

Exhibit No.:  
Witness: Richard J. Kovach  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Union Electric Company  
d/b/a AmerenUE  
Case No.: GT-2002-70  
Date Testimony Prepared: October 12, 2001

**FILED<sup>2</sup>**

OCT 15 2001

Missouri Public  
Service Commission

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GT-2002-70

DIRECT TESTIMONY

OF

RICHARD J. KOVACH

MISSOURI PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

In the Matter of the Tariff Filing of Union Electric )  
Company d/b/a AmerenUE to Incorporate into the )  
Company's Tariff a Revised Procedure for the )  
Development of Estimated Customer Natural Gas ) Case No. GT-2002-70  
Usage and Clarify and Update the Tariff Provisions )  
Describing the Company's Current Process for )  
Estimating Customer Gas Usage )

AFFIDAVIT OF RICHARD J. KOVACH

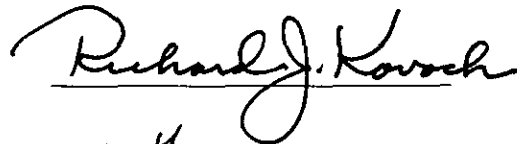
STATE OF MISSOURI )  
 ) SS.  
CITY OF ST. LOUIS )

Richard J. Kovach, being first duly sworn on his oath, states:

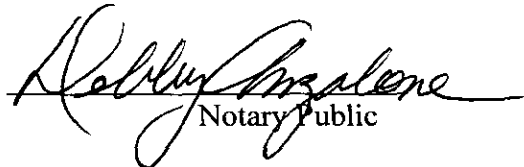
1. My name is Richard J. Kovach I work in the City of St. Louis, Missouri, and I am the Manager of the Rate Engineering Department of Ameren Services Company.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony consisting of pages 1 through 6, Appendix 1, and Schedules 1 through 3, all of which testimony has been prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. GT-2002-70 on behalf of Union Electric Company.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.



Subscribed and sworn to before me this 12<sup>th</sup> day of October 2001.

  
Notary Public

DEBBY ANZALONE  
Notary Public - Notary Seal  
STATE OF MISSOURI  
St. Louis County  
My Commission Expires: April 18, 2002

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**DIRECT TESTIMONY**  
**OF**  
**RICHARD J. KOVACH**  
**UNION ELECTRIC COMPANY**  
**d/b/a AmerenUE**  
**CASE NO. GT-2002-70**

**Q. Please state your name and business address.**

A. My name is Richard J. Kovach. My business address is 1901 Chouteau Avenue, St. Louis, Missouri, 63103.

**Q. Please state your occupation and by whom you are employed.**

A. I am the Manager of the Rate Engineering Department at Ameren Services Company.

**Q. Please describe Ameren Services Company.**

A. Ameren Services is a subsidiary of Ameren Corporation which provides various administrative and technical support services for its parent and other subsidiaries including Union Electric Company (UE or Company), doing business as AmerenUE.

1           **Q.    Please describe your educational background, work**  
2 **experience, current duties, responsibilities and professional affiliations.**

3           A.    This information is summarized in Appendix 1 of my testimony.

4

5           **Q.    What is the purpose of your Direct Testimony in this case?**

6           A.    My testimony in this case will present the revised gas tariffs filed  
7 by UE on July 30, 2001 and an explanation of why such tariffs were filed. I will  
8 also present the revisions to these tariffs which evolved from an August 22, 2001  
9 meeting among the parties to this case. Those revised tariffs were attached to  
10 the Staff Recommendation filed with the Commission on September 24, 2001.

11

12           **Q.    Please explain why UE filed revised gas tariff sheets No. 56**  
13 **and No. 57 on July 30, 2001.**

14           A.    Earlier in the year the Company was contacted by the Staff  
15 regarding the incorporation of a heating degree day (HDD) temperature measure  
16 into its gas estimation procedures. After reviewing the general potential for this  
17 enhancement of its estimation process, the Company committed to implement  
18 such a process prior to the 2001-02 heating season. Over the course of the  
19 summer, the Company reviewed several methods for incorporating the HDD  
20 measure into its gas estimation process and informally kept the Staff apprised of  
21 its progress. Ultimately, the Company selected an estimation methodology that  
22 a) resulted in gas usage estimates that are fair to customers, and b) could be

1 reasonably and easily explained to customers by the Company's Call Center  
2 employees. The Company filed tariffs to implement this new methodology on  
3 July 30, 2001, and these tariffs are attached as Schedule RJK-1 of my testimony.

