Exhibit No.:
Issues: Fuel Adjustment Clause Second Prudence Review
Witness: Gary S. Weiss
Sponsoring Party: Union Electric Company
Type of Exhibit: Direct Testimony
Case No.: EO-2012-0074
Date Testimony Prepared: April 16, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-2012-0074

DIRECT TESTIMONY

OF

GARY S. WEISS

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a Ameren Missouri

St. Louis, Missouri
April, 2012

DIRECT TESTIMONY

OF

GARY S. WEISS

CASE NO. EO-2012-0074

Q. Please state your name and business address.

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

Q. By whom are you employed and what is your position?

A. I am employed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") as Manager of Regulatory Accounting.

Q. Please describe your educational background and employment experience.

A. My educational background consists of a Bachelor of Science Degree in Business Management from Southwest Missouri State University that I received in 1968 and a Masters in Business Administration from Southern Illinois University at Edwardsville that I received in 1977.

I was employed by Union Electric Company in June 1968 and have been employed continuously with Union Electric Company or Ameren Services Company ("Ameren Services"), except for a two-year tour of duty with the United States Army. I started at Union Electric Company as an accountant in the Controller's function. I worked as an accountant in the Internal Audit Department, General Accounting Department and Property Accounting Department from 1968 through 1973. In 1974, I was promoted to a Senior Accountant in the Internal Audit Department. In 1976, I was promoted to Supervisor in the Rate Accounting Department. The Rate Accounting Department was combined with the Plant Accounting Department in 1990 to form the Plant and Regulatory Accounting Department.

Effective with the 1998 merger of Union Electric Company and Central Illinois Public Service Company into Ameren Corporation ("Ameren"), I was employed by Ameren Services. In December 1998, the Regulatory Accounting Section, where I was then employed, was moved to the Financial Communications Department. Starting in October 2001, I became a direct report to the Controller. On February 16, 2003, I was promoted to Director, Regulatory Accounting and Depreciation. I was promoted to Manager of Regulatory Accounting on October 1, 2004. On March 1, 2009, the Regulatory Accounting Department was transferred from Ameren Services to Ameren Missouri (which at the time conducted business under the d/b/a AmerenUE).

Q. Please describe your qualifications.

A. I have over thirty years experience in the regulatory area of the public utility industry. I have submitted testimony concerning cost of service/revenue requirement before the Missouri Public Service Commission ("Commission"), the Illinois Commerce Commission, the Iowa Utilities Board (f/k/a the Iowa State Commerce Commission), and the Federal Energy Regulatory Commission. I have also provided antitrust testimony before the United States District Court in the Eastern District of Missouri.

Q. What are your responsibilities in your current position?

A. My duties as Manager of Regulatory Accounting include preparing the revenue requirement and developing accounting exhibits and testimony for use in applications for rate changes for Ameren Missouri. I provide assistance to the Vice President/Controller and Vice President-Regulatory and Legislative Affairs of Ameren Missouri regarding: (1) rate case and regulatory accounting, (2) the need for and the timing of rate changes, and (3) the effect on financial forecasts of proposed rate changes. I conduct studies of various accounting policies and practices to determine the effect on operating income, analyze the results, and suggest

appropriate rate changes. I prepare reports and exhibits regularly required by various regulatory commissions. I also provide data, answer inquiries, arrange meetings, and otherwise assist representatives of regulatory commissions in conducting their audits and reviews.

Q. What is the purpose of your direct testimony?

A. I address the proper calculation of the margins that would be reflected in lower FAC charges to customers, should the Staff's recommendation regarding the sales to AEP and Wabash (as discussed in more detail in the direct testimonies of Ameren Missouri witnesses Lynn M. Barnes and Jaime Haro) be accepted.

Q. Does the Company disagree with the Staff's calculation?

A. Yes. The Staff's calculation reflects the margin (actual revenues from the sales to AEP and Wabash less the fuel costs incurred to generate the megawatt-hours sold to AEP and Wabash) received by Ameren Missouri during the period under review in this docket (October 1, 2009 through May 31, 2011). Ameren Missouri stopped receiving revenues from AEP and Wabash starting June 21, 2010, as a result of the agreements reflected in the *Second Nonunanimous Stipulation and Agreement* approved by the Commission in Case No. ER-2010-0036, which I discuss further below. Consequently, the Staff's calculation actually covers margins received through that date, but it fails to account for the fact that customers have already received $3.3 million of AEP and Wabash revenues through a reduction in charges passed through the FAC.

Q. Why have customers already received $3.3 million of revenues from sales to AEP and Wabash under the subject contracts?

