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Missouri Public
Service Commission

**DEPOSITIONS
OF
LEASHA TEEL**



BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

THE STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION,

Complainant,

vs.

UNION ELECTRIC COMPANY,
d/b/a AMEREN UE,

Respondent.

)
)
) Case No. EC-2002-1
)
)
)
)
) April 18, 2002
) Jefferson City, Mo

DEPOSITION OF LEASHA TEEL
TAKEN ON BEHALF OF RESPONDENT
APRIL 18, 2002

ORIGINAL

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BEFORE THE PUBLIC SERVICE COMMISSION
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THE STAFF OF THE MISSOURI)
PUBLIC SERVICE COMMISSION,))
Complainant,))
vs.) Cause No: EC-2002-1)
UNION ELECTRIC COMPANY,))
d/b/a AMEREN UE,))
Respondent.) April 18, 2002)
Jefferson City, Mo)

DEPOSITION OF LEASHA S. TEEL, produced,
sworn, and examined on the 18TH day of APRIL,
2002, between the hours of eight o'clock in the
forenoon of that day and six o'clock in the
afternoon of that day at the offices of MISSOURI
PUBLIC SERVICE COMMISSION, 200 Madison, State of
Missouri, before PAIGE E. KRUSE, a Professional
Shorthand Reporter and Notary Public within and
for the State of Missouri, in the City of
Jefferson, County of Cole, State of Missouri,
taken on behalf of Respondent.

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ALSO PRESENT FROM THE PUBLIC SERVICE COMMISSION
Joan Londale
Greg Meyer

1 LEASHA S. TEEL,
2 of lawful age, being first duly sworn to tell
3 the truth, the whole truth, and nothing but the
4 truth, deposes and says in behalf of the
5 Respondent, as follows:

6
7 DIRECT EXAMINATION
8 QUESTIONS BY MR. WOLSKI:

9 Q. Ms. Teel, welcome back. As you
10 remember when we did your deposition in
11 November, I'm sure you're aware of the format
12 we're following here. I'm going to ask you a
13 few basic questions that we ask everyone just to
14 get it on the record. One thing, understand
15 when I'm asking you questions from time-to-time
16 your counsel -- and which are you being
17 represented by, Mr. Meyer or Mr. Franson?

18 MR. FRANSON: Actually, she's being
19 represented by both of us, but the lead is Mr.
20 Meyer.

21 BY MR. WOLSKI:

22 Q. From time-to-time it's possible that
23 Mr. Meyer or Frason might pose an objection to a
24 question I've phrased to you. But unless he
25 orders you not to answer the question and

1 specifically instructs you not to, you should
2 answer it any way. The objection is being made
3 for purposes of the record. Do you understand
4 that?

5 A. Yes.

6 Q. And feel free if you don't understand
7 one of my questions ask for clarification of
8 it. You can also ask the court reporter to read
9 back the question if you need to hear it again.
10 If you don't ask for clarification of the
11 question, I will assume you understood the
12 question as it was phrased. Is that clear?

13 A. Yes.

14 Q. Is there any reason at all why you
15 would not be able to give truthful and accurate
16 testimony to the best of your recollection in
17 today's deposition?

18 A. No.

19 Q. Do you have any medical condition or
20 problems that might interfere with your ability
21 to give truthful and accurate testimony in
22 today's deposition?

23 A. No.

24 Q. Are you currently taking any drugs or
25 other medication that might interfere with your

1 ability to give truthful and accurate testimony
2 in today's deposition?

3 A. No.

4 MR. WOLSKI: If we could go around the
5 room and introduce ourselves for the record. We
6 will begin with the witness.

7 THE WITNESS: I'm Leasha Teel. I'm
8 with the Public Service Commission.

9 MR. MEYERS: David Meyers with the
10 Public Service Commission.

11 MR. FRANSON: Robert Franson, Public
12 Service Commission.

13 MR. WEISS: Gary Weiss, Supervisor
14 Regulator Accounting, Ameren.

15 MR. WOLSKI: Victor Wolski from Cooper
16 & Kirk representing Ameren.

17 MS. LONDALE: Joan Londale. I'm with
18 the Public Service Commission.

19 MR. MEYER: Greg Meyer with the
20 Commission Staff.

21 BY MR. WOLSKI:

22 Q. Ms. Teel, could you explain the steps
23 you took to prepare for today's deposition?

24 A. I read over my supporting material; my
25 testimony; my testimony filed July 1st and July

1 2nd and March 1st and my previous deposition.

