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Service Commission

Exhibit No.:

Issues:

Class Cost of Service

Witness:

David C. Roos

Sponsoring Party:

MO PSC Staff

Type of Exhibit:

Rebuttal Testimony

Case No.:

ER-2007-0002

Date Testimony Prepared:

February 5, 2007

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

DAVID C. ROOS

UNION ELECTRIC COMPANY

d/b/a AMERENUE

CASE NO. ER-2007-0002

Jefferson City, Missouri

February 2007

Staff
Exhibit No. 234
Case No(s) ER-2007-0002
Date 3/29/07 Rptr PF

EXHIBIT

234

**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 DAVID C. ROOS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

David C. Roos, 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 4 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.



David C. Roos

Subscribed and sworn to before me this 2nd day of February, 2007.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086



Notary Public

My commission expires 9-21-10

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OF

DAVID C. ROOS

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

CASE NO. ER-2007-0002

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REBUTTAL TESTIMONY

OF

DAVID C. ROOS

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

CASE NO. ER-2007-0002

14 Q. Q. Please state your name and business address.

15 A. My name is David C. Roos and my business address is Missouri Public Service
16 Commission, P.O. Box 360, Jefferson City, MO 65102.

17 Q. What is your present position with the Missouri Public Service Commission
(Commission)?

18 A. I am a Regulatory Economist III in the Economic Analysis Section, Energy
19 Department, Operations Division of the Missouri Public Service Commission.

20 Q. Are you the same David C. Roos that filed direct testimony earlier in this
21 proceeding?

22 A. Yes I am.

23 **EXECUTIVE SUMMARY**

24 Q. What is the purpose of your rebuttal testimony?

25 A. I compare the results of the Class Cost of Service (CCOS) studies of the
26 various parties in this case.

27 **CLASS COST OF SERVICE STUDY ISSUES**

28 Q. Which parties presented CCOS studies in this case?

Rebuttal Testimony of
David C. Roos

1 A. Five parties presented CCOS studies in this case: AmerenUE, the Staff of the
2 Missouri Public Service Commission (Staff), the Office of the Public Counsel (OPC),
3 Missouri Industrial Energy Consumers (MIEC), and the American Association of Retired
4 Persons (AARP). AmerenUE, Staff and AARP each filed one study. OPC submitted two
5 studies and MIEC filed three studies.

6 Q. Would you compare their CCOS study results?

7 A Yes. My comparison is shown on Schedule DCR-1. Since the use of a
8 particular allocation method for allocating production (generation) capacity to classes is the
9 main determinant of the overall study results, I have identified each study by (1) the party
10 sponsoring the study and (2) the production-capacity allocation method used.

11 For each party, the type of CCOS study and the witness who sponsors the study
12 follows:

13 AmerenUE (4NCP A&E): An Average and Excess allocator that is calculated using
14 the four class peaks in only the summer months. [William M. Warwick and Wilbon L.
15 Cooper]

16 Staff (12 NCP A&P): An Average & Peak allocator that calculated using the twelve
17 class peaks in every month of the year. [David C. Roos and James A. Busch]

18 OPC (3CP A&P): An Average & Peak allocator that is calculated using the three
19 highest monthly coincident peaks. [Barbara A. Meisenheimer]

20 OPC TOU: A Time-of-Use allocator based upon class contribution to hourly
21 production costs. [Barbara A. Meisenheimer]

22 MIEC (3 NCP A&E): An Average and Excess allocator that is calculated using the
23 three highest monthly class peaks in the summer. [Maurice Brubaker]

Rebuttal Testimony of
David C. Roos

1 AARP (4CP A&P): An Average & Peak allocator that is calculated using the four
2 highest monthly coincident peaks.

3 Staff witness James A. Bush is submitting rebuttal testimony on behalf of Staff
4 concerning allocation of production capacity costs.

5 Q. Can you draw any conclusions from the CCOS studies regarding the
6 Residential (RES) Class' contribution to class revenue responsibilities?

