense evenly?

12 A. No. Staff has not taken such a position. Staff believes that the Company should
13 be allowed due process and be able to recover prudently incurred reasonable costs for processing
14 its current rate case.

15 Q. Company witness Barnes states on page 11, lines 14 through 16 of her
16 rebuttal testimony, "Moreover, it (Staff's adjustment) is inconsistent with Missouri's tradition of
17 regulation, which obligates the Commission to provide the utilities it regulates with a reasonable
18 opportunity to recover prudently incurred costs." Do you agree with this statement?

19 A. Staff recognizes Missouri's regulatory tradition in which reasonable and
20 prudently incurred costs for rate case expense are allowed to be recovered in rates, however,
21 Staff believes that the level of rate case expense that has been proposed by Ameren Missouri for
22 recovery in this case is excessive and unreasonable. This tradition does not mean that the
23 Company is free to spend whatever it pleases on a rate case.

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1 Q. Does Staff believe that hiring outside legal representation and regulatory
2 consultants qualifies as prudent and reasonable costs?

3 A. No. Staff's position is that the Company has the internal resources and skill sets
4 to process issues using internal employees, and should utilize those resources first, prior to hiring
5 outside expertise.

6 Q. Does the Staff believe that there are some expenses the Company has incurred
7 using outside consultants that could have been internalized at a cheaper cost?

8 A. Yes. For example, Ameren Missouri has hired a consultant to perform a full cash
9 working capital lead/lag analysis in each of its last four electric rate cases. Ameren Missouri is
10 the only electric Company in the state that hires an outside consultant to perform this analysis.
11 Based upon the Company's response to Staff Data Request No. 36 in the current rate proceeding,
12 through January 2011 the Company has already spent \$152,398 compared to the estimated
13 amount of \$90,000 shown in Ameren Missouri's workpapers on a cash working capital lead/lag
14 analysis. If the Company had not filed a case for a number of years, a new study may be
15 appropriate. However, Ameren Missouri has completed five such CWC lead/lag analysis since
16 July 2006 as part of its electric and gas rate case filings. In the short amount of time between
17 rate case filings, significant changes in the lead/lag study would be unexpected. Staff also
18 believes that Company employs personnel who could handle this issue at a much lower cost.
19 Staff believes this case also contains unnecessary outside legal costs. Per OPC Data Request
20 No. 1006, the Company employs 17 licensed attorneys, some with regulatory experience, who
21 could handle a rate increase request just as competently as the costly outside counsel that
22 Ameren Missouri has hired in this case.

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1 Q. Company witness Barnes states in her rebuttal testimony on page 12, lines 2
2 through 4 that “Ms. Ferguson’s comparison of Ameren Missouri’s rate case expense to those of
3 other utilities does not take into account the many differences between an Ameren Missouri
4 rate case and those of the other Missouri Utilities.” Do you agree?

5 A. No. Company witness Barnes states that Ameren Missouri is “by far the largest
6 utility in Missouri and has approximately 50% more customers than the Missouri and Kansas
7 customers of Missouri’s second largest utility, Kansas City Power & Light Company (KCPL).”
8 Just because Ameren Missouri serves the largest customer base does not mean their rate cases
9 are more complex than other electric utilities in the state. All of the main issues contained in a
10 rate case, such as rate of return and capital structure, revenues, weather normalization, fuel,
11 purchased power, off system sales, power plant maintenance, payroll, pensions and OPEBs, etc.
12 must be addressed during any rate proceeding at a large utility. These issues are consistent
13 for both KCPL and Ameren Missouri. For example, in its most recent rate case (File
14 Nos. ER-2010-0355 and ER-2010-0356), Kansas City Power & Light brought approximately 27
15 issues to settlement conference, as compared to Ameren’s 26 issues in this proceeding. Clearly
16 this is similar.

17 Q. Company witness Barnes also states in her rebuttal testimony on page 12,
18 lines 12 through 15 that “Moreover, Ameren Missouri’s participation in the
19 Midwest Independent Transmission System Operator, Inc. (“MISO”), and the need to model
20 fuel costs and off-system sales, make setting rates for the Company a much more complex and
21 difficult task than for other Missouri utilities.” Do you agree with this statement?

22 A. No. KCPL is a member of the Southwest Power Pool (“SPP”) and also has to
23 model fuel costs and determine off-system sales. In addition, KCPL has a regulatory plan that is

1 a model for determining the earnings levels needed for construction at the Iatan plants.
2 Staff believes that this statement is unreasonable because KCPL is clearly addressing complex
3 issues as well as many of the same issues in their rate proceedings that the parties are dealing
4 with in Ameren Missouri's current rate case.

5 Q. Does Staff believe that Ameren Missouri can file its rate case in a more cost
6 effective way?

7 A. Yes. If Ameren Missouri would take steps to streamline their rate cases it would
8 assist them in better utilizing both internal and external resources to meet the needs of processing
9 rate cases. An example of this would be for Ameren Missouri to file a gas and electric case
10 concurrently. This would be more efficient and less costly because internal and external
11 resources could work on the cases simultaneously rather than separately. Many of the issues are
12 simply an allocation between electric and gas, so the same adjustment would apply to both cases
13 and costs could be managed accordingly. Simultaneous filings would allow combining many of
14 the rate case processes such as public hearings, settlement conferences and hearings.

15 Q. Does Ameren Missouri have many more intervening parties during the processing
16 of a rate case than KCPL?

17 A. No. In File Nos. ER-2010-0355 and ER-2010-0356, KCPL had approximately
18 17 interveners of which included 1 application to intervene for 12 hospitals and 1 application to
19 intervene for 3 unions. This does not include the Company, Staff, or OPC. There are a similar
20 number of interveners for the current Ameren Missouri case.

21 Q. Did KCPL have a similar number of public hearings in File Nos. ER-2010-0355
22 and ER-2010-0356, as compared to Ameren Missouri in the current case?

1 A. Yes. KCPL had approximately 12 public hearings for those cases while Ameren
2 Missouri had 14 public hearings for this current case. Clearly there is not much difference.

3 Q. Company witness Barnes included a chart of rate case expenses for the previous
4 two rate cases as well as the current case. Is the rate case expense that KCPL seeks similar to
5 that of Ameren Missouri?

