

FILED²

DEC 11 2009

Missouri Public
Service Commission

Exhibit No.:

Issue: *Interim Rates*

Witness: *Stephen M. Rackers*

Sponsoring Party: *MoPSC Staff*

Type of Exhibit: *Direct Testimony*

Case No.: *ER-2010-0036*

Date Testimony Prepared: *November 3, 2009*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

**DIRECT TESTIMONY
on Interim Rates**

OF

STEPHEN M. RACKERS

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

CASE NO. ER-2010-0036

*Jefferson City, Missouri
November, 2009*

Staff Exhibit No. 5
Case No(s) ER-2010-0036
Date 12-07-09 Rptr ER

**DIRECT TESTIMONY
ON INTERIM RATES**

OF

STEPHEN M. RACKERS

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

CASE NO. ER-2010-0036

Q. Please state your name and business address.

A. Stephen M. Rackers, 9900 Page Avenue, Suite 103, Overland, MO 63132.

Q. Please describe your educational background and work experience.

A. I attended the University of Missouri in Columbia, Missouri, and received a Bachelor of Science degree in Business Administration, with a major in Accounting, in 1978. I have been employed by the Missouri Public Service Commission (Commission) since June 1, 1978 within the Auditing Department.

Q. Are you a Certified Public Accountant (CPA)?

A. Yes, I am. I passed the Uniform Certified Public Accountant examination and I am licensed in the state of Missouri as a CPA. The Uniform CPA examination consisted of four parts: Accounting Practice, Accounting Theory, Auditing and Business Law.

Q. Have you previously filed testimony before this Commission?

A. Yes. A listing of the cases in which I have previously filed testimony before this Commission, and the issues I have addressed in testimony in cases from 1997 to current, is attached as Schedule 1 to this direct testimony.

Q. What knowledge, skills, experience, training and education do you have in the areas of which you are testifying as an expert witness?

Direct Testimony
on Interim Rates of
Stephen M. Rackers

1 A. I have been employed by this Commission as a Regulatory Auditor for over
2 30 years, and have submitted testimony on revenue, expense, and rate base ratemaking
3 matters numerous times before the Commission over that entire period in electric, gas
4 telecommunications, water, and sewer utility cases. I have also been responsible for the
5 supervision of other Commission employees in rate cases and other regulatory proceedings
6 many times. I also participate in proceedings that involve the enforcement, interpretation and
7 writing of the Commission's rules. I have received continuous training at in-house and
8 outside seminars on technical ratemaking matters since I began my employment at the
9 Commission. My responsibilities auditing the books and records of the utilities regulated by
10 the Commission require that I review statutes applicable to the Commission or the utilities
11 regulated by the Commission, the Commission's rules, utility tariffs, and contracts and other
12 documents relating to the utilities regulated by the Commission.

13 Q. Have you participated in the Commission Staff's (Staff) audit of
14 Union Electric Company, d/b/a AmerenUE (AmerenUE or Company) concerning its request
15 for an interim rate increase in this proceeding?

16 A. Yes, I have, with the assistance of other members of the Staff.

17 Q. Are you participating in the audit of AmerenUE concerning its request for a
18 permanent rate increase?

19 A. Yes, with the assistance of other members of the Staff. I am the Services
20 Division case coordinator facilitating the work of the division's Staff members.

21 Q. What is the purpose of your direct testimony?

Direct Testimony
on Interim Rates of
Stephen M. Rackers

1 A. On September 16, 2009 in Staff's Response To Commissioner's Request For
2 Information, Staff listed, in numbered Paragraph 2, the procedures Staff intended to follow to
3 review the net plant additions, which the Company is seeking to reflect in interim rates.

4 These procedures include verification of the net plant additions recorded in the
5 Company's ledger from October 1, 2008 through May 31, 2009; verification of the
6 AmerenUE's calculations of return, income taxes and depreciation associated with the
7 net plant additions; and a review of the change in net plant, by account, to determine if the
8 net plant levels appear to be reasonable in comparison to the amounts in AmerenUE's last
9 rate case and the Company's budget.

10 Q. Have you verified the plant and reserve balances?

11 A. Yes. The balances used by the Company to support its \$37.3 million interim
12 rate request are reflective of the plant and depreciation reserve balances that are recorded in
13 AmerenUE's general ledger at May 31, 2009.

