

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>2</sup>  
MAR 01 2002  
Missouri Public  
Service Commission

Staff of the Missouri Public Service Commission )  
)  
Complainant, )  
)  
v. )  
)  
Union Electric Company, d/b/a AmerenUE, )  
)  
Respondent. )

Case No. EC-2002-1

**STAFF EXCESS EARNINGS/REVENUES COMPLAINT  
AGAINST UNION ELECTRIC COMPANY – MARCH 1, 2002**

Comes now the Staff of the Missouri Public Service Commission (Staff) pursuant to Sections 386.240 and 386.390 RSMo 2000 and 4 CSR 240-2.070 and amends its July 2, 2001 filing as follows below. The Staff will not repeat the statements contained in its July 2, 2001 pleading other than to update that filing to reflect the Staff's new direct testimony based on the test year of the 12 months ended June 30, 2001 and the update period through September 30, 2001:

1. The Staff's direct case as filed this date, March 1, 2002, shows that UE's rates and charges are not just and reasonable as required by Chapters 386 and 393, but instead are excessive in a range of from \$245,507,871 at the high end of the Staff's return on common equity (ROE) range to \$285,031,343 at the low end of the Staff's ROE range. The Staff's direct case as filed on July 2, 2001, showed that UE's rates and charges are not just and reasonable as required by Chapters 386 and 393, but instead are excessive in a range of from \$213,774,613 at the high end of the Staff's ROE range to \$250,071,725 at the low end of the Staff's ROE range.

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Staff Direct Case Filing	Staff ROE & Revenue Req.	Range	Staff ROE & Revenue Req.
3/1/02	8.91% -\$285,031,343		9.91% -\$245,507,871
7/2/01	9.04% -\$250,071,725		10.04% -\$213,774,613

2. The principal issues that comprise the Staff's excess earnings/revenues case against UE filed this date, March 1, 2002, are return on common equity, depreciation rates/theoretical reserve, other postretirement employee benefits and pensions, revenues/customer growth, jurisdictional allocation factors and Venice power plant insurance settlements. The principal issues that comprised the Staff's July 2, 2001 excess earnings/revenues case against UE were return on common equity, depreciation rates/theoretical reserve, income taxes, other postretirement employee benefits and pensions, power plant maintenance expense and revenues/customer growth. The areas covered by the Staff and addressed in the new Staff direct testimony and schedules being filed this date, March 1, 2002, are as follows:

**Test Year and Update Period:**

Greg R. Meyer

**Rate of Return:**

Ronald L. Bible

**Rate Design:**

James C. Watkins

Janice Pyatte

**Rate Base:**

Paul R. Harrison:

Venice Power Plant Insurance Settlements  
Plant In Service  
Depreciation Reserve  
Customer Deposits  
Customer Advances For Construction  
Materials & Supplies  
Prepayments  
Fuel Inventories

Michael S. Proctor:

Capacity Reserves

Leasha Teel:

Cash Working Capital  
Interest & Income Tax Offsets

Stephen M. Rackers:

Deferred Income Taxes  
Pensions Liability

**Revenues:**

Janice Pyatte:

Normal Revenues

Lena Mantle:

Normalized Sales

Michael S. Proctor:

Joint Dispatch Agreement

Doyle L. Gibbs:

Customer Growth  
Gross Receipts Tax Elimination  
Territorial Agreements  
Uncollectible Revenues  
Rate Refunds (Sharing Credits)

**Expenses:**

**Fuel:**

Leon C. Bender:

Fuel Run Production Cost Model

Lena M. Mantle:

Net System Input

Alan J. Bax:  
System Losses

John P. Cassidy:  
Fuel Prices  
Callaway Refueling Adjustment

**Payroll and Employee Benefits:**

Doyle L. Gibbs:  
Incentive Compensation  
Payroll and Employee Benefits other than Pensions  
Payroll Taxes  
Injuries and Damages

Greg R. Meyer:  
OPEBs and Pensions

**General:**

Leasha Teel:  
Dues and Donations/Miscellaneous Expenses  
Advertising  
Rate Case Expense  
PSC Assessment  
Administrative & General Expense Analysis

Paul R. Harrison:  
Venice Power Plant Insurance Settlements  
Property Taxes  
Tree Trimming Expense  
Year 2000 Computer Amortization  
Automated Meter Reading  
Customer Deposits Interest Expense  
Regulatory Advisor Consulting Fees

Greg R. Meyer:  
Property Taxes (Capacity Reserves)

Michael S. Proctor  
Operations & Maintenance Expense (Capacity Reserves)

John P. Cassidy:  
Accrued Legal Expenses  
Accrued Environmental Expense  
Midwest Independent System Operator Exit Fees

Doyle L. Gibbs:  
Gross Receipts Tax Expense

**Depreciation:**

Jolie Mathis:  
Depreciation Rates  
Net Salvage Elimination  
Theoretical Reserve

Greg R. Meyer:  
Net Salvage Adjustment  
Depreciation Expense Adjustment (Capacity Reserves)

**Income Taxes:**

Stephen M. Rackers:  
Current Income Taxes

**Allocations:**


Doyle L. Gibbs:  
Allocations - Total Cost of Service

Alan J. Bax:  
Jurisdictional Allocations

Wherefore, the Staff states that its audit of the books, records and operations of UE as related in the Staff's new direct testimony and schedules filed this date, March 1, 2002, shows that the current rates and charges of UE are not just and reasonable, but instead are excessive and should be reduced by Order of the Commission.

Respectfully submitted,


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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 1st day of March, 2002.

  
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