

Exhibit No.:
Issue(s): Allocations and Fuel
Adjustment Clause
Witness: Gary S. Weiss
Sponsoring Party: Union Electric Company
Type of Exhibit: Supplemental Testimony
Case No.: ER-2010-0036
Date Testimony Prepared: March 11, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2010-0036

SUPPLEMENTAL TESTIMONY

OF

GARY S. WEISS

ON

BEHALF OF

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

**St. Louis, Missouri
March, 2010**

SUPPLEMENTAL TESTIMONY

OF

GARY S. WEISS

CASE NO. ER-2010-0036

I. Introduction

Q. Please state your name and business address.

A. My name is Gary S. Weiss. My business address is One Ameren Plaza,
1901 Chouteau Avenue, St. Louis, MO 63103.

Q. Are you the same Gary S. Weiss who filed direct and rebuttal testimony, and who also filed direct, rebuttal, and surrebuttal testimony relating to interim rates in this case?

A. Yes, I am.

Q. What is the purpose of your supplemental testimony?

A. The purpose of my supplemental testimony is reply to an entirely new recommendation offered for the first time by the Staff in the surrebuttal testimony of Staff witness Lena Mantle. This new recommendation concerns the bilateral long-term contracts AmerenUE entered into when Noranda Aluminum Inc.'s load was reduced by the January 2009 ice storm as discussed in the rebuttal testimony of Company witness Jaime Hario, and proposes a change to AmerenUE's fuel adjustment clause (FAC) tariff not previously raised by the Staff. Because this recommendation and the related proposed FAC tariff change was made for the first time in surrebuttal testimony, the Company has had no opportunity to respond or to provide the Commission with relevant information relating to this recommendation.

1 **Q. What is Ms. Mantle’s suggested treatment of these bilateral long-term**
2 **contracts?**

3 A. On page 18 starting at line 2 of her surrebuttal testimony Ms. Mantle states “It is
4 Staff’s position that the revenue from the fixed capacity payments and the energy sales received
5 from these types of contracts be included in the revenue requirement calculation in a rate case
6 just as they are for utilities without FACs.”

7 **Q. Does the Company agree with this recommendation?**

8 A. Yes, the Company is agreeable to treating these bilateral long-term contracts as
9 off-system sales in the revenue requirement for this case and in the FAC *so long as* the cost
10 allocation factors in this case (fixed and variable) are adjusted to reflect the allocation of these
11 costs to match the assignment of the revenues. Otherwise, retail customers will receive the
12 benefit of these revenues (which will be treated as off-system sales revenues) through a reduction
13 to net fuel costs through the FAC, but will fail to pay the costs associated with generating those
14 revenues.

15 **Q. How were these bilateral long-term contracts treated in the Company’s and**
16 **Staff’s revenue requirement filings?**

17 A. Per Ms. Mantle’s surrebuttal testimony on page 16, lines 11 through 13, the
18 bilateral contracts included in the revenue requirement in this case were with American Electric
19 Power Company (AEP) and Wabash Valley Power Cooperative (Wabash). Because AEP and
20 Wabash were partial requirements customers, their cost and revenues were assigned to the sales
21 for resale (wholesale) jurisdiction. In calculating the Missouri retail jurisdictional net base fuel
22 cost, the AEP and Wabash revenues and expenses were excluded.

1 **Q. What adjustments are required in calculating the revenue requirement to**
2 **reflect AEP and Wabash volumes as off-system sales and include them in the Missouri**
3 **retail jurisdictional net base fuel cost?**

4 A. The demand (fixed) allocator and the variable allocator need to be recalculated to
5 remove the demands and kWh sales of AEP and Wabash from the total Company amounts and
6 the sales for resale totals. Attached Schedule GSW-E26 and Schedule GSW-E27 are the revised
7 demand and variable allocation factors that should be used to calculate the Missouri retail
8 jurisdictional revenue requirement. Per Schedule GSW-E26, the demand allocation factor for
9 Missouri retail jurisdiction increases from 95.47% to 99.21%. The variable allocation factor for
10 the Missouri retail jurisdiction shown on Schedule GSW-E27 moves from 94.56% to 99.22%. In
11 addition the annualized revenues of \$60,631,464 received from AEP and Wabash will be added
12 to the off-system sales revenues. These adjustments will result in both the revenues and
13 expenses related to AEP and Wabash flowing through the net base fuel cost.