6 A. No. The following table shows the amount of rate case expense for the previous
7 two KCPL/GMO cases as well as the most current cases:

<u>Case Number</u>	<u>Company</u>	<u>Rate Case Expense</u>
ER-2007-0291	KCPL	\$697,293
ER-2009-0089	KCPL	\$1,045,991
ER-2010-0355	KCPL	\$4,128,563
ER-2010-0130	Empire	\$218,542
ER-2009-0090	MPS	\$280,801
ER-2010-0356	MPS	\$2,001,855
ER-2009-0090	L & P	\$187,412
ER-2010-0356	L & P	\$1,175,870

8 As is shown by the chart, KCPL is recovering less than requested by Ameren Missouri in
9 the previous two rate cases. In the current cases the rate case expense for KCPL is high, but the
10 case involved a large construction audit of Iatan 2. This is also the case for MPS and
11 L&P divisions of Greater Missouri Operations. Ameren Missouri also had a construction audit
12 for the Sioux Plant scrubbers and the Taum Sauk enhancements, but this clearly was not on the
13 same level as construction of a new plant and there was a much different magnitude of
14 proposed disallowance.

1 Q. Company witness Barnes states in her rebuttal testimony on page 13, lines
2 7 through 9 that "Ms. Ferguson seems to suggest that if the level of internal resources used for
3 rate cases were increased by the amount of external costs (e.g. increasing total headcount), that
4 the costs would be prudent and recoverable." Do you agree with this statement?

5 A. No. Company witness Barnes mischaracterized Staff's position. Staff believes
6 that Ameren Missouri could reduce rate case costs to a more reasonable level if the Company
7 used, where possible, their internal resources to process rate cases instead of outsourcing their
8 work to costly private legal and consulting firms.

9 Q. Have you attempted to examine the specific cost items incurred in the previous and
10 current Ameren Missouri rate cases?

11 A. Yes. Below is a table showing a list of costs incurred in Ameren Missouri's previous
12 rate case and the amount estimated for the current rate case.

<u>Rate Case Expense</u>	<u>ER-2010-0036</u>	<u>ER-2011-0028</u>
	<u>Actual Expense</u>	<u>Estimated Expense</u>
Outside Legal	\$538,000	\$860,000
Other Outside Experts	\$1,037,000	\$1,020,000
Expenses	\$552,000	\$170,000
Total Rate Case Expense	\$2,127,000	\$2,050,000

13 As you can see from the chart, there has not been a significant attempt at reducing
14 overall rate case expense. Some areas of expense are estimated higher than the previous
15 case's actual costs and some estimated costs are lower than the previous case's actual costs, but
16 the overall amount has not been significantly reduced. Staff submitted Data Request 459, of
17 which is yet outstanding, to seek any cost containment measures that Ameren Missouri is

1 performing to reasonably minimize the level of rate case expense that is necessary to process
2 this case.

3 **EEI DUES**

4 Q. Does Staff believe that Ameren Missouri's association with Edison Electric
5 Institute (EEI) provides no benefit to ratepayers?

6 A. No. After reviewing EEI's website during the initial audit and reading the
7 rebuttal testimony of Company witness Weiss, Staff believes there may be benefits to ratepayers,
8 but there are also benefits to the Company. It is Company's failure to quantify the benefit, and
9 the activities that caused the benefit, so that EEI expenses may be allocated to shareholders and
10 ratepayers that has led to Staff's total disallowance of EEI dues. Staff followed prior case
11 precedent established by this Commission as part of KCPL Case Nos. ER-82-66, ER-83-49 and
12 EO-85-185. As part of Case No. ER-82-66, the Commission stated the following as part of its
13 Report and Order:

14 KCPL included \$105,000 of its EEI dues in Missouri jurisdictional
15 cost of service....The Staff and Office of Public Counsel oppose
16 the recovery of this expense from the ratepayers on two levels.
17 First, both contend that EEI is a lobbying organization whose
18 primary objective is to promote shareholder interests, and therefore
19 the expense should be disallowed. Second, both question the
20 existence of any benefits accruing to the ratepayers from EEI
21 activities....The Commission still believes the question is one of
22 benefit to the ratepayer. In the instant case there appears to be
23 some possible benefit, but until the Company can better quantify
24 the benefit and the activities that were the causal factor of the
25 benefit, the Commission must disallow EEI dues as an expense.
26 The Commission also points out that the Company needs to
27 develop some method of allocating expenses between its
28 shareholders and the ratepayers once the benefits and activities
29 leading thereto have been adequately quantified.

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1 Q. Company witness Weiss states in his rebuttal testimony on page 7, lines 3
2 through 5 that "Ms. Ferguson basically relies on Commission rate orders (Case No. ER-83-49
3 and Case No. EO-85-185) for Kansas City Power & Light Co. that are more than 25 years old."
4 Does Staff see any reason to deviate from prior commission precedent?

5 A. No. The Commission has a practice of amending their case decisions in future
6 cases based upon additional information. There has been no such amendment decided on by the
7 Commission regarding EEI dues and their treatment since the orders for the aforementioned case
8 were determined.

9 Q. Did Staff inquire if the Company had performed a cost allocation of EEI dues as
10 to what benefited the ratepayer and what benefited the shareholder?

11 A. Yes. In the current case, Staff Data Request No. 202 asks: "Please provide a
12 detailed description of the services that are provided by Edison Electric Institute, including a
13 percentage of billings for each service or benefit from EEI. Of these services or benefits,
14 please provide what is received by Ameren Missouri and what is received for the benefit of the
15 ratepayer?"¹ The Company's response was a narrative of the benefits that EEI membership
16 provides which was taken from EEI's website. This same information appears in Company
17 Witness Weiss's Rebuttal testimony. Additionally, the Company stated, "It is not possible to
18 assign dollars of benefit to any one of the above items. However, Ameren Missouri believes
19 it and its ratepayers receive benefits from the EEI membership that greatly exceed the
20 membership fees." This does not represent the Staff's first attempt to obtain from the Company
21 an adequate quantification of benefits for these activities. The Staff submitted a similar data
22 request (Staff Data Request No. 219) in Ameren Missouri File No. ER-2010-0036, and the

¹ Please refer to attachment 1 to this Surrebuttal testimony to review Company's response to Staff Data Request No. 202.

1 Company did not provide an adequate quantification or a percentage breakdown in that
2 instance either.²

3 **CASH WORKING CAPITAL**

4 **COLLECTIONS LAG**

5 Q. Does Staff agree that the Accounts Receivable Analysis Report should be used to
6 determine the collection lag for a rate case proceeding?

7 A. No. The Staff's basic understanding is that the Accounts Receivable Analysis
8 Report measures the level of receivables that the Company has on a weekly basis. The total of
9 all accounts receivable is divided into 4 "buckets": 1. Current or within 30 days outstanding;
10 2. 30-59 days outstanding; 3. 60-89 days outstanding; 4. 90 or more days outstanding. This is
11 measuring the amount of money that customers still owe Ameren Missouri, not cash receipts that
12 Ameren Missouri is receiving from customers.

13 Q. Does Staff believe the Accounts Receivable Analysis Report is an accurate report
14 to use for the development of the Collection Lag?

