

EXHIBIT

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Rate Case Expense

Trippensee/Direct

Public Counsel

ER-2010-0036

312 NP

DIRECT TESTIMONY

OF

RUSSELL W. TRIPPENSEE

Submitted on Behalf of the Office of the Public Counsel

AMEREN UE ELECTRIC

Case No. ER-2010-0036

DPC Exhibit No. 312 NP
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File No. ER-2010-0036

December 18, 2009

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AMERENUE

CASE NO. ER-2010-0036

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. Russell W. Trippensee. I reside at 1020 Satinwood Court, Jefferson City, Missouri 65109, and my
3 business address is P.O. Box 2230, Jefferson City, Missouri 65102.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am the Chief Utility Accountant for the Missouri Office of the Public Counsel (OPC or Public
6 Counsel).

7 **Q. ARE YOU A CERTIFIED PUBLIC ACCOUNTANT?**

8 A. Yes, I hold certificate/license number 2004012797 in the State of Missouri.

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I attended the University of Missouri at Columbia, from which I received a BSBA degree, major in
11 Accounting, in December 1977. I also completed the requisite hours for a major in finance. I
12 attended the 1981 NARUC Annual Regulatory Studies Program at Michigan State University. I
13 have attended numerous seminars and conferences related to public utility regulation. Finally, I am
14 required to take a minimum of 40 hours per year of continuing professional education to maintain
15 my CPA license.

16 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

1 A. From May through August, 1977, I was employed as an Accounting Intern by the Missouri Public
2 Service Commission (MPSC or Commission). In January 1978 I was employed by the MPSC as a
3 Public Utility Accountant I. I left the MPSC staff in June 1984 as a Public Utility Accountant III
4 and assumed my present position.

5 Q. PLEASE DESCRIBE YOUR PROFESSIONAL AFFILIATIONS.

6 A. I served as the chairman of the Accounting and Tax Committee for the National Association of
7 State Utility Consumer Advocates from 1990-1992 and am currently a member of the committee. I
8 am a member of the Missouri Society of Certified Public Accountants.

9 Q. PLEASE DESCRIBE YOUR WORK WHILE YOU WERE EMPLOYED BY THE MPSC
10 STAFF.

11 A. Under the direction of the Chief Accountant, I supervised and assisted with audits and examinations
12 of the books and records of public utility companies operating within the State of Missouri with
13 regard to proposed rate increases.

14 Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES WITH THE OFFICE OF
15 THE PUBLIC COUNSEL?

16 A. I am responsible for the Accounting section of the Office of the Public Counsel and coordinating
17 our activities with the rest of our office and other parties in rate proceedings. I am also responsible
18 for performing audits and examinations of public utilities and presenting the findings to the MPSC
19 on behalf of the public of the State of Missouri.

1 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MPSC?

2 A. Yes. I filed testimony in the cases listed on Schedule RWT-1 of my testimony on behalf of the
3 Missouri Office of the Public Counsel or MPSC Staff.

4 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

5 A. To present and support Public Counsel's position on rate case expense. Specifically, OPC's
6 position is that the amount of regulatory commission expense included in the development of
7 Company's rates should only include a normalized annual level of charges that directly benefit
8 ratepayers. Since both shareholders and ratepayers benefit from the activities from which these
9 charges derive, both parties should be assigned responsibility for the cost.

10 Q. WHAT ARE THE TYPES OF COSTS THAT ARE NORMALLY BOOKED BY
11 COMPANY AS RATE CASE EXPENSE?

12 A. Rate Case expense typically consists of charges associated with activities of general rate increase
13 cases initiated by Company or complaint proceedings filed by other parties with standing before the
14 Commission. Individual costs categories set out in AmerenUE witness Gary Weiss's direct
15 testimony included the following categories and estimated amounts:

16	1. Outside Legal	\$685,000
17	2. Other Outside Experts	1,350,000
18	3. Expenses	85,000

19 I have attached Mr. Weiss's workpapers, GSW-WP-E454 as Schedule RWT-2.

20 Q. WHAT COSTS ASSOCIATED WITH GENERAL RATE INCREASE CASES SHOULD
21 BE RECOVERED FROM SHAREHOLDERS AND RATEPAYERS?

1 A. Costs associated with general rate increase cases should first be analyzed to determine if they are
2 prudent, reasonable and necessary. Those that are determined not prudent, reasonable or necessary
3 should not be reimbursed by ratepayers. Costs whether incurred by Company personnel, outside
4 legal and outside consultants that are determined imprudent, unreasonable or unnecessary should be
5 automatically disallowed. In addition, if the utility has employees capable of developing and
6 supporting the overall revenue requirement study or the class cost of service study (COSS), the cost
7 of hiring of higher-priced outside legal or consultants should not be allowed either. Once the
8 prudent, reasonable and necessary costs of the specific case are determined, that amount should
9 then be split evenly between shareholders and ratepayers as it represents charges associated with
10 activities that benefit both. The ratepayers' allocated portion can then be included in the
11 development of future rates by normalizing the cost commensurate with the Company's average
12 general rate case filing history.

