Exhibit No.:	
Issue:	Revenue Requirement
Witness:	Michael L. Brosch
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Missouri Industrial Energy Consumers
Case No.:	ER-2014-0258
Date Testimony Prepared:	December 5, 2014

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company, d/b/a Ameren Missouri's Tariff to Increase Its Annual Revenues for Electric Service	**)))))**	**Case No. ER-2014-0258** Tariff No. YE-2015-0003

Direct Testimony and Schedules of

Michael L. Brosch

Revenue Requirement

On behalf of

Missouri Industrial Energy Consumers

NON-PROPRIETARY VERSION

December 5, 2014

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STATE OF MISSOURI	)	
	)	**SS**
COUNTY OF JACKSON	)	

Affidavit of Michael L. Brosch

Michael L. Brosch, being first duly sworn, on his oath states:

1. My name is Michael L. Brosch. I am President of Utilitech, Inc., having its principal place of business at PO Box 481934, Kansas City, Missouri 64148. We have been retained by the Missouri Industrial Energy Consumers in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes is my direct testimony and schedules which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2014-0258.

3. I hereby swear and affirm that the testimony and schedules are true and correct and that they show the matters and things that they purport to show.

Michael L. Brosch

Subscribed and sworn to before me this 4th day of December 2014.

Notary Public

FRANCISCO PACHECO
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: April 11, 2017
~~13372131~~

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Direct Testimony of Michael L. Brosch

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Michael L. Brosch. My business address is PO Box 481934, Kansas City, Missouri 64148.

Q WHAT IS YOUR PRESENT OCCUPATION?

A I am the President of the firm Utilitech, Inc., a consulting firm engaged primarily in utility rate and regulation work. The firm's business and my responsibilities are related to special services work for utility regulatory clients. These services include rate case reviews, cost of service analyses, jurisdictional and class cost allocations, financial studies, rate design analyses and focused investigations related to utility operations and ratemaking issues.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing on behalf of the Missouri Industrial Energy Consumers ("MIEC"). Utilitech, Inc. was engaged by MIEC to review and address portions of the rate case revenue requirement and other matters raised by Ameren Missouri ("Ameren Missouri" or "Company"). Utilitech's work, as sponsored by Steven Carver and by me, complements that of other MIEC witnesses who will address other elements of the revenue requirement and rate design, including Messrs. Gregory R. Meyer, Nicholas R. Phillips, Michael P. Gorman and Brian C. Andrews.

Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A My testimony is responsive to Ameren Missouri's income tax expense and accumulated deferred income taxes. My testimony explains several income tax expense and accumulated deferred income tax issues associated with the Ameren Missouri revenue requirement and I sponsor several ratemaking adjustments to the Company's test year rate base and income tax expenses that are necessary to establish just and reasonable rates. The individual ratemaking adjustments I sponsor have been incorporated into the Schedules that are attached to my testimony.

EDUCATION AND EXPERIENCE

Q WHAT IS YOUR EDUCATIONAL BACKGROUND?

A Appendix A to this testimony is a summary of my education and professional qualifications that also contains a listing of my previous testimonies in regulatory proceedings in Missouri and other states.

Q PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE IN THE FIELD OF UTILITY REGULATION.

A My professional experience began in 1978, when I was employed by the Missouri Public Service Commission as part of the accounting department audit staff. While with the Staff from 1978 to 1981, I participated in rate cases involving Kansas City Power and Light Company, Missouri Public Service Company, Southwestern Bell and several smaller Missouri utilities. Since leaving the Commission Staff, I have worked as an independent consultant and have testified before utility regulatory agencies in Arizona, Arkansas, California, Florida, Hawaii, Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, New Mexico, Ohio, Oklahoma, Texas, Utah, Washington, and Wisconsin in regulatory proceedings involving electric, gas, telephone, water, sewer, transit, and steam utilities. I have participated in many electric, gas and telephone utility regulatory proceedings, as listed and described in Appendix A, including several recent Ameren rate case proceedings in both Missouri and Illinois.

EXECUTIVE SUMMARY

Q PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

A My testimony addresses Ameren Missouri's claimed income tax expense and describes several ratemaking adjustments that should be recognized in determining the Company's income tax expenses for the test year. The income tax expense adjustments I sponsor revise the Company's treatment of Equity Issuance Costs (Schedule MLB-1), Research Tax Credits (Schedule MLB-2), Investment Tax Credit Amortization (Schedule MLB-3) and Internal Revenue Code Section 199 Domestic Production Activity Deductions (Schedule MLB-4).

The appropriate level of Accumulated Deferred Income Taxes ("ADIT") to be included in Ameren Missouri's rate base is also addressed in my testimony. The ADIT rate base adjustments I sponsor are to include ADIT for Energy Efficiency Regulatory Assets (Schedule MLB-5), to include ADIT amounts associated Pollution Control Facilities (Schedule MLB-6), to include ADIT balances arising from the Metro East affiliate asset transfer (Schedule MLB-7) and to exclude the Company's overstated ADIT estimates for Federal Net Operating Loss carryforward and Federal Tax Credit carryforwards (Schedule MLB-8).

It is my understanding that the Company's true-up filing will revise certain of the amounts addressed in my adjustments so, on behalf of the MIEC, I reserve the right to respond to any Ameren Missouri-sponsored changes to income tax expenses and ADIT in rate base at the time true-up evidence is presented.

Q HOW DO THE RATEMAKING ADJUSTMENTS YOU SPONSOR IMPACT THE REVENUE REQUIREMENT BEING PROPOSED BY AMEREN MISSOURI?

A. The following table summarizes the approximate revenue requirement impact of the adjustments set forth in Schedule MLB-1 through Schedule MLB-8:

Schedule	Adjustment Description	Rate Base	Operating Income	Revenue Requirement
MLB-1	Income Tax Equity Issuance Costs		$1,011	$(1,633)
MLB-2	Income Tax Research Credits		299	$ (483)
MLB-3	Income Tax ITC Amortization		104	$ (168)
MLB-4	Section 199 Domestic Production Deduction			$(3,736)
MLB-5	ADIT on Energy Efficiency Deferrals	(10,369)		(1,081)
MLB-6	ADIT on Pollution Control Facilities	(78,849)		(8,224)
MLB-7	ADIT on Metro East Transfer	(7,366)		(768)
MLB-8	NOL and Tax Credit Carryforwards	(65,989)		(6,883)

INCOME TAX EXPENSE ADJUSTMENTS

Q PLEASE DESCRIBE THE ADJUSTMENTS APPEARING AT SCHEDULE MLB-1.

A Schedule MLB-1 represents an adjustment to Ameren Missouri's proposed income tax expense to eliminate the Company's proposed addition to taxable income to account for non-income tax deductible equity issuance costs. Equity issuance costs were incurred by the Company in 2009 and were recognized for ratemaking purposes over a five-year amortization period. The amortization period established for these costs in Case No. ER-2010-0036 runs from July 2010 through June 2015 to allow rate recovery of equity issuance costs.[1] Ameren Missouri workpaper LMM-WP-486 includes $2,651,220 of pro-forma annualized Amortization Expense for the principle amount of equity issuance costs that were incurred in 2009. The Company's income tax expense calculation, at Ameren Missouri workpaper LMM-WP-518, includes an increase in test year taxable income, in the same dollar amount, to recognize that the equity issuance costs being recovered from ratepayers cannot be recognized as income tax deductible, which increases income tax expense in the test year.

Q WHY ARE YOU ELIMINATING THE ADD-BACK INTO TAXABLE INCOME OF EQUITY ISSUANCE COSTS?

A The regulatory deferral and amortization of equity issuance costs was approved in Case No. ER-2010-0036, and rate recovery began on June 21 of 2010.[2] The approved five-year amortization period will therefore be completed and such costs will be nearly fully recovered from ratepayers in June of 2015. It would be improper to include a full annual amortization of such costs within the revenue requirement being established in this Case No. ER-2014-0258, as proposed by Ameren Missouri, because new rates in this rate case will become effective in mid-2015 and such inclusion would guarantee significant over-recovery of the previously incurred cost levels throughout the future months the new electric rates remain in effect. MIEC witness Mr. Meyer is sponsoring the expense adjustment to eliminate the completion of amortization of equity issuance costs. My adjustment eliminates the corresponding income tax add-back of the non-tax deductible equity issuance costs that is included within Ameren Missouri's income tax expense calculations.

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[1] Ameren response to MIEC Data Request 9.25(a).

[2] Order Approving Compliance Tariff Sheets and Depreciation Rates, Issued June 16, 2010 in Case No. ER-2010-0036, page 3.

Q **HAS THE COMPANY CONCEDED THAT AMORTIZATION OF EQUITY ISSUANCE COSTS AND THE INCOME TAX ADD-BACK OF SUCH COSTS SHOULD STOP IN MID-2015?**

A Yes. In its response to Data Request MIEC 9.25, Ameren Missouri states, "The Company proposes to cease adding these amounts into taxable income for ratemaking purposes after amortization is complete in June 2015."

Q **WHAT IS THE PURPOSE OF THE ADJUSTMENT SET FORTH AT SCHEDULE MLB-2?**

A This adjustment is necessary to update the amount of the income tax credit for increasing research activities that was included in the Company's test year calculation of income taxes, which amount used the actual 2012 credit amount as an estimate for the test year. In its response to Data Request MIEC 9.18, Ameren Missouri stated that, "…the Company intends to update this amount with the research credit from the 2013 tax return." The 2013 income tax return has been filed since the Company's rate case filing was prepared and the updated research tax credit amount is now known. The adjustment at Schedule MLB-2 is based upon the difference between 2013 actual tax credit amount versus the prior 2012 tax year tax credit amounts, based upon the Company's highly confidential MIEC Attachment B to MIEC 9.18.