4  
5 **Q. Please describe the general nature and results of the meeting**  
6 **of the parties on August 22, 2001.**

7 A. I met with several representatives of the parties to this case on  
8 that date. During that discussion several suggestions were made as to how the  
9 Company's proposed tariffs could be improved and clarified. Following that  
10 meeting, redrafting of the Company's originally filed tariffs resulted in the tariffs  
11 contained in the Staff Recommendation of September 24, 2001. The Staff  
12 Recommendation is attached as Schedule RJK-2 of my testimony.

13  
14 **Q. Was an internal Memorandum filed as a part of the Staff's**  
15 **Recommendation?**

16 A. Yes, it was.

17  
18 **Q. Does the Staff Memorandum maintain that the Company's**  
19 **originally filed gas tariffs be withdrawn and the revised tariffs attached**  
20 **thereto be filed instead?**

21 A. Yes, that is the Staff's recommendation. While the Company has  
22 not yet taken such action, the revised tariffs attached to the Staff's

1 recommendation are acceptable to the Company. These tariffs are attached as  
2 Schedule RJK-3 of my testimony.

3

4 **Q. Have all of the parties to this case accepted the revised tariffs**  
5 **attached to the Staff's Recommendation?**

6 A. No. The Office of the Public Counsel (OPC), the only other  
7 party to this case, has not accepted these tariffs.

8

9 **Q. What do you understand OPC's position to be with respect to**  
10 **these revised tariffs?**

11 A. OPC's position, as I understand it, is to supplement these tariffs  
12 with additional language, but not to revise any of their current content. In their  
13 request to the Commission to further suspend the Company's proposed tariffs,  
14 OPC indicated a belief that the revised tariffs attached to the Staff  
15 Recommendation should also contain the Company's bill estimation formula and  
16 an example illustrating the application of the formula.

17

18 **Q. Do you feel that formulas and calculated examples, such as**  
19 **those you understand are desired by OPC, should be included in the**  
20 **Company's natural gas tariffs?**

21 A. No, I don't. The Company's current gas tariffs do not contain any  
22 formulas affecting customer billings for gas consumption, based upon either

1 actual or estimated gas usage. This being the case, the Company's current gas  
2 tariffs obviously do not contain calculated examples of estimated gas usage. To  
3 go beyond this current level of detail is totally unnecessary for the proper  
4 administration of the Company's tariffs. Including such additional items in the  
5 tariffs would have the effect of unnecessarily burdening the Company's tariffs  
6 with substantial detailed internal processes not intended for tariffs but, rather,  
7 required for the application of the general provisions of the Company's tariffs.

8

9 **Q. Please summarize your general position regarding details**  
10 **such as formulas and examples in the Company's tariffs.**

11 A. It is my opinion that the proper administration of the Company's  
12 natural gas tariffs requires their content to be limited to general, but clear,  
13 statements of its terms and conditions for service, including its rates and rules  
14 and regulations, which have been approved by the Commission. The many  
15 internal processes employed by the Company to meet these approved tariff  
16 provisions are, more often than not, far too detailed to be contained in the  
17 Company's tariff provisions. Including such detail would be of no practical  
18 benefit to any party.

19

20 **Q. Does the Commission periodically audit the Company's**  
21 **natural gas billing processes?**

1           A.     Yes. The Commission periodically audits the Company's internal  
2     billing processes for compliance with its tariffs, and that is the forum within  
3     which any details of the Company's billing process should be examined.

4

5           **Q.     Does this conclude your Direct Testimony?**

6           A.     Yes, it does.

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## QUALIFICATIONS OF RICHARD J. KOVACH

My name is Richard J. Kovach, and I reside in St. Louis County, Missouri.

I received the degrees of Bachelor of Science in Industrial Engineering in 1962 and Master of Engineering Administration in 1967 from Washington University in St. Louis, Missouri.

I was employed as an Assistant Engineer in the Rate and Statistical Department of Union Electric in January 1963. My work in the Department included assignments relating to the general analysis and administration of various aspects of Union Electric's electric, gas and steam rates. From 1966 to 1970, I held various engineering positions in the Corporate Planning, Transmission and Distribution, Engineering and Construction, and Power Operations functions of the Company. In April 1970, I returned to the Corporate Planning Function and was appointed Supervising Engineer - Rates and Planning in that function in February 1973. In the latter position I was responsible for day-to-day rate and tariff administration, conducting studies relative to utility cost-of-service and participation in Union Electric Company rate case proceedings. I was appointed to my present position of Manager of Rate Engineering in April 1975 and to the same position with Ameren Services in 1998.