13 Q. DOES THE PUBLIC COUNSEL BELIEVE THAT THE COSTS ASSOCIATED
14 WITH THE CURRENT GENERAL RATE INCREASE CASE SHOULD BE
15 UTILIZED TO DEVELOP THE NORMALIZED AMOUNT OF RATE CASE
16 EXPENSE TO INCLUDE IN THE DETERMINATION OF FUTURE RATES?

17 A. Yes. On a going forward basis, Public Counsel believes that the costs incurred in processing the
18 instant case should be utilized to determine the annual level of rate case expense to allow in the
19 determination of rates since they represent the most recent actual costs one can expect the utility to
20 incur.

1 Q. WHAT BENEFITS DO SHAREHOLDERS AND RATEPAYERS RECEIVE FROM THE
2 ACTIVITIES ASSOCIATED WITH GENERAL RATE INCREASE CASES?

3 A. Customers have an interest in ensuring that their utilities' rates are just and reasonable, which is the
4 ultimate objective of any rate case, whether it results in an increase or decrease in a given utility's
5 rates; however, both shareholders and ratepayers benefit in many ways from a strong stable
6 organization that has competent management at its helm. Stockholders benefit from having rates
7 adjusted so that their opportunity to earn a return on equity is enhanced.

8 Q. HAVE YOU REVIEWED THE COMPANY'S ESTIMATED COSTS TO DEVELOP
9 AND PROCESS THE INSTANT CASE?

10 A. Yes. I have also reviewed the answer to Staff data request number 0256 which sets out the actual
11 rate case expenses incurred through September 2009 for the current case. Company has deemed the
12 response to this request Highly Confidential.

13 As this information is updated through the true-up period, Public Counsel will provide its
14 recommended level of rate case expense based on actual costs incurred and not the estimates
15 contained in Mr. Weiss's direct testimony.

16 Q. IS PUBLIC COUNSEL CONCERNED ABOUT THE LARGE EXPENDITURES
17 AMERENUE EXPECTS TO INCUR FOR PROCESSING THE CURRENT GENERAL
18 RATE INCREASE CASE?

19 A. Yes. Public Counsel has become increasingly concerned with the level of rate case expense among
20 utilities in general. For example, costs associated with outside legal representation and consultants
21 are extremely costly and represent the majority of the costs of AmerenUE's estimate; however, all

1 of these costs are completely within management's control. As a result, rate case expense, like any
2 other expenditure, is an area where companies should seek to contain costs.

3 **Q. DOES PUBLIC COUNSEL BELIEVE THAT OUTSIDE LEGAL AND CONSULTANT**
4 **COSTS HAVE BECOME EXCESSIVE AND THAT THE COMPANY HAS NO**
5 **INCENTIVE TO CONTROL THESE COSTS?**

6 **A.** Yes. The use of costly outsiders to process and promote the rate increase request is particularly
7 disconcerting when one considers that AmerenUE is a large utility with thousands of employees.
8 Many of these employees hold degrees from colleges and universities which likely match or exceed
9 the educational requirements needed to prepare and defend a cost of service study (COSS) - not to
10 mention their combined company-specific work experience and acquired skills. Companies should
11 be aware that a "pass-through" of rate case expense is not automatic and the Commission should
12 certainly review the expenses for prudence, reasonableness and necessity to ensure that they are not
13 improper or excessive. Rate cases are analogous to the efforts necessary to address special
14 maintenance projects that occur during the normal course of business for a public utility but which
15 projects do not always occur on an annual basis. OPC would assert that the prudent course of
16 action is to have existing resources step up and meet the challenge of this project, especially in
17 today's economic climate.

18 **Q. IS IT YOUR BELIEF THAT SPECIFIC RATE CASE COSTS ARE NOT BEING**
19 **PRUDENTLY INCURRED BY THE COMPANY?**

1 A. Yes. OPC believes that the Company has not attempted to appropriately control the costs it expects
2 and plans to incur for the current case. AmerenUE's use of outside legal and consultant services
3 indicates such when it appears adequate resources exist within the Company.

4 Q. IS THE COST ASSOCIATED WITH COMPANY'S USE OF OUTSIDE LEGAL
5 AND OUTSIDE CONSULTANT SERVICES EXCESSIVE?

6 A. Yes, the costs are excessive. As example, the Company has 16 attorneys on staff, 9 of which have
7 regulatory experience on behalf of AmerenUE (Schedule RWT-6, AmerenUE response to Public
8 Counsel data request 1004). Company has 3 people on staff that have provided cost of capital
9 testimony on behalf of AmerenUE including Mr. Nickloy who has filed testimony in this case.
10 Company has to its credit has used in-house resources to prepare and represent many of its
11 accounting matters. However, Company chose to go outside its employee base by hiring several
12 entities to develop and present other areas of its case. Public Counsel believes that the in-house
13 resources should have been expanded to include legal and other activities for as much of the rate
14 case work as possible, with outside legal and consultants used only when necessary.