Q **PLEASE EXPLAIN YOUR NEXT ADJUSTMENT TO INCOME TAX EXPENSE THAT APPEARS AT SCHEDULE MLB-3.**

A This adjustment includes an annual amount of Investment Tax Credit ("ITC") amortization for Federal ITC credits that were earned and claimed by Ameren Missouri for qualifying new investments made in 2009 and 2010. The Company's filing excluded these prior year ITC credits because they were carried forward, rather than being realized as cash tax savings in recent tax years, due to negative taxable income and Net Operating Loss ("NOL") tax returns that were filed in those years. In its Attachment to MIEC 9-15(b), the Company provided a calculation of the ITC balances for which annual amortization will begin reducing income tax expense commencing January 1, 2015. So as to not overstate income tax expenses, I have reflected the incremental annual amortization of ITC's for 2009 and 2010 ITC-qualifying vintage plant additions within the test year income tax expense calculations.

Q WHY HAS THE COMPANY NOT AMORTIZED ANY OF ITS 2009 AND 2010 ITC IN 2014 OR IN PRIOR TAX YEARS?

A As noted previously, Net Operating Loss tax returns were filed for 2009 and subsequent tax years by Ameren Corporation. So as to preserve the ITC benefits earned in 2009 and 2010, Ameren Missouri's earned ITC credits were carried forward for realization in subsequent years when taxable income is positive. While ITCs are being carried forward in this manner, the Company has not realized any tax reduction benefits and amortization of the credits to benefit ratepayers would not be appropriate.

Q WHY IS IT APPROPRIATE TO COMMENCE AMORTIZATION OF THE PRIOR YEARS DEFERRED ITC AMOUNTS IN THE TRUE-UP OF TEST YEAR DATA?

A According to the Company's highly confidential response to Data Request MIEC 9.8(c), **____ ____** The response to MIEC 9.8(g) then states, **_______________________________________ ____

______________________________** However, the Company's response to MIEC 9.15(b) clearly reflects an expectation of utilization of the 2009 and 2010 in 2014, with annual amortization commencing in 2015 when new rates in the instant rate case will become effective.[3]

Q IS THERE ANOTHER ADJUSTMENT TO INVESTMENT TAX CREDIT AMORTIZATION THAT MAY BE REQUIRED, FOR WHICH QUANTIFICATION HAS NOT YET BEEN DEVELOPED?

A Yes. The annual amortization of Investment Tax Credits is based upon the average useful life of the qualifying assets upon which the credits were granted. At present, the calculations within Attachment MIEC 9.15(b) utilize a composite useful life 43-year amortization period to determine the test year ITC reduction to income tax expenses.[4] However, the Company has proposed a change to its book depreciation lives and annual depreciation accrual rates in the Direct Testimony of John J. Spanos.[5] The revision in composite book depreciation lives and rates may produce a significant revision to the annual amortization of prior years' ITC balances. The Company has been asked to provide a calculation of the revision to ITC amortization that would be required to recognize its proposed changes to depreciation lives for the corresponding assets, but the response to Data Request MIEC 17.3(c) addressing this topic was not available at the time this testimony was finalized. A revision to ITC

[3]As noted near the end of this testimony, it is possible that the United States Congress may pass legislation that would retroactively extend Bonus tax depreciation benefits for the 2014 tax year, which may cause Ameren Missouri's and/or Ameren Corporation's 2014 tax return to reflect negative taxable income and additional NOL and tax credit carryforward amounts, the current tax laws do not provide for Bonus depreciation after 2013 and the best available information is that the Company's ITC carryforward position will be realized in the 2014 tax year and amortized in 2015 and numerous subsequent years

[4]Ameren Missouri's response to MIEC 9.15 (b), Attachment employs a 43-year amortization for new credits being amortized starting in 2015 and the remainder of 43 years for prior years' vintages of tax credits.

[5]Direct testimony and schedules of Ameren Missouri witness John J. Spanos.

amortization will be presented in my future rebuttal or surrebuttal testimony when information to quantify the needed update is available. In the event the Commission ultimately approves depreciation lives and accrual rates that differ from Ameren Missouri's proposed accrual rates, a further revision to ITC amortization amounts may need to be calculated and used within the test year income tax expense calculations in the Commission's final rate order.

Q WHAT IS THE INCOME TAX EXPENSE CALCULATION THAT APPEARS WITHIN "SUBTRACTIONS TO NET INCOME BEFORE INCOME TAXES" THAT IS CAPTIONED "PRODUCTION DEDUCTION" AND THAT IS FURTHER SUPPORTED IN THE COMPANY'S WORKPAPER LMM-WP-519?

A The "Production Deduction" is allowed under Internal Revenue Code Section 199 as a percentage of income earned from Qualifying Production Activities Income ("QPAI"). For tax years after 2009, the allowed deduction is nine percent of QPAI, and includes Qualifying Domestic Production Gross Receipts ("DPGR") reduced by the cost of goods sold that are allocable to such receipts, other deductions that are directly allocable, and a ratable amount of indirect expenses, with the allowed Production Deduction subject to other limitations.[6]

Q HAS AMEREN MISSOURI PROPERLY CALCULATED A PRODUCTION DEDUCTION FOR USE WITHIN THE TEST YEAR INCOME TAX EXPENSE CALCULATION?

A No. At workpaper LMM-WP-519, the Company has calculated its "Production Credit Calculation – 199 Deduction" to support a proposed $30.8 million income tax deduction that is then used for the test year within workpaper LMM-WP-518.

[6] Code Sec. 199(a)(1) and (2), Code Sec. 199(c)(1)(B).

However, the Company's calculation of this income tax deduction includes incorrect inputs for certain income other allocable income tax deductions that are used to determine QPAI, as more fully described below. According to Ameren Missouri's response to Data Request MIEC 9.22(a), "…the Company intends to update the Section 199 deduction based on information available at the update period ended 12/31/14."

Q HAVE YOU PREPARED A CORRECTED CALCULATION OF THE SECTION 199 PRODUCTION DEDUCTION ESTIMATE THAT IS INCLUDED WITHIN THE COMPANY'S FILING?

A Yes. The Company's calculation of the Production Deduction uses an inappropriate and redundant input for the line captioned "Estimated M-1s" under the SG&A heading of workpaper LMM-WP-519. The "Company Annualized" amount that appears as $104,083,679 on this line of the workpaper has nothing to do with annual book/tax accounting differences that are referred to as "M-1" items on this workpaper, but is instead a cumulative calculation of Ameren Missouri's stand-alone Net Operating Loss amount for all years 2008 through 2013.[7] The Section 199 Production Deduction allowed under the tax code does <u>not</u> rely upon cumulative taxable income/loss balances in any way, but instead is a calculation of current tax year DPGR, reduced by production-related costs and direct as well as reasonably allocated indirect expenses. While I agree with Ameren Missouri's inclusion of "Estimated M-1s" as an input in calculating the Production Deduction, it is essential that only a single year's book/tax M-1 difference values, with appropriate allocation factors, be used for this purpose. Notably, in the Cost of Goods Sold (captioned "COGS") in workpaper LMM-WP-519, Ameren Missouri has already fully included all of its book/tax

[7] Attachment to MIEC 9.22(d).

accounting differences from its 2013 income tax provision workpapers that were supplied as Attachment c to the Company's response to Data Request MIEC 9.22. Therefore, the improper and redundant inclusion of cumulative tax losses, as if these represent additional book/tax M-1 differences for the test year, is inappropriate and should be removed.

A revised form of Ameren Missouri's workpaper LMM-WP-519 is set forth as Schedule MLB-4, page 2, omitting the Company's improperly computed "Estimated M-1s" input in the "SG&A" portion of the calculation. This revision then rolls forward into Schedule MLB-4, page 1, where the incremental impact upon the Section 199 Production Deduction is compared to the Company's proposed tax deduction amount and is translated into a corresponding income tax expense adjustment. As noted previously, all of these calculations are expected to be updated at true-up, using tax year 2014 input values in place of the prior year amounts used in the Company's initial filing.

Q WILL THE SECTION 199 DOMESTIC PRODUCTION DEDUCTION NEED TO BE REVISED IF THE COMMISSION APPROVES A LOWER RETURN ON EQUITY THAN HAS BEEN PROPOSED BY AMEREN MISSOURI?

A. Yes. The tax deduction calculation is based upon qualifying production income at proposed new rate levels, including a return on investment. If the Commission approves an authorized ROE that departs from the Company's proposed level, the income used to calculate the adjustment will be different. I would support a process to update this domestic production deduction calculation to account for ROE levels ultimately approved by the Commission.

Q IS THERE ANOTHER INCOME TAX-RELATED EXPENSE ADJUSTMENT WITHIN THE COMPANY'S FILING THAT WILL REQUIRE UPDATING IN THE TRUE-UP THAT IS SCHEDULED TO OCCUR IN THIS RATE CASE?

A An update could be needed to the Company's accounting for uncertain tax positions. In Case No. ER-2011-0028 a Non-unanimous Stipulation and Agreement Regarding Tax Issues ("Tax Stipulation") was approved by the Commission that established a regulatory tracking mechanism for the Company's uncertain tax positions, for which Ameren Missouri is required to provide reserves pursuant to Financial Accounting Standards Board Interpretation No. 48 ("FIN 48"). The FIN 48 regulatory tracking mechanism within the Tax Stipulation accounts for the time value of money applied to the difference between amounts accrued as FIN 48 reserves for uncertain tax positions, as compared to amounts the Company must ultimately pay when such uncertain tax positions are finally resolved with the Internal Revenue Service ("IRS"). At Ameren Missouri's workpapers LMM-WP-227 and LMM-WP-486 tracking account amounts are summarized for the FIN 48 regulatory liability balance owed ratepayers and the annual amortization credit to customers of $639,899, respectively.