15 A. No. There are several items that Staff does not agree with in this report. The first
16 item is the calculation of uncollectibles. Company Witness Adam's uses an uncollectibles
17 percentage of .40% for all receivables "buckets" except for the 120+ days "bucket". For this he
18 uses 10%. Staff put in data request 252 to ask how Mr. Adams determines the percentage
19 allowance for uncollectibles. Mr. Adams response states that,

20 (T)his percentage is developed annually by the General Accounting and
21 Customer Credit Functions and reflect customer's current payment habits.
22 The Company uses historical data to help with the development of the bad

² Please refer to attachment 2 to this Surrebuttal testimony to review Company's response to Staff Data Request No. 219 from File No. ER-2010-0036.

1 debt estimate, and further takes into account economic and load forecasts
2 to adjust the estimate accordingly.”

3 There is no support provided as to whether this estimate is practical. In addition, Staff
4 has a concern with how a non paying customer is included in the analysis and how this affects
5 the accuracy of the report. If a customer does not pay their bill at all, depending on how long
6 that bill is outstanding prior to being written-off; it may be included in the calculation of all
7 four buckets. This would mean that a bad debt could be counted multiple times and provide an
8 inaccurate overall collection lag. The Staff’s cash working capital analysis is attempting to
9 determine the payment frequency of customers who pay their bills, not the Company’s bad debt
10 expense which is covered by a separate expense amount included in the cost of service.

11 Q. What information does the CURST 246 report provide?

12 A. The CURST 246 report is a monthly report that measures the number of days that
13 elapse before a customer makes a payment to the Company. This is exactly what Staff is trying
14 to measure with the Collection Lag, whereas that is not what the Accounts Receivable Analysis
15 Report provides. The CURST 246 report was developed by the Company and has been used by
16 the Company and Staff in the development of the Collection Lag in past rate cases.

17 Q. Company Witness Adams states on page 7 lines 9 through 12 of his rebuttal
18 testimony that “While the accuracy of the report (CURST 246) has long been questioned, given
19 that other reports existed within the Company that were actually used to manage accounts
20 receivables activities, there was no reason to expend resources in an attempt to verify the
21 accuracy of a report that had limited usefulness.” Please comment on this statement.

22 A. Staff does not understand why the Company has relied on this report in the past if
23 the accuracy of the report has long been questioned. It appears to Staff that the Company favors
24 the Accounts Receivable Analysis Report over the CURST 246 report simply because the

1 Accounts Receivable Analysis Report produces a more desirable collections lag for
2 Ameren Missouri. If the CURST 246 report and the Accounts Receivable Analysis Report were
3 providing the same information, then the two reports would produce similar results.
4 Staff believes that there would have been no reason to use a new report if the Company had
5 expended the resources to "actively manage and monitor" the accuracy of the CURST 246
6 report, as is done with the Accounts Receivable Analysis Report. Staff has concerns about the
7 use of the Accounts Receivable Analysis Report over a report that was developed specifically for
8 development of the collection lag for cash working capital in a rate case. The Company claims
9 that better information became available, but the Accounts Receivable Analysis Report was not
10 designed for the same particular purpose as the CURST 246 report.

11 Q. Does Staff agree that the CURST 246 report should be terminated?

12 A. No. Company Witness Adam's states on page 8 lines 2 through 4 of his
13 rebuttal testimony that, "A task force within the Company is focused on identifying and
14 terminating reports that have exceeded their useful lives. The CURST 246 report was identified
15 as a report that no one in the Company utilized and thus has been terminated." Staff has used
16 the CURST 246 report for multiple years on rate cases, as has the Company up until File
17 No. ER-2010-0036. Termination of this report is an obvious attempt by the Company to limit
18 the basis of the collection lag in rate case to its preferred report. Staff recommends that the
19 Commission order Ameren Missouri to utilize the CURST 246 report for future rate proceedings.

20 Q. Company Witness Adams states on page 8 lines 9, through 11 of his rebuttal
21 testimony that "The CURST 246 report would obviously produce a lower Collections Lag
22 because it does not measure the payment of all customer bills. The report measures only

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1 bills actually paid. Those receivable that remain unpaid would not be reflected in the
2 CURST 246 report.” Do you agree with this statement?

3 A. No. The Collections Lag is measuring how long it takes customers to pay their
4 bills. This means calculating the amount and frequency of customer payments. The collection
5 lag should not be extended to account for the bad debts of non-paying customers.

6 Q. Did Company Witness Adams agree that the CURST 246 report was “specifically
7 maintained for rate cases”?

8 A. Yes. Therefore, the CURST 246 report had a specific use in the multiple electric
9 and gas rate cases Ameren Missouri has filed over the last few years. This need should have
10 resulted in the Company continuing to maintain, monitor and improve this report in order to
11 develop as accurate a tool for determining the collection lag as possible. It also appears to
12 Staff that the Company discontinued use of the CURST 246 report, which provides
13 “better information” for the purpose of calculating a collection lag in favor of a report that
14 provides it with a more advantageous answer.

15 Q. Company Witness Adams states on page 14, lines 5 through 6 that “If all
16 customers paid their electric bills on time, the Company would have no bad debt expense.”
17 Please Comment.

18 A. Obviously this is true. Even if customers paid late, as long as the payment was
19 received prior to the write-off date, the Company would not have bad debts. No one is proposing
20 that Ameren Missouri should not have bad debt (uncollectible) expense built into the cost of
21 service. The Staff adjusted the test year to increase the Company’s bad debt expense in this
22 case by \$3,992,310. However, bad debt expense is not what is being measured with the

1 collection lag. The collection lag measures the time it takes customers to pay their bills to
2 Ameren Missouri.

3 **SALES TAX REVENUE LAG**

4 Q. Did the Company witness Adams disagree with the Staff's calculation of the sales
5 tax revenue lag in his rebuttal testimony?

6 A. No. Company witness Adams did not address this difference in his rebuttal
7 testimony and therefore, the Staff believes that the Company has accepted the Staff's position
8 with regard to this issue. This item was adequately explained in my direct testimony.

9 **OTHER POST-EMPLOYMENT BENEFITS LEAD**

10 Q. Did Staff provide workpaper support of the calculation of the expense lead for
11 Other Post-Employment Benefits Expense?

12 A. Yes. Contrary to Mr. Adams statements on page 15 of his rebuttal testimony,
13 Staff provided this calculation on a separate tab of the CWC direct workpapers that were
14 supplied to the parties.

15 Q. Does Staff accept the Company's calculation of the OPEB Benefits lead?

16 A. Yes. Staff accepts the Company's calculation of 83.25 days.

17 **FEDERAL INCOME TAX EXPENSE LEAD**

18 Q. Did Staff include an expense lead of 38.39 days in its direct case for the
19 Federal Income Tax Expense Lead?

20 A. Yes. However, after further review this was found to be an error in
21 Staff's Accounting Schedules. Staff has corrected this item and agrees with Company's
22 calculation of 37.88 days.

