

**EXHIBIT**

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Fuel Adjustment Clause

Trippensee/Rebuttal

Public Counsel

ER-2007-0002

**REBUTTAL TESTIMONY**

**OF**

**RUSSELL W. TRIPPENSEE**

Submitted on Behalf of the Office of the Public Counsel

**FILED<sup>3</sup>**

APR 20 2007

Missouri Public  
Service Commission

**AMERENUE**

CASE NO. ER-2007-0002

February 5, 2007

OPC Exhibit No. 415  
Case No(s) ER-2007-0002  
Date 3/14/07 Rptr MV

**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 RUSSELL W. TRIPPENSEE**

**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF COLE** )

Russell W. Trippensee, of lawful age and being first duly sworn, deposes and states:

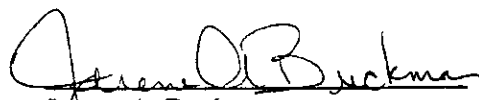
1. My name is Russell W. Trippensee. I am Chief Public Utility Accountant for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
**Russell W. Trippensee**

Subscribed and sworn to me this 5th day of February 2007.



JERENE A. BUCKMAN  
My Commission Expires  
August 10, 2009  
Cole County  
Commission #05754036

  
**Jerene A. Buckman**  
Notary Public

My Commission expires August 10, 2009.

**REBUTTAL TESTIMONY**  
**OF**  
**RUSSELL W. TRIPPENSEE**  
**AMERENUE**  
**CASE NO. ER-2007-0002**

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. Russell W. Trippensee. I reside at 1020 Satinwood Court, Jefferson City, Missouri 65109, and my  
3 business address is P.O. Box 2230, Jefferson City, Missouri 65102.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am the Chief Utility Accountant for the Missouri Office of the Public Counsel (OPC or Public  
6 Counsel).

7 **Q. ARE YOU A CERTIFIED PUBLIC ACCOUNTANT?**

8 A. Yes, I hold certificate/license number 2004012797 in the State of Missouri.

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I attended the University of Missouri at Columbia, from which I received a BSBA degree, major in  
11 Accounting, in December 1977. I also completed the requisite hours for a major in finance. I  
12 attended the 1981 NARUC Annual Regulatory Studies Program at Michigan State University. I have  
13 attended numerous seminars and conferences related to public utility regulation. Finally, I am  
14 required to take a minimum of 40 hours per year of continuing professional education to maintain my  
15 CPA license.

16 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

17 A. From May through August, 1977, I was employed as an Accounting Intern by the Missouri Public  
18 Service Commission (MPSC or Commission). In January 1978 I was employed by the MPSC as a

1 Public Utility Accountant I. I left the MPSC staff in June 1984 as a Public Utility Accountant III and  
2 assumed my present position.

3 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL AFFILIATIONS.**

4 A. I served as the chairman of the Accounting and Tax Committee for the National Association of State  
5 Utility Consumer Advocates from 1990-1992 and am currently a member of the committee. I am a  
6 member of the Missouri Society of Certified Public Accountants.

7 **Q. PLEASE DESCRIBE YOUR WORK WHILE YOU WERE EMPLOYED BY THE MPSC**  
8 **STAFF.**

9 A. Under the direction of the Chief Accountant, I supervised and assisted with audits and examinations  
10 of the books and records of public utility companies operating within the State of Missouri with  
11 regard to proposed rate increases.

12 **Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES WITH THE OFFICE OF**  
13 **THE PUBLIC COUNSEL?**

14 A. I am responsible for the Accounting section of the Office of the Public Counsel and coordinating our  
15 activities with the rest of our office and other parties in rate proceedings. I am also responsible for  
16 performing audits and examinations of public utilities and presenting the findings to the MPSC on  
17 behalf of the public of the State of Missouri.

18 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MPSC?**

19 A. Yes. I filed testimony in the cases listed on Schedule RWT-1 of my testimony on behalf of the  
20 Missouri Office of the Public Counsel or MPSC Staff.

1 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

2 A. I will address the implementation procedures contained in AmerenUE's proposal for a Fuel  
3 Adjustment Clause (FAC) as found in the direct testimony of witness Martin J. Lyons, Jr. My  
4 testimony will address why AmerenUE's proposed FAC is not consistent with Commission rules,  
5 will not result in just and reasonable rates, and will cause administrative burden on the Commission,  
6 its Staff, Public Counsel, and various intervenors that will effectively negate the consumer protection  
7 provisions of Senate Bill 179 (SB179) that gave the Commission authority to implement a FAC if the  
8 Commission so chose.