2 Q. Are there any other documents that you
3 reviewed for this deposition?

4 A. I also looked over the data requests
5 that the company asked me and some report and
6 orders.

7 Q. The last one you said some report --

8 A. Report and orders.

9 Q. Do you remember which ones those were?

10 A. The ones that are mentioned in my
11 testimony.

12 Q. And none others than what's been
13 mentioned in the testimony?

14 A. No.

15 Q. Other than legal counsel, has anyone
16 on the staff discussed with you what was
17 expected to change from your previous testimony
18 of July to your new testimony in March?

19 A. Could you repeat that?

20 Q. Sure.

21 A. I'm sorry.

22 Q. I probably could have asked it better
23 than that. Other than legal counsel and the
24 staff, had any staff members of the Public
25 Service Commission staff discussed with you what

1 you would need to do to update or modify your
2 testimony from the version that was filed in
3 July to get the version that was filed in March?

4 A. Greg Meyer, Steve Rackers and Mark
5 Orgslinger (phonetic).

6 Q. Did they give you specific advice on
7 how to update your testimony?

8 A. No. Grammar, punctuation, things of
9 that nature in updating the testimony.

10 Q. Did any other staff members discuss
11 with you whether the specific adjustments and
12 the sizes of the adjustments that you proposed
13 in your testimony would be changing from the
14 July testimony to the March testimony?

15 A. Repeat that question one more time.

16 Q. Did any staff members discuss with you
17 whether any of the specific numbers or specific
18 adjustments that were contained in your July
19 testimony would be changing when you refiled
20 your testimony in March?

21 A. No.

22 Q. Could you explain the general process
23 that you followed to update your testimony from
24 the July version to the March version?

25 A. I asked data requests and preformed an

1 audit, updated my schedules and that's how the
2 update from the July testimony to the March
3 testimony took place.

4 Q. Did anyone on the staff discuss with
5 you prior to writing your testimony for the
6 March filing how much your numbers by the size
7 of your adjustments would be changing --

8 A. No.

9 Q. -- from the previous testimony?

10 A. No.

11 Q. So nobody had any discussions with
12 you?

13 A. Can you clarify that?

14 Q. For instance, let's say there was an
15 adjustment of x dollars for advertising in your
16 July testimony. This is a hypothetical, did any
17 staff member come and say are you still at x
18 dollars for your adjustment for advertising?
19 How does your adjustment for advertising look
20 this time around? Were there any discussions of
21 that nature?

22 A. They asked me what my adjustment
23 number was. That was it.

24 Q. Once you reached it, not prior to your
25 new calculation; correct?

1 A. No. Not prior to my new calculation,
2 no.

3 Q. Do you know the total size of the
4 revenue reduction that's proposed by the staff
5 in this case?

6 A. I know of the general number. I don't
7 know the exact number.

8 Q. And generally, what's your
9 understanding of what it is?

10 A. I just know it's a large number.

11 Q. Do you have any ball park estimate of
12 how big it is?

13 A. I believe over \$200 million.

14 Q. And that's annually?

15 A. Don't know.

16 Q. Do you know how much the adjustments
17 that you're proposing would reduce the revenue
18 of Ameren? Just your particular items.

19 A. No.

20 Q. In preparing your testimony, have you
21 considered what the impact of the revenue
22 reduction -- the overall revenue reduction posed
23 by staff would be on UE's ability to invest in
24 infrastructure?