15 Q. DOES PUBLIC COUNSEL BELIEVE THAT THE COMPANY HAS THE PROPER
16 INCENTIVE TO CONTROL THE LEVEL OF EXPENDITURES IT IS
17 INCURRING FOR THE CURRENT GENERAL RATE INCREASE CASE?

18 A. No. Company's management apparently believes that because it decides to incur outside legal and
19 outside consultant costs to assist it in processing its request for a rate increase, those expenditures
20 should be considered and authorized as an automatic recovery from ratepayers. Public Counsel
21 believes that rationale is neither appropriate nor reasonable. It is not appropriate because the idea

1 itself results in monopolistic inefficiencies which lead to higher rates than should have actually
2 occurred. The utility should always be actively seeking to reduce its cost structure so that
3 ratepayers do not end up paying higher rates than absolutely necessary, but the indiscriminate
4 incurrence of excessive expenditures runs counter to that goal. Also, it is not reasonable because
5 these expenditures are not the most cost-effective alternative, and the Company must understand
6 that their incurrence will be scrutinized thoroughly so as to avoid the payment of improper or
7 unreasonable charges. Company's view that it can spend whatever it desires to process its rate
8 increase request, because the expenditures are an entitlement subject to automatic recovery,
9 provides no incentive for the controlling of the costs at issue.

10 **Q. SHOULD REASONABLE AND NECESSARY EXPENDITURES TO PREPARE AND**
11 **PRESENT A RATE CASE BE ALLOWED IN THE DETERMINATION OF FUTURE**
12 **RATES RECOVERED FROM RATEPAYERS?**

13 **A. Yes; however, ratepayers should be held accountable only for a proportionate share of such**
14 **expenditures since both ratepayers and shareholders benefit from their incurrence. If the costs**
15 **incurred are determined to be reasonable and necessary, both ratepayers and shareholders should be**
16 **responsible for their payment since both parties benefit from these expenditures.**

17 **Q. DO YOU BELIEVE THAT THE EXPENDITURES COMPANY IS INCURRING FOR**
18 **LEGAL COSTS AND CONSULTANTS COSTS IN THE RATE CASE ARE**
19 **REASONABLE AND NECESSARY?**

20 **A. No.**

1 Q. SHOULD THE COMMISSION SUBSTITUTE ITS JUDGMENT FOR THAT OF THE
2 UTILITY'S MANAGEMENT IN CHOOSING WHICH RATE CASE EXPENSES TO
3 INCUR?

4 A. Yes. The Commission's scrutiny and possible disallowance of expenses is essential to the
5 regulatory process. The need to contain rate case expense or any operating expense should be
6 accorded a high priority in the rate making process. In seeking recovery of rate case expense,
7 companies must provide an adequate justification and showing that their choice of outside services
8 is both reasonable and cost-effective. A company that seeks to recover rate case expense when it
9 has not properly evaluated its options is not something ratepayers should have to underwrite.
10 Recovery should not be automatic.

11 Q. SHOULD THE COMMISSION DETER THE COMPANY FROM SEEKING
12 NECESSARY ASSISTANCE TO DEVELOP AND IMPLEMENT ITS GENERAL
13 RATE INCREASE CASES?

14 A. No. The Commission should not deter Company from seeking necessary assistance in preparing,
15 supporting and implementing a new Revenue Requirement and COSS. The Company should use
16 the resources existing in current employees whose wages and benefits are treated as operating
17 expenses and already included in rates in presenting a rate case that is designed to produce just and
18 reasonable rates.

19 The ongoing operations of a utility include justifying its rate structure and supporting rate requests.
20 AmerenUE employees have sufficient expertise and familiarity with utility regulation and their
21 company to enable them to assist in the preparation of a Revenue Requirement and COSS and then

1 support their findings before the Commission; thus, the Company should be able to prepare and
2 implement a new Revenue Requirement and COSS without the need of making large expenditures
3 for outside legal or consultants. Company should be advised that in order for the expense of outside
4 legal or consultants to be considered allowable rate case expenses, they must be incurred in the
5 most efficient and prudent manner possible.

6 **Q. IS PUBLIC COUNSEL TAKING A NARROW VIEW THAT RATE CASES THAT**
7 **RESULT IN RATE INCREASES ONLY BENEFIT THE UTILITY'S**
8 **SHAREHOLDERS BY INCREASING EARNINGS?**

9 A. No, although an argument could certainly be made for that view. The need for a base rate filing is
10 initiated by the utility and driven by its desire to obtain an increase in rates, but an authorized
11 revenue requirement merely gives the utility an opportunity to earn a return on its investments.
12 Increased rates do not necessarily mean higher earnings will be achieved for shareholders. Other
13 benefits include the ability to provide safe, adequate and proper utility service.

