

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

In the Matter of Union Electric Company	)	
d/b/a Ameren Missouri's Tariffs to	)	<b><u>Case No. ER-2012-0166</u></b>
Increase Its Annual Revenues for	)	
Electric Service	)	

**STAFF'S RESPONSE TO AMEREN MISSOURI'S MOTION TO STRIKE  
SURREBUTTAL TESTIMONY OF DAVID MURRAY  
AND MOTION FOR EXPEDITED TREATMENT**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its response to Ameren Missouri's *Motion to Strike Surrebuttal Testimony of David Murray Regarding His Proposed Adjustment to Ameren Missouri's Cost of Debt and Motion for Expedited Treatment*, states as follows:

1. This matter is a general rate case filed by Union Electric Company doing business as Ameren Missouri on February 3, 2012. Pursuant to procedural orders issued by the Commission, surrebuttal and cross-surrebuttal testimony was filed on September 7, 2012.

2. Among the pieces of prepared testimony filed by Staff was the Surrebuttal Testimony of David Murray, Staff's expert financial analyst.

3. On September 11, 2012, Ameren Missouri filed its *Motion to Strike* a portion of the testimony of Mr. Murray, alleging that he had improperly introduced "a significant new adjustment to the Company's cost of service . . . for the first time in surrebuttal testimony[.]"

4. A review of the passage to which Ameren Missouri objects, page 24, line 16, through page 26, line 15, reveals that Ameren Missouri has mischaracterized the testimony in question. Mr. Murray has not changed his position on

Ameren Missouri's cost of debt for the purposes of this case, as Ameren Missouri asserts, but has indicated that a downward adjustment might be necessary in the future. For example, at page 25, lines 2-3, Mr. Murray states, "Staff has not ruled out the possibility of making a downward adjustment to Ameren Missouri's cost of debt." Likewise, at page 25, lines 11-16, Mr. Murray states:

Because Staff believes Ameren Missouri could have a credit rating as high as an 'A-' absent its affiliation with Ameren's other operations, Staff would likely recommend the Commission reduce Ameren Missouri's embedded cost of debt by 76 basis points, consistent with the spread Mr. Hevert provided in Table 5, on page 23 of his rebuttal testimony. This would result in an embedded cost of debt of 5.12% as compared to Ameren Missouri's actual cost of debt of 5.885%.

These statements refer to possible future action and do not constitute a change to Mr. Murray's recommendation in this case.

5. However, although Staff has demonstrated that Ameren Missouri's *Motion to Strike* is without merit, in the interests of reducing the contentiousness now characterizing this case, Staff will consent to the striking of page 24, line 20, through page 25, line 16, from Mr. Murray's Surrebuttal Testimony, which is the portion of the testimony designated by Ameren Missouri that actually pertains to the possible future adjustment of Ameren Missouri's cost of debt. The remainder of the testimony at issue is responsive to Ameren Missouri witness Hevert's testimony regarding his concern about the impact on Ameren Missouri's credit rating of a certain possible allowed return on common equity ("ROE"). Staff believes it is important for the Commission to understand that Ameren Corporation has compromised Ameren Missouri's credit ratings and financial flexibility due to certain financing arrangements.

6. Staff consents to the determination of this matter on an expedited basis.

**WHEREFORE**, Staff states that it consents to the striking of the passage in question from the Surrebuttal Testimony of David Murray, specifically page 24, line 20, through page 25, line 16.

Respectfully submitted,

s/ Kevin A. Thompson  
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Public Service Commission

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **12<sup>th</sup> day of September, 2012**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

**s/ Kevin A. Thompson**

**Certificate of Service**

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **12<sup>th</sup> day of September, 2012**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

s/ Kevin A. Thompson