25 A. No.

1 Q. On UE's ability to invest in
2 generation?
3 A. No.
4 Q. On the stock price of UE?
5 A. No.
6 Q. That would be the stock price of
7 Ameren.
8 A. No.
9 Q. On Ameren's attractiveness for a
10 possible takeover by another company?
11 A. No.
12 Q. Had you considered the impact of
13 staffs overall revenue reduction that's produced
14 on economic development on the State of
15 Missouri?
16 A. No.
17 Q. How about the impact of the particular
18 adjustments that you're recommending, in doing
19 your testimony had you considered the impact of
20 these adjustments on UE's ability to invest
21 infrastructure?
22 A. No.
23 Q. Or on UE's ability to invest in
24 generation?
25 A. No.

1 Q. Have you considered the impact of the
2 adjustments you're proposing on the stock price
3 of Ameren?

4 A. No.

5 Q. Have you considered the impact of the
6 adjustments you're proposing on Ameren's
7 attractiveness for a possible takeover by
8 another company?

9 A. No.

10 Q. The impact on economic development on
11 the State of Missouri?

12 A. No.

13 Q. Do you know how the total dollar
14 magnitude of the adjustments that you proposed
15 with your March testimony compared to those that
16 you proposed in July?

17 A. Clarify that.

18 Q. Do you know if the size of the
19 adjustments you are recommending this time
20 around is larger or smaller than the total size
21 of the adjustment that you were proposing in
22 July?

23 A. I specifically did not go and look and
24 list my March 1 next to my July 1 and go larger,
25 smaller, larger smaller, no.

1 Q. So overall you wouldn't know if the
2 consequence of your update you're suggesting a
3 larger or a smaller revenue reduction with your
4 second testimony compared to the first?

5 A. No.

6 Q. And for purposes of looking at
7 revenues or expenses of the utility in a rate
8 making proceeding, does the term abnormality
9 have any particular meaning to you?

10 A. Can you expand on that?

11 Q. Well, are you aware that the term
12 abnormality would have any particular definition
13 in the context of the revenue or expenses of the
14 utilities that are being reviewed in the course
15 of doing a rate making?

16 A. I'm still not understanding the
17 question. I know the definition of the word.

18 Q. What is your understanding of the
19 definition of abnormality?

20 A. An abnormality is something that is
21 not normal.

22 Q. If you were looking at expenses of the
23 utility in a rate case, how would you determine
24 whether or not an expense was an abnormality
25 that needed to be adjusted?

1 A. I could look at previous cases with
2 that utility and see if those expenditures were
3 there that would make them a recurring expense
4 or see if they weren't there.

5 Q. So you would look to see if it was a
6 one time nonrecurring expense? Is that one way
7 you would determine an abnormality?

8 A. I would just be able to go back
9 through the books and look and see -- that would
10 be the first step, to go look and see if that
11 expenditure was there. I could ask a staff
12 member or I could ask the company.

13 Q. Does the term unreasonable item have
14 any particular meaning or definition in the
15 context of the review of the utility revenues or
16 expenses in rate making?

17 A. Could you give an example?

18 Q. The determination that Expense X
19 constituted an unreasonable item that should
20 have a particular treatment in a rate case.
21 Does that mean anything to you?

22 A. No.

23 Q. How about unusual item, does the term
24 unusual item mean anything or have any
25 particular definition in the context of a rate

1 case?

2 A. Yes.

3 Q. What would that be?

4 A. Unusual item is something that's not
5 normal, it's different.

6 Q. Is there a particular process you
7 would go through to determine whether or not it
8 was unusual?

9 A. The same that I listed before. I
10 would look at previous years cases or ask staff
11 or ask the company.

12 Q. And you mentioned earlier nonrecurring
13 expense, what is your definition of a one time
14 nonrecurring expense?

15 A. The expense happened once and the
16 expenditure was that one time and never again.

17 Q. And is it your understanding that such
18 expenses would or would not be included for
19 purposes of determining the revenue requirement
20 of the company?

21 A. I don't know. I would have to deal
22 with that on a case-by-case basis.

23 Q. So that for utility in a rate case
24 sometimes a nonrecurring expense would be
25 included and sometimes it wouldn't?

