

Exhibit No.:
Issues: *Income Taxes; Territorial
Agreements*
Witness: *Stephen M. Rackers*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal Testimony*
Case No.: *EC-2002-1*
Date Testimony Prepared: *June 24, 2002*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

STEPHEN M. RACKERS

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

CASE NO. EC-2002-1

*Jefferson City, Missouri
June 2002*

Exhibit No. 78
Date 7/10/02 *Case No.* EC-2002-1
Reporter KLM

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

Case No. EC-2002-1

AFFIDAVIT OF STEPHEN M. RACKERS

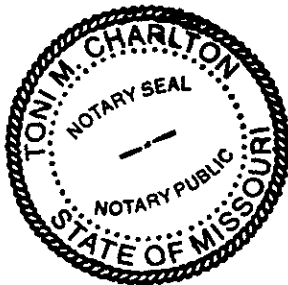
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Stephen M. Rackers, is, of lawful age, and on his oath states: that he has participated in the preparation of the following Surrebuttal Testimony in question and answer form, consisting of 14 pages to be presented in the above case; that the answers in the following Surrebuttal 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.


Stephen M. Rackers

Subscribed and sworn to before me this 24th day of June, 2002.


Notary Public



TONI M. CHARLTON
NOTARY PUBLIC STATE OF MISSOURI
COUNTY OF COLE
My Commission Expires December 28, 2004

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STEPHEN M. RACKERS
UNION ELECTRIC COMPANY
d/b/a AMERENUE
CASE NO. EC-2002-1

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1 **SURREBUTTAL TESTIMONY**
2 **OF**
3 **STEPHEN M. RACKERS**
4 **UNION ELECTRIC COMPANY**
5 **d/b/a AMERENUE**
6 **CASE NO. EC-2002-1**

7
8 Q. Please state your name and business address.

9 A. Stephen M. Rackers, 815 Charter Commons Drive, Suite 100B, Chesterfield,
10 Missouri 63017.

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

12 A. I am employed by the Missouri Public Service Commission (Commission) as
13 a Regulatory Auditor V.

14 Q. Are you the same Stephen M. Rackers who has previously filed direct
15 testimony in this case?

16 A. Yes. I previously filed direct testimony in this case on July 2, 2001 and
17 March 1, 2002.

18 Q. What is the purpose of your surrebuttal testimony?

19 A. The purpose of this testimony is to respond to the rebuttal testimony of Union
20 Electric Company (UE or Company) witnesses Gregory L. Nelson, Gary S. Weiss and James
21 I. Warren regarding the issue of income tax and the rebuttal testimony of Martin J. Lyons
22 regarding Territorial Agreements.

23 Company witness Nelson's rebuttal testimony relates to the calculation of income
24 taxes for the Company's proposed Alternative Regulation Plan (ARP). The rebuttal

Surrebuttal Testimony of
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1 testimony of Company witness Weiss, which is related to the determination of income tax
2 expense, for the Company's calculation of its cost of service, appears on page 8, lines 20
3 through 22; page 9, lines 1 through 4; page 25; page 26, lines 1 through 17; and Schedules
4 13-1 through 13-4 and Schedule 14. The rebuttal testimony of Company witness Warren
5 addresses the Staff's determination of tax straight-line depreciation in its calculation of
6 income taxes, which are included in its cost of service for the establishment of permanent
7 rates.

8 The rebuttal testimony of Company witness Lyons, which is related to territorial
9 agreements appears on pages 54, line 7 through page 61, line 23.

10 Q. Are you adopting the testimony of Staff witness Doyle L. Gibbs with regard to
11 territorial agreements?

12 A. Yes. Due to personal medical reasons, Mr. Gibbs is unable to participate in
13 the hearings. I previously sponsored direct and surrebuttal testimony supporting the Staff's
14 position on territorial agreements during the hearings for the third year of the first
15 Experimental Alternative Regulation Plan (EARP).

16 **NELSON'S REBUTTAL TESTIMONY – PROPOSED ARP INCOME TAXES**

17 Q. In Mr. Nelson's rebuttal testimony he discusses the adjustments to the
18 calculation of booked income taxes that he believes are necessary for the calculation of
19 sharing credits for the ARP. Do you agree with Mr. Nelson's rebuttal testimony?

