Exhibit No.:
Issues: Normalized Billing Units
Witness: James R. Pozzo
Sponsoring Party: Union Electric
Type of Exhibit: Rebuttal Testimony
Case No.: EC-2002-1
Date Testimony Prepared: May 10, 2002

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EC-2002-1

REBUTTAL TESTIMONY

OF

JAMES R. POZZO

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

Exhibit No. 166
Date 7/10/02 Case No. EC-2002-1
Reporter KEM

St. Louis, Missouri
May, 2002

REBUTTAL TESTIMONY

OF

JAMES R. POZZO

CASE NO. EC-2002-1

Q. Please state your name and business address.

A. My name is James R. Pozzo. My business address is 1901 Chouteau Avenue, St. Louis, Missouri 63103.

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

A. I am employed by Ameren Services Company as a Consulting Engineer in the Rate Engineering Department of Corporate Planning. In this capacity, I provide rate engineering services to Union Electric Company d/b/a AmerenUE, (referred to herein as UE, Company or AmerenUE).

Q. Please describe Ameren Services Company.

A. Ameren Services is a subsidiary of Ameren Corporation which provides various administrative and technical support services for its parent and other subsidiaries including AmerenUE.

Q. Please describe your education and qualifications.

A. This information is summarized in Appendix A to this testimony.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is the development of weather normalized test year billing units. An **Executive Summary** of my testimony is included in Appendix B of Company witness Richard J. Kovach's rebuttal testimony.

Q. Please explain what is meant by the term "billing unit".

A. A billing unit is a quantity of electric customers, usage (kilowatthours), demand (kilowatts) or kilovar (kVar) data to which a filed rate is applied in determining customers' bills.

Q. Please describe the billing units used by Union Electric Company.

A. Union Electric Company uses a) customer count; b) kilowatthours, which are energy units; c) kilowatts, which are demand units; and d) kilovars, which are units of reactive demand. Depending on a customer's rate class, two or more of these components are used to bill virtually all customers. The weather normalized billing units used in this case are a compilation of the individual customer billing units which occurred during the study period, adjusted to what they would have been had the weather been normal throughout the study period. The study period is the test year established by the Commission for this proceeding - the twelve months ending June 2001.

Q. What was the initial step in the development of the Company's billing units for each customer class?

A. Internal Company reports contain aggregate kilowatthour sales and revenues on a monthly basis for the Residential, Small General Service, Large General Service, Small Primary Service, and Large Primary Service rate classes. Other more detailed monthly reports provide the billing units that can be priced at the Company's filed rates to calculate customer revenues. I used a combination of these reports to calculate the distribution of the kilowatthours and kilowatts to their respective rate blocks. I then applied the Company's existing filed rate values for each specific rate class to the billing units for the class, to derive the "calculated revenue" for each class.

Q. Do the revenues calculated from this process exactly match the revenues indicated on the Company's books ("reported revenue") for the same time period?

A. While the comparison of calculated and reported revenues normally match closely, there will always be some relatively small difference ("revenue variation") between the two. This results from billing adjustments which are made to a number of accounts each month due to corrected billings, and initial and final bills, which apply to periods that are either longer or shorter than the Company's standard billing periods, causing such bills to be adjusted or prorated.

Q. How did you account for these revenue variations in the billing unit development process?

A. I adjusted the reported billing units for the Residential, Small General Service, Large General Service and Small Primary Service to account for these monthly revenue variations. I calculated the ratio of "reported revenue" to "calculated revenue" monthly for each of the above rate classes. Then I multiplied all of the billing units by this ratio so that when these units are billed, they will produce the Company's reported revenues, thereby accounting for the revenue variation. The billing units that I adjusted by the ratio were: customer counts, kilowatthour usage levels in all blocks, kilowatt demands, and kilovars and Rider B (i.e., high voltage service) kilowatt demands for the Small Primary Service class. This process is a generally acceptable method of accounting for the billing conditions which give rise to such variations, that I mentioned earlier, and was used by both the Company and the Commission Staff in the Company's last rate design case.

Q. Did you analyze all of the rate classes using the billing unit reports?

A. No, I analyzed the Large Primary Service class using individual customer data because it contains less than sixty customers and has a relatively simple rate structure.

Q. After you calculated the billing units associated with the Company's reported revenues, how were these billing units and revenues adjusted to reflect normal test year weather?

