

**Exhibit No.:**

**Issue(s):**

Class Cost of Service/

Rate Design/

Tariff Issues

**Witness/Type of Exhibit:**

Meisenheimer/

Supplemental Rebuttal

**Sponsoring Party:**

Public Counsel

**Case No.:**

ER-2007-0002

**SUPPLEMENTAL  
REBUTTAL TESTIMONY  
  
OF  
  
BARBARA A. MEISENHEIMER**

Submitted on Behalf of the Office of the Public Counsel

**AMERENUE  
(RATE DESIGN)**

CASE NO. ER-2007-0002

February 22, 2007

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of 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. )

**Case No. ER-2007-0002**

**AFFIDAVIT OF BARBARA A. MEISENHEIMER**

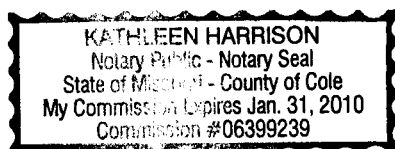
STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

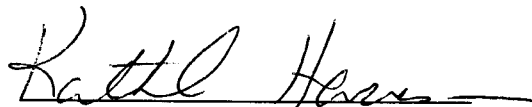
Barbara A. Meisenheimer, of lawful age and being first duly sworn, deposes and states:

1. My name is Barbara A. Meisenheimer. I am Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my supplemental rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
**Barbara A. Meisenheimer**

Subscribed and sworn to me this 22nd day of February 2007.



  
\_\_\_\_\_  
**Kathleen Harrison**  
Notary Public

My Commission expires January 31, 2010.

**SUPPLEMENTAL REBUTTAL TESTIMONY  
OF  
BARBARA MEISENHEIMER**

**AMERENUE**

**CLASS COST OF SERVICE AND RATE DESIGN**

**CASE NO. ER-2007-0002**

1     **Q.     PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2     A.     Barbara A. Meisenheimer, Chief Utility Economist, Office of the Public Counsel,  
3             P. O. 2230, Jefferson City, Missouri 65102.

4     **Q.     HAVE YOU TESTIFIED PREVIOUSLY IN THIS CASE?**

5     A.     Yes, I submitted direct testimony on cost of service and rate design issues on  
6             December 29, 2006 and rebuttal testimony on February 5, 2007.

7     **Q.     WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL TESTIMONY?**

8     A.     The purpose of my supplemental rebuttal testimony is to present Public Counsel's  
9             updated class cost of service (CCOS) studies.

1       **Q.       DO YOU HAVE A CORRECTION TO YOUR DIRECT TESTIMONY?**

2       A.       Yes. The classes referenced on pages 5 and 6 of my direct testimony incorrectly  
3               list the customer classes used in my CCOS studies. For both studies of the  
4               AmerenUE system, I used a Residential Class (RES), a Small General Service  
5               Class (SGS), a Large General Service Class (LGS), a Small Primary Service  
6               Class (SPS), a Large Primary Service Class (LPS) and a Large Transmission  
7               Class (LTS). These classes are intended to correspond to those used by  
8               AmerenUE and the Staff.

9       **Q.       HAVE YOU COMPLETED AN ADDITIONAL UPDATE OF YOU CCOS STUDIES SINCE**  
10       **FILING REBUTTAL TESTIMONY?**  
11

12       A.       Yes. In rebuttal I indicated that I anticipated receiving additional data request  
13               responses for the Company and that I might update my studies based on those  
14               responses. Schedule SUP-REB BAM-1 and SUP-REB BAM-2 illustrate the  
15               results of my updated studies.

16       **Q.       PLEASE DESCRIBE THE CHANGES TO YOUR STUDY.**

17       A.       I updated the CCOS studies to reflect consideration of the DR responses I  
18               received from AmerenUE regarding the allocation of customer service and  
19               customer sales expenses. Based on discussion with the other parties that occurred  
20               subsequent to rebuttal testimony, I also allocated net off-system sales revenue in  
21               both studies and transmission related accounts in the nonTOU version of my  
22               study based on production demand.

1       **Q.     DID THE RESULTS SUBSTANTIALY CHANGE YOUR CONCLUSIONS REGARDING**  
2               **COSTS OR YOUR RATE DESIGN RECOMMENDATIONS?**