20 A. No. Other adjustments, in addition to those discussed by Mr. Nelson in his
21 rebuttal testimony, are necessary for the calculation of income taxes to determine sharing
22 credits for the ARP proposed by the Company. These other adjustments are consistent with
23 the adjustments that UE has recognized in the past as being appropriate for the calculation of

1 income taxes for the determination of sharing credits for the third year of the second EARP.
2 The calculation of income taxes for the proposed ARP is the same as the calculation was for
3 the EARP. Therefore, unless the Company changes its calculation of book income taxes, the
4 same adjustments are necessary for both the ARP and the EARP. After discussing these
5 additional adjustments with Mr. Nelson, I believe the Company intends to include them in
6 the ARP calculations.

7 Q. What additional adjustments to the calculation of booked income taxes are
8 required to appropriately determine the sharing credits for the ARP proposed by the
9 Company?

10 A. The following adjustments were made for the third year of the second EARP,
11 and are also appropriate for the Company's proposed ARP. Both of these adjustments appear
12 in Mr. Weiss' calculation of income taxes for the Company's cost of service on Schedule
13 13.3, lines 14 and 20 of his rebuttal testimony.

14 Unbilled Gross Receipts Tax: The UE ARP, as proposed by Company witness
15 Baxter, contains an adjustment to synchronize the level of gross receipts tax (GRT) that is
16 included in revenues and expense. The EARP also included an adjustment to synchronize
17 the level of GRT. As a result, any affect on taxable income associated with unbilled GRT
18 was eliminated from the calculation of income tax for the determination of credits in the
19 EARP. Therefore, any affect on the calculation of book income tax associated with unbilled
20 GRT should be eliminated as part of the ARP.

21 Miscellaneous Items: The Company makes a miscellaneous adjustment to
22 bring its starting point for calculating taxable income in line with final booked net income.
23 Since the calculation of sharing credits begins with final booked net income for a twelve-

1 month period, this adjustment is unnecessary and would have to be eliminated from the
2 calculation of income taxes.

3 If the Commission accepts an ARP for the Company, other adjustments may have to
4 be made to the book calculation of income tax to reflect the Commission's decisions
5 regarding other issues in this case.

6 Q. Should any ARP allow for the possibility of additional adjustments to the
7 income tax calculation?

8 A. Yes. Several new items have impacted the Company's booked income taxes
9 during the EARPs that had to be analyzed to determine if they should be included in the
10 calculation of sharing credits. Additionally, as the Staff has become more familiar with
11 calculation, the treatment of certain items has changed. Therefore, any ARP must contain the
12 flexibility to allow for additional adjustments and changes to the calculation of income taxes,
13 in the determination of sharing credits as facts and conditions change.

14 **WEISS' REBUTTAL TESTIMONY – INCOME TAX CALCULATION**

15 Q. In Mr. Weiss' rebuttal testimony, he sponsors the calculation of income taxes
16 for the Company's cost of service, which appears on Schedules 13-1, 13-2, 13-3, 13-4 and
17 14. Do you agree with these calculations?

18 A. No. Mr. Weiss has not made any adjustment to the calculation of income
19 taxes associated with the change in tax straight-line depreciation to account for the
20 \$29,556,718 of depreciation expense related to the Company's proposed increase in
21 depreciation rates. The Company's calculation of tax straight-line depreciation is based on
22 the rates approved by the Missouri Public Service Commission. In addition, the Company's

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1 reserve deficiency amortization should be added back to determine taxable income and a
2 corresponding increase should be made to the calculation of tax straight-line depreciation.

3 Q. Where do Mr. Weiss' calculations appear in his rebuttal testimony?

4 A. On Schedule 13.3, line 19, the \$29,556,718 of proposed increase in
5 depreciation expense, as also referenced on Mr. Weiss' Depreciation Schedule 11-2, is added
6 back to taxable income. This increases current income tax expense. However, there is no
7 corresponding reduction to either current or deferred income tax expense associated with the
8 change in tax straight-line depreciation. The reserve deficiency amortization of \$5,917,704,
9 also appearing on Mr. Weiss' Depreciation Schedule 11-2, should be added back to taxable
10 income with a corresponding increase to tax straight-line depreciation.

11 Q. What change must be made to the Company's calculation of income tax
12 expense?

13 A. The correction can be made in either one of two ways. An adjustment
14 reducing taxable income for the increase in tax straight-line depreciation should appear on
15 Schedule 13-3. This will result in a decrease to current income taxes. Alternatively, a
16 reduction should be made to the deferred income tax expense appearing on Schedule 14 of
17 Mr. Weiss' rebuttal testimony.

