

Exhibit No.:
Issues: *Pension and OPEBs*
Witness: *Doyle L. Gibbs*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *ER-2007-0002*
Date Testimony Prepared: *December 15, 2006*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

DOYLE L. GIBBS

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

CASE NO. ER-2007-0002

Jefferson City, Missouri
December 2006

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

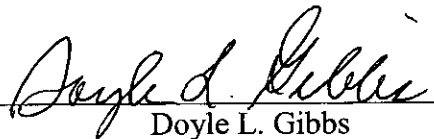
In the Matter of Union Electric Company d/b/a)
AmerenUE for Authority to File Tariffs Increasing)
Rates for Electric Service Provided to Customers in)
the Company's Missouri Service Area.)

Case No. ER-2007-0002

AFFIDAVIT OF DOYLE L. GIBBS

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Doyle L. Gibbs, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 10 pages to be presented in the above case; that the answers in the foregoing Direct Testimony 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.


Doyle L. Gibbs

Subscribed and sworn to before me this 4th day of December 2009



ASHLEY M. HARRISON
My Commission Expires
August 31, 2010
Cole County
Commission #06898978


Notary Public

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DOYLE L. GIBBS

UNION ELECTRIC COMPANY,
d/b/a AmerenUE

CASE NO. ER-2007-0002

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OF

DOYLE L. GIBBS

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

CASE NO ER-2007-0002

Q. Please state your name and business address.

A. Doyle L. Gibbs, 9900 Page Avenue, Suite 103, Overland, Missouri 63132.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (Commission) as a Temporary Utility Regulatory Auditor.

Q. Please describe your educational background.

A. I attended the University of Missouri – St. Louis, where I received a Bachelor of Science degree in Business Administration with a major in Accounting in 1976. I passed the Uniform Certified Public Accountant examination in 1988. I was licensed as a Certified Public Accountant in the state of Missouri until October 2005. I retired as a full time employee of the Commission in November 2005 and have not renewed my license.

Q. What has been the nature of your duties while in the employ of this Commission?

A. I have conducted and assisted with the audits and examinations of the books and records of utility companies operating within the state of Missouri.

Q. Have you previously testified before the Commission?

A. Yes, I have. Please refer to Schedule 1, attached to this direct testimony, for a list of cases in which I have previously testified.

1 Q. With reference to Case No. ER-2007-0002, have you investigated the books
2 and records of Union Electric Company, d/b/a AmerenUE (AmerenUE)?

3 A. Yes, with the assistance of other members of the Commission Staff (Staff).

4 Q. What did you review in your investigation?

5 A. I reviewed and examined AmerenUE's filings in this case for its electric and
6 gas operations, its supporting work papers, and its underlying financial reports and records. I
7 reviewed responses to data requests and obtained information in conversations with Company
8 personnel. I reviewed work papers and other documents generated during past AmerenUE
9 cases before this Commission. I also reviewed Commission Orders and Staff testimony on
10 related issues in cases involving other utilities.

11 **EXECUTIVE SUMMARY**

12 Q. Would you please briefly summarize your testimony?

13 A. I explain Staff's jurisdictional allocations, and I explain how Staff determined
14 employee benefit expenses for pensions and other post employment benefits (OPEBs) in
15 accordance with Statement of Financial Accounting Standard (FAS) 87 and FAS 106,
16 respectively. I have overall responsibility for developing the Staff's Accounting Schedules,
17 and I am sponsoring Staff's revenue requirement schedule (Accounting Schedule 1), income
18 statement (Accounting Schedule 9) and Staff's adjustments to the income statement
19 (Accounting Schedule 10).

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

21 A. The primary purpose of my direct testimony is to explain how the Staff
22 calculated and applied jurisdictional allocation factors within the Staff's Accounting
23 Schedules. As a function of the allocation process, I discuss certain plant and reserve

1 adjustments that the Staff made to assign electric facilities to Federal Energy Regulatory
2 Commission (FERC) regulated Sales For Resale (SFR) customers and gas operations. I also
3 discuss how the Staff developed the amount of Gross Receipt tax (GRT) and Sales and Use
4 taxes the Staff included in its calculation of cash working capital. Finally, I discuss the
5 Staff's expense adjustments related to FAS 87 and FAS 106, as well as the procedure the Staff
6 proposes for future ratemaking treatment to be afforded FAS 87 and FAS 106 expense.

7 Q. What adjustments did the Staff make that you reflected in the Staff's
8 Accounting Schedules, and where are they located in those schedules?