9 Q. DOES PUBLIC COUNSEL RECOMMEND THAT THE COMMISSION AUTHORIZE A  
10 FUEL ADJUSTMENT CLAUSE FOR AMERENUE IN THIS CASE?

11 A. No. Public Counsel witness Ryan Kind will address the basis for that opposition.

12 Q. IF THE COMMISSION AUTHORIZES A FUEL ADJUSTMENT CLAUSE FOR  
13 AMERENUE, SHOULD THE COMMISSION AUTHORIZE THE FUEL ADJUSTMENT  
14 CLAUSE PROPOSED BY AMERENUE?

15 A. No. Public Counsel believes that the FAC proposed by AmerenUE would not be in the public  
16 interest as it is structured in Mr. Lyons' testimony.

17 Q. WHAT SPECIFIC AREAS OF CONCERN DOES PUBLIC COUNSEL HAVE WITH  
18 AMERENUE'S FUEL ADJUSTMENT CLAUSE PROPOSAL?

19 A. I will address the following areas of concerns:

- 20 1. The proposed FAC implementation procedures are not consistent with 4 CSR 240-  
21 20.090.  
22 2. The short length of the recovery period increases volatility in customer rates.

3. The timing of the recovery period increases volatility for customers during periods of high use.
4. The timing of the recovery period creates a mismatch between cost causer and cost payer.
5. Inclusion of costs that are not fuel or purchased power costs.
6. Inclusion of AmerenUE depreciation expense in FAC.
7. Inclusion of fly ash disposal costs net of revenues received for fly ash.
8. Inclusion of revenues and expense of buying and selling activities for fuel commodities that are not used to serve native load or purchased power.
9. Creates four mandatory FAC filings per year and decreases regulatory oversight resources.

**Q. A FUEL ADJUSTMENT CLAUSE PROVIDES FOR SINGLE ISSUE RATEMAKING, THUS CREATING VOLATILITY IN RATES FOR CONSUMERS. PLEASE EXPLAIN WHY AMERENUE'S PROPOSED IMPLEMENTATION PROCEDURES EXAGGERATE THE THIS VOLATILITY IN RATES FOR CUSTOMERS.**

**A.** Tariff Sheet 98.1 attached to Mr. Lyons' testimony includes a schedule which addresses the period in which costs eligible for recovery are accumulated and the subsequent period during which a change in eligible costs would be recovered from ratepayers. AmerenUE further proposes to collect all cost differentials over a three-month period that begins three months after the cost accumulation period. AmerenUE's proposal is for quarterly periods of cost accumulation and quarterly periodic rate adjustments.

**Q. ARE THERE SEVERAL REASONS WHY FUEL COST DIFFERENTIALS SHOULD BE COLLECTED OR RETURNED TO RATEPAYERS OVER A TWELVE MONTH PERIOD VERSUS A THREE-MONTH PERIOD?**

**A.** Yes

1  
2 **Q. PLEASE EXPLAIN.**

3 A. The base rate of fuel costs from which any actual cost differential would be determined is based on  
4 annual levels of fuel and purchase power costs, i.e. twelve months, just like all other expenses and  
5 revenues in a base rate case. As the Commission is well aware, its own rule as well as state statutes  
6 requires a rate case in order to implement a FAC. A rate case does not develop cost structures on a  
7 quarterly basis as would be required under AmerenUE's proposal nor is there a logical reason to  
8 develop quarterly data. Neither does a rate case anticipate revenue recovery on a quarterly basis. The  
9 base rate for eligible costs would be determined by dividing the annual level of costs by the annual  
10 level of sales that caused those costs. Likewise the FAC should be based on an average rate that  
11 recognizes the eligible costs over an annual period divided by the annual level of sales for which the  
12 eligible costs would be incurred.

13 An electric utility is a dynamic operation and fluctuations naturally occur. The passage of time tends  
14 to smooth out fluctuations in both expense and revenue. A FAC that compares actual quarterly costs  
15 to a base rate that is based on annual data is completely inappropriate.

