

Exhibit No.:  
Issues: Class Cost of Service  
Witness: David C. Roos  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: ER-2007-0002  
Date Testimony Prepared: February 5, 2007

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**DAVID C. ROOS**

**UNION ELECTRIC COMPANY  
d/b/a AMERENUE**

**CASE NO. ER-2007-0002**

**Jefferson City, Missouri  
February 2007**



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**OF**

**DAVID C. ROOS**

**UNION ELECTRIC COMPANY**  
**d/b/a AMERENUE**

**CASE NO. ER-2007-0002**

**EXECUTIVE SUMMARY..... 1**

**CLASS COST OF SERVICE STUDY ISSUES ..... 1**

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1           A.     Five parties presented CCOS studies in this case: AmerenUE, the Staff of the  
2 Missouri Public Service Commission (Staff), the Office of the Public Counsel (OPC),  
3 Missouri Industrial Energy Consumers (MIEC), and the American Association of Retired  
4 Persons (AARP). AmerenUE, Staff and AARP each filed one study. OPC submitted two  
5 studies and MIEC filed three studies.

6           Q.     Would you compare their CCOS study results?

7           A     Yes. My comparison is shown on Schedule DCR-1. Since the use of a  
8 particular allocation method for allocating production (generation) capacity to classes is the  
9 main determinant of the overall study results, I have identified each study by (1) the party  
10 sponsoring the study and (2) the production-capacity allocation method used.

11           For each party, the type of CCOS study and the witness who sponsors the study  
12 follows:

13           AmerenUE (4NCP A&E): An Average and Excess allocator that is calculated using  
14 the four class peaks in only the summer months. [William M. Warwick and Wilbon L.  
15 Cooper]

16           Staff (12 NCP A&P): An Average & Peak allocator that calculated using the twelve  
17 class peaks in every month of the year. [David C. Roos and James A. Busch]

18           OPC (3CP A&P): An Average & Peak allocator that is calculated using the three  
19 highest monthly coincident peaks. [Barbara A. Meisenheimer]

20           OPC TOU: A Time-of-Use allocator based upon class contribution to hourly  
21 production costs. [Barbara A. Meisenheimer]

22           MIEC (3 NCP A&E): An Average and Excess allocator that is calculated using the  
23 three highest monthly class peaks in the summer. [Maurice Brubaker]

Rebuttal Testimony of  
David C. Roos

1           AARP (4CP A&P): An Average & Peak allocator that is calculated using the four  
2 highest monthly coincident peaks.

3           Staff witness James A. Bush is submitting rebuttal testimony on behalf of Staff  
4 concerning allocation of production capacity costs.

5           Q.     Can you draw any conclusions from the CCOS studies regarding the  
6 Residential (RES) Class' contribution to class revenue responsibilities?

7           A.     For the Residential class, the CCOS studies show that a range from +0.44% to  
8 +15.70% change in that class' revenue responsibility is required to match the cost of  
9 providing electrical service to the Residential Class. The positive values for the percentage  
10 change indicate that the revenues from the Residential Class are less than cost of serving the  
11 Residential Class.

12          Q.     Can you draw any conclusions from the CCOS studies regarding the Small  
13 General Service (SGS) Class' contribution to class revenue responsibilities?

14          A.     Schedule DCR-1 shows that the results of all the CCOS studies indicate the  
15 SGS class now provides revenues above AmerenUE's cost of providing service to the SGS  
16 class. For the SGS class, the percent change to class revenues required to match the cost of  
17 serving that class range from -8.06% to -2.30%.

18          Q.     Can you draw any conclusions from the CCOS studies regarding the Large  
19 General Service (LGS) Class' contribution to class revenue responsibilities (LGS & SPS Rate  
20 Schedules)?

21          A.     All the CCOS studies show that the LGS class now provides revenues above  
22 AmerenUE's cost of providing service to that class. The percentage changes in rate revenue  
23 required to match the cost of service range from -12.94% to -3.52%.

1 Q. Can you draw any conclusions from the CCOS studies regarding the Large  
2 Primary Service (LPS) Class' contribution to class revenue responsibilities?

3 A. The study results show LPS class revenue responsibility must be changed from  
4 -5.50% to +17.58% to match LPS class costs. The results of the AmerenUE, Staff, OPC,  
5 AARP and one of the MIEC studies indicate the LPS class revenues do not cover the cost of  
6 providing service to that class. Two of the MIEC studies show that LPS revenues exceed the  
7 cost of serving that class.

8 Q. Can you draw any conclusions from the CCOS studies regarding the Large  
9 Transmission Service (LTS) class contribution to class revenue responsibilities?

10 A. Of the six classes considered in the CCOS studies, the LTS class results  
11 produced the widest range of outcomes with regard to changes in class revenue responsibility  
12 required to match class costs. Changes to class revenues range from -30.80% to +10.92%.  
13 The AmerenUE, OPC (one study), MIEC (three studies) and the AARP study results indicate  
14 revenues from the LTS class exceed the cost of serving that class. One of the OPC's CCOS  
15 study results and the Staff's study results indicate that the revenues from the LTS class do not  
16 cover the cost of providing service to the LTS class.

17 Q. Would you summarize your conclusions regarding class revenue  
18 responsibilities based on the CCOS study results?

19 A. The studies show that RES is providing less revenue than the cost of serving  
20 that class, while the SGS and LGS classes are providing more revenues than the cost of  
21 serving them. The study results are mixed concerning the revenue requirements for the LPS  
22 and the LTS classes.

23 Q. Does this conclude your rebuttal testimony in this case?

24 A. Yes, it does.

A COMPARISON OF THE RESULTS OF THE FILED CLASS COST OF SERVICE STUDIES  
THE PERCENT CHANGE IN CLASS REVENUES REQUIRED TO EQUALIZE CLASS RATES OF RETURN  
(REVENUE NEUTRAL)

	Mo Retail	RES	SGS	LGS	LPS	LTS
AmerenUE (A&E)	0.00%	8.40%	-7.09%	-9.31%	10.29%	-11.27%
Staff (A&P)	0.00%	0.44%	-7.52%	-4.11%	15.67%	10.92%
OPC (A&P)	0.00%	5.51%	-4.73%	-7.30%	11.00%	-6.90%
OPC (TOU)	0.00%	1.72%	-6.31%	-4.88%	17.58%	1.76%
MIEC (A&E) #1	0.00%	14.10%	-2.96%	-12.32%	-3.06%	-26.56%
MIEC (A&E) #2	0.00%	11.60%	-4.20%	-10.55%	1.00%	-19.90%
MIEC (A&E) #3	0.00%	15.70%	-2.30%	-12.94%	-5.50%	-30.80%
AARP (A&P)	0.00%	1.60%	-8.06%	-3.52%	17.60%	-1.26%