

Date: February 3, 2010

From: Staff Counsels' Office

To: All parties to Case No. ER-2010-0036

Re: Corrections to the Depreciation section of the Staff Revenue Requirement and Cost of Service Report in Case No. ER-2010-0036 ("Staff Report"), involving the net salvage component of the depreciation rates and the resulting depreciation rates proposed by Arthur Rice.

Staff inadvertently used net salvage analysis results from a prior trial run instead of the final case run in preparation of the Depreciation recommendation. While this error was detected prior to the direct testimony filing and corrections were made, John Wiedmayer reviewed Staff testimony and notified Staff of additional anomalies in some accounts. Upon further review Staff discovered that additional correction was warranted.

Summary: The overall change to Staff proposed depreciation is a change in overall plant depreciation rate from 2.72% to 2.70%, or a depreciation expense reduction of approximately 0.5%.

1. Change on Page 94, lines 11, 12, 13. of Staff Report to read: "For the depreciable plant balances at the end of 2008, the depreciation expense increases from \$325.1 million to \$326.6 million, an increase of \$1.5 million, or less than 0.5%"

This results in an increase of \$1.5 million, instead of \$3.0 million.

2. Change on Page 105, line 4 of Staff Report to read: "depreciation rate Staff proposes for AmerenUE's hydraulic plant is 1.86%,"

This is a correction from 1.92% to 1.86%.

3. All of the schedules in Appendix 4 of the Staff Report have been revised. Schedules AWR-1, AWR-2, AWR-3, AWR-4, and AWR-5 have been revised and are attached as Schedules AWR-1A, AWR-2A, AWR-3A, AWR-4A, and AWR-5A.

4. The changes in the AWR schedules are summarized as follows:

Summary of changes to AWR Schedules				
Account	Net Salvage %		Depreciation Rate	
Number	From	To	From	To
316	-20	0	2.67	2.22
331	-150	-20	1.92	0.92
353	0	5	1.67	1.58
355	-33	-75	2.51	3.30
356	-40	-20	2.15	1.85
370	5	0	3.65	3.85
391	0	10	6.67	6.00

STAFF PROPOSED DEPRECIATION NET SALVAGE COMPONENT

Account No.	Title	ASL Life (Yr.)	Net Salvage (%)	Overall Deprec. Rate (%)	ASL ONLY Rate	NET Salvage ONLY	Plant In Service End 2008	ASL ONLY Return of Capital Annual Accrual	NET Salvage Depreciation Annual Accrual	Net Salvage Actual yearly Avg Yrs 99 thru 08	Net Salvage Expected Yearly Avg next 10 yr @ 5% inf	Net Salvage Excess (Accrual minus Actual)
		C	D	E	F= 1.0/C	G = D/C	H	I = F x H	J = G x H	K	L = K X 1.05^10	M = J - L
	TOTAL Steam Production Plant											
311	Structures & Improvements	56	(45)	2.59%	1.79%	0.80%	196,696,234	3,512,433	1,580,595	406,886	662,775	
312	Boiler Plant Equipment	45	(23)	2.73%	2.22%	0.51%	1,825,224,070	40,560,535	9,328,923	5,336,350	8,692,352	
312.03	Aluminum Coal Cars	26	72	1.08%	3.85%	-2.77%	116,271,400	4,471,977	-3,219,823	-634,534	-1,033,589	
314	Turbogenerator Units	47	(11)	2.36%	2.13%	0.23%	528,135,971	11,236,936	1,236,063	705,108	1,148,546	
315	Accessory Electric Equipment	51	(12)	2.20%	1.96%	0.24%	199,836,019	3,918,353	470,202	154,755	252,080	
316	Misc. Power Plant Equipment	45	0	2.22%	2.22%	0.00%	60,148,724	1,336,638	0	21,602	35,188	
	Total Steam Production Plant			2.54%		Sub Total -->	2,926,312,418	65,036,872	9,395,960	5,990,168	9,757,352	-361,393