In its response to Data Request MIEC 9.21, the Company described certain tax accounting method changes that have occurred since tax year 2011 and stated in its Highly Confidential response, **____ ____** for the individual changes that are described therein. From this response, it would appear that further revisions to the Company's pre-filed FIN 48 tracking entries may be needed. However, follow-up discovery intended to clarify any needed adjustments to comply with the tracking mechanism were submitted by MIEC and had not been answered at the time this testimony was finalized.[8]

ACCUMULATED DEFERRED INCOME TAXES

Q WHAT ARE ACCUMULATED DEFERRED INCOME TAXES ("ADIT")?

A ADIT are assets or liabilities that represent the cumulative amounts of additional income taxes that are estimated to become receivable or payable in future periods, because of differences between book accounting and income tax accounting regarding the timing of revenue or expense recognition. Generally Accepted Accounting Principles ("GAAP") require use of an accrual basis accounting method that must be used to recognize revenues, expenses and income within the publicly issued financial statements of public utilities such as Ameren Missouri. In contrast, the accounting methods and procedures specified to determine revenues and expenses (deductions) and taxable income for income tax purposes are defined by the Internal Revenue Code ("IRC" or "Code").

Differences in GAAP versus Code accounting cause what are characterized as book/tax differences. Many of these book/tax differences are temporary because they arise from <u>timing differences,</u> where a specific cost is deductible for tax purposes in a different year than for book purposes – the primary example being depreciation expenses that are recorded on a straight-line basis for book accounting, but are based upon accelerated lives and methods and/or "bonus" depreciation for income tax accounting and reporting purposes. Timing differences can also occur where an anticipated expense is recognized on an accrual-basis for book purposes, but is

[8]Data Requests MIEC 17.1 and 17.2 seek additional information regarding uncertain tax positions. In a letter dated November 26, Ameren counsel stated, "[t]he Company will require an additional week to respond to DR No. 17.2 (making the response due December 15)."

deductible in a different year, when the expense is actually paid in cash by the taxpayer.

Specific provisions within GAAP[9] require recognition of income tax impacts from these book/tax timing differences, by recording ADIT assets or liabilities. ADIT assets generally occur when revenue taxation occurs prior to book recognition of the revenues or when the tax deductibility for expenses is subsequent to the book recognition of the expense. ADIT liabilities, on the other hand, represent delayed taxation of revenues or advance deduction of expenses, in relation to the timing of the same transactions on the books. ADIT balances exist to recognize that certain tax expenses are determinable today, but actually become payable in the future whenever book/tax timing differences ultimately reverse.

Q WHY IS ACCOUNTING FOR ADIT REQUIRED UNDER GAAP?

A Full and complete accounting for income tax expenses must recognize that filing tax returns and paying income taxes will impact expenses payable in more than one accounting period. The relevant GAAP requirements are stated within Accounting Standards Codification 740 ("ASC 740"). Under ASC 740, there are two primary objectives related to accounting for income taxes:

a. To recognize the amount of taxes payable or refundable for the current year, and

b. To recognize deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns.

Recorded ADIT amounts arise from part (b) of this standard, where recognition is given on the books to the future tax consequences of transactions that are treated differently in financial statements than on tax returns.

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[9]GAAP Accounting for Income Taxes is set forth within Financial Accounting Standards Board Accounting Standards Codification 740 ("ASC 740").

Q WHY DO WE CARE ABOUT ADIT BALANCES IN DETERMINING UTILITY REVENUE REQUIREMENTS?

A Utilities are capital intensive businesses that invest continuously in newly constructed or acquired assets. These large annual capital investments generate persistently large income tax deductions for bonus/accelerated depreciation and other tax deductions and credits that must be normalized by recording ADIT. The requirement for normalization accounting denies ratepayers any immediate flow-through benefit from such tax deduction because deferred income tax expense accruals are included as part of total income tax expense in the revenue requirement. From a ratemaking perspective, a utility's persistently large credit ADIT balances caused by the deferred payment of recorded tax expenses represent a significant source of capital to the utility. ADIT balances represent a form of zero-cost capital to the utility created by the income tax savings permitted under tax laws and regulations that are not immediately "flowed through" to ratepayers and would benefit only shareholders unless properly recognized as a rate base reduction. ADIT balances are normally included in rate base as reductions by regulators, so as to properly quantify the <u>net</u> amount of investor-supplied capital to support rate base assets.

Q HAS AMEREN MISSOURI INCLUDED ITS ADIT BALANCES IN THE DETERMINATION OF ITS RATE BASE?

A Yes. At Schedule LMM-9, Ms. Moore has included certain of the Electric ADIT balances that were recorded at March 31, 2014, with pro forma adjustments to reflect estimated changes in these amounts that are expected to occur through December 31, 2014, which is the true-up date. By that date, Ms. Moore has estimated that Ameren Missouri's net ADIT balance for inclusion to reduce rate base will exceed $2.385 billion.

Q DID THE COMPANY INCLUDE <u>ALL</u> OF THE ELEMENTS OF ITS ADIT BALANCES THAT ARE RECORDED ON ITS BOOKS WITHIN THE SCHEDULE LMM-9 AMOUNTS THAT ARE PROPOSED TO BE INCLUDED IN RATE BASE?

A No. The Company evaluated the dozens of individual elements of book/tax timing differences within a series of workpapers designated LMM-WP-209 through LMM-WP-218 and included many but not all elements of its recorded ADIT balances for rate base inclusion.[10] Generally, the excluded ADIT items not in rate base are related to transactions or specific investments that are treated as non-jurisdictional or that are excluded in determining Ameren Missouri's rate base. Additionally, the Company has excluded valuation adjustments for certain of its recorded ADIT's that are related to tax deductions claimed by Ameren Missouri on its consolidated income tax return that have been determined by the Company to be Uncertain Tax Positions ("UTPs").

Q HAVE YOU REVIEWED THE COMPANY'S ADIT DETAILED ACCOUNTS TO EVALUATE WHETHER THE PROPER ELEMENTS HAVE BEEN RECOGNIZED IN RATE BASE?

A Yes. I reviewed the referenced workpapers and the Company's responses to MIEC data requests which contained descriptive details for many individual elements of Ameren Missouri's recorded March 31, 2014 ADIT balances. In addition, I discussed income tax issues and information with Company tax department personnel and submitted follow-up data requests to clarify the basis for Ameren Missouri's proposed inclusion or exclusion of specific elements of the ADIT balance.

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[10] These items are designated with Footnote 1 "excluded from Rate Base Calculations" in workpaper LMM-WP-209 and 210 and in the shaded areas of workpapers LMM-WP-211 through 217.

Q DO YOU DISAGREE WITH ANY OF THE COMPANY'S PROPOSALS REGARDING ADIT AMOUNTS FOR SPECIFIC BOOK/TAX TIMING DIFFERENCES THAT AMEREN MISSOURI HAS EITHER INCLUDED OR EXCLUDED IN DETERMINING RATE BASE?

A Yes. I am proposing several adjustments to the Company's ADIT calculations supporting amounts included in rate base, as more fully described in this section of my testimony.

Q WHAT IS THE PURPOSE OF THE ADJUSTMENT SET FORTH AT SCHEDULE MLB-5?

A Schedule MLB-5 reflects a needed correction to the Company's filing, to include recorded ADIT balances that are associated with the Electric Energy Efficiency regulatory asset that Ameren Missouri has included in its asserted rate base. Because the Company's Energy Efficiency regulatory asset has been included in rate base, it is necessary to properly synchronize and include the corresponding ADIT liability balance in rate base. In its response to Data Request MIEC 9.14, the Company stated, "[y]es, the Company has, in preparing its rate base, included calculations for each line item element of recorded accumulated deferred income taxes, attempting to synchronize the amounts of ADIT included in rate base with the corresponding amounts of test year (and true-up estimated) regulatory assets/liabilities, working capital, inventories and Plant in Service amounts that are included in its asserted rate base."[11] However, an attachment to this response identified and provided quantification for "…one known instance where such

[11]A Nonunanimous Stipulation and Agreement Regarding Tax Issues between the Company and MIEC is File No. ER-2011-0028 specified in Attachment C the inclusion or exclusion of specific elements of ADIT for ratemaking purposes, as well as other provisions governing the calculation of Income Tax expenses and a tracking mechanism for reconciliation of FIN 48 Uncertain Tax Positions upon resolution of such issues with the IRS.

synchronization is not reflected within the rate base included ADIT amounts in the rate case filing." The Attachment to MIEC 9.14(a) indicates certain ADIT excluded from rate base "should be included" where the ADIT relates to the Company's Electric Energy Efficiency Regulatory Asset. However, the amounts shown in this Attachment are based upon regulatory asset book balances at 12/31/2013 of only $452,600, rather than for test year updated amounts. In contrast, Ms. Moore has included more than $45 million of Energy Efficiency regulatory asset balances within rate base at Schedule LMM-8, line 3. The adjustment I propose would calculate and include updated ADIT balances based upon the Company's rate base Energy Efficiency regulatory asset balance, multiplied by Ameren Missouri's composite federal/state income tax rate of 38.29 percent.[12]

Q IF THE COMMISSION INCLUDES A DIFFERENT AMOUNT OF ENERGY EFFICIENCY REGULATORY ASSET BALANCE WITHIN THE COMPANY'S APPROVED RATE BASE, SHOULD YOUR CALCULATION OF INCREASED ADIT FOR RATE BASE INCLUSION BE REVISED?

A Yes.

Q PLEASE DESCRIBE THE ADJUSTMENT TO ADIT BALANCES INCLUDED IN RATE BASE AT SCHEDULE MLB-6.