1 **ADVERTISING**

2 Q. What process did Staff use to perform the analysis of the advertising issue?

3 A. Staff followed the KCPL precedent established by this Commission as part of
4 Case No. EO-85-185 and classified each ad into the five categories presented in the case:
5 General, Safety, Promotional, Institutional, and Political based on its primary message. The
6 allowable categories of advertising are general, safety, and promotional if a cost benefit analysis
7 is performed. Once Staff had classified each ad, Staff compiled the ads into campaigns and
8 assessed those costs on a campaign basis as directed by this Commission's Report and Order
9 from Ameren Missouri Case No. ER-2008-0318. Staff views the Report and Order from
10 Case No. ER-2008-0318 as an "amendment" to the original KCPL precedent and took this ruling
11 into full consideration. However, Staff also evaluated each advertisement on an individual basis
12 because Staff believes that a campaign can only be the sum of its parts. An entire campaign is
13 allowed where 50% or more of the advertisements that make up that campaign follow allowed
14 advertising categories per the KCPL precedent.

15 Q. Did Staff develop an adjustment based off of the campaign basis rather than on an
16 ad-by-ad basis?

17 A. No. Staff did not develop an adjustment based off of the campaign basis. This
18 was due to the fact that Staff felt it was more appropriate to take a more conservative position. If
19 Staff had determined the adjustment based off of the campaign basis, more costs would have
20 been proposed for disallowance than would have been proposed for removal from the cost of
21 service on an ad-by-ad basis.

22 Q. Were all of Ameren Missouri's advertisements organized under campaigns?

1 A. No. The Company indicated to the Staff that it frequently places advertisements
2 that are single-ad in nature and are not part of any advertising campaign. In these instances the
3 ad-by ad analysis is clearly necessary because there is no campaign to consider.

4 Q. Does Staff agree that advertising should be allowed based on the campaign alone,
5 without considering the ads contained therein?

6 A. No. Staff believes it is proper to consider the advertisements from both
7 perspectives because not all customers will see an entire campaign. The majority of a campaign
8 may not consist of allowable ads but if that campaign is accepted, ratepayers may be paying for
9 advertisements that are not appropriate to be recovered.

10 Q. Does Staff lack the ability to evaluate communications messages or "advertising"
11 as Ms. Muniz posited in her rebuttal testimony on page 5, lines 9 through 10?

12 A. The Staff is fully able to classify advertisements in the regulatory arena by
13 following Commission established precedent and has done so for nearly 24 years since the time
14 that the KCPL standard was first established by this Commission as part of Case No. EO-85-185.
15 The KCPL standard, as well as the Commission's more recent Report and Order which
16 addressed advertising as part of Ameren Missouri Case No. ER-2008-0318, provides a set of
17 objective and reasonable standards for Staff to apply to Ameren Missouri's advertising
18 expenditures. Ameren Missouri is a vertically integrated regulated utility company that is a
19 monopoly. I have performed an analysis of the advertising issue for three Ameren Missouri rate
20 cases (File Nos. ER-2010-0036, GR-2010-0363 and ER-2011-0028). This experience is more
21 relevant for classifying advertising for ratemaking purposes than applying an advertising
22 education that is designed for companies and businesses, such as banks, retailers, automobile
23 manufacturers and dealerships that operate in a highly competitive marketplace.

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1 Q. Do you believe that Staff's position with regard to its classification of Company's
2 advertising is essentially subjective in nature?

3 A. No. The Commission's Report and Orders provided as part of Case Nos. EO-85 -
4 185 and ER-2008-0318 provide an objective standard and reasoned guidance for the Staff
5 and Company to follow. The Staff has attempted to apply these Commission rulings to
6 Ameren Missouri advertising in the most objective way possible. Staff considered the primary
7 message of each advertisement, as the Commission established in Case No. EO-85-185 and then
8 objectively categorized them per the five categories of advertising developed in that case.
9 Staff then performed an assessment of the advertising on a campaign basis per the Report and
10 Order in Case No. ER-2008-0318 and based on that objective analysis, only two of the
11 campaigns would have been allowed. An example of objectivity is evidenced by the fact that the
12 an entirely separate and independent review of Ameren Missouri's test year advertising that was
13 performed by another Staff auditor, Lisa K. Hanneken, using these referenced Commission
14 rulings for guidance. Ms Hanneken's review of Ameren Missouri's advertising yielded the same
15 results as my own analysis.

16 Q. Ms. Muniz states on page 2, lines 15 through 18 that "We have repeatedly heard
17 from our customers that they would like increased communications from us. This need has been
18 expressed on a day-to-day basis through normal operations as well as in the customer surveys
19 that we conduct." Does this agree with the comments heard at the public hearings?

20 A. No. Staff understands that customer surveys are good for the Company to
21 conduct to understand the needs of their customers; however, this particular Company is a
22 monopoly. Normal needs of a competitive Company do not apply here. Customers have no
23 choice as to who their supplier of electricity is. Staff submitted Data Request No. 416 to

1 determine if any of the studies that Ms. Muniz references asked the customer whether they would
2 be willing to pay more in rates for advertising. The Company responded that they did not ask
3 any of their Missouri electric customers this question. Staff believes that the main reason for not
4 asking this question is because the Company realizes the answer will be no. Many customers
5 who attended the local public hearings have commented their distaste of the Company spending
6 money on advertising, and their concern that this rate increase is partly due to money being
7 needed for this purpose.

8 **SPECIFIC ADVERTISING CAMPAIGNS**

9 **POWER ON**

10 Q. Why were the costs disallowed in this campaign?

11 A. There were charges for this campaign in the last Ameren Missouri rate case, File
12 No. ER-2010-0036. The charges in the current case were treated consistently with those in the
13 last case. Staff disallowed the TV and Outdoor advertising (billboards) but allowed the
14 newspaper and radio advertisements. Staff did not believe that the primary message of the
15 TV and Outdoor advertising was that of information related to the Power On campaign, as much
16 as it was an image enhancing advertisement. There was no information in these two medium
17 about what the project was about or how it benefited ratepayers. A picture of a billboard that
18 states "A Power Grid Energized by the Human Grid," with the Company logo was considered by
19 Staff as more of an advertisement about the Company and the people behind the scenes, rather
20 than the different aspects of Power On itself.

21 Q. Doesn't inclusion of the website URL, where customers can get more
22 information, make the advertisement more informative?

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1 A. No. Staff does not believe that placing the website on an advertisement should
2 allow the Company to recover that advertisement. An advertisement should be analyzed on a
3 standalone basis for the message it alone conveys. A customer should be able to glean the
4 premise of the campaign's message from the ad without having to look elsewhere, unless they
5 choose to do so. If the website were all it took to follow the KCPL precedent, the Company
6 could place the website on any advertisement and consider it to be recoverable in rates.