9 A. I prepared and reflected in Accounting Schedule 4, Adjustment To Plant In
10 Service, the plant adjustments identified in that schedule as follows:

11 Assignment to SFR P-100.1, P-101.1, P-102.1, P-103.1, P-104.1,
12 P-107.1, P-110.1 and P-111.1

13 Assignment to Gas Operations P-114.1, P-115.1, P-116.1, P-120.1, P-121.1,
14 P-122.1 and P-125.1

15 I have reflected in Accounting Schedule 6, Adjustments To Depreciation Reserve, the
16 depreciation reserve adjustments identified as follows:

17 Assignment to Gas Operations R-114.1, R-115.1, R-116.1, R-120.1, R-121.1,
18 R-122.1 and R-125.1

19 I prepared and have reflected in Accounting Schedule 10, Adjustments To Income
20 Statement, the adjustments to pension expense and OPEBs identified as S-18.5 and S-18.6,
21 respectively.

22 **ACCOUNTING SCHEDULES**

23 Q. Would you please explain the Staff's Accounting Schedules in general?

1 A. The Staff's Accounting Schedules show the Staff's determination of
2 AmerenUE's revenue requirement based on the test year the Commission ordered in this
3 case-the year ended June 30, 2006. The Staff's Accounting Schedules are a collaborative
4 effort that results from the input of various Commission departments and Staff witnesses.

5 The Staff's Accounting Schedules consist of eleven separate schedules, identified as
6 follows:

| | |
|------------------------------------|------------------------------------|
| 7 Accounting Schedule 1 | Revenue Requirement |
| 8 Accounting Schedule 2 | Rate Base |
| 9 Accounting Schedule 3 | Plant In Service |
| 10 Accounting Schedule 4 | Adjustments To Plant In Service |
| 11 Accounting Schedule 5 | Depreciation Reserve |
| 12 Accounting Schedule 6 | Adjustment To Depreciation Reserve |
| 13 Accounting Schedule 7 | Depreciation Expense |
| 14 Accounting Schedule 8 | Cash Working Capital |
| 15 Accounting Schedule 9 | Income Statement |
| 16 Accounting Schedule 10 | Adjustments To Income Statement |
| 17 Accounting Schedule 11 | Income Tax Calculation |

18 Q. Which of these schedules have you prepared and are sponsoring?

19 A. I prepared all the Accounting Schedules but I am specifically sponsoring
20 Accounting Schedule 1 - Revenue Requirement, Accounting Schedule 9 - Income Statement
21 and Accounting Schedule 10 - Adjustments To Income Statement. Staff witness
22 Edward F. Began will be sponsoring all the remaining Accounting Schedules, with the
23 exception of Accounting Schedule 11, Accounting Schedule 11 - Income Tax Calculation,
24 which will be sponsored by Staff witness Stephen M. Rackers.

25 Q. Would you please explain the Accounting Schedules for which you are
26 responsible?

27 A. As the title indicates, Accounting Schedule 1 is the Staff's calculation of
28 AmerenUE's revenue requirement for the test year ending June 30, 2006, based on the rates of

1 return, provided by Staff witness Steven G. Hill. The rates of return are applied to Rate Base
2 to determine the required level of net income which is then grossed up for the amount of
3 current income tax that would be required to produce the calculated level of net income. On
4 line 11, of the Revenue Requirement schedule, the Staff has also included the Staff's current
5 estimate of the impact of a true-up through January 1, 2007.

6 Accounting Schedule 9, Income Statement is AmerenUE's income statement for its
7 electric operations for the test year ended June 30, 2006, as modified by Staff adjustments and
8 Staff allocations detailed in other Staff schedules and testimony.

9 The Staff's Accounting Schedule 10, Adjustments To Income Statement, itemizes
10 each of the Staff adjustments to AmerenUE's test year ended June 30, 2006, income
11 statement. For each adjustment listed on Accounting Schedule 10, in addition to quantifying
12 the adjustment, the adjustment is briefly described and the Staff witness who supports the
13 adjustment parenthetically identified.

14 **ALLOCATION FACTORS**

15 Q. What jurisdictional allocation factors did the Staff use in this case?

16 A. The Staff used the Missouri electric jurisdictional allocation factors presented
17 on Schedule 2 attached to my direct testimony. Schedule 2 also provides a description of each
18 allocation factor, the basis for its development, or the Staff witness responsible for explaining
19 the basis upon which it was developed, and its application within the Staff's Accounting
20 Schedules.