A. I reviewed the weather adjustment pricing methodology used by the Company's Regulatory Accounting Department and adjusted the reported billing units and revenues that I referred to earlier using this same methodology. The resulting normalized monthly billing units were then summarized into the summer and winter billing periods for presentation on Schedules 1-5, attached hereto. Schedule 6 is a summary of the normalized billing unit kilowatthours and revenues. These weather normalized revenues and billing units are used by Company witness William M. Warwick in the development of his class cost of service study, and by Mr. Kovach, in his development of the Company's proposed rates in this case.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

The Staff of the Missouri Public Service Commission, Complainant,	)	
vs.	)	Case No. EC-2002-1
Union Electric Company, d/b/a AmerenUE, Respondent.	)	

AFFIDAVIT OF JAMES R. POZZO

STATE OF MISSOURI)
) **ss**
CITY OF ST. LOUIS)

James R. Pozzo, being first duly sworn on his oath, states:

1. My name is James R. Pozzo. I work in St. Louis, Missouri and I am employed by Ameren Services Company as a Consulting Engineer, Rate Engineering.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 4 pages, Appendix A, and Schedules 1 through 6, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

James R. Pozzo

Subscribed and sworn to before me this 3rd day of May, 2002.

Notary Public

My commission expires:

DEBBY ANZALONE
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: April 18, 2006

QUALIFICATIONS OF JAMES R. POZZO

My name is James R. Pozzo, and I reside in St. Louis County, Missouri.

I am a Consulting Engineer in the Rate Engineering Department of Corporate Planning at Ameren Services Company.

I received the degree of Bachelor of Science in Mechanical Engineering from the University of Missouri, Rolla, Missouri in December 1978.

I began working at Union Electric Company in January 1979 in the Power Operations Department, working as an Engineer at the Ashley Plant for two years and at the Meramec Plant for five years. During this time I was responsible for operations and maintenance support for assigned plant equipment along with various other projects as assigned.

I transferred into Union Electric's Rate Engineering Department in September 1985 and I assumed my current position with Ameren Services Company upon completion of the merger of CIPSCO Inc. and Union Electric Company effective December 31, 1997.

My duties and responsibilities include assignments related to the gas and electric rates of Union Electric, now doing business as AmerenUE, and Central Illinois Public Service Company, now doing business as AmerenCIPS, including participation in regulatory proceedings, rate analysis, the development and interpretation of the gas and electric tariffs, including rules and regulations, and other rate or regulatory projects as assigned.

Residential Service Rate Comparison
AmerenUE - Missouri
Weather Normalized-12 months ending June 2001

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$7.25
Energy Charge:		
All Kwh	Cents per Kwh	8.130 ¢
Winter (October - May)		
Customer Charge	Per Month	$7.25
Energy Charge:		
0- 750 Kwh	Cents per Kwh	5.770 ¢
All Kwh Over 750	Cents per Kwh	3.891 ¢

Proof of Revenue

	Units	Rate	$1,000
Summer			
Customer Charge	3,879,496	$7.25	$28,126
Mwh	4,162,714	$0.08130	$338,429
			$366,555
Winter			
Customer Charge	7,786,657	$7.25	$56,453
0-750 Mwh	4,115,087	$0.05770	$237,441
Over 750 Mwh	3,236,523	$0.03891	$125,933
Total MWH	11,514,324		$419,827
			$786,382
Res TOD	987		$63
	11,515,311		$786,445

Small General Service Rate Comparisor
AmerenUE - Missouri
Weather Normalized-12 months ending June 2001

Billing Components		Present
Summer (June - September)		
Customer Charge:		
Single Phase Service	Per Month	$7.25
Three Phase Service	Per Month	$15.10
Energy Charge:		
All Kwh	Cents per Kwh	7.99 ¢
Winter (October - May)		
Customer Charge:		
Single Phase Service	Per Month	$7.25
Three Phase Service	Per Month	$15.10
Energy Charge:		
Base Use	Cents per Kwh	5.96 ¢
Seasonal Use	Cents per Kwh	3.45 ¢

Proof of Revenue

	Units	Rate	1000's
Summer			
Customer Charge - Single Phase	369,500	$7.25	$2,679
Customer Charge - Three Phase	126,756	$15.10	$1,914
Mwh	1,193,680	$0.0799	$95,375
			$99,968
Winter			
Customer Charge - Single Phase	739,977	$7.25	$5,365
Customer Charge - Three Phase	254,195	$15.10	$3,838
Winter Base Mwh	1,687,310	$0.0596	$100,564
Winter Seasonal Mwh	490,599	$0.0345	$16,926
Winter Total MWH	2,177,909		$126,693
Total	3,371,589		$226,660

Large General Service Rate Comparison
AmerenUE - Missouri
Weather Normalized-12 months ending June 2001

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$66.00
Energy Charge (¢ per kWh)		
First 150 kWh per KW		7.84 ¢
Next 200 kWh per KW		5.91 ¢
All over 300 kWh per KW		3.96 ¢
Demand		
Per KW of Billing Demand		$3.79
Winter (October - May)		
Customer Charge	Per Month	$66.00
Energy Charge (¢ per kWh)		
First 150 kWh per KW		4.91 ¢
Next 200 kWh per KW		3.68 ¢
All over 300 kWh per KW		2.86 ¢
Seasonal Energy Charge		2.86 ¢
Demand		
Per KW of Billing Demand		$1.35