A This adjustment includes in rate base the Company's recorded March 31, 2014 balance in ADIT Account 281, which are deferred taxes associated with certain of Ameren Missouri's pollution control facilities. Account 281 ADITs represent another instance, like the aforementioned Energy Efficiency regulatory asset, where Ameren Missouri has excluded a significant portion of its recorded ADIT balances from rate

[12] See Ameren response to data request MIEC 9.6.

base, even though the corresponding utility assets that are associated with the ADIT have been included in rate base. Ms. Moore's Schedule LMM-9 includes many, but not all, of the Company's recorded ADIT amounts within Federal Energy Regulatory Commission ("FERC") Accounts 190, 282 and 283, as set forth in detail within her workpapers at LMM-WP-209 through 218. However, workpaper LMM-WP-214 reveals the existence of more than $78.8 million of ADIT that has been recorded by the Company for its "Pollution Control Facilities" within Account 281, and that are <u>not</u> included in the Company's proposed rate base ADIT balance.

Q WHAT IS THE DEFINITION OF ACCOUNT 281 WITHIN THE FERC UNIFORM SYSTEM OF ACCOUNTS?

A The FERC Uniform System of Accounts definition of Account 281 is:

> **281 Accumulated Deferred Income Taxes—Accelerated Amortization Property.**
>
> A. This account shall include tax deferrals resulting from adoption of the principles of comprehensive interperiod tax allocation described in General Instruction 18 of this system of accounts that relate to property for which the utility has availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.[13]

[13] 18 CFR Part 101, available as e-CFR data at: http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=054f2bfd518f9926aac4b73489f11c67&rgn=div5&view=text&node=18:1.0.1.3.34&idno=18

Q HAS AMEREN MISSOURI ACKNOWLEDGED THAT THE ADIT BALANCES RECORDED WITHIN ITS ACCOUNT 281 ARISE FROM ACCELERATED TAX AMORTIZATION THAT IS ALLOWED FOR POLLUTION CONTROL FACILITIES THAT HAVE BEEN INCLUDED IN THE COMPANY'S RATE BASE?

A Yes. In its response to MIEC Data Request 9.11, that inquired about the Company's Account 281 ADIT balances, Ameren Missouri stated, "The specific assets associated with these balances are:

Sioux Unit 1 Overfire Air System
Meramec Unit 1 Low NOx Burner Retrofit
Meramec Unit 2 Low NOx Burner Retrofit
Meramec Unit 3 Low NOx Burner Retrofit W/OFA
Sioux Unit 1 RRI/SNCR System
Sioux Unit 2 RRI/SNCR System
Sioux Units 1&2 WFGD
Sioux Utility Waste Landfill

These assets are found in Utility Plant and included in determining rate base."

Q HAS AMEREN MISSOURI ESTABLISHED ANY REASONABLE BASIS FOR INCLUDING ITS POLLUTION CONTROL PLANT ASSETS IN RATE BASE, WHILE EXCLUDING THE RELATED ADIT BALANCES FROM RATE BASE?

A No. By recording the assets in the Utility Plant in Service accounts, Ameren Missouri has apparently concluded that the subject pollution control facilities are in service and providing benefits to Missouri ratepayers, for which a return on investment and depreciation recovery is reasonable. However, the Company's response to Data Request MIEC 9.11 does not provide any rationale for excluding the corresponding ADIT balances, but merely states, "Balances in Account 281 have historically been excluded from the rate base calculation" and provides citations to several prior rate cases where such treatment was approved by the Commission. No credible rationale has been provided by Ameren Missouri to justify retaining the deferred tax benefits arising from rapid tax amortization of rate base-included pollution control facilities for the sole benefit of the Company's shareholders.

Q SHOULD THE COMPANY BE REQUIRED TO INCLUDE ACCOUNT 281 ADIT BALANCES IN ITS RATE BASE, USING UPDATED AMOUNTS AS PART OF ITS TRUE-UP CALCULATIONS?

A Yes. The Account 281 ADIT amounts should be included in rate base and the Company should be required to include updated Account 281 ADIT amounts as of December 31, 2014 within its true-up rate base filing to be submitted later in this proceeding.

Q TURNING TO YOUR NEXT ADJUSTMENT TO ADIT BALANCES, WHAT IS THE PURPOSE OF THE ADJUSTMENT SET FORTH AT SCHEDULE MLB-7?

A This adjustment includes within rate base certain recorded ADIT balances that have been excluded by the Company, while MIEC awaits receipt of additional information, responsive to outstanding data requests, explaining and justifying the Company's proposed exclusion of such amounts. The ADIT balances at issue exist because of certain assets that were transferred between Ameren entities in prior years that created a deferred intercompany tax gain and incremental ADIT.

Ameren Missouri has been involved in two distinct transactions with affiliated Ameren companies where assets were transferred between entities at valuations that created a deferred intercompany tax gain on sale, triggering deferred income tax consequences. In 2005, Union Electric Company (d/b/a AmerenUE) transferred certain tax depreciable assets associated with its Metro East utility operations to its Illinois utility affiliate, Central Illinois Public Service Company ("CIPS"), at the book value of the assets.[14] Also in 2005, Union Electric received in transfer from its affiliate, Ameren Energy Generating Company ("AEG"), electric generating facilities located in Pinckneyville, Illinois and Kinmundy, Illinois at the book value of the assets.[15] In both instances, the book value of transferred assets exceeded the tax basis of the assets, creating a deferred intercompany tax gain and an increase or "step-up" in the depreciable tax basis on the acquiring entity's books, with ADIT deferral entries to record the step-up in basis that is subject to tax depreciation after the transfer.

In evaluating its recorded ADIT balances, Ameren Missouri has included the tax basis step-up ADIT amounts for the generating assets acquired from its AEG affiliate that increase rate base, but has excluded the intercompany credit ADIT amounts for the Metro East transfer to CIPS that should reduce rate base. Additional information regarding this apparent inconsistency has been requested from the Company in data requests that remain outstanding.[16] The adjustment I proposed at Schedule MLB-7 has the effect of including in Ameren Missouri's rate base the recorded credit ADIT balance arising from the Metro East transfer that has been excluded by the Company without sufficient explanation or justification.

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[14] See Ameren Ex. 2.0 in Illinois Commerce Commission Docket No. 14-0317, pages 25-27.

[15] Direct Testimony of Michael Brosch in MPSC Case No. ER-2007-0002, page 52.

[16] Data requests MIEC 19.5 and MIEC 19.6, regarding Metro East and Pinckneyville/Kinmundy ADIT balance treatment, respectively, were outstanding at the time this testimony was finalized.

Q HAS AMEREN MISSOURI'S REGULATED AFFILIATE, AMEREN ILLINOIS COMPANY ("AIC") PROPOSED, IN PROCEEDINGS BEFORE THE ILLINOIS COMMERCE COMMISSION ("ICC"), RATE BASE INCLUSION OF THE DEBIT ADIT BALANCE ON AIC'S BOOKS THAT IS THE COMPLEMENT TO THE CREDIT ADIT BALANCE ON AMEREN MISSOURI'S BOOKS?

A Yes. Ameren witness Mr. Ronald Stafford provided extensive testimony supportive of proposed rate base inclusion by Ameren Illinois of the Metro East deferred intercompany tax gain. Mr. Stafford's testimony referenced offsetting ADIT liabilities on Ameren Missouri's books, stating:

> Ratepayers also receive an additional offsetting Rate Base deduction to the asset balance of the same $6.416 million, due to the fact that at the time of transfer, the Commission approved accounting entries establishing the Metro East Deferred Tax Asset as a direct offset to the then existing Liability balance on Ameren Missouri's books. Since the transfer, Ameren Illinois has continued to amortize the ADIT asset and offsetting liability, resulting in the remaining balance at year end 2013 of $6.416 million. Thus, ratepayers are not harmed, and in fact are receiving tax benefits greater than the value of the Metro East ADIT asset, and greater than they would have absent the transfer. Accordingly, the full jurisdictional value of the Metro East ADIT deferred tax asset should be included in Rate Base.[17]

The reference to the Illinois "Commission approved accounting entries establishing the Metro East Deferred Tax Asset as a direct offset to the then existing Liability balance on Ameren Missouri's books" is instructive. If the asset side of this ADIT entry arising from affiliate transactions should be recognized for ratemaking purposes in Illinois, the credit side of the entry should be recognized for ratemaking purposes in Missouri, which is accomplished by Schedule MLB-7. Without this adjustment, there is no other way for any "[r]atepayers" in Illinois or Missouri to receive the "additional Rate Base deduction to the asset balance" that is discussed by Mr. Stafford.

[17] Ameren Ex. 2.0, Illinois Commerce Commission Docket No. 14-0317, page 26.

NET OPERATING TAX LOSSES

Q HAS AMEREN MISSOURI INCLUDED IN RATE BASE A DEFERRED TAX ASSET BALANCE THAT RECOGNIZES THE EXISTENCE OF ITS NET OPERATING LOSS (“NOL”) CARRY-FORWARD AND TAX CREDIT CARRYFORWARD POSITION THAT WILL DELAY THE REALIZATION OF SOME TAX DEDUCTIONS AND CREDITS?

A Yes. Ameren Missouri has included certain Account 190 ADIT balances in rate base so as to recognize estimated NOL and tax credit carry-forward balances. The amounts proposed for inclusion by the Company can be summarized as:

Account 190 ADIT Description	Rate Base ($/Millions)
Federal Net Operating Loss	$55.8
Federal Tax Credit Carryforward	8.4
Missouri State Net Operating Loss	2.7
Federal Effect of Missouri NOL	(0.9)
TOTAL RATE BASE IMPACT OF CUMULATIVE LOSSES	$66.0

Q ARE THERE PROBLEMS WITH THE COMPANY’S TREATMENT OF CUMULATIVE INCOME TAX LOSSES?