16 **Q. CAN YOU PROVIDE AN EXAMPLE OF A CHANGE IN OPERATION THAT**  
17 **COULD CAUSE A CHANGE IN THE FAC SIMPLY BECAUSE OF A CHANGE IN**  
18 **OPERATIONS AND NOT A CHANGE IN ANNUAL COST?**

19 A. Yes. A scheduled maintenance outage at a low cost electric generation facility could be extended due  
20 to unplanned problems or opportunities to enhance a generation facility's performance or life.  
21 Therefore the utility would incur higher cost replacement power during that quarter. Subsequently  
22 during the twelve month period, other plant operations and purchased power acquisitions would be

1 modified to recognize the change in the plant performance or availability and used to replace higher  
2 cost power in a subsequent quarter. As a result, the total of eligible costs for the twelve month period  
3 could be equal to the cost level anticipated in the rate case. AmerenUE's proposal would create  
4 changes in the FAC when in fact none would have been warranted on an annual basis.

5 Q. DID SB179 OR THE COMMISSION'S RULES IMPLEMENTING SB179  
6 REQUIRE OR EVEN ANTICIPATE MANDATORY QUARTERLY FILINGS?

7 A. No. The commission rules provides for one mandatory adjustment per year that is to coincide with  
8 the end of the true-up period for the FAC.

9 Q. IF CHANGES IN ACTUAL ELIGIBLE COSTS OCCURRED DURING THE FIRST  
10 QUARTER AS COMPARED TO THE RATE CASE ANNUALIZED BASE LEVEL,  
11 BUT ACTUAL COST WERE EQUAL TO BASE COSTS DURING THE SECOND  
12 QUARTER, WOULD AMERENUE'S PROPOSAL EFFECTIVELY MANDATE TWO  
13 FUEL ADJUSTMENT CLAUSE PERIODIC ADJUSTMENT FILINGS?

14 A. Yes. The second periodic adjustment filing would be required to reduce the FAC back to the original  
15 level; otherwise the customers would be paying for costs that the Company did not incur. I know this  
16 possibility was not anticipated by the non-utility parties who commented during the Commission  
17 proceeding that resulted in the promulgation of 4 CSR 240-20.090. Further, those very rules  
18 anticipate only one mandatory filing that is to coincide with the true-up period. The true-up period  
19 was to end twelve months after the first calendar month following the effective date of the  
20 Commission order approving a Rate Adjustment Mechanism. Clearly, AmerenUE's proposal fails to  
21 meet this basic test of reasonableness.



1 Q. IN FACT, IF AMERENUE'S ACTUAL COST IN THE SECOND QUARTER  
2 CHANGED COMPARED TO THE ACTUAL COST IN THE FIRST QUARTER,  
3 WOULD THE FAC HAVE TO BE CHANGED?

4 A. Since low usage quarters always follow high usage quarters under AmerenUE's proposal, not only  
5 would the FAC have to be changed in the circumstances defined in the question, the FAC would also  
6 have to be changed simply because the anticipated sales in the subsequent recovery quarter would be  
7 different than those in the prior recovery quarter.

8 Q. ARE THE QUARTERLY PERIODS SET OUT ON TARIFF SHEET 98.1  
9 ATTACHED TO MR. LYONS' TESTIMONY CONSISTENT WITH 4 CSR 240-  
10 20.090?

11 A. No. 4 CSR 240-20.090(1)(I) provides that:

12 True-up year means the twelve (12)-month period beginning on the first day of the  
13 first calendar month following the effective date of the commission order approving  
14 a RAM unless the effective date is on the first day of the calendar month.

15 AmerenUE filed this rate case on July 7, 2006 and therefore based on the eleven month period the  
16 effective date of the order in this case will be after June 1, 2007. Therefore if a FAC is authorized, the  
17 true-up period will not begin until July 1, 2007 which will not be consistent with the quarterly periods  
18 set out on the proposed tariff sheet.

19 Q. HOW DOES THE PROPOSAL CONTAINED IN MR. LYONS' TESTIMONY  
20 INCREASE THE VOLATILITY OF CUSTOMER RATES?

21 A. AmerenUE's FAC proposal creates volatility in two ways. As previously discussed, the proposed  
22 FAC would mandate a minimum of two filings versus one if a change in cost occurred. The resulting  
23 movement of rates up and down is unnecessary. If the one-time cost change occurs and the FAC

1 periodic adjustment filing is made to coincide with the true-up period (i.e. an annual FAC filing),  
2 AmerenUE would be compensated for the time value of money via the interest rate accumulation  
3 provided for in the rules. Thus, there is no reason for the effective mandating of a quarterly procedure  
4 as would be required under AmerenUE FAC proposal.