14 **Q. SHOULD CONSUMERS BE FORCED TO PAY FOR ELABORATE DEFENSES OF**
15 **PRIVATE INTEREST?**

16 A. No. Costs incurred by Company to present and defend positions on expense recovery and
17 investment return which primarily benefit shareholders should not be recovered from ratepayers.

18 **Q. WHAT DOES PUBLIC COUNSEL BELIEVE CONSTITUTES AN ELABORATE**
19 **DEFENSE?**

1 A. Elaborate defense, as used here, consists of Company's hiring of outside legal and consultant
2 services to support its rate case when it is very likely its own personnel could have done the job just
3 as well and perhaps more effectively.

4 Q. SHOULD RATEPAYERS BE AFFORDED EVERY OPPORTUNITY TO SAVE MONEY
5 THROUGH REDUCED COSTS AND EFFICIENT SERVICE?

6 A. Yes. Since utility ratepayers are a captive population, the utility should use all means possible to
7 ensure that ratepayers receive safe and efficient service at the most reasonable and efficient cost
8 possible.

9 Q. DOES THE COMPANY'S USE OF OUTSIDE CONSULTANTS TO SUPPORT ITS
10 RATE CASE FILING YIELD EFFICIENT SERVICE AT A REASONABLE
11 COST?

12 A. No. AmerenUE and its parent company have sufficient personnel resources to process a general
13 rate increase case in this State without extensive outside resources; however, AmerenUE did not
14 fully utilize those personnel resources. AmerenUE has three employees who have filed cost of
15 capital testimony on behalf of AmerenUE (Schedule RWT-3, Response to OPC Data Request
16 1005). In fact, Mr. Lee R. Nickloy has filed testimony on the issue in this case. However,
17 AmerenUE management has chosen to hire Roger Morin to file testimony supporting a return on
18 equity that is 74 basis points higher than the MPSC authorized in Case No. ER-2008-0318. As Mr.
19 Lawton will testify, equity costs have declined since the decision in ER-2008-0318 was decided.
20 The estimated cost for Dr. Morin's testimony is \$65,000.

1 Q. DOES PUBLIC COUNSEL BELIEVE THAT SHAREHOLDERS SHOULD CARRY AN
2 EQUAL PROPORTION OF THE COST OF THIS RATE CASE FOR WHICH THEY
3 TOO RECEIVE A BENEFIT?

4 A. Yes. Benefits that inure to ratepayers from a utility rate case are at least matched (if not exceeded)
5 by benefits enjoyed by the shareholders of the same utility. Therefore, utilities should be vigilant in
6 controlling their rate case expenses so that owners and customers are not unduly burdened by the
7 incurrence of unnecessary or inefficient costs.

8 Q. WHAT SHARING OF PRUDENT, REASONABLE AND NECESSARY COSTS DOES
9 PUBLIC COUNSEL PROPOSE?

10 A. Public Counsel recommends that once the level of prudent, reasonable and necessary costs is
11 determined they should be shared 50% / 50% between shareholders and ratepayers.

12 Q. WHY DOES PUBLIC COUNSEL BELIEVE THAT A 50/50 SHARING OF THE
13 COSTS IS APPROPRIATE?

14 A. A general rate increase case arises for the benefit of a company's shareholders due to the fact that a
15 primary motivation in filing a rate case is to add shareholder value by increasing rates. Thus,
16 prudent, reasonable and necessary expenses resulting from the rate case should be shared 50/50
17 between shareholders and ratepayers so that the shareholders bear some of the burden for the
18 benefits they receive.

19 Q. DOES SHAREHOLDER RESPONSIBILITY FOR A PORTION OF THE RATE
20 CASE EXPENDITURES CONSTITUTE AN UN-EQUITABLE FORFEITURE?

1 A. Not in my opinion. Since the shareholders stand to gain from the opportunity to earn any increase
2 in revenue requirement authorized by the Commission, they too benefit from the costs incurred to
3 proceed with the case. It stands to reason that if the authorized revenue requirement exceeds the
4 case costs they will expend, they have a net benefit; thus, there is no un-equitable forfeiture.

5 **Q. ARE RATE CASE COSTS OUTSIDE THE CONTROL OF MANAGEMENT?**

6 A. No. There are a certain amount of "embedded costs" inherent in any general rate increase case (i.e.
7 salaries of employees working on the case); however, the additional costs are not outside of the
8 Company's control. For example, the Company chooses the employees, attorneys and consultants it
9 wants to present its case. The Company then chooses how they are going to comply with discovery
10 and what efforts, if any, they will make to facilitate and economize the process. Furthermore, the
11 Company dictates what measures it will make to mitigate rate case expense by choosing which
12 positions it favors and seeks to pursue or not pursue within the case.