A Yes. The Company’s NOL tax asset calculation has not been updated **__________ _________________** presumably because Ameren Corporation’s **____________ ____**[18] However, on a stand-alone basis through tax year 2013, Ameren Missouri’s

[18]See Highly Confidential attachments to MIEC 9.8(a) and (b). Updates for these calculations through 2014 were requested in data requests MIEC 17.5 and 17.6 which were not answered at the time this testimony was finalized. Counsel for Ameren Missouri objected to providing such updates by letter dated November 26, 2014 and stated, “Subject to the foregoing objections, the Company states that these items will be addressed using actual data as part of the true-up.

cumulative tax losses are much lower than they were as of year-end 2010. According to the Attachment to MIEC 9.22(d), the Ameren Missouri Stand Alone NOL Balance is approximately **_____** million as of year-end 2013, suggesting a reasonable deferred tax carryforward asset at the 35 percent federal rate would not exceed **______** million. Then, when tax year 2014 is considered and added into the cumulative NOL balance, the expiration of bonus depreciation after the 2013 tax year will contribute to much higher Ameren Missouri taxable income, making it quite possible that the Ameren Missouri NOL balance will have been fully realized and no Account 190 balances for NOL or Tax Credit carryforward should be included in rate base. In its Highly Confidential response to Data Request MIEC 9.8 (c), the Company stated, **____
____**

Another problem associated with the Company's treatment of cumulative income tax losses is the potential subsidization caused the large tax losses sustained by Ameren Corporation because of its divestiture of its Illinois merchant generation, power marketing and related business operations in 2013. In 2013, Ameren Missouri had federal taxable income exceeding **_____** million, which could have utilized all but **______** million of the cumulative tax losses in all prior years if the Company's taxes were computed on a stand-alone basis.[19] However, Ameren Corporation's consolidated federal income tax return for 2013, including Ameren Missouri's positive taxable income amounts just mentioned, reflected a consolidated tax **___________
____

[19] Highly Confidential Attachment to MIEC 9.22(d).

____________________** experienced by Ameren Missouri's parent, Ameren Corporation in connection with the divestiture that occurred.[20]

Q WILL AMEREN MISSOURI'S ALLOCATION OF THE NOL TAX ASSET THAT IS INCLUDED IN RATE BASE REQUIRE UPDATING AS OF DECEMBER 31, 2014 AS PART OF THE TRUE-UP?

A Yes. All of the ADIT balances and NOL balances includable in rate base will require review. Because Ameren Missouri is expected to experience positive taxable income in 2014, there should be an opportunity for the Company to realize tax deferral cash savings in place of the recorded NOL and tax credit carry-forward balances that are presently included in rate base.

Q PLEASE EXPLAIN THE PURPOSE OF YOUR NEXT ADJUSTMENT, WHICH IS SET FORTH AT SCHEDULE MLB-8.

A Schedule MLB-8 eliminates the entire amount of NOL deferred tax asset and deferred tax credits that the Company has included in its asserted rate base. Ameren Missouri should not be allowed to include in rate base any Federal or State NOL deferred tax asset carryforward amounts or federal tax credit carryforward balances that exceed what would have occurred if the Company's income taxes were calculated on a stand-alone basis in each applicable year through calendar 2014. This is essential to prevent Ameren Missouri's rate base from being overstated due to **______________ ____ __________________** Additionally, the Company has indicated its expectation that Ameren Missouri will have positive taxable income in calendar year 2014 that will

[20] Highly Confidential Attachment to MIEC 9.5, Ameren Corporation Federal income tax return for 2013 at Form 1120 and Statements 2-4, Statement 83 and Statement 84.

enable utilization of deferred NOL amounts, but has not performed any calculations or recorded any estimated changes in federal tax credit carryforward and/or federal net operating loss Account 190 balances.[21] These considerations support elimination of the Company's overstated NOL and tax credit carryforward balances that have not been properly updated to reflect current conditions.

Q ARE THERE SIGNIFICANT UNCERTAINTIES CREATED BY POTENTIAL FEDERAL LEGISLATION THIS YEAR THAT COULD EXTEND "BONUS" TAX DEPRECIATION RETROACTIVELY FOR USE IN THE 2014 TAX YEAR?

A Yes. Bonus tax depreciation provisions have existed within federal tax law, through periodic extensions and revisions, intermittently since 2003. Under currently effective tax law, Bonus depreciation is generally not available after the 2013 tax year. The expiration of bonus depreciation represents one reason why Ameren Missouri may experience much higher taxable income in 2014 that would allow the Company to fully realize the benefit of its prior tax losses and tax credits. However, recent reports suggest that the United States Congress may consider and pass new legislation that would again extend bonus depreciation, for retroactive use in the 2014 tax year.[22]

[21] Ameren Missouri response to data request MIEC 9.8(c) and (d). In response to parts (f) and (g), the Company indicated its intent to update these calculations

[22] See for example, Thomson Reuters Tax and Accounting News 11/17/2014 discussion of the Congressional Research Service (CRS) report regarding bonus depreciation extension available at: https://tax.thomsonreuters.com/media-resources/news-media-resources/checkpoint-news/daily-newsstand/crs-reviews-two-candidates-extension-boosted-expensing-bonus-depreciation/

Q WOULD AMEREN MISSOURI NEED TO INCLUDE ANY ACCOUNT 190 ADIT BALANCES FOR NET OPERATING TAX LOSS CARRYFORWARDS AND/OR FEDERAL INVESTMENT CREDIT CARRYFORWARDS IF BONUS DEPRECIATION IS RETROACTIVELY EXTENDED FOR THE 2014 TAX YEAR?

A If bonus depreciation is retroactively extended, Ameren Missouri would experience larger tax depreciation deductions and proportionately lower taxable income in 2014 that may limit the Company's ability to utilize previously deferred NOL and tax credits. Under these circumstances, the Company should update its projected ADIT provisions for tax depreciation and balances in Account 282 as of December 31, 2014 and then evaluate Ameren Missouri's NOL position using stand-alone tax return amounts for each prior year. This stand-alone approach is necessary to ensure that Ameren Corporation's decision to divest its merchant generation and power marketing businesses in extraordinary transactions occurring in 2013 do not serve to overstate Ameren Missouri's ADIT balances within rate base.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes.

Michael L. Brosch
Utilitech, Inc. – President
Bachelor of Business Administration (Accounting)
University of Missouri-Kansas City (1978)
Certified Public Accountant Examination (1979)

<u>GENERAL</u>

Mr. Brosch serves as the director of regulatory projects for the firm and is responsible for the planning, supervision and conduct of firm engagements. His academic background is in business administration and accounting and he holds CPA certificates in Kansas and Missouri. Expertise is concentrated within regulatory policy, financial and accounting areas with an emphasis in revenue requirements, business reorganization and alternative regulation.

<u>EXPERIENCE</u>

Mr. Brosch has supervised and conducted the preparation of rate case exhibits and testimony in support of revenue requirements and regulatory policy issues involving more than 100 electric, gas, telephone, water, and sewer proceeding across the United States. Responsible for virtually all facets of revenue requirement determination, cost of service allocations and tariff implementation in addition to involvement in numerous utility merger, alternative regulation and other special project investigations.

Industry restructuring analysis for gas utility rate unbundling, electric deregulation, competitive bidding and strategic planning, with testimony on regulatory processes, asset identification and classification, revenue requirement and unbundled rate designs and class cost of service studies.

Analyzed and presented testimony regarding income tax related issues within ratemaking proceedings involving interpretation of relevant IRS code provisions and regulatory restrictions.

Conducted extensive review of the economic impact upon regulated utility companies of various transactions involving affiliated companies. Reviewed the parent-subsidiary relationships of integrated electric and telephone utility holding companies to determine appropriate treatment of consolidated tax benefits and capital costs. Sponsored testimony on affiliated interests in numerous Bell and major independent telephone company rate proceedings.

Has substantial experience in the application of lead-lag study concepts and methodologies in determination of working capital investment to be included in rate base.

Conducted alternative regulation analyses for clients in Arizona, California, Texas and Oklahoma, focused upon challenges introduced by cost-based regulation, incentive effects available through alternative regulation and balancing of risks, opportunities and benefits among stakeholders.

Mr. Brosch managed the detailed regulatory review of utility mergers and acquisitions, diversification studies and holding company formation issues in energy and telecommunications transactions in multiple states. Sponsored testimony regarding merger synergies, merger accounting and tax implications, regulatory planning and price path strategies. Traditional horizontal utility mergers as well as leveraged buyouts of utility properties by private equity investors were addressed in several states.

Analyzed the utilization of alternative forms of regulation for energy and telecommunications utilities, including formula ratemaking, deferral/amortization accounting, rate adjustment riders and revenue decoupling methodologies. Mr. Brosch has been involved in the design of alternative regulation structures and tariffs and has addressed the attrition considerations and management efficiency incentive impacts arising from alternative regulation. Has been responsible for administration of alternative regulation filings in multiple jurisdictions.

WORK HISTORY

1985 - Present **Principal** - Utilitech, Inc. (Previously Dittmer, Brosch and Associates, Inc.)

1983 - 1985: **Project manager** - Lubow McKay Stevens and Lewis. Responsible for supervision and conduct of utility regulatory projects on behalf of industry and regulatory agency clients.

1982 - 1983: **Regulatory consultant** - Troupe Kehoe Whiteaker and Kent. Responsible for management of rate case activities involving analysis of utility operations and results, preparation of expert testimony and exhibits, and issue development including research and legal briefs. Also involved in numerous special projects including financial analysis and utility systems planning. Taught firm's professional education course on "utility income taxation - ratemaking and accounting considerations" in 1982.