7 Q. Did Staff allow credits for Power On advertising but not the associated charges?

8 A. No. Staff did not allow any advertising based on whether it was charges or credits
9 nor did Staff develop a position merely based on the medium of the advertisement. It was the
10 primary message of the advertisement that determined what category that advertisement
11 belonged to. Staff allowed the charges for the newspaper and radio Power On ads in the last case
12 and also in the current case. The credits were labeled as being TV, Outdoor, Newspaper, or
13 radio. For the charges that Staff allowed, the associated credits were also allowed. The overall
14 allowance per this campaign is negative because the charges that were during the test year were
15 for disallowed TV and Outdoor advertising while the credits were for allowed newspaper and
16 radio advertising.

17 Q. Does the medium through which the advertisement was conveyed to the public
18 determine the disallowance of an advertisement?

19 A. No. The medium of the advertisement was without consequence when
20 determining Staff's position. Ms. Muniz herself states on page 8, lines 6 through 9 that "Finally,
21 there is no reason to recommend allowance of a cost of the message when it is delivered through
22 one medium (print) and recommend disallowance when the same message is carried in another
23 medium (television and outdoor). Of course each (medium) provides a different amount of

1 information.” Staff finds it hard to believe that if each medium were to be carrying the same
2 message as Ms. Muniz states, that the primary message would be different. Staff would think
3 that if the different mediums were conveying the same message, that Staff would have
4 categorized these ads similarly. That was not the case here, so it seems clear to Staff that the
5 mediums clearly did not have the same primary message nor did they convey the same
6 information.

7 TOP RATES

8 Q. Why did you disallow the Top Rates Campaign?

9 A. Staff believes that the primary message of this campaign is to convey to the
10 ratepayer how low their rates are and basically how good the Company is because they have
11 these low rates. Staff allowed the posters, even though Staff felt the primary message wasn't
12 allowable because those posters were used at the Local Public Hearings. Staff felt it was
13 important for Company to have due process and allow them to speak to their customers directly.
14 In a normal advertising setting, Staff does not believe it is adequate for ratepayers to have to pay
15 for advertisements that tell them how low their rates are.

16 NUMBERS

17 Q. What was Staff's position on this campaign?

18 A. Staff allowed 60% of the total advertising for this campaign. Four of the ten radio
19 ads dealt with Ameren Missouri's rates being low. Similar to the above reasoning, Staff does not
20 believe that ratepayers should be paying for the Company to tell them how low their rates are.
21 It appears to Staff that the Company is trying to enhance their image in the eyes of their
22 customers. If Staff had taken the position of accepting the campaigns then yes, this campaign
23 would have been accepted. However, Staff would like to note that this campaign would have

1 | been disallowed advertising per the KCPL standard as institutional, so on a campaign basis
2 | ratepayers would be paying for those disallowed advertisements if Staff would have taken the
3 | campaign position.

4 | **RELIABILITY**

5 | Q. Please explain Staff's position on the reliability campaign.

6 | A. Staff determined that the primary message of the Company's reliability
7 | advertising is not what the Company is doing to be more reliable, as Ms. Muniz states as the
8 | purpose on page 10, lines 7 through 8 of her rebuttal testimony, but instead represents
9 | institutional or image advertising designed to assist the Company in recovering from
10 | poor publicity following the multiple 2006 storm outages as well as the January 2007
11 | storm outage. Staff's interpretation is supported by Ameren Missouri's response to Staff Data
12 | Request No. 375, which demonstrates that overall advertising expenditures almost doubled
13 | between 2006 and 2009. The following chart summarizes Ameren Missouri advertising
14 | expenditures by calendar year and for the test year ending March 31, 2010 as established by the
15 | Commission in this rate case:

<u>Year</u>	<u>Advertising Expense</u>
2006	\$3,071,136
2007	\$4,029,654
2008	\$6,126,059
2009	\$5,992,200
Test Year 3/31/10	\$5,615,274

22 | Staff contends that this drastic increase in advertising, based on the primary message of
23 | the reliability advertisements, is the Company attempting to improve its public image in the

1 aftermath of falling behind on vegetation management efforts in years past and the resulting
2 storms that produced terrible hardships for thousands of Ameren Missouri customers.

3 Q. Does Staff agree that the disallowance of the reliability advertising discourages
4 the Company from sharing the important information of reliability statistics with the
5 Commission as stated by Company witness Muniz on page 10, lines 13 through 17 of her
6 rebuttal testimony?

7 A. No. I believe Ms. Muniz is distorting the facts. The fact that the Company
8 reports its reliability statistics to the Commission annually has absolutely no bearing on whether
9 reliability advertising should allowed to be recovered in rates. Utility companies report
10 reliability statistics to the Commission in order to ensure that those companies are providing safe
11 and adequate service. The utility companies may choose whether to advertise, and what to
12 advertise about those statistics to customers.

13 **SAFETY – LOUIE THE LIGHTNING BUG**

14 Q. If Louie the Lightning bug is an ambassador of safety, why did Staff disallow the
15 associated costs?

16 A. Staff typically allows all Safety advertising, however, that is when the primary
17 message of the advertising is about how to convey the ways to safely use electricity and how to
18 avoid accidents. The Louie the Lightning Bug Balloon that is in the parade does not convey this
19 to me as its primary message. While the icon is known to be used for electric safety, the balloon
20 itself does not tell the public how to be safe, like a pamphlet or similar item would. Staff
21 believes that the balloon is used to promote Ameren Missouri's public image as steward of the
22 community.

1 **OTHER ADVERTISING EXPENSES**

2 Q. Has the Staff revised its adjustments with regard to the fees that Ameren Missouri
3 paid to Rodgers Townsend and Fleishman Hilliard during the test year?

4 A. Yes. Based upon additional discussions with the Company, as well as responses
5 to Staff Data Requests, the Staff has included all retainer fees that were paid by Ameren
6 Missouri to Rodgers Townsend during the test year. However, based on additional
7 discussion with the Company the Staff has removed all retainer fees that the Company paid to
8 Fleishman Hilliard since they are entirely institutional in nature.

9 Q. Do you believe that Ms. Muniz is correct in her assessment that the “Methane to
10 Megawatts” advertising items should be included in rates?

11 A. No. The Staff believes that it is important for the Company to convey a
12 message about renewable energy sources, however, it is how the Company is getting that
13 message across that Staff does not agree with. Staff believes that the primary message of the
14 “Methane to Megawatts” video is more about the partnership between Fred Weber and Ameren
15 Missouri and how Ameren Missouri is a steward to the community rather than about the
16 renewable energy itself.

17 Q. Do you believe that Ms. Muniz is correct in her assessment that the “Pure Power”
18 advertising items should be included in rates?