5 The second issue with volatility is that a quarterly procedure will collect a change from the annual  
6 level of costs over a three month period. In contrast, the Purchase Gas Adjustment clause as applied  
7 in Missouri collects cost differentials over a twelve month period. It is intuitively obvious that  
8 reflecting cost changes over a twelve month period instead of a three month period will smooth out  
9 rates to customers. It must be remembered that interest is calculated and thus both the utility and the  
10 customer are protected with respect to the time value of money. Further, customers have more time to  
11 adjust their budgets to reflect changes.

12 **Q. DOES PUBLIC COUNSEL HAVE AN ADDITIONAL CONCERN REGARDING THE**  
13 **QUARTERLY RECOVERY PERIOD AS PROPOSED?**

14 **A.** Yes. As the Commission is aware, electric utilities have two three month periods of higher sales and  
15 two three month periods of relatively lower sales. The summer months and winter months are higher  
16 in revenue while the fall and spring are often referred to as shoulder months as they have generally  
17 lower sales. Obviously, customer bills follow the same pattern. The Recovery Periods proposed by  
18 AmerenUE would result in cost differentials being assigned from one high cost quarter to the other  
19 high cost quarter while the low cost quarter cost differential would be recovered in the other low cost  
20 quarter. Therefore, customers would not only be facing increased bills due to normal increased usage,  
21 they could also be paying the entire cost differential that occurred during the previous high cost  
22 quarter.

1 Use of an annual recovery period would mitigate the impact of cost differential recoveries, especially  
2 when a customer is faced with an increased bill simply because of their normal usage increases due to  
3 the time of year. Unanticipated natural gas spikes have normally occurred during winter months. An  
4 unanticipated higher price of fuel in conjunction with larger fuel requirements due to the increased  
5 customer demand in high usage period would create a large cost differential. The result would be  
6 that the periodic rate adjustment for quarterly recovery period in summer months could easily rise to  
7 such a level that a customer's ability to pay for usage related to air conditioning would be  
8 compromised, thus becoming a health and safety issue. Higher than anticipated customer bills during  
9 a summer heat wave would not only increase the problem in the summer, but the higher actual cost  
10 that would be incurred by the utility to provide service during the summer would result in higher costs  
11 to the customer in the subsequent winter quarter.

12 **Q. DOES A QUARTERLY RECOVERY PERIOD CREATE A POTENTIAL MISMATCH**  
13 **BETWEEN COST CAUSER AND COST PAYER?**

14 **A.** Yes. A customer with a heat pump has higher usage in the winter as compared to a customer with air  
15 conditioning and a non-electric heat source for winter. Likewise a high winter use customer who  
16 does not have air conditioning does not have the same quarterly usage patterns as a customer with  
17 both electric heat and air conditioning. There are numerous combinations and customer comparisons  
18 that could occur. Setting rates on an annual basis provides a better recognition of these differences  
19 and a better matching of cost causer to cost payer. Trying to force collection over a quarter as  
20 proposed by AmerenUE is not consistent with the ratemaking practices used in rate cases nor with  
21 actual usage patterns of real customers. The same considerations are also relevant between customer  
22 classes.

1 Q. SHOULD A FUEL ADJUSTMENT CLAUSE TAKE INTO CONSIDERATION  
2 CUSTOMER IMPACTS OR FOCUS SIMPLY ON UTILITY COST RECOVERY?

3 A. FAC should definitely consider customer impacts. The central purpose of regulation is to protect  
4 customers. SB179 did not change this focus. SB179 only provided the Commission with optional  
5 tools to change the focus of setting rates from rate of return regulation to a cost recovery method of  
6 regulation for certain cost items.

7 Q. DOES THE FUEL ADJUSTMENT CLAUSE PROPOSAL BY AMERENUE INCLUDE  
8 COST COMPONENTS THAT PUBLIC COUNSEL DOES NOT BELIEVE ARE  
9 APPROPRIATE FOR INCLUSION?