14 **Q. What will be the impact on AmerenUE's earnings if Ms. Mantle's**
15 **recommendation is accepted and the allocation factors are not revised?**

16 A. If the allocation factors are not revised as I have suggest above, the Company,
17 starting with the effective date of the new rates in this case, will not be recovering its approved
18 expenses. The cost related to AEP and Wabash will not be assigned to the Missouri retail
19 jurisdiction but the revenues will be treated as off-system sales revenues that reduce the Missouri
20 retail jurisdiction net base fuel cost. This results in a significant negative impact on the actual
21 earnings of AmerenUE. Based on these circumstances AmerenUE will not have the opportunity
22 to earn its authorized return.

1 **Q. What do you recommend the Commission approve for the treatment of the**
2 **AEP and Wabash bilateral contracts?**

3 A. I recommend that the Commission approve the treatment of the AEP and Wabash
4 bilateral contracts as off-system sales with the demand and variable allocation factors revised to
5 reflect this treatment. This will properly match the revenues and expenses in the Missouri retail
6 jurisdictional revenue requirement and net base fuel cost.

7 **Q. Have you reviewed the revised FAC tariff attached to Ms. Mantle's**
8 **surrebuttal testimony?**

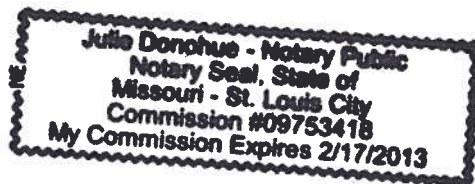
9 A. Yes.

10 **Q. Does the Company agree with the changes to the tariff that Ms. Mantle is**
11 **proposing?**

12 A. No. The tariff proposed by Ms. Mantle presumes that bilateral contracts like the
13 contracts with AEP and Wabash will continue in the future. AmerenUE believes that once the
14 existing AEP and Wabash contracts expire (in 2010) the volumes sold under those bilateral
15 contracts should become part of the Company's off-system sales. The tariff Ms. Mantle
16 proposes should be revised to reflect that change. The Company will work with the Staff and
17 other interested parties to attempt to develop mutually acceptable tariff language.

18 **Q. Does this conclude your supplemental testimony?**

19 A. Yes, it does.



AmerenUE
MPSC Case No. ER-2010-0036
Demand Allocation With and Without AEP and Wabash as Wholesale

MONTH	DATE/HOUR	SYSTEM PEAK	JURISDICTIONAL PEAKS		AEP	WVPA
			WHOLESALE	RETAIL		
April '08	4/2/08 7:00	5,094,462	288,063	4,806,399	100,000	150,000
May '08	5/30/08 16:00	6,154,288	302,691	5,851,597	100,000	150,000
June '08	6/12/08 16:00	7,458,137	315,625	7,142,512	100,000	150,000
July '08	7/21/08 16:00	8,140,122	316,642	7,823,480	100,000	150,000
August '08	8/4/08 16:00	8,383,962	319,169	8,064,793	100,000	150,000
September '08	9/2/08 15:00	7,302,620	311,590	6,991,030	100,000	150,000
October '08	10/28/08 7:00	5,117,726	285,551	4,832,175	100,000	150,000
November '08	11/21/08 7:00	5,656,825	291,823	5,365,002	100,000	150,000
December '08	12/21/08 19:00	6,864,850	298,967	6,565,883	100,000	150,000
January '09	1/15/09 7:00	7,264,171	297,410	6,966,762	100,000	150,000
February '09	2/4/09 7:00	6,429,905	294,373	6,135,532	100,000	150,000
March '09	3/3/09 7:00	5,881,237	289,167	5,592,070	100,000	150,000
April '09	4/6/09 20:00	5,130,428	288,100	4,842,327	100,000	150,000
May '09	5/27/09 15:00	6,098,103	297,277	5,800,826	100,000	150,000
June '09	6/23/09 16:00	8,271,501	323,163	7,948,338	100,000	150,000
July '09	7/9/09 16:00	7,228,212	310,793	6,917,419	100,000	150,000
		79,629,539	3,607,382	76,022,157	1,200,000	1,800,000
			0.0453	0.9547		
Excl AEP/WVPA		76,629,539	607,382	76,022,157		
			0.0079	0.9921		