19 A. No. One Pure Power item in question is a sign with a picture of a windmill and
20 the words “Pure Power.” Staff does not believe that this sign conveys any other message than
21 the words and images depicted on it. Ms. Muniz states that “if we did not advertise, our
22 customers would not know that we offer this program...” Staff believes that a customer that sees
23 that sign will likely still not know that Ameren Missouri offers the program or that the sign even
24 refers to a program (if they did not know about Pure Power), and that there are better ways to

Surrebuttal Testimony of
Lisa M. Ferguson

1 inform customers of this program, such as a line on the customer bill or bill inserts. Ms. Muniz
2 states that Pure Power is “a voluntary program offered to our customers who are looking for
3 ways to further the development of renewable energy.” The other Pure Power items that were
4 included in the partnership with the St. Louis Blues were the jumbo screen ads, the Blues ribbon,
5 and the Pure Power pinwheels. All of these items fail to provide a primary message of what the
6 Pure Power program is or how it benefits customers, so they were accordingly disallowed.

7 Q. Do you believe that Ms. Muniz is correct in her assessment that the St. Louis
8 Rams Sponsorship should be included in rates?

9 A. No. Staff believes that the primary message of the advertisements that were a part
10 of this sponsorship were not to talk about the benefits of electronic billing, energy efficiency and
11 other programs, as Ms. Muniz states. The advertisements Staff reviewed were more
12 promotional in nature to entice customers to sign up for these programs. Staff believes the
13 advertisements were more about what the customer can get if they sign up for the program,
14 rather than information about what program participation entailed. The two ads attached to
15 Company witness Muniz’s testimony are ads that are included in this sponsorship and Staff
16 believes that neither one of these ads conveys the message that Ms. Muniz mentioned.

17 Q. Do you believe that Ms. Muniz is correct in her assessment that the “Giant U”
18 should be included in rates?

19 A. Staff believes the giant “U” that is used at tradeshow is institutional. The item is
20 clearly for the purpose of being seen, and when it is seen, so is the Company. The U itself
21 conveys no primary message other than being a giant “U.” When I first saw it I wondered where
22 the giant “E” was to complete the initials of the Company’s former name, Union Electric.

Surrebuttal Testimony of
Lisa M. Ferguson

1 Q. Do you believe that Ms. Muniz is correct in her assessment that the Adopt-A-
2 Shoreline Clean Up project advertisement should be included in rates?

3 A. No. Advertising that is allowable in rates by definition should be for the
4 provision of safe and adequate service. Staff agrees that it is important for the Company to keep
5 their spillways free of debris so as to operate efficiently, but for the Company to put out
6 advertising to thank numerous parties for participating in an Adopt-A-Shoreline Clean Up
7 project, conveys a primary message of the Company being a good community member. Staff
8 does not believe that such an advertisement promotes operating efficiency. Instead, Staff has
9 categorized this advertisement as institutional or image enhancing.

10 Q. Do you believe that Ms. Muniz is correct in her assessment that promotion of the
11 Gatekeeper Program should be included in rates?

12 A. No. The Gatekeeper program, while admirable, is not associated with the
13 provision of adequate electric service. Both items included in this advertising do not mention
14 anything related to the use of or the provision of electricity. Only the Company logo is displayed
15 on these items which to Staff would appear that these are more for the Company to be seen as a
16 pillar of the community and enhancing their image as a Company rather than communicating
17 necessary information about safe and reliable electric service. These items seem akin to forcing
18 the ratepayer to fund a charitable organization such as United Way.

19 Q. Do you believe that Ms. Muniz is correct in her assessment that promotion of the
20 Taum Sauk video should be included in rates?

21 A. No. The Staff contends that the Taum Sauk video should not be included in rates
22 because if the Company had not initially caused the breach to begin with, then there would be no
23 need for them to expend money on this video to "communicate information" about what the

Surrebuttal Testimony of
Lisa M. Ferguson

1 Company is doing to clean up the problem. The Staff maintains that this is institutional
2 advertising to improve the Company's image in the wake of the Taum Sauk disaster.

3 Q. Does this conclude your Surrebuttal testimony?

4 A. Yes it does.

Ameren Missouri
Response to MPSC Staff Data Request
MPSC Case No. ER-2011-0028
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

Data Request No.: MPSC 0202 – Lisa Ferguson

Please provide a detailed description of the services that are provided by Edison Electric Institute. Including a percentage of billings for each service or benefit from EEI. Of these services or benefits, please provide what is received by Ameren Missouri and what is received for the benefit of the ratepayer?

RESPONSE

Prepared By: Gary S. Weiss
Title: Manager Regulatory Accounting
Date: December 15, 2010

Some of the recent EEI activities that benefit Ameren Missouri ratepayers include EEI's efforts in getting bonus depreciation extended another year. The benefit of this extension of bonus depreciation will reduce rate base with the true-up of this case. EEI was also a leader in the fight to preserve the ability to use OTC derivatives without the requirement to "clear" such trades over an exchange saving EEI members and their customers hundreds of millions of dollars in collateral requirements annually. The OTC fight continues through the implementation phase at the CFTC and EEI is actively engaged in that process as well. EEI lead a multi-faceted aggressive campaign to retain lower dividend tax rates. The lower dividend tax rates benefits both Ameren Missouri and its customers who own common stock. EEI lead the effort that defeated the recommendation to end the FAS 71 regulatory assets project at the IASB, paving the way for regulatory assets under FAS 71 to be recognized in the IFRS.

Other recent EEI activities that benefit Ameren Missouri ratepayers include EEI's leadership role in developing climate change points of agreement within its membership and in communicating industry views to policymakers. EEI has organized activities with key stakeholders to support climate change legislation that protects the environment and electricity consumers. In this regard, EEI is working with NARUC, the National Governors Association, the National Conference of State Legislators, the National Association of Counties and others. EEI has a website (www.SmartClimatePolicy.org) to educate stakeholders and stimulate thoughtful interaction. EEI has supported the industry on key environmental issues, including HAPs; ozone standards; EPA transport rule; federal jurisdiction of the Clean Water Act; and siting and natural resources issues.

EEI initiated effort to urge EPA to regulate coal ash and other coal combustion byproducts as non-hazardous waste. The regulation of coal ash and other coal combustion byproducts as hazardous waste would greatly increase the operating costs of Ameren Missouri and could result in higher rates.

Likewise, EEI initiated a campaign to avoid one-size-fits-all cooling tower requirement. Another issue that could result in higher capital investment and operating expenses for Ameren Missouri.

EEI worked to ensure Renewable Electricity Standards proposals are reasonable, with credit for energy efficiency and adequate consumer protections.

