

AmerenUE
Case No. ER-2010-0036
Missouri Industrial Energy Consumers' Third Set of Data Requests to the Missouri Public Service Commission Staff

Item No. Description

MIEC-Staff-3-2. [Book Depreciation) On page 100, lines 7-10 of the Staff Report, Revenue Requirement Cost of Service in this proceeding (Staff Report), Staff states that for Account 355 (Transmission "Poles and Fixtures"), the Staff recommended net salvage was "the overall account history" and not just the "recent years."

a. Separately for each of the production, distribution and transmission accounts for which Staff has made a net salvage recommendation, specifically state if the Staff recommended net salvage was primarily based on: (1) the "the overall account history," or (2) the "recent years."

Response: Account 355 contained data anomalies, and Staff used engineering judgment to estimate a rate. The data that Staff was using for account 355 was later found to have errors, (brought to Staff's attention by John Wiedmayer on Jan. 13), and corrections to Staff's proposal will be made. This also prompted a review of all accounts. Accounts affected and new proposed net salvages are as follows; 316 = 0%, 351 = -20%, 353 = +5%, 355 = -75%, 356 = -20%, 365 = -65%, 370 = 0%, and 391 = 10%.

All accounts other than Nuclear Plant use whole life with net salvage. The net salvage ratio is applied to the total plant balance and collected through depreciation over the average service life. For steam plant sites, this implies that the cost to remove a whole plant (dismantlement) is included in depreciation accruals.

| <u>Account</u> | <u>Response</u> |
|----------------|----------------------------------|
| 311 | Five year average |
| 312 | Five year average |
| 312.03 | Five year average |
| 314 | Five year average |
| 315 | Twenty Year Average |
| 316 | Appears to be an error – use 0%, |

Nuclear Plant Accounts, (321 through 325), use Life Span with a Decommissioning Fund, which results in a different situation than net salvage described above. Only net salvage for interim retirements is warranted in depreciation rates. Because of the decommissioning fund, net salvage ratios should be applied only to plant that is expected to become an interim retirement. Staff checked account 322 (Reactor Equipment), that the 10 % proposed by the Company did not include a second "removal" of the steam generators. Staff accepted the Company proposed net salvage ratios

| | |
|-----|---|
| 331 | Total all years (data anomaly, needs review) accept Company -20 % |
| 332 | Data corrections applied, and includes Taum Sauk data as representative of cost of removal for a dam type reservoir, (for whole life with net salvage). |

| | |
|--------|---|
| 333 | Five Year Average |
| 334 | Five Year Average |
| 335 | Five year Average |
| | |
| 341 | All Years Data (1961) |
| 342 | All Years Data (1961) |
| 344 | Data Anomalies, stayed with Company recommendation |
| 345 | Data Anomalies, stayed with Company recommendation |
| 346 | All Years Data |
| | |
| 352 | Five Year Average |
| 353 | All Years Data (1961) (modified to =5% 1/21/10) |
| 354 | All Years Data (1961) |
| 355 | Average of all data and 5 yr avg -> $(109+51)/2 = \sim \text{neg } 75$ |
| 356 | Ten Year Average (modified to -20% 1/21/10) |
| 359 | Five Year Average |
| | |
| 361 | Five Year Average |
| 362 | Five Year Average |
| 364 | All Years Data (1961) |
| 365 | Average of all data and 5 yr avg -> $(55+75)/2 = \sim \text{neg } 65$ |
| 366 | All Years Data (1961) |
| 367 | Accepted Company Proposal |
| 368 | Accepted Company Proposal |
| 369.01 | All Years Data (1961) |
| 369.02 | All Years Data (1961) |
| 370 | Five Year Average (modified to -0% 1/21/10) |
| 371 | All Years Data (1961) |
| 373 | All Years Data (1961) |
| 390 | Five Year Average |
| 391 | Five Year Average (modified to +10% 1/21/10) |
| 391.1 | Account balance = Zero |
| 391.2 | Five Year Average |
| 392 | All Years Data (1961) |
| 393 | Accepted Company Proposal |
| 394 | Accepted Company Proposal |
| 395 | All Years Data (1961) |
| 396 | All Years Data (1961) |
| 397 | All Years Data (1961) |
| 398 | Average of all data and 5 yr avg $(\text{neg } 2 \text{ plus } 3)/2 = \sim \text{zero}$ |

b. Separately for each of the production, distribution and transmission accounts for which Staff has made a net salvage recommendation, please provide a statement similar to the Staff

statement pertaining to Account 355 on page 100, lines 7-10 of the Staff Report, explaining how the Staff recommended net salvage was determined.

Response: See response to 3-2 a. above.

c. For those accounts in which the Staff recommended net salvage was primarily based on the "recent years," state whether the last five years' average was used as the recent years. If not, state what data was used as the recent years.

Response: See response to 3-2 a. above