A. Because the Staff, Public Counsel, the Missouri Industrial Energy Consumers, and the Company agreed to changes to the FAC tariff, as well as a resolution of other issues, in

the *Second Nonunanimous Stipulation* referenced above, which I have attached as Schedule GSW-1. In particular, the agreement was that starting with the effective date of new rates in Case No. ER-2010-0036 (which was June 21, 2010), all of the revenues from AEP and Wabash would be included as off-system sales in the FAC calculation and that in addition, $3.6 million of margins under those contracts would also reduce net fuel cost charges to customers through a reduction in net fuel costs of $300,000 per month for 12 months. The $300,000 per month reduction started in July 2010 and continued through June 2011, via the "W" factor that was included in the FAC tariff as a result of the *Stipulation*. Because this case only impacts the operation of the FAC through May 2011, only 11 of these $300,000 per month reductions ($3.3 million) are at issue here. Consequently, the Staff's calculation is too high by $3.3 million. $17,169,838 of the margins from the AEP and Wabash contracts were ordered to be included as off-system sales as a result of Case No. EO-2010-0255, as Ms. Barnes discusses in her direct testimony. Staff seeks an order in this case to include an additional $26,342,791 in off-system sales, which if ordered would bring the total to $43,512,629. However, $20,469,838 has or is already being included as off-system sales through the FAC. If an additional $26,342.791 is included, the total would be $46,812,629_ – $3.3 million more than the Company actually received from the sales to AEP and Wabash. Consequently, even if the Staff's basic recommendation (that the margins from these contracts should be included in the FAC as off-system sales) were correct, only $23,042,791, with interest accrued at Ameren Missouri's short-term borrowing rate per the FAC tariff, would properly be included.

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Second Prudence Review of Costs Subject to the Commission-Approved Fuel Adjustment Clause of Union Electric Company d/b/a Ameren Missouri.	))))	Case No. EO-2012-0074

AFFIDAVIT OF GARY S. WEISS

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

Gary S. Weiss, being first duly sworn on his oath, states:

1. My name is Gary S. Weiss. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Manager of Regulatory Accounting.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Ameren Missouri consisting of 4 pages and Schedule GSW-1, 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.

Gary S. Weiss

Gary S. Weiss

Subscribed and sworn to before me this 16th day of April, 2012.

Mary Hoyt

Notary Public

My commission expires: 4-11-2014

Mary Hoyt - Notary Public
Notary Seal, State of
Missouri - Jefferson County
Commission #10397820
My Commission Expires 4/11/2014

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a AmerenUE's Tariffs To Increase its Revenues For Electric Service.	)))	Case No. ER-2010-0036

SECOND NONUNANIMOUS STIPULATION AND AGREEMENT

As a result of discussions among the Staff of the Commission ("Staff"), the Office of Public Counsel ("Public Counsel"), Union Electric Company d/b/a AmerenUE ("AmerenUE"), and the Missouri Industrial Energy Consumers[1] ("MIEC"), they (collectively "the signatories") hereby submit to the Missouri Public Service Commission ("Commission") for its consideration and approval this Second Nonunanimous Stipulation and Agreement ("Stipulation"), resolving certain issues in this case. The signatories agree:

AEP AND WABASH CONTRACTS

1. The capacity (MW) and energy (kWh) from AmerenUE's contracts with AEP and Wabash[2] shall be included in neither the wholesale load nor the retail load for the jurisdictional allocation of costs between the Missouri retail jurisdiction and wholesale jurisdiction. The jurisdictional allocation factors as calculated in the true-up using the methodology described in Staff's Revenue Requirement Cost of Service Report shall be used.

2. The capacity and energy requirements of the AEP and Wabash contracts shall be available for off-system sales in the production cost modeling true-up run referenced in paragraph 3 of the First Non-Unanimous Stipulation and Agreement filed in this case on March 10, 2010 (First Stipulation). As provided for in the First Stipulation, it is understood and agreed

[1] The members of MIEC are: Anheuser-Busch Companies, Inc., BioKyowa, Inc., The Boeing Company, Doe Run, Enbridge, General Motors Corporation, GKN Aerospace, Hussmann Corporation, JW Aluminum, MEMC Electronic Materials, Monsanto, Pfizer, Precoat Metals, Procter & Gamble Company, Nestlé Purina PetCare, Noranda Aluminum, Inc.,, Saint Gobain, Solutia and U.S. Silica Company.

