

Exhibit No.:
Issue: PSC Assessment Amortization
Witness: Erin M. Carle
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
File No.: ER-2012-0166
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MISSOURI PUBLIC SERVICE COMMISSION

**REGULATORY REVIEW DIVISION
UTILITY SERVICES - AUDITING**

REBUTTAL TESTIMONY

OF

ERIN M. CARLE

UNION ELECTRIC COMPANY

d/b/a Ameren Missouri

CASE NO. ER-2012-0166

*Jefferson City, Missouri
August 2012*

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1 proceeding. Mr. Weiss proposes this adjustment to address an approximate \$1.24 million
2 increase in the fiscal year 2012 PSC assessment expense that took place on July 1, 2011,
3 subsequent to the February 28, 2011, true-up cutoff date established by the Commission as
4 part of the Company's last rate case, No. ER-2011-0028. In the Company's last case, the
5 fiscal year 2011 PSC assessment of approximately \$4.03 million was built into rates. By
6 comparison, the fiscal 2012 PSC assessment was approximately \$5.27 million. Mr. Weiss
7 also proposes to reflect the 2012 fiscal year PSC assessment level in the cost of service
8 calculation, subject to a true-up for changes that occur through July 31, 2012, in order to
9 establish the ongoing level of expense for PSC assessment.

10 Q. What level of expense has the Staff included in its cost of service calculation
11 to determine its proposed annualized ongoing level of PSC assessment?

12 A. Staff has included the fiscal year 2013 PSC assessment of approximately
13 \$5.3 million in its cost of service calculation as the current ongoing level of this expense.

14 Q. What is Staff's position regarding Mr. Weiss's proposed amortization of the
15 increase PSC Assessment that occurred on July 1, 2011?

16 A. Staff contends that the Company is inappropriately seeking recovery in rates
17 for more than one year's annual level of PSC assessment in this case. Furthermore, Staff
18 contends that the Company's proposal represents an attempt to receive single issue
19 ratemaking treatment for the change in this single expense item without consideration of all
20 the other relevant factors such as changes in all other revenue, expense and investment levels
21 that have occurred since the February 28, 2010, true-up cutoff point in the last rate case.
22 Since the time of the true-up cutoff point in the last rate case, the Company has made
23 additional investments in plant and various areas of revenue and expense have been over and

1 understated in comparison to what has actually been reflected in rates as part of the
2 Company's last case. For example, the level of property taxes that was used in the rates that
3 were put into effect on July 31, 2011, in the last case was more than the actual amount that
4 the Company actually paid in December 2011. Similarly, the Company experienced an
5 increase in other operating revenues associated with various fees associated with its Lake of
6 the Ozarks shoreline management activities subsequent to the establishment of rates in the
7 last case. Under and over recovery of individual cost of service elements is an inherent part
8 of the ratemaking paradigm that the Company has failed to take into consideration when
9 making this proposal. As an example, the Company has failed to be consistent in its
10 approach and proposes to amortize the amount of their under recovery of property taxes and
11 over recovery of lakeshore management revenues in this proceeding, both of which would
12 have been for the benefit of customers.

13 Q. Did the Company have options other than the proposal presented by
14 Mr. Weiss in his direct testimony to address the increase in PSC assessment which occurred
15 on July 1, 2011?

16 A. Yes. The Company could have sought permission from the Commission to
17 receive an Accounting Authority Order ("AAO") to address this change in expense that
18 occurred on July 1, 2012. (Please note that Staff is not stating or implying that it would have
19 recommended approval of such an AAO if the Company had filed it, as annual changes in the
20 amount of PSC assessments cannot be considered to be extraordinary.) The Company did
21 book a deferral to reflect the additional PSC assessment expense without the approval of the
22 Commission. In addition, the Company could have adjusted the timing of the filing of its last
23 rate case (ER-2011-0028) in order to ensure adequate time to capture the change in PSC

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1 | assessment which occurred on July 1, 2012, as part of the true-up audit in their last case, or
2 | perhaps through a proposed isolated adjustment.

3 | Q. Does this conclude your prepared rebuttal testimony?

4 | A. Yes, it does.

OF THE STATE OF MISSOURI

AFFIDAVIT OF ERIN M. CARLE

ERIN M. CARLE

Lisa K Hanneker
Notary Public