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		C	D	E	F= 1.0/C	G = D/C	H	I = F x H	J = G x H	K	L = K X 1.05^10	M = J - L
	Nuclear Production Plant							Nuclear Production Plant				
321	Structures and Improvements	52	(1)	1.95%	1.93%	0.02%	908,912,210	17,548,305	175,483	78,531	127,919	
322	Reactor Plant Equipment	43	(10.0)	2.55%	2.32%	0.23%	1,011,169,315	23,440,743	2,344,074	3,584,396	5,838,604	
323	Turbogenerator Units	45	(2)	2.28%	2.24%	0.04%	509,558,176	11,390,124	227,802	293,411	477,935	
324	Accessory Electric Equipment	53	0	1.87%	1.87%	0.00%	211,158,284	3,948,660	0	10,628	17,312	
325	Misc. Power Plant Equipment	35	0	2.88%	2.88%	0.00%	171,818,762	4,948,380	0	6,734	10,969	
							Amortization -->	-7,199,461				
				2.02%		Sub Total -->	2,812,616,747	54,076,751	2,747,360	3,973,700	6,472,739	-3,725,379
	Hydraulic Production Plant							Hydraulic Production Plant				
331	Structures and Improvements	130	(20)	0.92%	0.77%	0.15%	16,032,698	123,328	24,666	99,666	162,346	
332	Reservoirs, Dams, and Waterways	91	(43)	1.57%	1.10%	0.47%	68,738,872	755,372	324,810	290,917	473,873	
333	Water Wheels, Turbines, and Generators	85	(75)	2.06%	1.18%	0.88%	132,538,567	1,559,277	1,169,458	395,095	643,568	
334	Accessory Electric Equipment	65	(40)	2.15%	1.54%	0.62%	20,781,938	319,722	127,889	14,105	22,976	
335	Misc. Power Plant Equipment	60	(25)	2.08%	1.67%	0.42%	7,658,363	127,639	31,910	4,823	7,856	
336	Roads, Railroads, and Bridges	50	0	2.00%	2.00%	0.00%	155,704	3,114	0	0	0	
				1.86%		Sub Total -->	245,906,142	2,888,454	1,678,732	804,606	1,310,619	368,114
	Other Production Plant							Other Production Plant				
341	Structures and Improvements	44	(37)	3.11%	2.27%	0.84%	25,892,740	588,471	217,734	-5,046	-8,219	
342	Fuel Holders, Products, and Accessories	44	(11)	2.52%	2.27%	0.25%	24,520,526	557,285	61,301	0	0	
344	Generators	44	(5)	2.39%	2.27%	0.11%	1,051,873,156	23,906,208	1,195,310	12,498	20,358	
345	Accessory Electric Equipment	44	(5)	2.39%	2.27%	0.11%	69,921,659	1,589,129	79,456	0	0	
346	Misc. Power Plant Equipment	25	3	3.88%	4.00%	-0.12%	6,113,533	244,541	-7,336	0	0	
							Amortization -->	-5,000,000				
				1.99%		Sub Total -->	1,178,321,614	21,885,634	1,546,466	7,452	12,139	1,534,328