I currently have responsibility for the general policies and practices associated with the day-to-day administration and design of Union Electric's electric and gas rate tariffs, riders and rules and regulations tariffs on file with the Missouri Public Service Commission and the Illinois Commerce Commission, and in the participation in various proceedings before these regulatory agencies. In addition, Rate Engineering is responsible for conducting class cost-of-service and rate design studies, and the participation in other projects of a general corporate nature, as requested by the Vice President of Corporate Planning.

I am a registered Professional Engineer in the states of Missouri and Illinois. In addition, I am the Ameren Services representative on the Edison Electric Institute (EEI) Economic Regulation & Competition Committee. The EEI Committee provides its membership with current information applicable to various rate design and regulatory concepts, as well as new and proposed state and federal legislation. Its membership consists of the individuals responsible for rate design and administration from virtually every investor-owned utility in the United States.

# UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

## VIII. Billing Practices

### A. Monthly Billing Periods

Company will render bills over twelve (12) monthly billing periods in a year, with each bill based upon the service used between regularly scheduled meter readings. While Company's work schedules provide for the orderly reading of all meters over intervals of approximately 30 days, holidays, weekends, inclement weather and other operating constraints may cause the billing interval to vary during various portions of the year.

### B. Inaccessible Meters

Where a meter is inaccessible to the meter reader during scheduled working hours on repeated occasions, such that a customer must arrange for meter reading by appointment to avoid discontinuance of service, the customer may at his own expense have Company relocate the meter to an accessible location, if feasible.

### \*C. Estimated Bills for Full Billing Periods

Monthly bills may be rendered to the Company's natural gas customers based upon estimated gas usage (which may include the use of readings furnished by the customer), where conditions reasonably beyond the control of the Company prevented it from obtaining actual meter readings. Such estimated bills will be determined as follows:

#### a. Single-Month Estimated Bills

A single billing month's estimated natural gas usage will be determined on the basis of the customer's prior month's usage, adjusted by a factor reflecting the difference in weather during the immediately prior and current monthly billing periods. This adjustment factor will be based upon the ratio of the current month to the prior month's natural gas usage of similarly situated customers for which the Company has obtained actual meter readings. Such customers will be located within the same weather reporting area and have the same meter reading dates as the customer whose bill is being estimated.

Where the aforementioned method of estimating natural gas usage cannot be utilized, other reasonable methods may be employed to estimate the gas usage at the customer's premises. These methods may utilize the metered gas usage

\* Indicates Change

DATE OF ISSUE July 30, 2001DATE EFFECTIVE August 29, 2001ISSUED BY C. W. Mueller

President &amp; CEO

Schedule RJK-1

Name of Officer

Title

Page 1 of 2

# UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

## VIII. Billing Practices (Cont'd.)

at the premises from earlier months, customer supplied meter readings, comparable customer gas usage, or other general gas consumption information.

### \*b. Multiple-Month Estimated Bills

In instances of a non-recording meter, requiring the estimation of any customer's natural gas usage for periods of two or more billing months, such estimated usage may be developed considering a combination of several factors. These factors include the actual gas usage at the customer's premises from prior periods, the number of days in the prior and current billing periods, and current and historic weather data from the reporting area within which the customer's premises is located. Comparable customer usage or other general gas consumption information may be used to estimate the gas usage at the customer's premises, where no prior gas usage data is available, or in instances where the customer's gas service is provided under the provisions of a non-residential rate schedule.

### D. Estimated Initial and Final Bills

The Company will normally be granted access to customer's premises for purposes of obtaining initial and final meter readings and the associated connection and disconnection of gas service. However, where such access cannot be obtained, or other conditions beyond the control of Company prevent obtaining an actual meter reading, estimated initial and final bills may be rendered by Company. When obtained, meter readings will be adjusted to customer's service responsibility date. However, customer will be responsible for all gas utilized until access is provided to Company for obtaining actual meter readings and the disconnection of gas service. No final bill will be rendered where the amount of the bill for gas usage is less than \$1.00, except for those accounts where a customer deposit is being refunded to customer.

### E. Budget Billing Plan

Customers who are billed under the Residential Service Classification or General Service Classification with postcard billing and, at the Company's option, certain eleemosynary customers may elect to be billed and pay for all service under Company's Budget Billing Plan provided customer shall have satisfied Company's credit requirements. The provisions of the Budget Billing Plan are as follows:

\* Indicates Change

DATE OF ISSUE July 30, 2001DATE EFFECTIVE August 29, 2001ISSUED BY C. W. Mueller President & CEO  
Name of Officer TitleSchedule RJK-1  
Page 2 of 2