1 A. I don't know.

2 Q. In a rate making would the term
3 extraordinary expense have any particular
4 meaning?

5 A. Yes.

6 Q. What would that be?

7 A. An extraordinary expense would again,
8 be similar to an unusual expense. It would be
9 out of the ordinary.

10 Q. And what would be the procedure that
11 you would use to determine whether an expense
12 fell into that category?

13 A. Again, I could look at previous
14 cases. I could talk with the staff and talk
15 with the company.

16 Q. Now, if you determined that an expense
17 in a rate case were an abnormality or an
18 unreasonable item or unusual item or a one time
19 nonrecurring expense or an extraordinary
20 expense, would your treatment of that item
21 differ based on which of those five categories
22 it fell into or would it be --

23 A. I don't know.

24 Q. For instance, a one time nonrecurring
25 expense, you said that sometimes it would be

1 included for the revenue requirement and
2 sometimes it wouldn't. How would you determine
3 whether or not a one time nonrecurring expense
4 would be included for purposes of determining
5 the revenue requirement?

6 A. Could you rephrase that question?

7 Q. Sure. Earlier you had said that a one
8 time nonrecurring expense on a case-by-case
9 basis you would determine whether or not it
10 would be included in rate case for revenue
11 requirement purposes. And my questions is what
12 would be the process or the tests that you would
13 use to determine whether or not a one time
14 nonrecurring expense should go into the revenue
15 requirement?

16 A. Again, I would have to look at
17 previous cases, talk to the company and talk
18 with staff.

19 Q. So it's conceivable that you would
20 after going through that process to determine
21 that that expense should be eliminated from the
22 revenue requirement?

23 A. After that time period I would
24 evaluate the books, would talk with staff, talk
25 with the company and determine the

1 reasonableness of that adjustment that I was
2 going to be making.

3 Q. Now, if the expense were prudently
4 incurred by the company, there was no question
5 it was necessary to provide the service --
6 provide the utility service to the rate payers,
7 is there any circumstance in which you would
8 recommend eliminating that expense from the
9 revenue requirement?

10 A. Rephrase your question or give an
11 example.

12 Q. The example is that after the
13 September 11th terror attacks all utilities in
14 the State of Missouri decide to make a basic
15 change to their -- we won't talk about all
16 utilities. One particular utility up before you
17 in a rate case has to make a particular
18 adjustment to their security system and they've
19 never made that adjustment before, they'll
20 probably never make that adjustment again. It's
21 the only time they're going to do it, yet, it's
22 clear that it's a prudently incurred expense.
23 How do you determine whether that was an expense
24 that should be eliminated from the revenue
25 requirement or should be amortized over a time

1 period or should be included every year? How
2 would you go about that?

3 A. Based on this assumption?

4 Q. Yes.

5 A. I would have to talk with staff, talk
6 with the company, look at previous cases and see
7 if there are any other events that could
8 compare. Perhaps, maybe even look at other
9 report and orders and the staffs position on
10 that issue before I could make a decision based
11 on that assumption.

12 Q. But even if the expense were prudently
13 incurred and were necessary to provide a service
14 to the rate payers, would there still be a
15 possibility that you would eliminate it from the
16 revenue requirement compilation?

17 A. Based on those assumptions I can't
18 answer that question. I don't know. I can only
19 look at the expense and determine its
20 reasonableness, its cost justification and make
21 a decision from there.

22 Q. Do you agree that the test year is a
23 starting point to set reasonable rates for the
24 perspective period when rates are in effect?

25 A. Repeat your question.

1 Q. Do you agree that the test year is the
2 starting point to set reasonable rates for the
3 prospective period when rates are in effect?

4 A. I believe the test year is a 12 month
5 period, a picture in time in which the staff
6 looks at the company's books.