21 Q. Why did the Staff allocate costs in this case?

22 A. AmerenUE provides electrical power to Missouri customers, including
23 wholesale power to several municipalities, commonly referred to as Sales For Resale (SFR),

1 that are regulated by FERC. AmerenUE also provides retail gas service in Missouri.
2 Although AmerenUE identifies its electric operations on its books separate from gas
3 operations, it is not identified by regulatory jurisdiction. An allocation process is necessary to
4 identify the costs applicable to the regulatory jurisdictions.

5 Q. You indicated that certain plant and reserve adjustments were made as a part of
6 the allocation process. Please discuss the adjustments related to the assignment of plant and
7 reserve to SFR.

8 A. AmerenUE has specifically identified the distribution facilities used to serve
9 the SFR customers. Adjustments P-100.1, P-101.1, P-102.1, P-103.1, P-104.1, P-107.1,
10 P-110.1 and P-111.1 on Accounting Schedule 4, Adjustments To Plant In Service, reflect the
11 assignment of this plant to SFR. The depreciation reserve associated with the plant facilities
12 assigned to SFR has not been specifically identified. The depreciation reserve related to all of
13 the electric distribution plant is allocated to Missouri on the distribution plant allocation
14 factor, described on Schedule 2 attached to my direct testimony, and incorporates the effect of
15 the direct assignment of the plant to SFR in the determination of the allocation factor.

16 Q. Why has the Staff made adjustments related to the assignment of plant and
17 reserve to gas operations?

18 A. AmerenUE has facilities needed and used by both its electric and its gas
19 operations. AmerenUE has assigned a portion of the cost of these multi-use facilities and the
20 associated reserve to gas operations based on the electric/gas labor ratio contained in a study
21 for the year ending December 31, 2005. The Staff adjustments P-114.1, P-115.1, P-116.1,
22 P-120.1, P-121.1, P-122.1 and P-125.1 contained in Accounting Schedule 4, Adjustments To
23 Plant In Service and adjustments R-114.1, R-115.1, R-116.1, R120.1, R-121.1, R-122.1 and

1 R-125.1 contained in Accounting Schedule 6, Adjustments To Depreciation Reserve,
2 duplicate AmerenUE's adjustments for these multi-use facilities in its filing.

3 Q. Does AmerenUE have any non-Missouri electric operations?

4 A. No. Therefore, it was not necessary for the Staff to allocate electric operation
5 costs between state jurisdictions.

6 **GROSS RECEIPTS TAX AND SALES AND USE TAX FOR CWC**

7 Q. How did you develop the gross receipts tax and sales and use tax amounts the
8 Staff used in calculating cash working capital?

9 A. I developed a composite GRT rate by dividing the test year GRT by the test
10 year billed revenue, net of GRT. I calculated the GRT in CWC by applying the composite
11 GRT rate to the annualized level of Missouri jurisdictional billed revenue. I determined the
12 sales tax and use tax amounts for CWC similarly to how I determined the GRT for CWC.
13 The calculation was the same, except that I used the test year sales and use tax total as the
14 numerator in place of the test year GRT in the rate equation. I then applied the sales and use
15 tax composite rate, like GRT, to the annualized Missouri jurisdictional billed revenue.

16 **PENSION EXPENSE – FAS 87 AND OPEBS EXPENSE – FAS 106**

17 Q. What are FAS 87 and FAS 106?

18 A. FAS 87, *Employers' Accounting for Pensions*, and FAS 106, *Employers'*
19 *Accounting for Postretirement Benefits (OPEBs) Other than Pensions*, are the Financial
20 Accounting Standards Board (FASB) approved accrual accounting methods for financial
21 statement reporting of annual pension cost and OPEBs over the service life of employees.
22 Use of FAS 87 and FAS 106 accrual accounting methods is required under Generally

1 Accepted Accounting Principles (GAAP) for financial reporting purposes. The assumptions
2 used in the calculation of FAS 87 and FAS 106 are similar in many respects.