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		C	D	E	F= 1.0/C	G = D/C	H	I = F x H	J = G x H	K	L = K X 1.05^10	M = J - L
	Transmission Plant								Transmission Plant			
352	Structures and Improvements	60	0	1.67%	1.67%	0.00%	6,271,634	104,527	0	1	1	
353	Station Equipment	60	5	1.58%	1.67%	-0.08%	228,351,122	3,805,852	-190,293	-137,439	-223,873	
354	Tower and Fixtures	70	(14)	1.63%	1.43%	0.20%	70,394,133	1,005,630	140,788	14,653	23,869	
355	Poles and Fixtures	53	(75)	3.30%	1.89%	1.42%	138,655,625	2,616,144	1,962,108	309,520	504,176	
356	Overhead Conductors and Devices	65	(20)	1.85%	1.54%	0.31%	145,108,058	2,232,432	446,486	76,310	124,301	
359	Roads and Trails	50	0	2.00%	2.00%	0.00%	39,226	785	0	0	0	
				2.06%		Sub Total -->	588,819,798	9,765,370	2,359,090	263,047	428,475	1,930,615
	Distribution Plant								Distribution Plant			
361	Structures and Improvements	60	0	1.67%	1.67%	0.00%	15,366,771	256,113	0	0	0	
362	Station Equipment	62	(17)	1.89%	1.61%	0.27%	598,830,057	9,658,549	1,641,953	141,949	231,220	
364	Poles, Towers, and Fixtures	44	(150)	5.68%	2.27%	3.41%	767,060,219	17,433,187	26,149,780	4,741,295	7,723,070	
365	Overhead Conductors and Devices	51	(65)	3.24%	1.96%	1.27%	856,325,270	16,790,692	10,913,950	3,716,617	6,053,978	
366	Underground Conduit	70	(40)	2.00%	1.43%	0.57%	223,547,546	3,193,536	1,277,415	7,836	12,765	
367	Underground Conductors and Devices	55	(25)	2.27%	1.82%	0.45%	527,667,832	9,593,961	2,398,490	1,146,185	1,867,014	
368	Line Transformers	43	0	2.33%	2.33%	0.00%	401,240,245	9,331,168	0	-4,688	-7,636	
369.001	Overhead Services	40	(215)	7.88%	2.50%	5.38%	153,326,209	3,833,155	8,241,284	1,371,498	2,234,025	
369.002	Underground Services	70	(80)	2.57%	1.43%	1.14%	134,153,521	1,916,479	1,533,183	228,005	371,397	
370	Meters	26	0	3.85%	3.85%	0.00%	106,165,932	4,083,305	0	-195,404	-318,292	
371	Installations on Customer Premises	20	(2)	5.10%	5.00%	0.10%	164,611	8,231	165	0	0	
373.00	Street Lighting and Signal Systems	36	(43)	3.97%	2.78%	1.19%	109,202,915	3,033,414	1,304,368	356,950	581,433	
				3.41%		Sub Total -->	3,893,051,128	79,131,790	53,460,587	11,510,243	18,748,973	34,711,614
	General Plant								General Plant			
390.0	Structures and Improvements	45	(22)	2.71%	2.22%	0.49%	189,663,144	4,214,737	927,242	118,232	192,588	
391.0	Office Furniture and Equipment	15	10	6.00%	6.67%	-0.67%	42,993,873	2,866,258	-286,626	-8,276	-13,481	
391.1	Mainframe Computers	5	0	20.00%	20.00%	0.00%	0	0	0	-315	-512	
391.2	Personal Computers	5	0	20.00%	20.00%	0.00%	1,527,337	305,467	0	-5,992	-9,760	
392.0	Transportation Equipment	11	9	8.27%	9.09%	-0.82%	94,534,723	8,594,066	-773,466	-349,326	-569,015	
393.0	Stores Equipment	20	0	5.00%	5.00%	0.00%	2,304,698	115,235	0	-1,809	-2,947	
394.00	Tools, Shop and Garage Equipment	20	0	5.00%	5.00%	0.00%	12,071,031	603,552	0	-7,525	-12,258	
395.00	Laboratory Equipment	20	0	5.00%	5.00%	0.00%	6,627,517	331,376	0	-400	-652	
396.00	Power Operated Equipment	15	15	5.67%	6.67%	-1.00%	8,575,690	571,713	-85,757	-139,842	-227,788	
397.00	Communication Equipment	15	0	6.67%	6.67%	0.00%	76,393,686	5,092,912	0	28	45	
398.00	Miscellaneous Equipment	20	0	5.00%	5.00%	0.00%	755,476	37,774	0	-120	-195	
				5.17%		Sub Total -->	435,447,175	22,733,089	-218,607	-395,344	-643,974	425,367

Overall plant rate -->

2.70%

PLANT TOTALS -->

12,080,475,022

255,517,960

70,969,589

22,153,872

36,086,324

34,883,265

326,487,548