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Exhibit No.: 042 Issues: Witness: Sponsoring Party:

Economic Retention Rider; Economic Redevelopment and Retention Rider Robert J. Mill Union Electric Company Type of Exhibit: Surrebuttal Testimony Case No.: ER-2007-0002 Date Testimony Prepared: February 27, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2007-0002

SURREBUTTAL TESTIMONY

OF

ROBERT J. MILL

ON

BEHALF OF

UNION ELECTRIC COMPANY d/b/a AmerenUE

St. Louis, Missouri February, 2007

Amerentie Exhibit No._____ Case No(s).______ 29/07 Date

1	SURREBUTTAL TESTIMONY		
2		OF	
3		ROBERT J. MILL	
4		CASE NO. ER-2007-0002	
5	Q.	Please state your name and business address.	
6	А.	My name is Robert J. Mill. My business address is One Ameren Plaza, 1901	
7	Chouteau Avenue, St. Louis, Missouri 63166-6149.		
8	Q.	Are you the same Robert J. Mill that filed Direct and Rebuttal Testimony	
9	in this proceeding?		
10	А.	Yes, I am.	
11	Q.	What is the purpose of your Surrebuttal Testimony in this proceeding?	
12	А.	I am responding to a portion of the Rebuttal Testimony of Barbara A.	
13	Meisenheimer, submitted on behalf of the Office of Public Counsel, where she indicates		
14	concern with the proposed Economic Redevelopment Rider and the Economic Development		
15	5 and Retention Rider ("Economic Development Tariffs"). Regarding these Economic		
16	6 Development Tariffs, Ms. Meisenheimer indicates that any discounts should be funded by		
17	7 AmerenUE shareholders.		
18	Q.	What is your view regarding the treatment of any discounts provided to	
19	eligible customers pursuant to these Economic Development Tariffs?		
20	А.	The Company's proposal would result in shareholders funding such discounts	
21	until a future rate case. Any discounts from AmerenUE standard rates or from application of		
22	its existing terms and conditions for eligible customers under the proposed Economic		
23	Development	Tariffs will first be borne by shareholders until such time as the next electric	

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Surrebuttal Testimony of Robert J. Mill

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1	rate case when such discounts (or revenue deficiency) will be reflected in the proposed		
2	revenue requirement and in the proposed rates for customers.		
3	Q.	Why do you believe your proposed treatment of any discounts provided	
4	to eligible customers pursuant to these Economic Development Tariffs is fair?		
5	Α.	The initial bearing of Economic Development discounts by shareholders and	
6	subsequent reflection of these discounts in rates after the completion of the Company's next		
7	rate case, as described in my previous answer, provides the proper balance that will guide		
8	AmerenUE's economic development team to be prudent with the offering of any such		
9	discounts or benefits so they fully comply with the terms of the Economic Development		
10	Tariffs and are not excessive.		
11	Q.	Is your proposed treatment of discounts consistent with the treatment	
12	afforded the former AmerenUE Economic Development Rider?		
13	Α.	Yes. That is my understanding.	
14	Q.	Do you believe customer additions and retentions occurring as a result of	
15	the Economic Development Tariffs benefit other AmerenUE customers?		
16	Α.	Absolutely. AmerenUE customers as a whole benefit from economic	
17	development successes to the extent that AmerenUE receives an amount above its short-run		
18	marginal costs on sales of electricity to such new or expanding customers, thus providing a		
19	contribution to fixed costs. However, absent these discounts affected customers may choose		
20	to locate or relocate their facilities outside the Company's service territory and existing		
21	customers would not receive the benefit of lower rates resulting from the previously		
22	mentioned added contribution to fixed costs. Additionally, such customers are typically		
23	making large investments and are expected to continue to provide benefits to the system well		

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Surrebuttal Testimony of Robert J. Mill

- 1 beyond the life of any temporary incentive program. Lastly, the communities in which such
- 2 development activities occur will see benefits by retaining or increasing jobs and tax base.
- 3 Because of the many system benefits that these discounts provide, it is completely
- 4 appropriate for them to be reflected in the calculation of future rates, as opposed to the

5 discounts from these Riders being borne or funded by shareholders.

- 6 Q. Does this conclude your Surrebuttal Testimony?
- 7 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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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 ROBERT J. MILL

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

My commission expires: γ

CAROLYN J. WOODSTOCK Notary Public - Notary Scal STATE OF MISSOURI Franklir, County My Commission & Colory May 19, 2008

Robert J. Mill, being first duly sworn on his oath, states:

1. My name is Robert J. Mill. I work in St. Louis, Missouri and I am employed

as Director of the Regulatory Policy and Planning Department of Ameren Services Company, a subsidiary of Ameren Corporation.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal

Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 3 pages, which has been prepared in written form for introduction into evidence in the abovereferenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony

to the questions therein propounded are true and correct.

Joshtan Subscribed and sworn to before me this 27 day of February, 2007.

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