3 Q. How is AmerenUE calculating its current pension and OPEB expenses?

4 A. Pensions and OPEBs are calculated by AmerenUE's actuary using market-
5 related value (MRV) and a 10-year amortization of unrecognized gains and losses to expense
6 with no 10% corridor. MRV is the fair value of pension plan assets calculated by the actuary
7 that incorporates a systematic amortization of gains and losses over a defined period not to
8 exceed five years. The 10% corridor is a reference to the amount of gain or loss that exceeds
9 10% of the projected benefit obligation or market value of the plan assets and defines the
10 minimum amount of gain or loss that must be amortized to expense. By not using the 10%
11 corridor, AmerenUE accelerates the recognition of the gain or loss in comparison to the gain
12 or loss recognition using the corridor approach. The Staff has consistently advocated not
13 using the 10% corridor approach in the calculation of pension and OPEB expenses.
14 AmerenUE's method of calculating pension and OPEB expenses, based on the above
15 parameters, is consistent with how the Commission has recently approached these expenses.

16 Q. What is adjustment S-18.5 to pension expense?

17 A. Adjustment S-18.5 adjusts pension expense to an annual level based on the
18 latest actuarial calculation. The Staff is not proposing any adjustment to reflect a change to
19 AmerenUE's method of calculating FAS 87 pension expense.

20 Q. What is adjustment S-18.6 to OPEB expense?

21 A. Similar to the adjustment to pension expense, adjustment S-17 adjusts OPEB
22 expense to annualize the latest actuarially calculated cost.

1 Q. What does the Staff propose the Commission use for future ratemaking
2 treatment to be afforded AmerenUE's FAS 87 pension expense and FAS 106 OPEB expense?

3 A. The Staff agrees with the procedure AmerenUE proposes as outlined on
4 Schedule CKV-E2 attached to the Supplemental Direct Testimony of Company witness
5 C. Kenneth Vogl, although a clarification may be helpful with regards to paragraph 4 of that
6 schedule. In paragraph 4, Mr. Vogl discusses establishing a regulatory liability if a positive
7 expense is included in rates and the actual expense in any given year becomes negative. The
8 liability would be valued as the difference between the amount included in rates and zero and
9 the liability would be included in the determination of rate base. It should be understood that
10 a second liability would be established for the difference between zero and the negative
11 expense. This liability would not be included in the determination of rate base but any future
12 positive expense would be first used to offset this liability before any reduction is made to the
13 liability that is included in rate base. With that clarification, the procedure proposed by
14 AmerenUE in this case is principally in agreement with procedures the Commission has
15 approved for addressing these same issues for The Empire District Electric Company and
16 Kansas City Power and Light Company.

17 Q. How does AmerenUE's proposal differ from the procedures the Commission
18 approved for Empire and KCPL?

19 A. In those other cases there is reference to an existing prepaid pension asset.
20 While a pension liability does exist on AmerenUE's books, the Staff does not believe this
21 amount has specifically been reflected in historical rates or should be reflected in the
22 ratemaking process in the future. The Staff is of the opinion that the only assets and liability

1 | that need to be addressed are those that may arise in the future as a result of the proposed
2 | tracking procedures.

3 | Q. Does this conclude your direct testimony?

4 | A. Yes, it does.

CASE PROCEEDING PARTICIPATION

DOYLE L. GIBBS

| PARTICIPATION | | TESTIMONY |
|--------------------------------------|-----------------|---|
| COMPANY | CASE NO. | ISSUES |
| The Empire District Electric Company | ER-2004-0570 | Direct, Rebuttal, Surrebuttal - Revenue, Billing Costs, Uncollectible Expense, Pensions, Prepaid Pension Asset, OPEBs, Pensions Expense, Customer Growth |
| Missouri American Water Company | WR-2003-0500 | Direct – Pensions, OPEBs, Income Taxes, Reserve Deficiency Amortization |
| Union Electric (dba AmerenUE) | EC-2002-1025 | Direct-Allocations, Territorial Agr & I&D |
| Union Electric Company | EC-2002-1 | Direct - Revenue, Uncollectibles, Gross Receipts Tax, Territorial Agreements, Allocations, Payroll, Incentive Compensation, Payroll Taxes, Injuries & Damages, Depreciation |
| Laclede Gas Company | GR-2001-629 | Direct - Environmental Costs; Cost of Removal Accounting Authority Orders; Incomes Taxes |
| St. Louis County Water Company | WR-2000-844 | Direct – Accounting Schedules, Revenue, Purchased Water, Fuel & Power, Chemicals, Uncollectibles, Pensions, OPEBs, Outside Services |
| Missouri-American Water Company | SR-2000-282 | True-up - Rebuttal – Chemicals, Property Taxes |
| Missouri-American Water Company | SR-2000-282 | True-up - Direct – Impact of True-up audit |
| Missouri-American Water Company | SR-2000-282 | Direct - True-up, Plant, Depreciation Reserve, Depreciation Expense, Materials & Supplies, Prepayments, Deferred Income Tax, Customer Deposits & Advances, Property Tax, Income Tax |
| Missouri-American Water Company | WR-2000-281 | True-up - Rebuttal – Chemicals, Property Taxes |
| Missouri-American Water Company | WR-2000-281 | True-up - Direct – Impact of True-up audit |
| Missouri-American Water Company | WR-2000-281 | Direct - True-up, Plant, Depreciation Reserve, Depreciation Expense, Materials & Supplies, Prepayments, Deferred Income Tax, Customer Deposits & Advances, Property Tax, Income Tax |
| United Water Missouri | WR-99-326 | Accounting Schedules |
| Laclede Gas Company | GR-99-315 | True-up - Direct – Impact of True-up audit |
| Laclede Gas Company | GR-99-315 | Direct – True-up, Plant, Depreciation Reserve, Depreciation Expenses |

