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Exhibit No.:
Issue: Depreciation
Witness: Guy C. Gilbert, PE, RG
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
File No.: ER-2011-0028
Date Testimony Prepared: March 25, 2011

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

GUY C. GILBERT, PE, RG

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

FILE NO. ER-2011-0028

Jefferson City, Missouri
March 2011

Staff Exhibit No. 211
Date 4/26/11 Reporter JMB
File No. ER-2011-0028

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REBUTTAL TESTIMONY

OF

GUY C. GILBERT, PE, RG

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

FILE NO. ER-2011-0028

Q. Please state your name and business address.

A. Guy C. Gilbert, P.O. Box 360, Jefferson City, Missouri, 65102.

Q. Please state the purpose of your testimony?

A. The purpose of my rebuttal testimony is to offer the Staff's position in response to the Company's filed direct testimony by Mr. Gary S. Weiss in this case, regarding partial removal costs of \$4,905,000 for the Venice Power Plant accounts.

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

A. I am employed by the Missouri Public Service Commission (PSC or Commission) as a Utility Regulatory Engineer II in the Engineering and Management Services Department.

Q. Please describe your work and educational background.

A. A copy of my work and educational experience was provided in Appendix 1 of Staff Report Cost of Service.

Q. How is your testimony organized?

A. I will present Staff's response to the Company's proposal to amortize cost of removal for the Venice Plant.

1 **VENICE COST OF REMOVAL AMMORTIZATION ISSUE**

2 Q. Please describe Ameren's proposal regarding the amortization of production
3 plant accounts.

4 A. As described on page 26 of Mr. Weiss' direct testimony, Ameren seeks an
5 amortization to accrue \$981,000 per year for five years for the cost of removal expenses
6 incurred at the Venice Power Plant. The Company has stated that the full investment in the
7 plant and final retirement costs were not recovered through the depreciation expense.
8 However, Mr. Weiss also acknowledges in his direct testimony that "[t]he pro forma
9 accumulated provision for depreciation and amortization, as shown on Schedule GSW-E2,
10 applicable to total plant-in-service, is \$5,937,666,000." This amount is more commonly
11 referred to as the depreciation reserve. Ameren's \$6 billion reserve is more than sufficient to
12 cover the approximately \$5 million costs incurred by Ameren for Venice retirements.

13 Q. What is Staff's position regarding the amortization of unrecovered investment
14 and retirement costs proposed by Ameren?

15 A. The Company is essentially seeking to re-recover expenses that have been
16 advanced by ratepayers through depreciation rates. Ameren's depreciation rates include an
17 allowance for net salvage, and the collection of that allowance for net salvage is reflected in
18 Ameren's \$6 billion depreciation reserve. Staff recommends Ameren simply book any
19 incurred cost of removal against Ameren's already-collected depreciation reserve.

20 Q. Do the separate accounts Ameren has created for Venice, as distinct from its
21 other coal-fired generation, have adequate reserves to cover the incurred costs at Venice?

22 A. No. However, Ameren's segregation of its coal-fired steam-production fleet
23 into discreet plant-specific subaccounts was Ameren's own choice. Staff does see not any

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1 reason Ameren could not perform a reserve transfer from one of the over-accrued steam-
2 production accounts into the Venice accounts.

3 Q. Did historic Commission-ordered depreciation rates segregate the accruing
4 depreciation expense into discreet plant-specific subaccounts?

5 A. No. Staff has reviewed the Commission-ordered depreciation rates for
6 Ameren going back to 1937 and confirmed that at no time has the Commission-ordered
7 depreciation rates for any steam production plants separate from the steam production fleet
8 prior to Ameren's most recent rate case, File No. ER-2010-0036.

9 Q. What is Staff's recommendation regarding the amortization of net salvage for
10 the Venice Power Plant?

11 A. The net salvage expense for the Venice Power Plant should not be amortized.
12 Staff recommends these amounts should be drawn from the existing depreciation retirement
13 reserve (which is over-accrued for the production accounts) and not recovered through an
14 additional amortization expense to be paid by Missouri rate payers.

15 Q. Does this conclude your prepared rebuttal testimony?

16 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

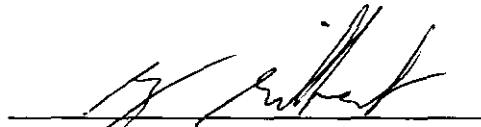
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a)
AmerenUE's Tariff to Increase Its Annual) File No. ER-2011-0028
Revenues for Electric Service)
)

AFFIDAVIT OF GUY C. GILBERT, MS, PE, RG

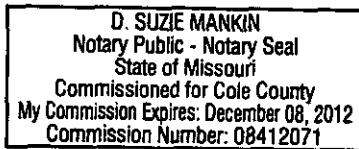
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

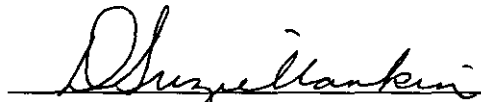
Guy c Gilbert, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge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



Guy C Gilbert, MS, PE, RG

Subscribed and sworn to before me this 25th day of March, 2011.





Notary Public