EEI is also working to keep members informed and involved in the American Recovery and Reinvestment Act implementation, including notifying members of ARRA-related funding opportunities such as smart grid, energy efficiency, conservation and renewable programs. To that end, EEI has created a Stimulus Implementation Internet Workroom with 500 member company participants and is working with stakeholders to respond to numerous initiatives from FERC and DOE in implementing ARRA provisions. EEI secured IRS guidance to assure that smart grid and other stimulus grants will not be taxed.

EEI is currently working with member companies and various Congressional committees in crafting legislation to address cyber attacks against the electric power grid and to identify vulnerabilities that could be exploited.

On the federal regulatory front, EEI has worked with its member companies to shape the national smart grid debate and expand member company involvement and leadership on critical NIST committees overseeing the development of smart grid interoperability standards.

EEI has developed an online compliance training module to assist companies in developing a culture of compliance with FERC's mandatory reliability standards (the Reliability Training Tool). Additional compliance training tools are also available and being used at Ameren Missouri, to help ensure compliance with the standards of conduct and anti-market manipulation rules.

EEI worked with its member companies and joined NARUC, NRECA and APPA to submit comments on an EPA proposal to develop a waste heat recovery registry, urging greater accuracy in estimating economic feasibility and state rate treatment of combined heat and power.

EEI assists Ameren Missouri and its member companies in meetings with senior federal regulatory officials on a number of issues including air quality regulations and industry reliability and financial issues.

EEI coordinates the utilities responses to the issues related to railroad transportation. EEI maintains a Rail Transport Internet Workroom where documents of interest on coal transportation are posted. Recently EEI filed an industry response to the coal dust inquiry at the Surface Transportation Board.

From an Information Security perspective:

- We receive updates on federal and state actions as they happen, which allows us to take action or start discussions early on.
- Attending the committee meetings allows us to meet with others from the industry.
 - We can discuss similar issues and try to come up with common solutions.
 - We learn from each other from the problems we've encountered in the past and can take-away the lessons learned.
 - They often have expert speakers that discuss the future of regulations, which helps us remain proactive in compliance with the regulations by planning early and before regulations are mandatory.
 - By working with EEI and member utilities, we can pool resources to gain insight on pending governmental policies and regulations.
 - Ability to collaborate on current issues affecting the industry
 - Pandemic Planning
 - NERC CIP Compliance
 - SmartGrid
 - Deployment of IT systems
 - Phasor Measurement Units / SynchroPhasor (NASPI)
- The Cyber Security Working Group discussing emerging cyber security issues
- We continually get updates from the NERC CIP drafting teams as they develop the new regulations.

All of the above helps us contain/lower our costs.

Through best practice discussions we avoid reinventing the wheel.

Early notice of federal/state regulations helps us be more proactive in response, and we avoid penalties for noncompliance.

They provide the following value to the Controller's department:

- Educational forums that allow for the maintenance of utility-specific skills for accounting staff. Accurate financial statements allow the MoPSC to properly set rates and are necessary to procure the capital necessary to invest and operate Ameren Missouri. EEI member receive discounts at their sponsored forums.
- Committees that allow for the sharing of questions and information related to various accounting topics, which assure we are properly thinking about and accounting for various utility-specific issues. Accurate financial statements allow the MoPSC to properly set rates and are necessary to procure the capital necessary to invest and operate Ameren Missouri. Use of EEI, reduces company staff that may be necessary to respond.

- Coordinate responses to accounting standard setters for requested comments on potential new accounting standards. Use of EEI, reduces Company staff that would be necessary to respond.
- News clipping services that assure staff is up to date on industry issues. Use of EEI, reduces company staff that may be necessary to respond.
- Coordinate forums for interaction with investors that provide capital to utilities. These forums are an efficient method of meeting investors and potential investors versus multiple trips and other targeting methods.
- EEI regularly has meetings with the FASB and SEC to discuss industry accounting issues, helping these bodies better understand the utility industry's issues and help the utility industry understand their viewpoints resulting in higher quality financial reporting.

It is not possible to assign dollars of benefit to any one of the above items. However, Ameren Missouri believes it and its ratepayers receive benefits from the EEI membership that greatly exceed the membership fees.

AmerenUE
Response to MPSC Staff Data Request
MPSC Case No. ER-2010-0036
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

Data Request No.: MPSC 0219 – Lisa Ferguson

Please provide a detailed description of the services that are provided by Edison Electric Institute. Including a percentage of billings for each service or benefit from EEI. Of these services or benefits, please provide what is received by AmerenUE and what is received for the benefit of the ratepayer?

RESPONSE

Prepared By: Gary S. Weiss
Title: Manager Regulatory Accounting
Date: November 13, 2009

Some recent EEI activities that benefit AmerenUE ratepayers include EEI's leadership role in developing climate change points of agreement within its membership and in communicating industry views to policymakers. EEI has organized activities with key stakeholders to support climate change legislation that protects the environment and electricity consumers. In this regard, EEI is working with NARUC, the National Governors Association, the National Conference of State Legislators, the National Association of Counties and others. EEI has also launched a new campaign and Website (www.SmartClimatePolicy.org) to educate stakeholders and stimulate thoughtful interaction. As the legislation winds its way through the Senate, EEI continues this work with a particular focus on helping to reduce consumer cost increases. This past summer, EEI organized a series of CEO meetings that resulted in visits with 32 senators.

EEI is also working to keep members informed and involved in the American Recovery and Reinvestment Act implementation, including notifying members of ARRA-related funding opportunities such as smart grid, energy efficiency, conservation and renewable programs. To that end, EEI has created a Stimulus Implementation Internet Workroom with 500 member company participants and is working with stakeholders to respond to numerous initiatives from FERC and DOE in implementing ARRA provisions.

EEI is currently working with member companies and various Congressional committees in crafting legislation to address cyber attacks against the electric power grid and to identify vulnerabilities that could be exploited. EEI representatives recently testified before Congress on industry efforts to secure the electric grid against physical and cyber attacks.

Another significant issue facing electric utilities is derivatives reform. EEI is working on both legislative and regulatory fronts to shape effective derivatives reform that preserves the OTC derivatives market for utilities and other end users. Derivative reform legislation or regulation could cost AmerenUE millions of dollars if it requires AmerenUE to trade on exchanges for which it would have to pay exchange fees and incur higher collateral requirements for its hedging activities thus negatively impacting customers.

On the federal regulatory front, EEI has worked with its member companies to develop coordinated responses in support of FERC's proposed policy statement and action plan on smart grid devices and systems. EEI and its member companies continue to encourage FERC to work closely with NIST in support of the development of interoperability standards.

EEI has developed an online compliance training module to assist companies in developing a culture of compliance with FERC's mandatory reliability standards (the Reliability Training Tool). Additional compliance training tools are also available, and being used at AmerenUE, to help ensure compliance with the standards of conduct and anti-market manipulation rules.