1978 - 1982: **Senior Regulatory Accountant** - Missouri Public Service Commission. Supervised and conducted rate case investigations of utilities subject to PSC jurisdiction in response to applications for tariff changes. Responsibilities included development of staff policy on ratemaking issues, planning and evaluating work of outside consultants, and the production of comprehensive testimony and exhibits in support of rate case positions taken.

OTHER QUALIFICATIONS

Bachelor of Business Administration - Accounting, 1978
University of Missouri - Kansas City "with distinction"

Member American Institute of Certified Public Accountants
Missouri Society of Certified Public Accountants
Kansas Society of Certified Public Accountants

Attended Iowa State Regulatory Conference 1981, 1985
Regulated Industries Symposium 1979, 1980
Michigan State Regulatory Conference 1981
United States Telephone Association Round Table 1984
NARUC/NASUCA Annual Meeting 1988, Speaker
NARUC/NASUCA Annual Meeting 2000, Speaker
NASUCA Regional Consumer Protection Meeting 2007, Speaker

Instructor INFOCAST Ratemaking Courses
Arizona Staff Training
Hawaii Staff Training

Green Hills Telephone Company	Missouri	PSC	TR-78-282	Staff	1978	Rate Base, Operating Income
Kansas City Power and Light Co.	Missouri	PSC	ER-78-252	Staff	1978	Rate Base, Operating Income
Missouri Public Service Company	Missouri	PSC	ER-79-59	Staff	1979	Rate Base, Operating Income
Nodaway Valley Telephone Company	Missouri	PSC	16,567	Staff	1979	Rate Base, Operating Income
Gas Service Company	Missouri	PSC	GR-79-114	Staff	1979	Rate Base, Operating Income
United Telephone Company	Missouri	PSC	TO-79-227	Staff	1979	Rate Base, Operating Income
Southwestern Bell Telephone Co.	Missouri	PSC	TR-79-213	Staff	1979	Rate Base, Operating Income
Missouri Public Service Company	Missouri	PSC	ER-80-118 GR-80-117	Staff	1980	Rate Base, Operating Income
Southwestern Bell Telephone Co.	Missouri	PSC	TR-80-256	Staff	1980	Affiliate Transactions
United Telephone Company	Missouri	PSC	TR-80-235	Staff	1980	Affiliate Transactions, Cost Allocations
Kansas City Power and Light Co.	Missouri	PSC	ER-81-42	Staff	1981	Rate Base, Operating Income
Southwestern Bell Telephone	Missouri	PSC	TR-81-208	Staff	1981	Rate Base, Operating Income, Affiliated Interest
Northern Indiana Public Service	Indiana	PSC	36689	Consumers Counsel	1982	Rate Base, Operating Income
Northern Indiana Public Service	Indiana	URC	37023	Consumers Counsel	1983	Rate Base, Operating Income, Cost Allocations
Mountain Bell Telephone	Arizona	ACC	9981-E1051-81-406	Staff	1982	Affiliated Interest
Sun City Water	Arizona	ACC	U-1656-81-332	Staff	1982	Rate Base, Operating Income
Sun City Sewer	Arizona	ACC	U-1656-81-331	Staff	1982	Rate Base, Operating Income
El Paso Water	Kansas	City Counsel	Unknown	Company	1982	Rate Base, Operating Income, Rate of Return
Ohio Power Company	Ohio	PUCO	83-98-EL-AIR	Consumer Counsel	1983	Operating Income, Rate Design, Cost Allocations
Dayton Power & Light Company	Ohio	PUCO	83-777-GA-AIR	Consumer Counsel	1983	Rate Base
Walnut Hill Telephone	Arkansas	PSC	83-010-U	Company	1983	Operating Income, Rate Base
Cleveland Electric Illum.	Ohio	PUCO	84-188-EL-AIR	Consumer Counsel	1984	Rate Base, Operating Income, Cost Allocations
Cincinnati Gas & Electric	Ohio	PUCO	84-13-EL-EFC	Consumer Counsel	1984	Fuel Clause
Cincinnati Gas & Electric	Ohio	PUCO	84-13-EL-EFC (Subfile A)	Consumer Counsel	1984	Fuel Clause
General Telephone - Ohio	Ohio	PUCO	84-1026-TP-AIR	Consumer Counsel	1984	Rate Base
Cincinnati Bell Telephone	Ohio	PUCO	84-1272-TP-AIR	Consumer Counsel	1985	Rate Base
Ohio Bell Telephone	Ohio	PUCO	84-1535-TP-AIR	Consumer Counsel	1985	Rate Base
United Telephone - Missouri	Missouri	PSC	TR-85-179	Staff	1985	Rate Base, Operating Income

Wisconsin Gas	Wisconsin	PSC	05-UI-18	Staff	1985	Diversification-Restructuring
United Telephone - Indiana	Indiana	URC	37927	Consumer Counsel	1986	Rate Base, Affiliated Interest
Indianapolis Power & Light	Indiana	URC	37837	Consumer Counsel	1986	Rate Base
Northern Indiana Public Service	Indiana	URC	37972	Consumer Counsel	1986	Plant Cancellation Costs
Northern Indiana Public Service	Indiana	URC	38045	Consumer Counsel	1986	Rate Base, Operating Income, Cost Allocations, Capital Costs
Arizona Public Service	Arizona	ACC	U-1435-85-367	Staff	1987	Rate Base, Operating Income, Cost Allocations
Kansas City, KS Board of Public Utilities	Kansas	BPU	87-1	Municipal Utility	1987	Operating Income, Capital Costs
Detroit Edison	Michigan	PSC	U-8683	Industrial Customers	1987	Income Taxes
Consumers Power	Michigan	PSC	U-8681	Industrial Customers	1987	Income Taxes
Consumers Power	Michigan	PSC	U-8680	Industrial Customers	1987	Income Taxes
Northern Indiana Public Service	Indiana	URC	38365	Consumer Counsel	1987	Rate Design
Indiana Gas	Indiana	URC	38080	Consumer Counsel	1987	Rate Base
Northern Indiana Public Service	Indiana	URC	38380	Consumers Counsel	1988	Rate Base, Operating Income, Rate Design, Capital Costs
Terre Haute Gas	Indiana	URC	38515	Consumers Counsel	1988	Rate Base, Operating Income, Capital Costs
United Telephone ‑Kansas	Kansas	KCC	162,044‑U	Consumers Counsel	1989	Rate Base, Capital Costs, Affiliated Interest
US West Communications	Arizona	ACC	E‑1051‑88‑146	Staff	1989	Rate Base, Operating Income, Affiliate Interest
All Kansas Electrics	Kansas	KCC	140,718‑U	Consumers Counsel	1989	Generic Fuel Adjustment Hearing
Southwest Gas	Arizona	ACC	E‑1551‑89‑102 E-1551-89-103	Staff	1989	Rate Base, Operating Income, Affiliated Interest
American Telephone and Telegraph	Kansas	KCC	167,493‑U	Consumers Counsel	1990	Price/Flexible Regulation, Competition, Revenue Requirements
Indiana Michigan Power	Indiana	URC	38728	Consumer Counsel	1989	Rate Base, Operating Income, Rate Design
People Gas, Light and Coke Company	Illinois	ICC	90-0007	Public Counsel	1990	Rate Base, Operating Income
United Telephone Company	Florida	PSC	891239-TL	Public Counsel	1990	Affiliated Interest
Southwestern Bell Telephone Company	Oklahoma	OCC	PUD-000662	Attorney General	1990	Rate Base, Operating Income (Testimony not admitted)
Arizona Public Service Company	Arizona	ACC	U-1345-90-007	Staff	1991	Rate Base, Operating Income
Indiana Bell Telephone Company	Indiana	URC	39017	Consumer Counsel	1991	Test Year, Discovery, Schedule
Southwestern Bell Telephone Company	Oklahoma	OCC	39321	Attorney General	1991	Remand Issues
UtiliCorp United/ Centel	Kansas	KCC	175,476-U	Consumer Counsel	1991	Merger/Acquisition

Southwestern Bell Telephone Company	Oklahoma	OCC	PUD-000662	Attorney General	1991	Rate Base, Operating Income
United Telephone - Florida	Florida	PSC	910980-TL	Public Counsel	1992	Affiliated Interest
Hawaii Electric Light Company	Hawaii	PUC	6999	Consumer Advocate	1992	Rate Base, Operating Income, Budgets/Forecasts
Maui Electric Company	Hawaii	PUC	7000	Consumer Advocate	1992	Rate Base, Operating Income, Budgets/Forecasts
Southern Bell Telephone Company	Florida	PSC	920260-TL	Public Counsel	1992	Affiliated Interest
US West Communications	Washington	WUTC	U-89-3245-P	Attorney General	1992	Alternative Regulation
UtiliCorp United/ MPS	Missouri	PSC	ER-93-37	Staff	1993	Affiliated Interest
Oklahoma Natural Gas Company	Oklahoma	OCC	PUD-1151, 1144, 1190	Attorney General	1993	Rate Base, Operating Income, Take or Pay, Rate Design
Public Service Company of Oklahoma	Oklahoma	OCC	PUD-1342	Staff	1993	Rate Base, Operating Income, Affiliated Interest
Illinois Bell Telephone	Illinois	ICC	92-0448 92-0239	Citizens Board	1993	Rate Base, Operating Income, Alt. Regulation, Forecasts, Affiliated Interest
Hawaii Electric Company	Hawaii	PUC	7700	Consumer Advocate	1993	Rate Base, Operating Income
US West Communications	Arizona	ACC	E-1051-93-183	Staff	1994	Rate Base, Operating Income
PSI Energy, Inc.	Indiana	URC	39584	Consumer Counselor	1994	Rate Base, Operating Income, Alt. Regulation, Forecasts, Affiliated Interest
Arkla, a Division of NORAM Energy	Oklahoma	OCC	PUD-940000354	Attorney General	1994	Cost Allocations, Rate Design
PSI Energy, Inc.	Indiana	URC	39584-S2	Consumer Counselor	1994	Merger Costs and Cost Savings, Non-Traditional Ratemaking
Transok, Inc.	Oklahoma	OCC	PUD-1342	Staff	1994	Rate Base, Operating Income, Affiliated Interest, Allocations
Oklahoma Natural Gas Company	Oklahoma	OCC	PUD-940000477	Attorney General	1995	Rate Base, Operating Income, Cost of Service, Rate Design
US West Communications	Washington	WUTC	UT-950200	Attorney General/ TRACER	1995	Operating Income, Affiliate Interest, Service Quality
PSI Energy, Inc.	Indiana	URC	40003	Consumer Counselor	1995	Rate Base, Operating Income
Oklahoma Natural Gas Company	Oklahoma	OCC	PUD-880000598	Attorney General	1995	Stand-by Tariff
GTE Hawaiian Telephone Co., Inc.	Hawaii	PUC	PUC 94-0298	Consumer Advocate	1996	Rate Base, Operating Income, Affiliate Interest, Cost Allocations
Mid-American Energy Company	Iowa	ICC	APP-96-1	Consumer Advocate	1996	Non-Traditional Ratemaking
Oklahoma Gas and Electric Company	Oklahoma	OCC	PUD-960000116	Attorney General	1996	Rate Base, Operating Income, Rate Design, Non-Traditional Ratemaking

