

Exhibit No.:
Issue: *Rate Case Expense*
Witness: *Lisa M. Ferguson*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *ER-2010-0036*
Date Testimony Prepared: *March 5, 2010*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

LISA M. FERGUSON

UNION ELECTRIC COMPANY

d/b/a AmerenUE

CASE NO. ER-2010-0036

Jefferson City, Missouri
March 2010

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1 All other electric utility Companies in the state can perform a rate case with many of the same
2 issues as AmerenUE for less than this amount of expense.

3 Q. Does the Staff believe that there are some expenses that the Company has
4 incurred with outside consultants that could be internalized at a cheaper cost?

5 A. Yes. For example, AmerenUE has hired a consultant to perform a full cash
6 working capital lead/lag analysis in each of its last four electric rate cases. AmerenUE is the
7 only electric Company in the state that hires an outside consultant to perform this analysis.
8 Based upon the Company's response to Staff Data Request No. 256 in the current rate
9 proceeding, the Company has already spent \$172,752 on this cash working capital lead/lag
10 analysis through September 2009. If the Company does not file a case for a number of years, a
11 new study may be appropriate, but within short periods of time significant changes in the
12 lead/lag study would be unexpected. Staff also believes that Company personnel should be able
13 to address this issue at a much lower cost.

14 Q. Company Witness Kidwell states in his rebuttal testimony on page 35, lines 18
15 through 19 and on page 36, lines 1 through 2 that "the importance of rate cases to the well being
16 of the Company and the number and complexity of issues involved makes it impossible to
17 prosecute this case without the outside assistance". Do you agree?

18 A. No. The Company budgeted \$771,268 in Case No. ER-2008-0318 and \$770,000
19 in the current case (ER-2010-0036) in order to address outside legal and other costs. The
20 proposed level of \$1,000,000 provides the Company an additional \$230,000 in excess of legal
21 and other costs for outside consultants.

1 Q. Company witness Kidwell also states in his rebuttal testimony on page 35, lines 7
2 through 9 that the utilization of external resources for rate case support has been dropping in
3 recent years. Do you agree with this statement?

4 A. No. The table provided in Company Witness Kidwell's rebuttal testimony found
5 on page 35, lines 13 through 15 clearly shows a decline when comparing the 2007 and 2008 rate
6 cases, but this is not true when comparing the 2008 and 2010 cases. The increase is minimal
7 when considering actual dollars spent between the two cases, but this table does not support the
8 position that Company Witness Kidwell takes when he states that less rate case funding is being
9 utilized for external resources.

10 Q. Company Witness Kidwell mentions in his rebuttal testimony on page 34, line 23
11 and on page 35 line 1 through 3 that another example of the difference between AmerenUE and
12 other investor-owned utilities, such as KCPL, are the very large number of local public hearings
13 that were held in this and the last rate case. Do you agree?

14 A. No. There were 17 public hearings for the current rate case and 14 public
15 hearings for the last case. If the Company knows that there will be significant costs involved
16 with the local public hearings, that are higher than the amount spent by other electric utilities, the
17 Staff does not oppose including these costs in rate case expense. However, the Company's
18 response to Staff Data Request No. 333 indicates that there is no specific dollar amount included
19 in the initial estimate of rate case expense for the public hearings and that the actual dollar
20 amount of expenses incurred attending the public hearings is not tracked.

21 Q. Do you agree with Mr. Kidwell's statement in his rebuttal testimony found on
22 page 34, lines 9 through 10 that the Commission is obligated to provide the utilities it regulates
23 with a reasonable opportunity to recover prudently incurred costs?

1 A. Yes. However, this does not mean that the Company is free to spend whatever it
2 wants on rate case expense, especially when it is clear that other electric utilities in the state are
3 able to perform that process at a much lower cost.

4 Q. Does this conclude your testimony?

5 A. Yes.

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 Revenues for Electric Service.)

Case No. ER-2010-0036

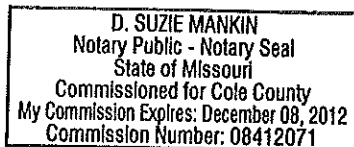
AFFIDAVIT OF LISA M. FERGUSON

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Lisa M. Ferguson, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Lisa M. Ferguson

Subscribed and sworn to before me this 4th day of March, 2010.




Notary Public