18 Q. Has the Company acknowledged the need to make these adjustments to its
19 calculation of income tax expense?

20 A. Yes. I have spoken to both Mr. Weiss and Mr. Nelson regarding these
21 corrections to the Company's calculation of income tax expense. It is my understanding that
22 the Company intends to change its calculations and is currently preparing the corrections.

WARREN'S REBUTTAL TESTIMONY – TAX STRAIGHT-LINE DEPRECIATION

Q. What is your response to Mr. Warren's assertions on pages 3 and 4 of his rebuttal testimony, that the Staff proposed its method of calculating tax straight-line depreciation in an attempt to "low-ball" the revenue requirement proposed in this case?

A. Mr. Warren is attempting to mislead the Commission by implying that there is some devious intent behind the Staff's adjustment. As I state in my direct testimony on page 5, lines 1 and 2 "The Staff is proposing to calculate tax straight-line depreciation consistent with the calculation of book depreciation expense." The result of this method of calculating tax straight-line depreciation will be an appropriate determination of income tax expense for the calculation of revenue requirement. Failure to follow this method will result in an overstatement of income tax expense and of revenue requirement.

Q. How does this overstatement occur?

A. The overstatement results from the fact that book depreciation expense continues to be calculated as long as the associated plant remains in service. However, for the calculation of income tax, UE discontinues the calculation of depreciation when a group of assets (vintage) is fully depreciated. As a result, under UE's method a portion of the depreciation expense provided to the Company is not allowed as a deduction for the calculation of income tax, simply because the plant stays in service longer than the life used to determine the associated depreciation rate.

Q. Does Mr. Warren admit to this shortcoming of UE's method?

A. Yes. On page 8 of his rebuttal testimony, Mr. Warren states that UE uses a "closed" system of calculating tax straight-line depreciation. This generally means that regardless of how long the plant stays in service, as soon as an asset is fully depreciated, tax straight-line depreciation ceases and no deduction is included in the calculation of income

1 taxes. However, on page 9 he accurately describes the regulatory method of calculating book
2 depreciation expense as an "open" system. This means that as long as an asset stays in
3 service, the calculation of depreciation expense continues. This continuation of depreciation
4 emphasizes the need to use an open system for the calculation of tax straight-line
5 depreciation in a regulatory environment, consistent with the open system used for
6 calculating book depreciation expense.

7 Q. Are Mr. Warren's examples on Schedules 2 and 3 of his rebuttal testimony
8 persuasive?

9 A. No. He apparently attempts to portray some balance in the Company's system
10 between assets that stay in service longer than their depreciable life and assets that are retired
11 prior to the end of their depreciable life. However, this balancing only exists in theory and
12 has not been the case for UE historically.

13 The Staff's depreciation calculations show that UE's plant has historically been in
14 service much longer than the lives included in the depreciation rates. The huge over-accrual
15 in the depreciation reserve, calculated by Staff witness Jolie Mathis, is in part due to the
16 continued depreciation of plant beyond the life included in the depreciation rates. The
17 assumption that Mr. Warren makes on page 19, line 4, regarding properly measured
18 depreciation lives is inaccurate in light of UE's historical over-accrual of depreciation
19 expense. As a result, under UE's method the ratepayer is continually caught in the situation
20 depicted on Schedule 3 of providing more depreciation expense than is being allowed as a
21 deduction for calculating income tax expense. Rather than assume there will be some
22 balance in the lives of plant and that depreciation rates continuously reflect the actual average
23 plant lives, the use of an open system assures that the calculation of the tax straight-line

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1 depreciation deduction allowed for the determination of income tax expense is consistent
2 with the method used to calculate book depreciation.

3 Q. What problems are illustrated by Mr. Warren's example in Schedule 2 of his
4 rebuttal testimony?

5 A. In Mr. Warren's opinion, Schedule 2 shows that the ratepayers get "bonus"
6 tax straight-line depreciation when assets are retired before they are fully depreciated. The
7 problem is that the so-called bonus does not occur until the year of retirement of the last asset
8 in the group, rather than over the lives of the assets. Therefore, this bonus, which only
9 occurs during a single year, must be captured and reflected in rates in order to become a
10 reality for ratepayers. Only a continuous rate case or extremely fortunate timing will result in
11 consumers receiving the benefit of this bonus that Mr. Warren discusses in his testimony. In
12 Mr. Warren's example on schedule 2, unless rates are established in year 10 the ratepayer
13 will not receive any bonus and may again be placed in the situation of providing more book
14 depreciation expense than is included in the calculation on income tax expense using UE's
15 method.