3       **A.     No.**

4       **Q.     DOES THIS CONCLUDE YOUR TESTIMONY?**

5       **A.     Yes.**

OPC CCOS Study Summary TOU Production Allocator

		TOTAL	RES	SGS	LGS	SPS	LPS	LTS
1	O & M EXPENSES	1,485,173,603	602,260,765	154,470,089	303,837,538	147,811,203	149,251,782	127,542,226
2	DEPREC. & AMORT. EXPENSE	289,611,658	132,459,098	34,742,178	56,776,166	24,635,011	24,604,604	16,394,600
3	TAXES	382,136,516	164,106,100	42,159,549	78,107,704	35,272,664	35,787,787	26,702,711
4								
5	TOTAL EXPENSES AND TAXES	2,156,921,777	898,825,964	231,371,817	438,721,408	207,718,878	209,644,173	170,639,537
6		27,250,223	11,376,235	2,929,462	5,555,903	2,610,236	2,642,496	2,135,890
7	CURRENT RATE REVENUE	2,040,378,586	883,572,678	239,245,364	437,788,646	185,248,100	158,871,485	135,652,313
8	OFFSETTING REVENUES:							
9	Reveue Credits	377,409,799	142,041,759	38,582,756	82,055,393	39,230,423	39,807,844	35,691,624
10								
11	Total Offsetting Revenues	404,660,022	153,417,995	41,512,218	87,611,296	41,840,659	42,450,341	37,827,514
12								
11	TOTAL CURRENT REVENUE	2,445,038,608	1,036,990,673	280,757,582	525,399,942	227,088,758	201,321,826	173,479,827
12	CLASS % OF CURRENT REVENUE	100.00%	42.41%	11.48%	21.49%	9.29%	8.23%	7.10%
13								
14	OPERATING INCOME	288,116,831	138,164,709	49,385,764	86,678,534	19,369,881	(8,322,347)	2,840,290
15								
16	TOTAL RATE BASE	5,129,974,972	2,191,995,984	562,501,732	1,053,550,906	474,258,169	483,719,801	363,948,380
17								
18	IMPLICIT RATE OF RETURN	5.62%	6.30%	8.78%	8.23%	4.08%	-1.72%	0.78%
19								
20	EQUAL RATE OF RETURN	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%
21								
22	REQUIRED OPERATING INCOME							
23	Equalized (OPC) Rates of Return	288,116,831	123,109,945	31,592,009	59,171,000	26,635,951	27,167,348	20,440,578
24								
25	TOTAL COST OF SERVICE	2,445,038,608	1,021,935,909	262,963,826	497,892,408	234,354,828	236,811,521	191,080,115
26	CLASS % of COS	100.00%	41.80%	10.75%	20.36%	9.58%	9.69%	7.82%
27								
28	MARGIN REVENUE REQUIRED							
29	to Equalize Class ROR - Revenue Neutral	2,445,038,608	1,021,935,909	262,963,826	497,892,408	234,354,828	236,811,521	191,080,115
30								
31	COS INDICATED REVENUE NEUTRAL SHIFT	(0)	(15,054,764)	(17,793,755)	(27,507,534)	7,266,070	35,489,695	17,600,288
32	% REVENUE NEUTRAL RATE INCREASE	0.00%	-1.70%	-7.44%	-6.28%	3.92%	22.34%	12.97%
33	CLASS % OF REVENUE AFTER REVENUE SHIFT	100.00%	42.57%	10.85%	20.11%	9.44%	9.53%	7.51%

OPC CCOS Study Summary - A&3CP Production Demand Allocator

		TOTAL	RES	SGS	LGS	SPS	LPS	LTS
1	O & M EXPENSES	1,485,173,603	627,187,192	157,094,863	298,010,241	142,440,537	141,529,475	118,911,295
2	DEPREC. & AMORT. EXPENSE	289,611,658	139,830,387	35,524,663	55,056,468	23,043,249	22,318,612	13,838,279
3	TAXES	382,136,516	175,698,759	43,371,144	75,392,403	32,780,040	32,199,730	22,694,440
4								
5	TOTAL EXPENSES AND TAXES	2,156,921,777	942,716,338	235,990,670	428,459,112	198,263,826	196,047,817	155,444,014
6		27,250,223	11,953,464	2,989,946	5,420,789	2,486,034	2,463,780	1,936,210
7	CURRENT RATE REVENUE	2,040,378,586	883,572,678	239,245,364	437,788,646	185,248,100	158,871,485	135,652,313
8	OFFSETTING REVENUES:							
9	Reveue Credits	377,409,799	153,870,235	40,618,035	79,625,212	36,849,416	35,844,187	30,602,714
10								
11	Total Offsetting Revenues	404,660,022	165,823,699	43,607,981	85,046,001	39,335,450	38,307,967	32,538,924
12								
11	TOTAL CURRENT REVENUE	2,445,038,608	1,049,396,378	282,853,345	522,834,647	224,583,549	197,179,452	168,191,237
12	CLASS % OF CURRENT REVENUE	100.00%	42.92%	11.57%	21.38%	9.19%	8.06%	6.88%
13								
14	OPERATING INCOME	288,116,831	106,680,039	46,862,675	94,375,535	26,319,724	1,131,635	12,747,223
15								
16	TOTAL RATE BASE	5,129,974,972	2,348,557,446	578,796,286	1,016,841,425	440,633,213	435,287,692	309,858,910
17								
18	IMPLICIT RATE OF RETURN	5.62%	4.54%	8.10%	9.28%	5.97%	0.26%	4.11%
19								
20	EQUAL RATE OF RETURN	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%
21								
22	REQUIRED OPERATING INCOME							
23	Equalized (OPC) Rates of Return	288,116,831	131,902,969	32,507,167	57,109,271	24,747,459	24,447,236	17,402,730
24								
25	TOTAL COST OF SERVICE	2,445,038,608	1,074,619,307	268,497,837	485,568,382	223,011,285	220,495,053	172,846,743
26	CLASS % of COS	100.00%	43.95%	10.98%	19.86%	9.12%	9.02%	7.07%
27								
28	MARGIN REVENUE REQUIRED							
29	to Equalize Class ROR - Revenue Neutral	2,445,038,608	1,074,619,307	268,497,837	485,568,382	223,011,285	220,495,053	172,846,743
30								
31	COS INDICATED REVENUE NEUTRAL SHIFT	(0)	25,222,930	(14,355,508)	(37,266,265)	(1,572,265)	23,315,601	4,655,507
32	% REVENUE NEUTRAL RATE INCREASE	0.00%	2.85%	-6.00%	-8.51%	-0.85%	14.68%	3.43%
33	CLASS % OF REVENUE AFTER REVENUE SHIFT	100.00%	44.54%	11.02%	19.63%	9.00%	8.93%	6.88%