| PARTICIPATION | | TESTIMONY |
|--|-----------|---|
| COMPANY | CASE NO. | ISSUES |
| Laclede Gas Company | GR-98-374 | Direct – Income Tax, Injuries & Damages, Rate Case Expense |
| Missouri-American Water Company | WO-98-204 | Direct – Revenue Requirement for District Specific Pricing |
| Missouri-American Water Company | WR-97-237 | True-up - Payroll, Employee Benefits, Payroll Taxes, Other Insurance, Non-recurring Credits |
| Atmos Energy Corporation/ United Cities Gas Company | GM-97-70 | Rebuttal – Public Detriment, Accounting for merger, Merger Premium |
| Laclede Gas Company | GR-96-193 | Direct – Income Tax, AAO's, Pensions, OPEBs, PSC Assessment |
| Empire District Electric Company | ER-95-279 | Direct - Income Tax, Non-group insurance |
| Laclede Gas Company | GR-94-220 | |
| St. Louis County Water Company | WR-94-166 | |
| Missouri-American Water Company | WM-93-255 | |
| Southwestern Bell Telephone Company | TC-93-224 | |
| Missouri-American Water Company | WR-93-212 | |
| St. Joseph Power & Light | ER-93-41 | |
| Missouri Pipeline | GR-92-314 | |
| Laclede Gas Company | GR-92-165 | |
| St. Louis County Water Company | WR-91-361 | |
| Missouri Cities | WR-91-172 | |
| Missouri Cities | WR-90-236 | |
| Missouri-American Water Company | WR-89-265 | |
| Missouri Cities Water Company | SR-89-179 | |
| Missouri Cities Water Company | WR-89-178 | |
| St. Louis County Water Company | WR-88-5 | |
| St. Louis County Water Company | WR-87-2 | |
| Missouri Cities Water Company | SR-86-112 | |
| Missouri Cities Water Company | WR-86-111 | |
| Southwestern Bell Telephone Company | TR-86-84 | |
| Arkansas Power & Light Company | ER-85-265 | |

| PARTICIPATION | | TESTIMONY |
|-------------------------------------|-----------|-----------|
| COMPANY | CASE NO. | ISSUES |
| Missouri Cities Water Company | SR-85-158 | |
| Missouri Cities Water Company | WR-85-157 | |
| Arkansas Power & Light Company | ER-85-20 | |
| Union Electric Company | ER-84-168 | |
| St. Louis County Water Company | WR-83-264 | |
| Union Electric | ER-83-163 | |
| Missouri Cities Water Company | SR-83-15 | |
| Missouri Cities Water Company | WR-83-14 | |
| Laclede Gas Company | GR-82-200 | |
| Capital City Water Company | WR-82-117 | |
| Union Electric Company | ER-82-52 | |
| Union Electric Company | HR-81-259 | |
| Laclede Gas Company | GR-81-245 | |
| Union Electric Company | ER-81-180 | |
| Citizens Electric Cooperative | ER-81-79 | |
| Southwestern Bell Telephone Company | TR-80-256 | |
| Laclede Gas Company | GR-80-210 | |
| Lake St. Louis Sewer Company | SR-80-189 | |
| Union Electric Company | ER-80-17 | |
| Southwestern Bell Telephone Company | TR-79-213 | |
| Associated Natural Gas Company | GR-79-126 | |
| Citizens Electric Cooperative | ER-79-102 | |
| St. Louis County Water Company | WR-78-276 | |
| Laclede Gas Company | GR-78-148 | |
| Missouri Cities Water Company | SR-78-108 | |
| Missouri Cities Water Company | WR-78-107 | |
| St. Joseph Water Company | WR-77-226 | |

| PARTICIPATION | | TESTIMONY |
|------------------------|-----------|-----------|
| COMPANY | CASE NO. | ISSUES |
| Union Electric Company | ER-77-154 | |
| Laclede Gas Company | GR-77-33 | |
| Missouri Cities ** | 18510 | |