13 **Q. JUST BECAUSE THE COMPANY CHOOSES TO INCUR CERTAIN**
14 **EXPENDITURES SHOULD THE COMMISSION ASSUME THAT THE COSTS ARE**
15 **PRUDENT, REASONABLE AND NECESSARY?**

16 A. No. Even though there are certain costs inherent in the Commission's process, the costs should still
17 be prudent, reasonable and necessary. The Commission should not assume that just because the
18 utility expended the time and cost that its rate case expenditures should be automatically
19 recoverable from ratepayers. In fact, over half of the Company's estimated rate case expense would
20 not be prudent, reasonable or necessary if in-house resources were utilized. Public Counsel also has
21 serious concerns regarding the hourly rates set out in the contracts with at least two of the
22 consultants being used by AmerenUE. These rates can be found in Schedules RWT-4 and RWT-5

1 to this testimony which are responses to OPC data requests numbers 1006 and 1007. AmerenUE
2 has deemed these responses Highly Confidential.

3 It is incumbent on the Company to mitigate its rate case expense because the Company alone has
4 chosen to initiate and process the rate increase request. Moreover, if the Company decides to
5 engage in conduct that increases rate case expense, it is the Company that has the burden of
6 establishing the amount incurred and showing that it is prudent, reasonable and necessary. The
7 Commission is obligated to consider competing policies of what expenses should be considered in
8 ratemaking decisions including rate case expense. Therefore, in establishing rates, the Commission
9 is required to balance the public need for adequate, efficient, and reasonable service with the
10 utility's need for sufficient revenue to meet the cost of furnishing service and earning a reasonable
11 return on investment. Rate case expenditures involve a high degree of management choice and
12 discretion over whether or not to incur an expenditure.

13 **Q. DO YOU PROPOSE TO DISALLOW ALL COMPANY'S RATE CASE EXPENSE?**

14 **A.** No. Public Counsel recommends that the Commission recognize that rate case expenses benefit
15 both AmerenUE and ratepayers; thus, shareholders should also be held responsible for a portion of
16 the costs related to the burden. Because rate proceedings are a part of the normal course of business
17 for a utility and because rate proceedings, by establishing just and reasonable rates, are conducted
18 for the benefit of both ratepayers and shareholders, it is widely accepted that rate case expenses are
19 one aspect of a utility's operating costs and are recoverable in a general rate proceeding. However,
20 because shareholders and ratepayers both benefit, a policy of requiring only ratepayers to pay the
21 costs is not reasonable.

1 In general, if costs incurred by a utility to prepare and present a rate case are prudent, reasonable
2 and necessary they should be properly assigned to both shareholders and ratepayers. The
3 ratepayer's portion should be treated as an ordinary and reasonable cost of doing business.

4 The Commission should also note that the amount estimated to be expended by Company in this
5 general rate increase case (i.e., approximately \$2,120,000) should be considered excessive for a
6 utility which applies for rate increases relatively frequently, understands the regulatory process, has
7 personnel on its staff who are currently employed and have been directly involved in the regulatory
8 process, and is litigating essentially the same issues as those litigated in its last several general rate
9 increase cases.

10 **Q. WHAT IS THE ANNUALIZED AMOUNT OF RATE CASE EXPENSE YOU ARE**
11 **PROPOSING THAT THE COMPANY RECEIVE?**

12 A. Public Counsel recommends that the question of who benefits from the costs is an important
13 consideration to take into account since rate case expense is a complex problem in that consumers
14 should not be forced to pay elaborate defenses of private interests. Therefore, the Commission
15 should not recognize costs the Company expects to incur that are associated with the outside legal
16 and certain consultants hired by the utility to process the current case for rate making purpose.
17 Company bears the burden of proof in these proceedings and it must establish that any expenditure
18 it incurs is prudent, reasonable and necessary. That, in Public Counsel's opinion, has not occurred.

19 Since the rate case costs are a moving target in that they will continue to be incurred through the
20 end of the update period and true-up (if it is authorized), the total rate case expense will not be

1 known until sometime after the end of January 2010. Public Counsel will update the Commission
2 on its recommendation in later testimony.

3 Q. EARLIER YOU DISCUSSED A RESPONSE TO A STAFF DATA REQUEST THAT
4 PROVIDED ACTUAL COSTS INCURRED TO DATE FOR THIS RATE CASE.
5 IS THERE AN ADJUSTMENT TO THOSE COSTS THAT SHOULD BE BROUGHT
6 TO THE COMMISSION'S ATTENTION?

7 A. Yes. **

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13 Q. ARE THERE OTHER SPECIFIC ADJUSTMENTS THAT PUBLIC COUNSEL CAN
14 IDENTIFY AT THIS TIME?