10 A. Yes. The proposed Tariff Sheet No. 98.2, attached to Mr. Lyons' testimony, would include costs  
11 from the account 536 of the Uniform System of Accounts. This account title is Water for Power.  
12 AmerenUE does not purchase water to run its two hydro-electric plants or its incapacitated Taum  
13 Sauk facility. This account does include certain license fees and other charges that are minimal in  
14 nature.

15 Q. DOES ACCOUNT 536 ALSO PROVIDE FOR A COST THAT YOU WOULD  
16 CONSIDER UNIQUE?

17 A. Yes. The USOA provides that all costs associated with "cloud seeding" to obtain water would be  
18 recovered in Account 536. Public Counsel does not believe that this type of cost should be included  
19 in a FAC.

20 Q. ARE THERE OTHER COSTS SET OUT IN THE COMPANY'S PROPOSAL THAT  
21 PUBLIC COUNSEL DOES NOT BELIEVE SHOULD BE INCLUDED IN A FUEL  
22 ADJUSTMENT CLAUSE?

1 A. Yes. Schedule MJL-2-5 provides for the inclusion of depreciation expense and repair costs associated  
2 with railcars owned by AmerenUE. Public Counsel opposes the inclusion of these costs in any FAC.

3 **Q. PLEASE EXPLAIN WHY PUBLIC COUNSEL OPPOSES INCLUSION OF COSTS**  
4 **ASSOCIATED WITH COMPANY OWNED RAILCARS.**

5 A. The asserted underlying purpose of a FAC is to collect costs that are volatile in nature, could have a  
6 material impact on a utility's financial health, and are beyond the control of a utility's management.  
7 As example, a diesel fuel adder to transportation costs for operating a unit train could be asserted to  
8 be beyond management control and subject to potentially volatile changes. In contrast, depreciation  
9 expense is a known expense that is fixed in nature over a long period of time. Repair costs related to  
10 railcars may vary from year to year, but like maintenance on the power plants they serve, are easily  
11 addressed in the normal rate case processes including normalization and annualizations. The timing  
12 of and the method of addressing these costs are well within the control of management.

13 **Q. AMERENUE PROPOSES TO INCLUDE COSTS ASSOCIATED WITH THE**  
14 **DISPOSAL OF ASH, NET OF ASH REVENUES IN THE FUEL ADJUSTMENT**  
15 **CLAUSE. DOES PUBLIC COUNSEL BELIEVE INCLUSION OF THIS COST**  
16 **IS CONSISTENT WITH COMMISSION RULES AND SB179?**

17 A. No. Public Counsel opposes the inclusion in a FAC of costs resulting from post-electric production  
18 activities. Ash disposal and subsequent sales of the ash to third parties is not a direct fuel cost, is  
19 under the direct control of company management, and has not been shown to be volatile in nature. I  
20 would also point out that AmerenUE does not appear to propose to include costs incurred for  
21 handling the fuel prior to its use in producing electricity. AmerenUE has not provided any  
22 explanation for the inconsistent treatment of the handling costs, pre and post electric production.  
23 Regardless, either pre or post handling costs are within management control, involve fixed costs

1 associated with utility owned assets, and are appropriately addressed in the normalization processes  
2 used to develop base rates in a rate case.

3 Q. DOES AMERENUE SET OUT FUEL HANDLING COSTS AS A COST TO BE  
4 RECOVERED VIA THE FAC IN SCHEDULE MJL-2-5?

5 A. No.

6 Q. DOES ACCOUNT 501 OF THE USOA PROVIDE FOR RECORDING FUEL  
7 HANDLING COSTS (PRE-PRODUCTION ACTIVITIES) AND DISPOSAL COSTS  
8 (POST-PRODUCTION) ACTIVITIES WITHIN ACCOUNT 501?

9 A. Yes.

10 Q. DOES ACCOUNT 501 INCLUDE OTHER COSTS THAT ARE NOT IN THE  
11 PROPOSED FUEL ADJUSTMENT CLAUSE?

12 A. Yes. Account 501 also includes labor costs incurred by AmerenUE along with maintenance costs  
13 including insurance costs. AmerenUE has not proposed to include these costs in the FAC to Public  
14 Counsel's knowledge.