[2] The AEP and Wabash contracts consist of the following: Confirmation Letter between AmerenUE and the American Electric Power Service Corporation as agent for the AEP Operating Companies dated February 27, 2009, and the Electric Service Agreement between AmerenUE and the Wabash Valley Power Association, Inc. dated April 28, 2009.

highlighted changes to AmerenUE's fuel adjustment clause, which are in addition to changes agreed to in the First Nonunanimous Stipulation and Agreement:

$$FPA_{(RP)} = [[(CF+CPP-OSSR-TS-S-W) - (NBFC \times S_{AP})] \times \_\_\% + I + R - N]/S_{RP}$$

W = $300,000 per month for the months, _____, 2010 through, _____, 2011. This factor "W" expires on _____, 2011.

6. The signatories expressly agree this Stipulation does not, and is not intended to, preclude any party from taking any position in this or in any subsequent Commission case including the position that these AEP and Wabash contracts, for periods prior to the effective date of new rates from this case, should be treated as off-system sales for purposes of AmerenUE's current fuel adjustment clause.

OTHER ISSUES

7. AmerenUE's revenue requirement[3] shall be reduced by $13.3 million in resolution of the following issues in this case: (i) flotation costs, (ii) rate case expense; and (iii) executive compensation. With regard to flotation costs, there shall be a $2.74 million per annum amortization of the same over five (5) years; however, the unamortized balance shall not be included in rate base.

8. As AmerenUE previously announced to the Commission on the record in this case, AmerenUE shall not pursue recovery of $352,000 of Venice Plant removal costs in this case; however, this Stipulation does not bar AmerenUE from seeking recovery of Venice Plant removal costs in any future rate case; nor does it bar any Signatory or other party from opposing recovery of those Venice Plant removal costs.

[3] References to reductions or additions to AmerenUE's revenue requirement in this Stipulation are adjustments in addition to other adjustments to AmerenUE's filed revenue requirement as of July 24, 2009 reflected in AmerenUE's prefiled testimony and in addition to adjustments due to the First Nonunanimous Stipulation and Agreement. Other parties' revenue requirements, when applicable, will also be adjusted to reflect the agreements in this Stipulation.

GENERAL PROVISIONS

a. This Stipulation is being entered into for the purpose of disposing of the issues that are specifically addressed in this Stipulation. In presenting this Stipulation, none of the signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or revenue determination or cost allocation or revenue related methodology, and none of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation (whether it is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation, except as otherwise expressly specified herein.

b. This Stipulation has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this Stipulation without modification, then the Stipulation shall be void and no signatory shall be bound by any of the agreements or provisions herein.

c. If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void, neither this Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any signatory has for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

d. If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the signatories waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000 and (4) their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation. This Stipulation contains the entire agreement of the Parties concerning the issues addressed herein.

e. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

f. If the Commission has questions for the signatories' witnesses or signatories, the signatories will make available, at any on-the-record session, their witnesses and attorneys on the issues resolved by this Stipulation, so long as all signatories have had adequate notice of that session. The signatories agree to cooperate in presenting this Stipulation to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this Stipulation.

WHEREFORE, on this 22nd day of March, 2010, the signatories respectfully request the Commission to issue an Order in this case approving this Second Nonunanimous Stipulation and Agreement.

/s/ Nathan C. Williams
Nathan C. Williams, Bar # 35512
Attorney for Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360
(T) 573-751-8702
(F) 573-751-9285
Nathan.williams@psc.mo.gov

/s/ Lewis R. Mills, Jr.
Lewis R. Mills, Jr., Bar # 35275
Attorney for Office of Public Counsel
P.O. Box 2230
Jefferson City, MO 65102-2230
(T) 573-751-1304
(F) 573-751-5562
Lewis.mills@ded.mo.gov

/s/ James B. Lowery
James B. Lowery, Bar #40503
SMITH LEWIS, LLP
P.O. Box 918
Columbia, MO 65205-0918
(T) 573-443-3141
(F) 573-442-6686
lowery@smithlewis.com

Thomas M. Byrne, Bar #33340
Union Electric Company
d/b/a AmerenUE
P.O. Box 66149 (MC 1310)
1901 Chouteau Avenue
St. Louis, MO 63166-6194
(T) 314-554-2514
(F) 314-554-4014

Attorneys for Union Electric Company
d/b/a AmerenUE

/s/ Diana Vuylsteke
Diana Vuylsteke, Bar #42419
Attorney for Missouri Industrial
Energy Consumers
211 N. Broadway, Ste 3600
St. Louis, MO 63102
(T) 314-259-2543
(F) 314-552-8543
dmvuylsteke@bryancave.com

Certificate of Service

I hereby certify that copies of the foregoing Second Nonunanimous Stipulation and Agreement have been mailed, hand-delivered, transmitted by facsimile or emailed to all counsel of record this 22nd day of March 2010.

/s/ Nathan Williams