15 A. Yes. Public Counsel proposes that all external legal expenses be excluded from the allowed costs
16 includable in the revenue requirement for the reasons previously stated regarding available in-house
17 resources. Public Counsel would also propose to exclude all expenses associated with the Brattle
18 Group. A review of the scope of work contained in the contract between AmerenUE and Brattle
19 Group (Schedule RWT-4) **

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** The testimony presented on behalf of AmerenUE by the
Brattle Group in the interim portion of this underscores the lack of benefit to ratepayers as it was a

1 results oriented study purported to support the need for increased earnings without consideration of
2 all relevant factors. Finally, Public Counsel proposes to exclude the cost of Dr. Morin as his
3 testimony serves only the stockholder and available in-house resources exist to prepare testimony as
4 to an appropriate market based return on equity.

5 **Q. IS THERE A NEED TO NORMALIZE THE ANNUALIZED RATE CASE EXPENSE**
6 **AUTHORIZED BY THE COMMISSION?**

7 A. Yes. Since utilities do not normally file a rate increase request on a yearly basis, the allowed costs
8 to process the activity should be recovered over a period of years representative of how often the
9 utility's rates are actually changed from one case to another. The costs should be normalized
10 (averaged) over that period of time necessary to complete the cycle for the activity.

11 **Q. DOES PUBLIC COUNSEL RECOMMEND A SPECIFIC NORMALIZATION**
12 **PERIOD?**

13 A. Yes. I have reviewed the frequency of occurrence for Company's general rate increase filings and
14 Public Counsel recommends that, for this rate case, the Commission authorized rate case costs
15 should be normalized for a two-year cycle of rate case occurrences. Thus, I believe, that a two year
16 normalization of the costs is the most appropriate amount to include in the cost of service.

17 **Q. DO YOU PROPOSE THE INCLUSION IN YOUR NORMALIZED LEVEL OF RATE**
18 **CASE EXPENSE ANY OTHER COSTS ASSOCIATED WITH ANY PRIOR**
19 **GENERAL RATE INCREASE CASE?**

20 A. No. Public Counsel recommends that only rate case expense associated with the current rate
21 increase request be allowed in rates on a going forward basis. To include expenses incurred for

1 prior cases would constitute double recovery of the costs from the ratepayers. All related revenue
2 requirement and COSS issues of the prior cases will likely be issues again in this rate case; thus, the
3 expenses appropriately incurred to present Company's current proposed increase will be included in
4 the rate case expense normalization ultimately authorized by the Commission in the instant case.

5 **Q. DO YOU HAVE ANY OTHER COMMENTS ON THE ISSUE OF RATE CASE**
6 **EXPENSE?**

7 A. Yes. The actual costs incurred with regard to this current rate case are only known through the
8 period ending September 30, 2009. As additional information becomes available through the true-
9 up period ending January 31, 2010, Public Counsel will analyze that information and provide the
10 Commission with a specific recommendation as to the level of rate case expense that should be
11 included in the revenue requirement. That recommendation will be consistent with the criteria set
12 out in this testimony.

13 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

14 A. Yes.

Direct Testimony
Russell W. Trippensee
Case No. ER-2010-0036

Missouri Power & Light Company, Steam Dept., Case No. HR-82-179
Missouri Power & Light Company, Electric Dept., Case No. ER-82-180
Missouri Edison Company, Electric Dept., Case No. ER-79-120
Southwestern Bell Telephone Company, Case No. TR-79-213
Doniphan Telephone Company, Case No. TR-80-15
Empire District Electric Company, Case No. ER-83-43
Missouri Power & Light Company, Gas Dept., Case No. GR-82-181
Missouri Public Service Company, Electric Dept., Case No. ER-81-85
Missouri Water Company, Case No. WR-81-363
Osage Natural Gas Company, Case No. GR-82-127
Missouri Utilities Company, Electric Dept., Case No. ER-82-246
Missouri Utilities Company, Gas Dept., Case No. GR-82-247
Missouri Utilities Company, Water Dept., Case No. WR-82-248
Laclede Gas Company, Case No. GR-83-233
Great River Gas Company, Case No. GR-85-136 (OPC)
Northeast Missouri Rural Telephone Company, Case No. TR-85-23 (OPC)
United Telephone Company, Case No. TR-85-179 (OPC)
Kansas City Power & Light Company, Case No. ER-85-128 (OPC)
Arkansas Power & Light Company, Case No. ER-85-265 (OPC)
KPL/Gas Service Company, GR-86-76 (OPC)
Missouri Cities Water Company, Case Nos. WR-86-111, SR-86-112 (OPC)
Union Electric Company, Case No. EC-87-115 (OPC)
Union Electric Company, Case No. GR-87-62 (OPC)
St. Joseph Light and Power Company, Case Nos. GR-88-115, HR-88-116 (OPC)
St. Louis County Water Company, Case No. WR-88-5 (OPC)
West Elm Place Corporation, Case No. SO-88-140 (OPC)
United Telephone Long Distance Company, Case No. TA-88-260 (OPC)
Southwestern Bell Telephone Company, Case No. TC-89-14, et al. (OPC)
Osage Utilities, Inc., Case No. WM-89-93 (OPC)
GTE North Incorporated, Case Nos. TR-89-182, TR-89-238, TC-90-75 (OPC)
Contel of Missouri, Inc., Case No. TR-89-196 (OPC)
The Kansas Power and Light Company, Case No. GR-90-50 (OPC)
Southwestern Bell Telephone Company, Case No. TO-89-56 (OPC)
Capital City Water Company, Case No. WR-90-118 (OPC)
Laclede Gas Company, Case No. GR-90-120 (OPC)