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

In the Matter of the Tariff Filing of Union )  
Electric Company d/b/a AmerenUE to )  
incorporate into the Company's Tariff a )  
Revised Procedure for the Development of )  
Estimated Customer Natural Gas Usage )  
and Clarify and Update the Tariff )  
Provisions Describing the Company's )  
Current Process for Estimating Customer )  
Gas Usage. )

**Case No. GT-2002-70**  
Tariff No. 200200068

**STAFF RECOMMENDATION**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and in response to the Office of the Public Counsel's Motion to Suspend states:

1. On or about July 27, 2001, AmerenUE filed its proposed tariff sheets, its First Revised Sheet No. 56 and 4<sup>th</sup> Revised Sheet No. 57, regarding the treatment of estimated billings for AmerenUE's customers. The proposed tariff sheets have a date of issue of July 30, 2001 and a proposed effective date of August 29, 2001.

2. Upon motion of the Office of the Public Counsel (OPC), the effective date of AmerenUE's proposed tariff sheets was suspended until September 28, 2001.

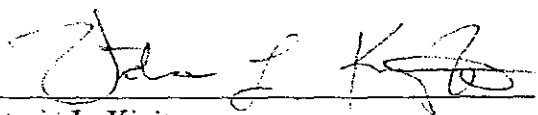
3. On September 21, 2001, the Commission filed an Order Directing Staff, Public Counsel, and AmerenUE to File A Recommendation by September 24, 2001.

3. Thomas M. Byrne, Counsel for AmerenUE, has reviewed the Staff's recommendation, and joins in Staff's recommendation.

WHEREFORE, Staff requests that the Commission further suspend the above-referenced tariff sheets until November 1, 2001, so that AmerenUE may withdraw its tariff sheets that were filed July 27, 2001, and file its revised tariff sheets, in accordance with the attached tariff sheets.

Respectfully submitted,

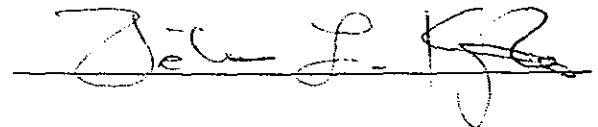
DANA K. JOYCE  
General Counsel

  
Victoria L. Kizito  
Associate General Counsel  
Missouri Bar No. 46244

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-6726 (Telephone)  
(573) 751-9285 (Fax)  
[vkizito@mail.state.mo.us](mailto:vkizito@mail.state.mo.us)

### Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 24th day of September, 2001.



M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File,  
Case No. GT-2002-70, Union Electric Company d/b/a AmerenUE

FROM: <sup>DB WW</sup> Daniel I. Beck, Energy Department - Engineering Analysis JK

Wm T. Wood 9-24-01

John L. Smith 9-24-01

Energy Department/Date

General Counsel's Office/Date

SUBJECT: Staff Recommendation Regarding Modifications to AmerenUE's  
Estimating Procedures Tariff, Tariff No. 200200068

DATE: September 24, 2001

On July 27, 2001, Union Electric Company d/b/a AmerenUE (AmerenUE or Company) filed two tariff sheets to modify it's estimating procedures. This filing was subsequently suspended for thirty days, until September 28, 2001 to permit the parties to negotiate and come to an agreement regarding the revised tariff provisions. Although total agreement has not been reached by all of the parties, agreement for a significant amount of the tariff language has been achieved between the parties. The revised tariff language can be seen in the specimen tariff sheets which are attached. Since the revisions are significant, Staff maintains that Ameren should withdraw the previous filing and file the revised tariff sheets with an effective date that is 30 or more days from the date of the filing.

Although it is Staff's understanding that all of the parties find the language in this specimen tariffs to be acceptable, it is also Staff's understanding that language in addition to the specimen tariffs is being proposed by The Office of the Public Counsel. Staff maintains that the proposed tariff sheets filed on July 27, 2001 should be suspended until November 1, 2001 to allow AmerenUE to file revised tariffs. This period of approximately one month from will also allow other parties to suggest additional language and allow for additional negotiations.

Based on the discussion above, Staff recommends that the Commission suspend the following tariff sheets until November 1, 2001:

P.S.C. MO. No. 2

First Revised SHEET No. 56 Cancelling Original SHEET No. 56  
4th Revised SHEET No. 57 Cancelling 3rd Revised SHEET No. 57

# UNION ELECTRIC COMPANY GAS SERVICE

Applying to

MISSOURI SERVICE AREA

## VIII. Billing Practices

### A. Monthly Billing Periods

Company will render bills over twelve (12) monthly billing periods in a year, with each bill based upon the service used between regularly scheduled meter readings. While Company's work schedules provide for the orderly reading of all meters over intervals of approximately 30 days, holidays, weekends, inclement weather and other operating constraints may cause the billing interval to vary during various portions of the year.