16 Q. Please respond to Mr. Warren's comments on page 20 of his rebuttal
17 testimony regarding plant placed in service prior to 1975.

18 A. The Staff currently has an outstanding data request asking Mr. Warren for the
19 support for these statements. I believe Mr. Warren confuses the issue by suggesting that the
20 Staff's method is in conflict with a prior Commission Order. Only this method will ensure
21 consumers receive the tax benefit for the depreciation they are paying in rates. However,
22 under an open system, the calculation of tax straight-line depreciation continues as long as
23 the asset remains in service. The calculation of tax straight-line depreciation, using an open
24 system is not dependant on whether an asset is fully depreciated for tax purposes.

CORRECTIONS TO STAFF'S TAX CALCULATION

Q. Please explain the corrections you are proposing to the Staff's tax calculation.

A. I have recalculated my adjustment to tax straight-line depreciation to account for the Staff's amortization of the depreciation reserve excess in Adjustment S-28.1 appearing on Accounting Schedule 10 – Adjustments To Income Statement. This correction is necessary to properly synchronize the Staff's calculation of book depreciation with the calculation of tax straight-line depreciation.

Q. How have you calculated the value of this correction?

A. Staff witness Mathis has identified the reserve accounts to which the amortization applies. I determined the effect this amortization has on the annual depreciation accrual and calculated a rate to apply to the tax basis of plant as part of the calculation of tax straight-line depreciation. The Company should make the same calculation with regard to its \$5,917,744 reserve deficiency amortization appearing on Mr. Weiss' Schedule 11-2.

After recalculating the tax straight-line depreciation to account for the reserve excess amortization proposed by the Staff, the deductions to taxable income decreases, the taxable income increases and income tax expense increases. These changes appear on the Staff's Accounting Schedule 11 – Income Tax, lines 13, 14 and 34. This correction increases revenue requirement by approximately \$8,000,000.

LYONS' REBUTTAL TESTIMONY – TERRITORIAL AGREEMENTS

Q. Please discuss your response to the rebuttal testimony of Company witness Lyons?

A. My surrebuttal testimony will respond to each of the following criticisms of Mr. Lyons regarding the Staff's position on territorial agreements:

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- 1) Prior Commission precedence – On pages 57 and 58, Mr. Lyons’ casts aside the Commission’s findings in its Order following the third sharing period of the first EARP.
- 2) Appropriate Data – On pages 56 and 58 through 60, Mr. Lyons claims that the Staff has not properly calculated the value of its adjustment while offering no specific valuation of his own.
- 3) Ratemaking Standard – On pages 60 and 61, Mr. Lyons invokes his interpretation of the “prudent management” theory, as a means of superseding the Commission’s authority to establish the proper ratemaking treatment for territorial agreements.

Q. Is there relevant Commission precedence with regard to the regulatory treatment of territorial agreements?

A. Yes. In Case No EO-96-14 the Commission found that adjustments for short-term losses resulting from territorial agreements should be made to avoid detriment to the ratepayers.

Q. Did the Commission’s decision impact more than just sharing credits?

A. Yes. The Commission’s findings in this case also affected the permanent rate reduction that occurred following the third sharing period of the first EARP. The Commission’s Order specifically mentions the acceptance of the Staff’s adjustment to avoid a detriment to the ratepayers in both the credit sharing and rate reduction as a result of Commission’s approval of the territorial agreements.

Q. Has the Staff used the proper data to calculate its adjustment?

A. Yes. In fact the Staff has used the only data available related specifically to the territories in question. This data was developed at the time the agreements were being

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1 made and provides the only accurate information available for the exchanged territories. Mr.
2 Lyons criticizes the information used by the Staff and then freely admits that he has no better
3 information to offer. He states on page 59 of his rebuttal testimony that the Company does
4 not track the customer activity within the specific territories exchanged.

5 Q. What information does Mr. Lyons use to support his claim that the exchanged
6 territories have experienced a substantial change or customer growth?

7 A. On pages 59 and 60 he claims that much larger customer districts, into which
8 the exchange territories have been integrated, have experienced growth. He then extrapolates
9 that the exchanged territories must have experienced a substantial change or customer growth
10 simply because the larger districts have experienced some growth in the last four years. The
11 experience of the entire district does not substantiate Mr. Lyons' claims that the specific
12 exchange territories have experienced substantial change or customer growth. The exchange
13 territories could be experiencing a loss in customers that is being masked by gains in other
14 areas of the district.