14 Q. Have you verified AmerenUE's calculations of return, income taxes and
15 depreciation associated with the net plant additions?

16 A. Yes. The Staff does not agree with the Company's calculations because the
17 Staff does not believe these calculations include all the items that are necessary to
18 appropriately reflect the revenue requirement associated with the net plant additions.
19 However, AmerenUE's calculations are mathematically accurate and reflect the rate of return,
20 income tax rates and depreciation rates that were used to determine the revenue requirement
21 authorized by the Commission in the Company's previous rate case, ER-2008-0318.

Direct Testimony
on Interim Rates of
Stephen M. Rackers

1 Q. Have you reviewed the change in net plant, by account, to determine if the
2 levels appear to be reasonable in comparison to the amounts in AmerenUE's last rate case and
3 the Company's budget?

4 A. Yes. The amount of change in plant compares closely with the budget for the
5 same period. The amount of change in net plant compares closely with the change
6 experienced during true-up in the Company's previous rate case, when adjusted for the
7 additional time period. The Staff is continuing to examine the change in the net plant
8 balances and will provide additional data and comparisons in rebuttal testimony, if necessary.

9 Q. Does the Staff plan to file additional prepared testimony in response to the
10 Company's two direct testimony filings regarding its request for an interim rate increase?

11 A. Yes. The Staff plans to file rebuttal testimony to respond to the Company's
12 two direct testimony filings requesting an interim rate increase.

13 Q. Does this conclude your direct testimony regarding AmerenUE's interim rate
14 request for purposes of the December 7, 2009 evidentiary hearing in this proceeding?

15 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 Tariffs to Increase its Annual) Case No. ER-2010-0036
Revenues for Electric Service.)
)

AFFIDAVIT OF STEPHEN M. RACKERS

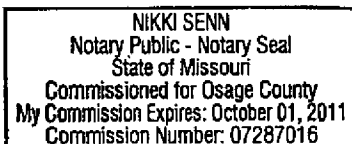
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Stephen M. Rackers, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony on Interim Rates in question and answer form, consisting of _____ pages to be presented in the above case; that the answers in the foregoing Direct Testimony on Interim Rates 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.


STEPHEN M. RACKERS

Subscribed and sworn to before me this 3rd day of November, 2009.


Notary Public



Regulatory Case Proceeding Participation

Stephen M. Rackers

Issue	Case Number	Exhibit	Case Name
Revenue Requirement Cost Of service Report, Taum Sauk Capacity Sales, Nuclear Plant Licensing	ER-2008-0318	Direct, Surrebuttal	Union Electric Company d/b/a AmerenUE
True-Up, Income Taxes, MGP Sites, Other Rates Base Items, Revenue Requirement and OPEB	GR-2007-0387	Direct, Rebuttal	ATMOS Energy Company
True-up, Security AAO, Joplin Surcharge	WR-2007-0216	Direct, Rebuttal, Supplemental True-up Direct	Missouri-American Water Company
Income Taxes, Accumulated Deferred Income Taxes in Rate Base, Taum Sauk Generating Plant, Pinckneyville and Kimmundy Generating Plants, Accumulated Income Deferred Income Tax Balance, Income Tax Expense	ER-2007-0002	Direct, Rebuttal, Surrebuttal	Union Electric Company d/b/a AmerenUE
Revenue-Requirement, True-up, Income Taxes, MGP Sites, Other Rate Base Items, OPEBs	GR-2006-0387	Direct, Rebuttal	Atmos Energy Corporation
Affidavit in Support of the Stipulation and Agreement on various issues.	GR-2005-0284	Stipulation and Agreement	Laclede Gas Company
ISRS Income Taxes	GO-2004-0443	Direct	Laclede Gas Company
St. Joseph Treatment Plant, AAOs, Depreciation, Transaction Costs, Old St. Joseph Treatment Plant, Security Accounting Authority Order, Acquisition Adjustments	WC-2004-0168	Direct, Surrebuttal	Missouri-American Water Company
Security AAO, Recovery Of Undepreciated Plant Balances and Acquisition Adjustments	WR-2003-0500	Direct, Surrebuttal	Missouri-American Water Company
Transaction Costs, Depreciation, AAO's, Acquisition Adjustment, Security Accounting Authority Order, Old St. Joseph Treatment Plant	WR-2003-0500	Direct, Surrebuttal	Missouri-American Water Company
Financial Aspects	GT-2003-0117	Direct	Laclede Gas Company