Data on this schedules comes directly from the response to MPSC DR 0211 prepared S. Wills.

AmerenUE
MPSC Case No. ER-2010-0036
Variable Allocation With and Without AEP and Wabash as Wholesale

<u>Month</u>	<u>Retail</u>	<u>Wholesale</u>	<u>Expirations</u>	<u>Annualized AEP & WVPA</u>	<u>Annualized Wholesale</u>	<u>KWh sales incl w/Actual or Annualized</u>	
						AEP	WVPA
April '08	2,720,331,214	45,865,734	(23,810,818)	154,080,000	176,134,916	72,000,000	82,080,000
May '08	2,734,126,186	45,806,281	(22,682,308)	159,216,000	182,339,973	74,400,000	84,816,000
June '08	3,472,776,576	57,037,341	(28,156,276)	154,080,000	182,961,065	72,000,000	82,080,000
July '08	3,746,001,262	64,207,684	(31,771,244)	159,216,000	191,652,440	74,400,000	84,816,000
August '08	3,493,618,784	60,559,176	(30,662,469)	159,216,000	189,112,707	74,400,000	84,816,000
September '08	2,985,762,088	48,658,343	(25,119,589)	154,080,000	177,618,754	72,000,000	82,080,000
October '08	2,796,656,402	43,676,352	(23,774,780)	159,216,000	179,117,572	74,400,000	84,816,000
November '08	2,910,528,006	44,535,846	(24,228,545)	154,080,000	174,387,301	72,000,000	82,080,000
December '08	3,489,626,716	53,238,867	(28,366,669)	159,216,000	184,088,198	74,400,000	84,816,000
January '09	3,536,772,964	25,096,027		159,216,000	184,312,027	74,400,000	84,816,000
February '09	2,684,735,002	20,216,226		143,808,000	164,024,226	67,200,000	76,608,000
March '09	2,626,721,139	95,405,693		84,816,000	180,221,693	74,400,000	84,816,000
April '09	2,475,208,009	92,022,197		82,080,000	174,102,197	72,000,000	82,080,000
May '09	2,602,627,244	160,191,214		20,216,000	180,407,214	74,400,000	84,816,000
June '09	3,265,052,116	164,796,034		17,480,000	182,276,034	72,000,000	82,080,000
July '09	3,132,831,249	158,556,456		27,516,000	186,072,456	74,400,000	84,816,000
12 ME 03/09	37,197,656,339	604,303,570	(238,572,698)	1,800,240,000	2,165,970,872		
12 ME 07/09	36,000,139,719	966,952,431	(132,152,052)	1,320,940,000	2,155,740,379	876,000,000	998,640,000
Contract Exp		(132,152,052)				1,874,640,000	
Contract Annu		1,320,940,000					
Weather Adj.	50,359,754	802,255					
Days Adj.	(86,470,088)						
Growth Adj	(20,657,062)						
Loss Adj	1,818,007,056	14,504,286					
Total Sales at 07/09	37,761,379,379	2,171,046,920					
	0.9456	0.0544					
Total excl AEP/WVPA	37,761,379,379	296,406,920					
	0.9922	0.0078					

Data on this schedules comes directly from the response to MPSC DR 0206 prepared by S. Wills.