7 A. For the Residential class, the CCOS studies show that a range from +0.44% to
8 +15.70% change in that class' revenue responsibility is required to match the cost of
9 providing electrical service to the Residential Class. The positive values for the percentage
10 change indicate that the revenues from the Residential Class are less than cost of serving the
11 Residential Class.

12 Q. Can you draw any conclusions from the CCOS studies regarding the Small
13 General Service (SGS) Class' contribution to class revenue responsibilities?

14 A. Schedule DCR-1 shows that the results of all the CCOS studies indicate the
15 SGS class now provides revenues above AmerenUE's cost of providing service to the SGS
16 class. For the SGS class, the percent change to class revenues required to match the cost of
17 serving that class range from -8.06% to -2.30%.

18 Q. Can you draw any conclusions from the CCOS studies regarding the Large
19 General Service (LGS) Class' contribution to class revenue responsibilities (LGS & SPS Rate
20 Schedules)?

21 A. All the CCOS studies show that the LGS class now provides revenues above
22 AmerenUE's cost of providing service to that class. The percentage changes in rate revenue
23 required to match the cost of service range from -12.94% to -3.52%.

Rebuttal Testimony of
David C. Roos

1 Q. Can you draw any conclusions from the CCOS studies regarding the Large
2 Primary Service (LPS) Class' contribution to class revenue responsibilities?

3 A. The study results show LPS class revenue responsibility must be changed from
4 -5.50% to +17.58% to match LPS class costs. The results of the AmerenUE, Staff, OPC,
5 AARP and one of the MIEC studies indicate the LPS class revenues do not cover the cost of
6 providing service to that class. Two of the MIEC studies show that LPS revenues exceed the
7 cost of serving that class.

8 Q. Can you draw any conclusions from the CCOS studies regarding the Large
9 Transmission Service (LTS) class contribution to class revenue responsibilities?

10 A. Of the six classes considered in the CCOS studies, the LTS class results
11 produced the widest range of outcomes with regard to changes in class revenue responsibility
12 required to match class costs. Changes to class revenues range from -30.80% to +10.92%.
13 The AmerenUE, OPC (one study), MIEC (three studies) and the AARP study results indicate
14 revenues from the LTS class exceed the cost of serving that class. One of the OPC's CCOS
15 study results and the Staff's study results indicate that the revenues from the LTS class do not
16 cover the cost of providing service to the LTS class.

17 Q. Would you summarize your conclusions regarding class revenue
18 responsibilities based on the CCOS study results?

19 A. The studies show that RES is providing less revenue than the cost of serving
20 that class, while the SGS and LGS classes are providing more revenues than the cost of
21 serving them. The study results are mixed concerning the revenue requirements for the LPS
22 and the LTS classes.

23 Q. Does this conclude your rebuttal testimony in this case?

24 A. Yes, it does.

**A COMPARISON OF THE RESULTS OF THE FILED CLASS COST OF SERVICE STUDIES
THE PERCENT CHANGE IN CLASS REVENUES REQUIRED TO EQUALIZE CLASS RATES OF RETURN
(REVENUE NEUTRAL)**

	Mo Retail	RES	SGS	LGS	LPS	LTS
AmerenUE (A&E)	0.00%	8.40%	-7.09%	-9.31%	10.29%	-11.27%
Staff (A&P)	0.00%	0.44%	-7.52%	-4.11%	15.67%	10.92%
OPC (A&P)	0.00%	5.51%	-4.73%	-7.30%	11.00%	-6.90%
OPC (TOU)	0.00%	1.72%	-6.31%	-4.88%	17.58%	1.76%
MIEC (A&E) #1	0.00%	14.10%	-2.96%	-12.32%	-3.06%	-26.56%
MIEC (A&E) #2	0.00%	11.60%	-4.20%	-10.55%	1.00%	-19.90%
MIEC (A&E) #3	0.00%	15.70%	-2.30%	-12.94%	-5.50%	-30.80%
AARP (A&P)	0.00%	1.60%	-8.06%	-3.52%	17.60%	-1.26%