15 Q. How do the customer levels of the Potosi/St. Francois and Little Dixie/Green
16 Hills districts compare to the number customers received in the Black River, Macon Electric
17 and Farmers Electric exchange territories?

18 A. The total number of customers received by UE in the exchange territories is
19 approximately 4,200 and the total number of customers in the districts into which the
20 exchange territories were integrated is approximately 161,000. The exchange territory
21 customers represent less than 8% of the total Little Dixie/Green Hills district customers and
22 less than 1% of the Potosi/St. Francois customers. There is no basis for assuming growth
23 for customer groups representing such a small proportion of the customers of entire districts
24 simply because the districts have experienced growth.

1 Q. Are Mr. Lyons' remarks regarding the growth in the Southeast district, which
2 contains the City of Kennett and Ozark Border areas, of any relevance?

3 A. These comments regarding district growth seem to be of very little relevance.
4 UE received no customers or territory as a result of the City of Kennett agreement. In the
5 Ozark Border agreement, UE received no customers, allowed the Cooperative to continue to
6 serve customers in UE territory and relinquished the right to serve customers in a substantial
7 area.

8 Q. Has the Staff failed to capture all the costs associated with restoring the
9 customers lost by the territorial agreements?

10 A. The Staff believes that any such costs are minimal. However, in an attempt to
11 be extremely conservative with regard to its quantification of this issue, the Staff has
12 included an additional \$76,000 in the cost of service, appearing as adjustment S-13.6 in the
13 Staff's Revised Accounting Schedule 10 – Adjustments to Income Statement, associated with
14 customer billing and collection. This adjustment is based on the relationship of customer
15 revenue to customer billing, service and information expense. This adjustment
16 conservatively assumes that customer expense increases incrementally with each dollar
17 increase in revenue, which in reality is not true.

18 Q. Has the Commission used the "prudent management" theory in rendering its
19 decision in any territorial agreement that you are aware of?

20 A. No. I have been involved in most of the territorial agreements involving UE
21 during the last six years. In those cases, the Commission has used the standard of whether
22 the transaction is "in the public interest" to approve the territorial agreements. However, in
23 such cases, the Commission makes no findings with regard to the value of the agreement for
24 ratemaking and reserves the right to consider ratemaking treatment in a future proceeding.

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1 The following language appears in the Commission's Order from Case No. EO-2002-178,
2 involving UE and Gascosage Electric Cooperative:

3 Thus, Staff requested that the Commission make clear that it is not
4 making any judgment as to the ratemaking treatment that will be
5 afforded to this transaction in any subsequent ratemaking proceeding.
6 The Commission agrees with Staff and will not prejudge any issue as
7 to the ratemaking treatment for this transaction that will result in future
8 cases.

9 Clearly, in this and other cases involving territorial agreements, the Commission is not
10 making any ratemaking findings. Therefore, the affects can be reversed even though the
11 Commission has approved the territorial agreement. In the Staff's opinion, such a reversal of
12 the effects on revenue requirement is necessary in this case in order to avoid detriment to
13 ratepayers.

14 **OTHER CORRECTIONS AND CHANGES TO STAFF'S CASE**

15 Q. Have you prepared a schedule showing the changes to the revenue reduction
16 the Staff filed in its direct testimony on March 1, 2002?

17 A. Yes. Schedule 1 attached to my surrebuttal testimony contains a list of the
18 corrections and changes to the Staff's direct filed revenue reduction. The schedule provides
19 a description of each item, the amount of the change and the associated affect on the revenue
20 reduction.

21 Q. Have you prepared a new set of Accounting Schedules that reflect all of the
22 changes the Staff has made to its direct filed revenue reduction?

23 A. Yes. These Accounting Schedules reflect a revised revenue reduction in the
24 range of \$263,486,371 to \$223,815,122.

25 Q. Does this revenue reduction reflect any of the recommendations of the Office
26 of Public Counsel (OPC) or any of the intervenors?

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1 A. Yes. The Staff has included in its revenue reduction calculation the
2 adjustments for weatherization programs recommended by the Department of Natural
3 Resources. The cost of service also includes the portion of the proceeds from the sale of SO₂
4 allowances that is not in dispute between the Company and the OPC. With the exception of
5 the recommendation of OPC witness Dittmer regarding interchange pricing, the Staff has not
6 established a position regarding the other cost of service recommendations proposed by the
7 OPC and the intervenors. The Staff will review the Company's response to these positions to
8 determine the validity of these adjustments, before it finalizes its position.