Southwest Gas Corporation	Arizona	ACC	U-1551-96-596	Staff	1997	Operating Income, Affiliated Interest, Gas Supply
Utilicorp United - Missouri Public Service Division	Missouri	PSC	EO-97-144	Staff	1997	Operating Income
US West Communications	Utah	PSC	97-049-08	Consumer Advocate	1997	Rate Base, Operating Income, Affiliate Interest, Cost Allocations
US West Communications	Washington	WUTC	UT-970766	Attorney General	1997	Rate Base, Operating Income
Missouri Gas Energy	Missouri	PSC	GR 98-140	Public Counsel	1998	Affiliated Interest
ONEOK	Oklahoma	OCC	PUD980000177	Attorney General	1998	Gas Restructuring, rate Design, Unbundling
Nevada Power/Sierra Pacific Power Merger	Nevada	PSC	98-7023	Consumer Advocate	1998	Merger Savings, Rate Plan and Accounting
PacifiCorp / Utah Power	Utah	PSC	97-035-1	Consumer Advocate	1998	Affiliated Interest
MidAmerican Energy / CalEnergy Merger	Iowa	PUB	SPU-98-8	Consumer Advocate	1998	Merger Savings, Rate Plan and Accounting
American Electric Power / Central and South West Merger	Oklahoma	OCC	980000444	Attorney General	1998	Merger Savings, Rate Plan and Accounting
ONEOK Gas Transportation	Oklahoma	OCC	970000088	Attorney General	1998	Cost of Service, Rate Design, Special Contract
U S West Communications	Washington	WUTC	UT-98048	Attorney General	1999	Directory Imputation and Business Valuation
U S West / Qwest Merger	Iowa	PUB	SPU 99-27	Consumer Advocate	1999	Merger Impacts, Service Quality and Accounting
U S West / Qwest Merger	Washington	WUTC	UT-991358	Attorney General	2000	Merger Impacts, Service Quality and Accounting
U S West / Qwest Merger	Utah	PSC	99-049-41	Consumer Advocate	2000	Merger Impacts, Service Quality and Accounting
PacifiCorp / Utah Power	Utah	PSC	99-035-10	Consumer Advocate	2000	Affiliated Interest
Oklahoma Natural Gas, ONEOK Gas Transportation	Oklahoma	OCC	980000683, 980000570, 990000166	Attorney General	2000	Operating Income, Rate Base, Cost of Service, Rate Design, Special Contract
U S West Communications	New Mexico	PRC	3008	Staff	2000	Operating Income, Directory Imputation
U S West Communications	Arizona	ACC	T-0105B-99-0105	Staff	2000	Operating Income, Rate Base, Directory Imputation
Northern Indiana Public Service Company	Indiana	IURC	41746	Consumer Counsel	2001	Operating Income, Rate Base, Affiliate Transactions
Nevada Power Company	Nevada	PUCN	01-10001	Attorney General-BCP	2001	Operating Income, Rate Base, Merger Costs, Affiliates
Sierra Pacific Power Company	Nevada	PUCN	01-11030	Attorney General-BCP	2002	Operating Income, Rate Base, Merger Costs, Affiliates
The Gas Company, Division of Citizens Communications	Hawaii	PUC	00-0309	Consumer Advocate	2001	Operating Income, Rate Base, Cost of Service, Rate Design
SBC Pacific Bell	California	PUC	I.01-09-002 R.01-09-001	Office of Ratepayer Advocate	2002	Depreciation, Income Taxes and Affiliates
Midwest Energy, Inc.	Kansas	KCC	02-MDWG-922-RTS	Agriculture Customers	2002	Rate Design, Cost of Capital

Qwest Communications – Dex Sale	Utah	PSC	02-049-76	Consumer Advocate	2003	Directory Publishing
Qwest Communications – Dex Sale	Washington	WUTC	UT-021120	Attorney General	2003	Directory Publishing
Qwest Communications – Dex Sale	Arizona	ACC	T-0105B-02-0666	Staff	2003	Directory Publishing
PSI Energy, Inc.	Indiana	IURC	42359	Consumer Counsel	2003	Operating Income, Rate Trackers, Cost of Service, Rate Design
Qwest Communications – Price Cap Review	Arizona	ACC	T-0105B-03-0454	Staff	2004	Operating Income, Rate Base, Fair Value, Alternative Regulation
Verizon Northwest Corp	Washington	WUTC	UT-040788	Public Counsel	2004	Directory Publishing, Rate Base, Operating Income
Citizens Gas & Coke Utility	Indiana	IURC	42767	Consumer Counsel	2005	Operating Income, Debt Service, Working Capital, Affiliate Transactions, Alternative Regulation
Hawaiian Electric Company	Hawaii	HPUC	04-0113	Consumer Advocate	2005	Operating Income, Rate Base, Cost of Service, Rate Design
Sprint/Nextel Corporation	Washington	WUTC	UT-051291	Public Counsel	2006	Directory Publishing, Corporate Reorganization
Puget Sound Energy, Inc.	Washington	WUTC	UE-060266 and UG-060267	Public Counsel	2006	Alternative Regulation
Hawaiian Electric Company	Hawaii	HPUC	05-0146	Consumer Advocate	2006	Community Benefits / Rate Discounts
Cascade Natural Gas Company	Washington	WUTC	UG-060259	Public Counsel	2006	Alternative Regulation
Arizona Public Service Company	Arizona	ACC	E-01345A-05-0816	Staff	2006	Cost of Service Allocations
Hawaiian Electric Company	Hawaii	HPUC	05-0146	Consumer Advocate	2006	Capital Improvements and Discounted Rates
Hawaii Electric Light Company	Hawaii	HPUC	05-0315	Consumer Advocate	2006	Operating Income, Rate Base, Cost of Service, Rate Design
Union Electric Company d/b/a AmerenUE	Missouri	PSC	2007-0002	Attorney General	2007	Operating Income, Rate Base, Fuel Adjustment Clause
Hawaiian Electric Company	Hawaii	PUC	2006-0386	Consumer Advocate	2007	Operating Income, Cost of Service, Rate Design
Maui Electric Company	Hawaii	PUC	2006-0387	Consumer Advocate	2007	Operating Income, Cost of Service, Rate Design
Peoples Gas / North Shore Gas Company	Illinois	ICC	07-0241 07-0242	Attorney General	2007	Rate Adjustment Clauses
Commonwealth Edison	Illinois	ICC	07-0566	Attorney General, City	2008	Ratemaking Policy, Rate Trackers

Illinois Power Company, Illinois Public Service Co., Central Illinois Public Service Co	Illinois	ICC	07-0585 cons.	Attorney General/CUB	2008	Rate Adjustment Clauses
Southwestern Public Service Company	Texas	PUCT	35763	Municipalities	2008	Operating Income, Rate Base, Affiliate Transactions
The Gas Company	Hawaii	PUC	2008-0081	Consumer Advocate	2009	Operating Income, Rate Base, Affiliate Transactions, Cost of Service, Rate Design
Hawaiian Electric Company	Hawaii	PUC	2008-0083	Consumer Advocate	2009	Operating Income, Rate Base, Affiliate Transactions, Cost of Service, Rate Design
Commonwealth Edison	Illinois	ICC	2009-0263	Attorney General	2009	Rate Adjustment Clauses
Avista Corporation Washington WUTC	Washington	WUTC	UG-060518	Attorney General	2009	Rate Adjustment Clauses
Kauai Island Utility Cooperative	Hawaii	PUC	2009-0050	Consumer Advocate	2009	Operating Income, Cooperative Ratemaking Policies, Cost of Service
Maui Electric Company	Hawaii	PUC	2009-0163	Consumer Advocate	2010	Operating Income, Rate Base, Cost of Service, Rate Design
Hawaii Electric Light Company	Hawaii	PUC	2009-0164	Consumer Advocate	2010	Operating Income, Rate Base, Cost of Service, Rate Design
Commonwealth Edison	Illinois	ICC	2010-0467	AG / CUB	2010	Operating Income, Rate Base
Commonwealth Edison	Illinois	ICC	2010-0527	Attorney General	2010	Alternative Regulation
Atmos Pipeline - Texas	Texas	RCT	GUD 10000	ATM Cities	2010	Operating Income, Rate Base, Cost of Service, Rate Adjustment Clause
Ameren Missouri	Missouri	PSC	2011-0028	Industrial Customers	2011	Operating Income, Rate Base
Hawaiian Electric Company	Hawaii	PUC	2010-0080	Consumer Advocate	2011	Operating Income, Rate Base, Affiliate Transactions, Cost of Service, Rate Design
Utilities, Inc.	Illinois	ICC	11-0561..0566	Attorney General	2011	Operating Income, Rate Base, Rate Design
Commonwealth Edison	Illinois	ICC	11-0721	AG / CUB	2011	Alternative Regulation
Utilities, Inc.	Illinois	ICC	11-0059 RH	AG	2012	Rate Design
Maui Electric, Ltd.	Hawaii	PUC	2011-0092	Consumer Advocate	2012	Operating Income, Rate Base, Cost of Service, Rate Design