EEI worked with its member companies and joined NARUC, NRECA and APPA to submit comments on an EPA proposal to develop a waste heat recovery registry, urging greater accuracy in estimating economic feasibility and state rate treatment of combined heat and power.

EEI is providing AmerenUE and other members with data as EPA proceeds with a new rule to develop cooling water intake regulations. EEI assists AmerenUE and its member companies in meetings with senior federal regulatory officials on a number of issues including air quality regulations and industry reliability and financial issues.

From an Information Security perspective:

- We receive updates on federal and state actions as they happen, which allows us to take action or start discussions early on
- Attending the committee meetings allows us to meet with others from the industry
 - We can discuss similar issues and try to come up with common solutions
 - We learn from each other from the problems we've encountered in the past and can take-away the lessons learned
 - They often have expert speakers that discuss the future of regulations, which helps us remain proactive in compliance with the regulations by planning early and before regulations are mandatory
 - By working with EEI and member utilities, we can pool resources to gain insight on pending governmental policies and regulations
 - Ability to collaborate on current issues affecting the industry
 - Pandemic Planning
 - NERC CIP Compliance
 - SmartGrid

- Deployment of IT systems
- Phasor Measurement Units / SynchroPhasor (NASPI)
- The Cyber Security Working Group discussing emerging cyber security issues
- We continually get updates from the NERC CIP drafting teams as they develop the new regulations

All of the above helps us contain/lower our costs:

Through best practice discussions we avoid reinventing the wheel.

Early notice of federal/state regulations helps us be more proactive in response, and we avoid penalties for noncompliance.

They provide the following value to the Controller's department:

- Educational forums that allow for the maintenance of utility-specific skills for accounting staff. Accurate financial statements allow the MoPSC to properly set rates and are necessary to procure the capital necessary to invest and operate UE. EEI member receive discounts at their sponsored forums.
- Committees that allow for the sharing or questions and information related to various accounting topics, which assure we are properly thinking about and accounting for various utility-specific issues. Accurate financial statements allow the MoPSC to properly set rates and are necessary to procure the capital necessary to invest and operate UE. Use of EEI, reduces company staff that may be necessary to respond.
- Coordinate responses to accounting standard setters for requested comments on potential new accounting standards. Use of EEI, reduces company staff that may be necessary to respond.
- News clipping services that assure staff is up to date on industry issues. Use of EEI, reduces company staff that may be necessary to respond.
- Coordinate forums for interaction with investors that provide capital to utilities. These forums are an efficient method of meeting investors and potential investors versus multiple trips and other targeting methods.

It is not possible to assign dollars of benefit to any one of the above items. However, AmerenUE believes it and its ratepayers receive benefits from the EEI membership that greatly exceed the membership fees.

Union Electric Company d/b/a AmerenUE
 File No. ER-2011-0028
 Source: DR #112, 162, 200, 201, 204, 205, 207, 208, 209, 251, 252, 271, 364

AmerenUE
MISSOURI OPERATIONS
CASH WORKING CAPITAL
 Test Year Ending March 31, 2010

Line Number		Annualized Amts AS ADJUSTED	REVENUE LAG	EXPENSE LAG	NET LAG	FACTOR	CASH WORKING CAPITAL REQUIREMENT
	OPERATION AND MAINT. EXPENSE						
1	Payroll	321,681,756.76	35.20	12.36	22.84	0.062575	20,129,236.00
2	Employee Benefits (Including 401(k) Employer portion, Pensions & OPEBs)	100,460,969.00	35.20	37.72	(2.52)	(0.006904)	(693,583.00)
3	Fuel-Nuclear	73,837,880.00	35.20	15.21	19.99	0.054767	4,043,879.00
4	Fuel-Coal	711,811,440.00	35.20	21.41	13.79	0.037781	26,892,948.00
5	Fuel-Gas	6,814,822.00	35.20	36.68	(1.48)	(0.004055)	(27,634.00)
6	Fuel-Oil	1,498,580.00	35.20	10.31	24.89	0.068192	102,191.00
7	Purchased Power	31,564,806.00	35.20	22.50	12.70	0.034795	1,098,297.00
8	Incentive Compensation	20,544,943.00	35.20	253.64	(218.44)	(0.598479)	(12,295,717.00)
9	Uncollectible Expense	9,904,310.00	35.20	35.20	0.00	0.000000	0.00
10	Cash Vouchers	504,682,879.00	35.20	42.11	(6.91)	(0.018932)	(9,554,656.00)
11	TOTAL OPERATION AND MAINT. EXPENSE	1,782,802,385.76					29,694,961.00
	TAXES						
12	FICA Payroll Tax	22,231,352.00	35.20	12.70	22.50	0.061644	1,370,429.00
13	St. Louis Payroll Expense Tax	202,353.00	35.20	76.38	(41.18)	(0.112822)	(22,830.00)
14	Federal Unemployment Taxes	279,314.00	35.20	76.38	(41.18)	(0.112822)	(31,513.00)
15	State Unemployment Taxes	548,005.00	35.20	76.38	(41.18)	(0.112822)	(61,827.00)
16	Corporate Franchise Taxes	2,224,899.00	35.20	(77.50)	112.70	0.308767	686,975.00
17	Property Taxes	136,901,849.00	35.20	182.50	(147.30)	(0.403562)	(55,248,384.00)
18	TOTAL TAXES	162,387,772.00					(53,307,150.00)
	OTHER EXPENSES						
19	Decommissioning Fees	6,758,605.00	35.20	68.75	(33.55)	(0.091918)	(621,237.00)
20	Use Taxes	309,731.57	35.20	76.38	(41.18)	(0.112822)	(34,945.00)
21	Sales Taxes	47,048,197.83	22.17	38.79	(16.62)	(0.045534)	(2,142,293.00)
22	Gross Receipts Taxes	115,237,665.00	22.17	48.09	(25.92)	(0.071014)	(8,183,488.00)
23	TOTAL OTHER EXPENSES	162,595,594.40					(10,981,963.00)
	CWC REQ'D BEFORE RATE BASE OFFSETS						(34,594,152.00)
	TAX OFFSET FROM RATE BASE						
24	Federal Tax Offset	140,692,289.00	35.20	37.88	(2.68)	(0.007342)	(1,032,963.00)
25	State Tax Offset	22,632,050.00	35.20	37.88	(2.68)	(0.007342)	(166,165.00)
26	City Tax Offset	(45,261.00)	35.20	273.50	(238.30)	(0.652877)	29,550.00
27	Interest Expense Offset	183,197,785.00	35.20	90.69	(55.49)	(0.152027)	(27,851,010.00)
28	TOTAL OFFSET FROM RATE BASE	346,476,863.00					(29,020,588.00)
29	TOTAL CASE WORKING CAPITAL REQUIRED						(63,614,740.00)

SCHEDULE 1