9 Q. Does this conclude your surrebuttal testimony?

10 A. A. Yes, it does.

Union Electric Company d/b/a Ameren UE
Case No. EC-2002-1
Changes From Staff's March 2002 Filing

Description	Change	Revenue Requirement Impact
Staff's Filing At Midpoint Rate Of Return		(264,934,662)
Adjustment to small general service revenue to reflect Company "out-of-period" adjustment recorded during the test year and its impact on growth adjustment		
Increase to per book revenue	948,314	
Impact on growth adjustment	15,603	
Net impact on revenue requirement		(963,917)
Incentive Compensation		
Correction to AMIP for test year payout. Inadvertantly picked up max payout of AMS for UEC actual payout. Also reflects revision to EIP based on Company revised response to DR. The affect of AMIP change was to reduce the amount of "disallowance" and EIP increased amount disallowed. Net effect was to reduce Staff negative adjustment on a total Co basis by	555,447	501,848
Payroll (net of Callaway)		
Correction of input error for Sept 01 per book labor and the impact of above change related to incentive compensation used in calculation of composite rate increase. Total Company adjustment change including FICA and PET was	495,009	447,799
Uncollectibles		
Correction of test year amount used in determinatin of adjustment. Adjustment was calculated using year ending September expense level rather than historical test year ending June from which to adjust.	3,785,753	3,800,454
Employee Benefits		
Correction of O&M percent. Original O&M percent developed from labor reported in F&S for the test year. Effective 1/1/01, Company initiated a reporting change that incorporated AMS labor in the F&S labor statistics. Test year labor per F&S was corrected to include the AMS O&M labor prior to 1/1/01 that was not reflected in the F&S. Total Company adjustment change and net revenue requirement impact	17,802	16,102
Up-date of Venice Fire to September		
Net plant change and revenue requirement	(2,157,842)	(194,686)
Callaway Post Operational Reserve		
Company September plant and reserve amounts provided to the Staff included June amount for Callaway Post Op		
Net plant change and revenue requirement	(921,866)	(106,885)
Allocations		
Change Variable Allocation Factor (was 87.538%)	87.846%	2,195,688
Change Fixed Allocation Factor (was 90.213%)	90.741%	2,982,243

Union Electric Company d/b/a Ameren UE
Case No. EC-2002-1
Changes From Staff's March 2002 Filing

Description	Change	Revenue Requirement Impact
Income Taxes		
Correction to tax deductions for the effect of the reserve excess amortization	14,121,457	8,236,915
Low Income and Weatherization		
Three year amortization of establishing a \$5,000,000 low income fund	1,666,667	1,673,096
Annual contribution to the low income fund	1,000,000	1,003,862
Annual contribution for low income weatherization	1,200,000	1,204,631
Annual contribution for residential and commercial weatherization	1,200,000	1,204,631
Advertising		
To adjust for additional advertising discovered through DR 137. Also, to remove an advertisement from acct. 909 and place in acct. 930.	(60,842)	(47,938)
Automated Meter Reading		
To reduce AMR adjustments for continuing cost	491,801	493,699
Fuel Expense and Related Items		
To adjust fuel expense to reflect Staff's new fuel run	(6,961,420)	(6,138,955)
To adjust coal inventory for the elimination of othe fuels cost from coal cost, and to reflect Staff's new fuel run	(1,241,931)	(129,478)
To adjust the fuel in CWC consistant with the new fuel run	(99,681)	(11,830)
Off-system Sales		
To reduce revenue allocation of off-system sales	1,693,895	1,537,059
To reduce expense allocation of off-system sales	(1,045,590)	(952,440)
To decrease interchange margin for update period adjustment to test year levels	8,292,255	7,524,484
Pensions and OPEBs		
To correct Staff's calculations and reflect minimum ERISA	4,988,304	4,526,669
To correct Staff's calculations and reflect the market related value calculation	(5,885)	(5,315)
Miscellaneous Items		
To recognize the variable O & M expense associated with the CT additions	252,556	222,716
To adjust the revenue lag in CWC for Interchange Sales	1,581,334	222,599
To annualize SO2 allowance proceeds through September 30, 2001	(8,507,105)	(7,719,441)
To include customer accounting expense for territorial agreement customers	76,000	76,304
To include postage for customer growth	20,118	20,196
Staff's Revised Revenue Requirement At Midpoint Rate Of Return		(243,314,551)