Ameren Illinois Utilities	Illinois	ICC	12-0001	AG/AARP	2012	Alternative Regulation
Commonwealth Edison	Illinois	ICC	12-0321	AG	2012	Alternative Regulation
Ameren Illinois Utilities	Illinois	ICC	12-0293	AG	2012	Alternative Regulation
Ameren Missouri	Missouri	PSC	ER2012-0166	Industrials	2012	Income Taxes, Alternative Reg
Atmos Energy	Texas	RCT	10170	Municipals	2012	Operating Income, Rate Base
Peoples Gas / North Shore Gas Company	Illinois	ICC	12-0511/0512	AG	2012	Operating Income, Rate Base
Ameren Illinois Utilities	Illinois	ICC	13-0192	AG	2013	Operating Income, Rate Base
Ameren Illinois Utilities	Illinois	ICC	13-0301	AG	2013	Alternative Regulation
Commonwealth Edison	Illinois	ICC	13-0318	AG	2013	Alternative Regulation
Commonwealth Edison	Illinois	ICC	13-0553	AG	2013	Alternative Regulation
Commonwealth Edison	Illinois	ICC	13-0589	AG	2014	Refund of Rider Revenues
Commonwealth Edison	Illinois	ICC	14-0312	AG	2014	Alternative Regulation
Ameren Illinois Utilities	Illinois	ICC	13-0317	AG	2014	Alternative Regulation
Atmos Energy	Texas	RCT	10159	Municipals	2014	Operating Income, Rate Base

Witness: M. Brosch

AMEREN MISSOURI
CASE NO. ER-2014-0258
INCOME TAX EXPENSES - EQUITY ISSUANCE COSTS
TEST YEAR ENDED MARCH 31, 2014
$000

LINE NO.	DESCRIPTION	REFERENCE	TEST YEAR AMOUNT	TAX EXPENSE ADJUSTMENT AMOUNT
	(A)	(B)	(C)	(D)
1	Income Tax Expense Adjustment:			
2	Equity Issuance Cost Amortization Add-back to Taxable Income per Ameren	LMM-WP-518	$ 2,651	
3	Adjustment to Eliminate Equity Issuance Cost Amortization	Line 2 X -1	(2,651)	
4	Times: Composite Federal and State Income Tax Rate	LMM-WP-518	38.12%	
5	Adjustment to Income Tax Expense - Eliminate Equity Issuance Amortization	Line 3 X Line 4	(1,011)	(1,011)
6	**MIEC Adjustment to Eliminate Equity Issuance Cost Amortization from Income Tax Expense Calculation**			**$ (1,011)**

SCHEDULE MLB-2 IS

HIGHLY CONFIDENTIAL IN ITS ENTIRETY

Witness: M. Brosch

AMEREN MISSOURI
CASE NO. ER-2014-0258
INVESTMENT TAX CREDIT AMORTIZATION
TEST YEAR ENDED MARCH 31, 2014
$000

LINE NO.	DESCRIPTION	REFERENCE	9/30/2012 AMOUNT
	(A)	(B)	(C)
1	Increased ITC Amortization - Commencing January 1, 2015:		
2	2009 Federal 30% ITC Realized on 2014 Tax Return - Annual Amortization	MIEC 9.15, Att.b	94
3	2010 Federal 30% ITC Realized on 2014 Tax Return - Annual Amortization	"	10
4	Total Change in ITC Amortization at 12/31/2014	Lines 2 + 3	104
5	**MIEC Adjustment to Income Tax Expense for ITC Amortization**	- Line 4	**$ (104)**

Witness: M. Brosch

AMEREN MISSOURI
CASE NO. ER-2014-0258
INCOME TAX EXPENSE - SECTION 199 DOMESTIC PRODUCTION DEDUCTION
TEST YEAR ENDED MARCH 31, 2014
$000

LINE NO.	DESCRIPTION	REFERENCE	TEST YEAR AMOUNT	TAX EXPENSE ADJUSTMENT AMOUNT
	(A)	(B)	(C)	(D)
1	Revised Domestic Production Deduction - per Schedule MLB-4, page 2	Sch. MLB-4, p.2	$ 36,868	
2	Domestic Production Deduction Amount per Ameren Missouri	LMM-WP-518	30,804	
3	MIEC Adjustment to Domestic Production Deduction	Line 1 - Line 2	6,064	
4	Times: Federal Income Tax Rate	LMM-WP-518	38.12%	
5	Adjustment to Income Tax Expense - Eliminate Equity Issuance Amortization	Line 3 X Line 4		(2,312)
6	**MIEC Adjustment to Correct Ameren Missouri's Domestic Production Deduction**			**$ (2,312)**

Witness: M. Brosch

AMEREN MISSOURI
CASE NO. ER-2010-0028
INCOME TAX EXPENSE - SECTION 199 DOMESTIC PRODUCTION DEDUCTION
TEST YEAR ENDED MARCH 31, 2010
$000

LINE NO.	DESCRIPTION	Ref.	Company Annualized	Ref.	% Qualified	DPRG
	REVENUES:					
	Electric (less Purch. Power)	(Note A)	2,818,399,903	(Note B)	69.84%	1,968,370,492
	Off-system Sales Revenue		234,414,026	(Note B)	69.84%	163,714,756
	Deficiency		264,099,796		69.84%	184,447,298
	Total Revenue		3,316,913,725		69.84%	2,316,532,546
	COGS:					
	O&M	(Note C)	1,827,949,595	Rev. Composite	69.84%	1,276,639,997
	Depreciation		529,416,327	Rev. Composite	69.84%	369,744,363
	Estimated M-1s	(Note D)	(41,226,772)	Rev. Composite	-63.86%	26,328,517
	Total COGS		2,316,139,150			1,672,712,877
	SG&A:					
	Other Taxes		165,281,330	Rev. Composite	69.84%	115,432,481
	Interest		192,826,901		100.00%	192,826,901
	State Income Tax		30,150,580	Rev. Composite	69.84%	21,057,165
	Estimated M-1s	(Note E)		Rev. Composite		-
	Total Standard Cost		388,258,811			329,316,547
	Adjustments:					
	Interest		192,826,901		100.00%	192,826,901
	Interest Reallocated		(192,826,901)	(Note F)	50.66%	(97,684,685)
	Total Adjustments		-			95,142,216
	Total Qualified		612,515,764			409,645,338
						9.00%
	Revised Domestic Production Deduction - per MIEC					**36,868,080**

Witness: M. Brosch

AMEREN MISSOURI
CASE NO. ER-2014-0258
SYNCHRONIZE ADIT ON ENERGY EFFICIENCY DEFERRALS
TEST YEAR ENDED MARCH 31, 2014
$000

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	Energy Efficiency Deferrals in Ameren Rate Base	Sch. LMM-8	$ 45,040
2	Times: Composite Federal and State Income Tax Rate	MIEC 9.6 Att.	38.29%
3	Estimated ADIT Accruals for Energy Efficiency Regulatory Asset	Line 1 * Line 2	17,246
4	Less: ADIT on Energy Efficiency Regulatory Asset Included by Ameren Missouri	LMM-WP-210	6,877
5	Increase in EE-related ADIT for rate base inclusion	Line 3 - Line 4	10,369
6	**MIEC Adjustment to Synchronize Energy Efficiency Estimated ADIT in Rate Base**	- Line 5	**$ (10,369)**

Witness: M. Brosch

AMEREN MISSOURI
CASE NO. ER-2014-0258
INCLUDE ADIT ON POLLUTION CONTROL FACILITIES
TEST YEAR ENDED MARCH 31, 2014
$000

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	Ameren Missouri Recorded ADIT on Pollution Control Plant in Rate Base	LMM-WP-214	$ 78,849
2	**MIEC Adjustment to Include Pollution Control Facilities ADIT in Rate Base**	- Line 1	**$ (78,849)**

Witness: M. Brosch

AMEREN MISSOURI
CASE NO. ER-2014-0258
INCLUDE ADIT ON METRO EAST DEFERRED INTERCOMPANY GAIN
TEST YEAR ENDED MARCH 31, 2014
$000

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	Ameren Missouri Recorded ADIT on Metro East Transaction Intercompany Gain	LMM-WP-217	$ 7,366
2	**MIEC Adjustment to Include Metro East Intercompany Gain ADIT in Rate Base**	- Line 1	**$ (7,366)**

Witness: M. Brosch

AMEREN MISSOURI
CASE NO. ER-2014-0258
EXCLUDE NOL AND TAX CREDIT CARRYFORWARDS
TEST YEAR ENDED MARCH 31, 2014
$000

LINE NO.	DESCRIPTION	REFERENCE		AMOUNT
	(A)	(B)		(C)
1	Ameren Missouri Proposed NOL Carryforward in Rate Base	LMM-WP-209	$	57,541
2	Ameren Missouri Proposed Federal Tax Credit Carryforward in Rate Base	LMM-WP-209		8,448
3	**MIEC Adjustment to Exclude NOL and Tax Credit Carryforwards**	- sum Lines 1 + 2	**$**	**(65,989)**