15 Q. DOES PUBLIC COUNSEL OPPOSE THE INCLUSION OF BROKER COSTS AND  
16 COMMISSIONS ASSOCIATED WITH HEDGING ACTIVITIES OF COAL  
17 COMMODITY AND TRANSPORTATION COSTS AS FOUND ON SCHEDULE MJL-2-  
18 5?

19 A. Yes. Public Counsel believes that a FAC, if implemented, should address cost concerns related to  
20 volatility which are beyond the effective control of utility management. While the cost of a hedge  
21 may be volatile as it directly relates to the volatility of the commodity being hedged, the cost  
22 associated with placing that hedge should not be volatile.

1 Q. BY IDENTIFYING A USOA ACCOUNT AS HAVING COSTS THAT SHOULD BE  
2 CONSIDERED FOR INCLUSION IN A FUEL ADJUSTMENT CLAUSE, IS IT  
3 FAIR TO SAY THAT NOT ALL COSTS IN THE IDENTIFIED ACCOUNT  
4 SHOULD BE INCLUDED IN THE FAC?

5 A. Yes. Public Counsel strongly recommends that if the Commission approves a FAC for AmerenUE,  
6 or any utility, the only costs that should be included are those costs that: 1) are volatile in nature; 2)  
7 the volatility of which will have a material impact on the utility's financial health; 3) are beyond the  
8 effective control of a utility's management; and 4) are related directly to the provision of service to its  
9 jurisdictional customer and off-system sales (if both revenues and expenses are included).

10 Q. IS THERE ONE OTHER ACTIVITY IDENTIFIED ON SCHEDULE MJR-2-5  
11 THAT PUBLIC COUNSEL DOES NOT BELIEVE SHOULD BE INCLUDED IN A  
12 FUEL ADJUSTMENT CLAUSE?

13 A. Yes. Mr. Lyons identifies revenues and expenses related to selling excess coal or natural gas and  
14 other portfolio optimization activities as being included in the FAC. Mr. Lyons identifies USOA  
15 accounts 501 and 547 as being the accounts where these costs are recorded. Public Counsel opposes  
16 the inclusion of these costs in a FAC. The nature of the expenses incurred to perform this activity are  
17 not identified and a reading of the USOA does not reference these activities in the accounts  
18 referenced. Mr. Lyons provides no additional explanation in his testimony.

19 Q. YOU PREVIOUSLY DISCUSSED THE ADDITIONAL MANDATORY FILINGS  
20 THAT AMERENUE'S PROPOSAL EFFECTIVELY REQUIRES. DO YOU HAVE  
21 ADDITIONAL COMMENTS ON THE PRACTICAL EFFECT OF THESE  
22 ADDITIONAL FILINGS?

1 A. Yes. The Commission rules implementing SB179 provided for a single mandatory filing that was  
2 anticipated to coincide with the end of the true-up period. The true-up period would end at least  
3 twelve full months after the effective date of the tariffs that included implementation of a FAC.  
4 Requiring additional mandatory filings places significant burdens on the resources of the  
5 Commission, and absent additional resources, would place the Commission in the precarious position  
6 of choosing between processing FAC periodic rate adjustments or performing prudence reviews. The  
7 utility industry representatives touted SB179 as containing consumer protections which included the  
8 requirement for prudence reviews and the true-up of cost recovery and actual costs. Implementing a  
9 FAC as proposed by AmerenUE would very likely overwhelm the regulatory resources of the  
10 Commission and definitely effectively exclude all intervenors from the prudence review process.  
11 Public Counsel would point out that Aquila has filed a similar quarterly proposal in ER-2007-0004.  
12 Thus the potential impact on the Commission's ability to fulfill their obligation to protect consumers  
13 would be magnified if the quarterly proposals were adopted.

14 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

15 A. Public Counsel opposes a FAC for AmerenUE as testified to by Public Counsel witness Ryan Kind.  
16 Public Counsel opposes the implementation procedures and cost inclusions in the FAC proposed by  
17 AmerenUE for multiple reasons. The implementation procedures are not consistent with Commission  
18 rules, include costs that are not appropriate for inclusion in a FAC, and are designed to effectively  
19 eliminate or at a minimum significantly impact the Commission's ability to perform prudence reviews  
20 which are the ratepayers' only remaining consumer protection if a FAC is in fact implemented.

21 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

22 A. Yes.