### B. Inaccessible Meters

Where a meter is inaccessible to the meter reader during scheduled working hours on repeated occasions, such that a customer must arrange for meter reading by appointment to avoid discontinuance of service, the customer may at his own expense have Company relocate the meter to an accessible location, if feasible.

### \*C. Estimated Bills for Full Billing Periods

Monthly bills may be rendered to the Company's natural gas customers based upon estimated gas usage (which may include the use of readings furnished by the customer), where conditions reasonably beyond the control of the Company prevented it from obtaining actual meter readings. These conditions include extreme weather, operating and other emergencies, labor agreements, work stoppages, and the Company's inability to gain access to the meter. The Company will provide a copy of customer's estimate, upon request. All estimates are subject to the provisions of Section VII.G. Billing Adjustments, of these Rules and Regulations, and will be determined as follows:

#### a. Single-Month Estimated Bills

A single billing month's estimated natural gas usage will be determined on the basis of the customer's prior month's usage, adjusted by a factor reflecting the difference in weather between the prior and current monthly billing periods. This adjustment factor will be based upon the ratio of the current month to the prior month's natural gas usage of similarly situated customers for which the Company has obtained actual meter readings. For purposes of this application,

\* Indicates Change

DATE OF ISSUE

DATE EFFECTIVE

ISSUED BY

C. W. Mueller

President &amp; CEO

Schedule RJK-2

Name of Officer

Title

Page 4 of 6

# UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

similarly situated customers are those customers within the same rate class, located within the same weather reporting area (e.g., Columbia or Cape Girardeau, MO airport recording stations) and that have meter reading dates approximately the same as the customer whose bill is being estimated.

**\*b. Multiple-Month Estimated Bills**

When it is necessary to estimate any customer's natural gas usage for periods of two or more billing months, such estimated usage will be developed by an analysis of the gas usage at the customer's premises from prior periods, the number of days in the prior and current billing periods, and the current and historic weather data from the reporting station within which the customer's premises is located. The analysis will include a determination of the customer's heating sensitive and non-heating sensitive (base) usage.

**\*c. Other Bill Estimation Methods**

Where the aforementioned methods of estimating natural gas usage cannot be utilized or may not be appropriate for either residential or non-residential customers, other reasonable methods may be employed to estimate the gas usage at the customer's premises. These methods may utilize the metered gas usage at the premises from earlier months, customer supplied meter readings, comparable customer gas usage, or other available gas consumption information.

**\*d. Billing Estimates for Re-Billing Purposes**

In instances associated with a non-registering meter, the Company shall estimate the customer's monthly gas usage in accordance with the provisions of paragraphs (a)-(c) of this Section C, as applicable, for purposes of rebilling the customer.

**D. Estimated Initial and Final Bills**

The Company will normally be granted access to customer's premises for purposes of obtaining initial and final meter readings and the associated connection and disconnection of gas service. However, where such access cannot be obtained, or other conditions beyond the control of Company prevent obtaining an actual meter reading, estimated initial and final bills may be rendered by Company. When obtained, meter readings will be adjusted to customer's service responsibility

\* Indicates Change

DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY \_\_\_\_\_

C. W. Mueller  
Name of Officer

President & CEO  
Title

Schedule RJK-2  
Page 5 of 6



# UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

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## E. Budget Billing Plan

Customers who are billed under the Residential Service Classification or General Service Classification with postcard billing and, at the Company's option, certain eleemosynary customers may elect to be billed and pay for all service under Company's Budget Billing Plan provided customer shall have satisfied Company's credit requirements. The provisions of the Budget Billing Plan are as follows:

DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY William E. Cornelius  
Name of OfficerChairman  
TitleSchedule RJK-2  
Page 6 of 6

# UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

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\* Indicates Change

DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY \_\_\_\_\_

C. W. Mueller  
Name of Officer

President & CEO  
Title

Schedule RJK-3  
Page 1 of 3

# UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

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**\*b. Multiple-Month Estimated Bills**

When it is necessary to estimate any customer's natural gas usage for periods of two or more billing months, such estimated usage will be developed by an analysis of the gas usage at the customer's premises from prior periods, the number of days in the prior and current billing periods, and the current and historic weather data from the reporting station within which the customer's premises is located. The analysis will include a determination of the customer's heating sensitive and non-heating sensitive (base) usage.

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DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY \_\_\_\_\_

C. W. Mueller

Name of Officer

President &amp; CEO

Title

Schedule RJK-3

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# UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

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DATE OF ISSUE \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY William E. Cornelius  
Name of OfficerChairman  
TitleSchedule RJK-3  
Page 3 of 3