Union Electric Company d/b/a Ameren UE
Case No. ER-2007-0002

Missouri Allocation Factors

| Allocation Title | Factor | Description | Application |
|--------------------|----------|---|--|
| Fixed | 98.3658% | Coincidental Peak (12 CP) | Production plant (includes nuclear exclusive of disallowances); non nuclear production plant depreciation and amortization reserve; production plant related accumulated deferred taxes; system sales and off-system energy and capacity sales; production operation labor; capacity costs; non-nuclear production related depreciation and amortization; production related taxes other |
| Variable | 98.3869% | Kwh sales (Refer to testimony of Staff witness Erin Maloney) | Incremental production costs for fuel (excl directly assigned westinghouse cr); purchase power; fuel handling; production maintenance; fuel inventories |
| Nuclear | 98.8200% | Composite of nuclear production plant allocated on fixed allocation percent and the direct assignment of Callaway disallowances. | Nuclear depreciation and amortization reserve; nuclear depreciation expense |
| Distribution Plant | 99.8136% | Adjusted Missouri distribution plant percentage of Total Company adjusted distribution plant. Adjusted Missouri distribution plant reflects the direct assignment of distribution plant to FERC regulated Sales For Resale. | Distribution depreciation and amortization reserve; accumulated deferred income taxes related to the distribution function; distribution depreciation expense; materials and supplies classified related to the distribution function |
| Labor | 98.8253% | Test year Missouri jurisdictional labor percentage of total electric labor. This allocation factor represents a composite of direct assignment and the application of the fixed, variable and distribution plant allocation factors to test year labor. | Administrative and general expenses not directly assigned; depreciation reserve, depreciation expense, amortization, taxes other and deferred taxes related to the intangible and general plant or administrative expense function |
| Net Plant | 98.8046% | Missouri jurisdictional adjusted electric net plant percentage of total electric adjusted net plant. This allocation reflects a composite of direct assignment and the application of the fixed, nuclear, distribution plant and labor allocation factors to total electric plant and depreciation reserve. | Fuel credits; accumulated deferred income tax related to miscellaneous prepayments, environmental cleanup, miscellaneous deferrals, casualty losses, other taxes, etc; deferred income tax expense; amortization of excess deferred income tax; amortization of ITC; cost of removal |

Union Electric Company d/b/a Ameren UE
Case No. ER-2007-0002

Missouri Allocation Factors

| Allocation Title | Factor | Description | Application |
|------------------------------|----------|---|---|
| Operating Expenses | 98.6612% | Missouri jurisdictional adjusted electric net O&M expense percentage of total electric adjusted O&M expense. This allocation factor reflects a composite of direct assignment and the application of the fixed, distribution plant and labor allocation factors to adjusted O&M expenses. | Prepayments in Rate Base |
| Nuclear Decommissioning | 95.9723% | Percentage developed based on Company direct assignment of decommissioning expense to FERC regulated Sales For Resale. | Decommissioning Expense/Amortization |
| Operating Revenue | 95.9723% | Missouri jurisdictional adjusted operating revenue percentage of total electric adjusted operating revenue | Deferred income tax balance associated with uncollectibles |
| Deferred Income Tax Balance | 98.7908% | Missouri jurisdictional adjusted deferred income tax balance as a percent of total electric adjusted deferred income tax balance. This allocation reflects a composite of direct assignment and the application of the fixed, variable, distribution plant, labor, net plant and operating revenue allocation factors to applicable deferred tax balances | Deferred income tax balance |
| Pre-Tax Net Operating Income | 99.6300% | Missouri jurisdictional unadjusted pre-tax net operating income as a percent of total electric unadjusted pre-tax net operating income | Per Book current income tax |
| Total Plant | 99.0325% | Missouri jurisdictional electric plant as a percentage of total electric plant | Staff plant adjustment related to disallowed incentive compensation |
| Total Reserve | 99.0938% | Missouri jurisdictional electric depreciation reserve as a percentage of total electric depreciation reserve. | Staff reserve adjustment related to disallowed incentive compensation |