Direct Testimony
Russell W. Trippensee
Case No. ER-2010-0036

Southwestern Bell Telephone Company, Case No. TR-90-98 (OPC)
Empire District Electric Company, Case No. ER-90-138 (OPC)
Associated Natural Gas Company, Case No. GR-90-152 (OPC)
Southwestern Bell Telephone Company, Case No. TO-91-163 (OPC)
Union Electric Company, Case No. ED-91-122 (OPC)
Missouri Public Service, Case Nos. EO-91-358 and EO-91-360 (OPC)
The Kansas Power and Light Company, Case No. GR-91-291 (OPC)
Southwestern Bell Telephone Co., Case No. TO-91-163 (OPC)
Union Electric Company, EM-92-225 and EM-92-253 (OPC)
Southwestern Bell Telephone Company, TO-93-116(OPC) (OPC)
Missouri Public Service Company, ER-93-37, (January, 1993) (OPC)
Southwestern Bell Telephone Company, TO-93-192, TC-93-224 (OPC)
Saint Louis County Water Company, WR-93-204 (OPC)
United Telephone Company of Missouri, TR-93-181 (OPC)
Raytown Water Company, WR-94-300 (OPC)
Empire District Electric Company, ER-94-174 (OPC)
Raytown Water Company, WR-94-211 (OPC)
Missouri Gas Energy, GR-94-343 (OPC)
Capital City Water Company, WR-94-297 (OPC)
Southwestern Bell Telephone Company, TR-94-364 (OPC)
Missouri Gas Energy, GR-95-33 (OPC)
St. Louis County Water Company, WR-95-145 (OPC)
Missouri Gas Energy, GO-94-318 (OPC)
Alltel Telephone Company of Missouri, TM-95-87 (OPC)
Southwestern Bell Telephone Company, TR-96-28 (OPC)
Steelville Telephone Exchange, Inc., TR-96-123 (OPC)
Union Electric Company, EM-96-149 (OPC)
Imperial Utilities Corporation, SC-96-247 (OPC)
Laclede Gas Company, GR-96-193 (OPC)
Missouri Gas Energy, GR-96-285 (OPC)
St. Louis County Water Company, WR-96-263 (OPC)
Village Water and Sewer Company, Inc. WM-96-454 (OPC)
Empire District Electric Company, ER-97-82 (OPC)
UtiliCorp d/b/a Missouri Public Service Company, GR-95-273 (OPC)
Associated Natural Gas, GR-97-272 (OPC)

Direct Testimony
Russell W. Trippensee
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Missouri Public Service, ER-97-394, ET-98-103 (OPC)
Missouri Gas Energy, GR-98-140 (OPC)
St. Louis County Water, WO-98-223 (OPC)
United Water Missouri, WA-98-187 (OPC)
Kansas City Power & Light/Western Resources, Inc. EM-97-515 (OPC)
St. Joseph Light & Power Company, HR-99-245 (OPC)
St. Joseph Light & Power Company, GR-99-246 (OPC)
St. Joseph Light & Power Company, ER-99-247 (OPC)
AmerenUE, EO-96-14, (prepared statement) (OPC)
Missouri American Water Company, WR-2000-281 (OPC)
Missouri American Water Company, SR-2000-282 (OPC)
UtiliCorp United Inc./St. Joseph Light & Power Company, EM-2000-292 (OPC)
UtiliCorp United Inc./Empire District Electric Company, EM-2000-369 (OPC)
St. Joseph Light & Power Company, EO-2000-845 (OPC)
St. Louis County Water Company, WR-2000-844 (OPC)
Union Electric Company, EO-2001-245 (OPC)
Laclede Gas Company, GM-2001-342 (OPC)
Empire District Electric Company, ER-2001-299 (OPC)
Missouri-American Water Company, et. al., WM-2001-309 (OPC)
AmerenUE, EC-2002-152, GC-2002-153 (OPC)
UtiliCorp United Inc., ER-2001-672 (OPC)
Aquila, Inc., GO-2002-175 (OPC)
AmerenUE, ER-2002-001 (OPC)
Laclede Gas Company, GA-2002-429 (OPC)
AmerenUE, GR-2003-0517 (OPC)
Algonquin Water Resources of Missouri & Silverleaf Resort, Inc. WO-2005-0206 (OPC)
Kansas City Power & Light Company, Case No. EO-2005-0329 (OPC)
Empire District Electric Company, Case No. ER-2006-0315 (OPC)
Kansas City Power & Light Company, Case No. ER-2006-0314 (OPC)
Atmos Energy Corporation, Case No. GR-2006-0387 (OPC)
Missouri Gas Energy, Case No. GR-2006-0422 (OPC)
Aquila, Inc., ER-2007-0004 (OPC)
Missouri American Water Company, WR-2007-0216, (OPC)
Kansas City Power & Light Company, ER-2007-0291 (OPC)
Kansas City Power & Light Company/Aquila, Inc., EM-2007-0374 (OPC)