Regulatory Case Proceeding Participation

Stephen M. Rackers

Issue	Case Number	Exhibit	Case Name
Copper Surveys, Net Salvage Expense, Environmental Cost, Test Year & True-Up, Accounting Authority Orders, Laclede Pipeline, Safety and Copper Service Replacement Program	GR-2002-356	Direct, Rebuttal, Surrebuttal	Laclede Gas Company
Purchase Power	ER-2002-217	Direct	Citizens Electric Corporation
Income Taxes, Pension Liability	EC-2002-1025	Direct	Union Electric Company d/b/a AmerenUE
Pension Liability, Income Tax Expense, Deferred Income Taxes, Income Tax Expense, Deferred Income Taxes – Rate Base Offset, Pension Liability, Income Taxes, Territorial Agreements	EC-2002-1	Direct, Surrebuttal	Union Electric Company d/b/a AmerenUE
Incentive Compensation, Post-Retirement Benefits Other than Pensions, Prepaid Pension Assets, Pensions	GR-2001-629	Direct	Laclede Gas Company
Application Recommendation	GM-2001-342	Rebuttal	Laclede Gas Company
Merger Recommendation, Cost Allocation Manual	WM-2001-309	Rebuttal, Surrebuttal	Missouri-American Water Company, et al
Merger Cost and Savings, Infrastructure Replacement Deferrals, Income Taxes, Net Salvage Expense, Revenue Requirement, Merger Costs and Savings, Accounting Authority Orders (AAO's), Infrastructure Replacement, Depreciation	WR-2000-844	Direct, Rebuttal, Surrebuttal	St. Louis County Water Company
Pension Liability, AFUDC, Deferred OPEB Asset, Pension Expense – FAS 87, New St. Joseph Treatment Plant Phase-In, OPEBS – FAS 106, Phase-In, Accounting Authority Order, Phase-In	SR-2000-282	Direct, Rebuttal, Surrebuttal	Missouri-American Water Company
Staff's Explanation and Rationale for Supporting the Stipulation Agreement	WR-2000-281	Direct in Support of Stipulation Agreement	Missouri-American Water Company
Pension Expense-FAS 87, Pension Liability, AFUDC, Deferred OPEB Asset, New St. Joseph Treatment Plant Phase-In, OPEBS-FAS 106, Accounting Authority Order, Phase-In, St. Joseph Treatment Plant	WR-2000-281	Direct, Rebuttal, Surrebuttal	Missouri-American Water Company

Regulatory Case Proceeding Participation

Stephen M. Rackers

Issue	Case Number	Exhibit	Case Name
Staff's Explanation and Rationale for Supporting the Stipulation Agreement	SR-2000-282	Direct in Support of Stipulation Agreement	Missouri-American Water Company
Territorial Agreements	EO-99-599	Rebuttal	Union Electric Company / Ozark Border Electric Cooperative
Safety Deferral, FAS 87, FAS 88, FAS 106, Prepaid Pension Asset, Environmental Cost, Computer Cost, Supplemental Pension, Accounting Authority Orders	GR-99-315	Direct, Rebuttal, Surrebuttal	Laclede Gas Company
Main Replacement Program, Order-Infrastructure, Accounting Authority, Main Replacement Programs	WO-98-223	Direct	St. Louis County Water Company
Lease Classification & Terms	WA-97-46	Rebuttal	Missouri-American Water Company
Amortization of Depreciation Reserve Deficiency, Appointment Meter Reading, Main Incident Expense, Income Tax, Infrastructure Replacement Deferral, Property Tax	WR-97-382	Direct	St. Louis County Water Company
Lease Classification & Terms	WF-97-241	Rebuttal	Missouri-American Water Company
Income Tax, Territorial Agreement, Overview, Income Taxes, Alternative Regulation Plan and Agreements, Pension Liability	EM-96-149	Direct, Surrebuttal	Union Electric Company
Overview, Income Tax, Territorial Agreements, Alternative Regulation Plan and Agreement	EO-96-14	Direct, Surrebuttal	Union Electric Company