Proof of Revenue

	Units	Rate	$1,000
Summer			
Customer Charge	32,755	$66.00	$2,162
Summer Energy Mwh			
0-150 hours	1,011,872	$0.0784	$79,331
151-350 hours	1,112,083	$0.0591	$65,724
Over 350 hours	405,723	$0.0396	$16,067
Demand	7,190,823	$3.79	$27,253
			$190,537
Winter			
Customer Charge	65,908	$66.00	$4,350
Winter Energy Mwh			
0-150 hours	1,689,758	$0.0491	$82,967
151-350 hours	1,840,091	$0.0368	$67,715
Over 350 hours	607,001	$0.0286	$17,360
Seasonal	374,402	$0.0286	$10,708
Demand	14,635,445	$1.35	$19,758
			$202,858
	7,040,930		$393,395

Small Primary Service Rate Comparison
AmerenUE - Missouri
Weather Normalized-12 months ending June 2001

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$210.00
Energy Charge (¢ per kWh)		
First 150 kWh per KW		7.45 ¢
Next 200 kWh per KW		5.62 ¢
All over 300 kWh per KW		3.76 ¢
Demand		
Per KW of Billing Demand		$3.01
Billing Kvars		24 ¢
Rider B 34kv		
Per KW		81 ¢
Rider B 138kv		
Per KW		95 ¢
Winter (October - May)		
Customer Charge	Per Month	$210.00
Energy Charge (¢ per kWh)		
First 150 kWh per KW		4.69 ¢
Next 200 kWh per KW		3.49 ¢
All over 300 kWh per KW		2.73 ¢
Seasonal Energy Charge		2.73 ¢
Demand		
Per KW of Billing Demand		$1.10
Billing Kvars		24 ¢
Rider B 34kv		
Per KW		81 ¢
Rider B 138kv		
Per KW		95 ¢

Proof of Revenue

	Units	Rate	$1,000
Summer			
Customer Charge	2,559	$210.00	$537
Summer Energy Mwh			
0-150 hours	492,233	$0.0745	$36,671
151-350 hours	612,369	$0.0562	$34,415
Over 350 hours	410,066	$0.0376	$15,418
Demand	3,328,507	$3.01	$10,019
Billing Kvars	699,337	$0.24	$168
Rider B 34kv	273,075	$0.81	($221)
Rider B 138kv	8,932	$0.95	($8)
			$96,999
Winter			
Customer Charge	5,117	$210.00	$1,075
Winter Energy Mwh			
0-150 hours	808,956	$0.0469	$37,940
151-350 hours	1,013,868	$0.0349	$35,384
Over 350 hours	781,677	$0.0273	$21,340
Seasonal	176,166	$0.0273	$4,809
Demand	6,251,204	$1.10	$6,876
Billing Kvars	1,435,459	$0.24	$345
Rider B 34kv	572,138	$0.81	($463)
Rider B 138kv	0	$0.95	$0
			$107,305
	4,295,335		$204,304

Large Primary Service Rate Comparison
AmerenUE - Missouri
Weather Normalized-12 months ending June 2001

Billing Components		Present
Summer (June - September)		
Customer Charge	Per Month	$210.00
Demand Charge	Per KW of Billing Demand	$15.67
Energy Charge:		
All Kwh	Cents per Kwh	2.62 ¢
Reactive Charge	Cents per kVar	24 ¢
Rider B 34kv	Per KW	81 ¢
Rider B 138kv	Per KW	95 ¢
Winter (October - May)		
Customer Charge	Per Month	$210.00
Demand Charge	Per KW of Billing Demand	$7.11
Energy Charge:		
All Kwh	Cents per Kwh	2.31 ¢
Reactive Charge	Cents per kVar	24 ¢
Rider B 34kv	Per KW	81 ¢
Rider B 138kv	Per KW	95 ¢

Proof of Revenue

	Units	Rate	1000's
Summer			
Customer Charge	219	$210.00	$46
Summer Mwh	1,359,800	$0.0262	$35,627
Demand	2,460,780	$15.67	$38,560
Billing Kvars	322,622	0.24	$77
Rider B 34kv	719,623	0.81	($583)
Rider B 138kv	181,932	0.95	($173)
			$73,555
Winter			
Customer Charge	451	$210.00	$95
Winter Mwh	2,521,685	$0.0231	$58,251
Demand	4,536,307	$7.11	$32,253
Billing Kvars	654,748	$0.24	$157
Rider B 34kv	1,335,100	$0.81	($1,081)
Rider B 138kv	345,556	$0.95	($328)
			$89,346
	3,881,485		$162,901

AmerenUE - Missouri
Weather Normalized-12 months ending June 2001

	Normal Bill Unit MWH	Billing Unit Revenue
Residential	11,515,311	$786,444,822
Small General Service	3,371,589	$226,660,492
Large General Service	7,040,930	$393,394,929
Small Primary Service	4,295,335	$204,304,510
Large Primary Service	3,881,485	$162,901,250
Lighting	228,276	$25,632,730
MSD		$56,547
Total	30,332,926	$1,799,395,280

Schedule 6