Direct Testimony
Russell W. Trippensee
Case No. ER-2010-0036

Laclede Gas Company, GU-2007-0138 (OPC); AAO on Cold Weather Rule
Laclede Gas Company, GT-2009-0026: PGA inclusion of Uncollectible
Kansas City Power & Light Company, ER-2009-0089; Fleet Fuel Costs, Rate Case Expense
KCPL Greater Missouri Operations Company, ER-2009-0090, Rate Case Expense
Missouri Gas Energy, GR-2009-0355, Bad Debt Expense
AmerenUE, ER-2010-0036, Interim Rate Increase
AmerenUE, ER-2010-0036, Rate Case Expense

AmerenUE
Estimated Rate Case Expenses
2009 Rate Case Filing
(In \$000's)

<u>Outside Legal</u>	
Smith Lewis (Jim Lowery & Staff)	\$ 600
Fischer & Dority (Jim Fischer)	85
Total Outside Legal	<u>685</u>
<u>Other Outside Experts</u>	
ROE Expert (Roger Morin)	65
Lead/lag and Revenue Requirement (Mike Adams - Concentric)	235
Plant Retirements (Larry Loos - Black & Veatch Corp)	150
Depreciation Study (John Weidmayer - Gannett Fleming)	100
Rebuttal Witnesses	200
Rate Case Assistance (Brattle)	600
Total Other Outside Experts	<u>1,350</u>
<u>Expenses</u>	
Outside Clerical Support (e.g. binders, copies, deliveries, etc.)	50
Travel Expenses	35
Total Expenses	<u>85</u>
Total Estimated Rate Case Expenses	<u><u>\$ 2,120</u></u>

GSW-WP-E454

AmerenUE
Response to OPC Data Request
MPSC Case No. ER-2010-0036
Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing
Rates for Electric Service Provided to Customers in the Company's Missouri
Service Area

Data Request No.: OPC 1005 -- Russell Trippensee

Please provide names of any individuals and current employment position that are employed by AmerenUE, its parent, or affiliated companies that have provided cost of capital (ROE, capital structure, debt cost, etc) testimony before a regulatory body during their career.

RESPONSE

Prepared By: Gary S. Weiss

Title: Manager Regulatory Accounting

Date: December 15, 2009

The following Ameren Services Employees have provided testimony before the MPSC during their career on ROE, capital structure, debt cost, etc.

Jerre E. Birdsong	Vice President & Treasurer
Lee R. Nickloy	Director Corporate Finance
Michael G. O'Bryan	Sr. Capital Markets Specialist

Schedule RWT DIR-4 HC
has been deemed
"Highly Confidential"
in its entirety

Schedule RWT DIR-5 HC
has been deemed
“Highly Confidential”
in its entirety

AmerenUE
Response to OPC Data Request
MPSC Case No. ER-2010-0036
Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing
Rates for Electric Service Provided to Customers in the Company's Missouri
Service Area

Data Request No.: OPC 1004 – Russell Trippensee

Please provide names of all licensed attorneys currently employed by AmerenUE or its parent company. Please indicate which individuals have participated in regulatory proceedings during their professional careers.

RESPONSE

Prepared By: Beth Burns
Title: Function Coordinator
Date: 12/1/09

Subject to the Company's objection:

Attorney	Regulatory Experience
William B. Bobnar	Yes
Thomas M. Byrne	Yes
Caryn L. Fine	No
Edward C. Fitzhenry	Yes
M. Jacqueline French	No
Michelle M. Gaffney	No
Ronald S. Gieseke	No
David B. Hennen	Yes
Susan B. Knowles	Yes
Gregory L. Nelson	No
Joseph H. Raybuck	Yes
James A. Sobule	No
Craig W. Stensland	No
Steven R. Sullivan	Yes
Wendy K. Tatro	Yes
Mart R. Tome	Yes