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Service Commission

Exhibit No.:

Issue:

Interim Rates

Witness:

Stephen M. Rackers

Sponsoring Party:

MoPSC Staff

Type of Exhibit:

Surrebuttal Testimony

Case No.:

ER-2010-0036

Date Testimony Prepared:

November 24, 2009

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**SURREBUTTAL 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. *L-NP*  
Case No(s). *ER-2010-0036*  
Date *12-07-09* Rptr *44*

**\*\* Denotes Highly Confidential Information \*\***

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**SURREBUTTAL 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, 111 North Seventh St., Suite 105, St. Louis, MO 63101.

Q. Are you the same Stephen M. Rackers who previously filed direct and rebuttal testimony regarding interim rates in this proceeding?

A. Yes.

Q. What is the purpose of your surrebuttal testimony?

A. My surrebuttal testimony will provide corrections to the historical earned returns on equity (ROE) calculated by the Staff and cited in my rebuttal testimony for Union Electric Company, d/b/a AmerenUE (UE or Company) and Laclede Gas Company (Laclede).

Also as discussed in my rebuttal testimony, I have examined the recent Empire District Electric Company (Empire) rate case filing, Case No. ER-2010-0130, and Missouri-American Water Company (MAWC) rate case filing, Case No. WR-2010-0131, to determine if Empire and MAWC would be eligible for interim rates based on the interim rate relief criteria proposed by UE. I will provide the results of that examination in my surrebuttal testimony.

Q. Why were the historical levels of ROE, cited in your rebuttal testimony incorrect?

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1           A.     The surveillance data used by the Staff did not reflect the correct capital  
2 structure and cost of debt for the periods I cited? The Company provided me with correct  
3 data, which I have used to recalculate the ROEs for 2002 through 2005 that I cited in my  
4 rebuttal testimony. Laclede witness Glenn Buck made similar calculations to Laclede's  
5 surveillance data and provided me with corrected ROE levels for 2007 and 2008.

6           Q.     Based on the corrected calculations, what was UE's ROE for 2002 through  
7 2005?

8           A.     UE's ROE for the 12 months ending December 31 was \*\* \_\_\_\_\_ \*\* in  
9 2002, \*\* \_\_\_\_\_ \*\* in 2003, \*\* \_\_\_\_\_ \*\* in 2004 and \*\* \_\_\_\_\_ \*\* in 2005.

10          Q.     Based on the corrected calculations, what was Laclede's ROE for 2007 and  
11 2008?

12          A.     Laclede's ROE for the 12 months ending December 31 was \*\* \_\_\_\_\_ \*\* for  
13 2007 and \*\* \_\_\_\_\_ \*\* for 2008.

14          Q.     Based on your examination of the data supporting Empire's and MAWC's  
15 recently filed rate cases and the data supporting true-ups in the prior rate cases for these  
16 companies, would Empire and MAWC each be eligible for an interim rate increase based on  
17 the UE proposed criteria?

18          A.     Yes. Empire and MAWC would be eligible for interim rate increases of over  
19 \$9 million and \$1 million, respectively, based on the criteria proposed by UE. The  
20 interim rate increase level that I have calculated for MAWC reflects an adjustment to  
21 eliminate plant, net of contributions-in-aid-of-construction (CIAC), and depreciation reserve  
22 amounts that were recognized in MAWC's Infrastructure System Replacement Surcharge  
23 (ISRS) that was effective July 18, 2009 as a result of Case No. WO-2009-0311. Thus, for

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1 MAWC, what otherwise would be part of an interim rate increase under the UE interim rate  
2 proposal, was part of the ISRS increase that was effective July 18, 2009 as a result of Case  
3 No. WO-2009-0311.

4 Q. Does this conclude your surrebuttal testimony regarding UE's interim rate  
5 request for purposes of the December 7, 2009 evidentiary hearing in this proceeding?

6 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 Surrebuttal Testimony on Interim Rates in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Surrebuttal 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 23<sup>rd</sup> day of November, 2009.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 08, 2012  
Commission Number: 08412071

  
Notary Public