7 Q. And is it being used to set reasonable
8 rates? Is the test year the starting point to
9 set reasonable rates?

10 A. Rephrase your question. I'm not
11 understanding it.

12 Q. Let me ask you this, is there a
13 connection between the test year and the
14 determination of reasonable rates?

15 A. I don't know.

16 Q. Do you know that when you're in a rate
17 making if the rates that are being set are
18 supposed to be reasonable for the future period
19 when the rates are in effect?

20 A. I believe that the test year is the
21 picture in time in which we perform our audit to
22 base the rates.

23 Q. Are the rates that result from a rate
24 making designed to be reasonable for the future
25 period when the rates are in effect? Is that

1 the goal of the rate setting process to set
2 rates that are going to be reasonable going
3 forward in the future period when the rates are
4 in effect?

5 A. That process is set up to have the
6 company earn a reasonable return on their
7 investments and have the consumers pay a fair
8 price for their utility Service.

9 Q. I'm going to read you a statement and
10 ask you if you agree or disagree with it. If
11 it's too long for you to keep straight by the
12 time I get through, I can hand it to you and let
13 you look at it. But what I wonder is if you
14 agree with this statement. Revenues, expenses
15 and rate base are the key components of the rate
16 making process. And each of those components
17 must be measured consistently in time in
18 relation to each other or the revenue
19 requirement result will be skewed either to the
20 utilities or its customers detriment. It's the
21 next to last statement.

22 A. I can't say whether I agree or
23 disagree with this statement. I don't -- I need
24 clarification with consistently in time.

25 Q. Do you agree with the statement the

1 test year forms the basis or any adjustments
2 necessary to remove abnormalities that may have
3 occurred during the period and to appropriately
4 reflect any ongoing increase or decrease shown
5 in the financial records of the utility. That's
6 the next to last bullet point.

7 A. I do agree with that statement.

8 Q. The previous statement you said you
9 needed clarification on what consistently in
10 time would mean. If you were to understand the
11 words consistently in time in relation to each
12 other to mean that they're based on data from
13 the same time period, would you agree with the
14 statement then?

15 A. Expand upon time period.

16 Q. Well, a time period is -- how about if
17 it was the 12 month that was the test year
18 period.

19 A. Can I see the question again?

20 Q. Certainly. Again, it's revenues,
21 expenses and rate base are the key components of
22 the rate making process. And each rate of those
23 components must be measured consistently in time
24 in relation to each other or the revenue
25 requirement result will be skewed either to the

1 utilities or its customers detriment. For this
2 purpose we'll assume that consistently in time
3 refers to circumstances like only looking at
4 data within a test year period.

5 A. I do not agree with that statement.

6 Q. You do not?

7 A. Do not.

8 Q. In bringing a complaint case what is
9 the purpose that the staff of the Public Service
10 Commission seeks to accomplish?

11 A. When the staff file for a rate
12 complaint case we feel that the company is over
13 earning.

14 Q. Do the interests of the staff coincide
15 with the interests of any other groups or any
16 other individuals or any other parties in the
17 State of Missouri? When you bring the case are
18 you attempting to vindicate the interests of
19 residential rate payers, industrial rate payers,
20 commercial rate payers or do those interests
21 themselves differ among themselves that you
22 can't say that you're aligned exactly with the
23 interest of the residential rate payer or the
24 commercial rate payer?

25 MR. MEYER: I'll object to that

1 question. I believe that's beyond the scope of
2 this witnesses knowledge and to represent the
3 staff.

4 BY MR. WOLSKI:

5 Q. Do you have an answer?

6 A. No, I don't.

7 Q. One of the adjustments that you're
8 proposing in your current testimony is for the
9 Public Service Commission Assessment; is that
10 correct?

11 A. Yes.

12 Q. And the adjustment that you're making
13 is a reduction off of the actual amount of the
14 assessment that was paid by Ameren during the
15 test year period that's listed in Account 928?
16 Is that how you determine the adjustment?

17 A. Based on the test year, yes.

18 Q. According to your testimony on Page 6,
19 Line 3, you say that the adjustment represents
20 the difference between the staffs annualized
21 Missouri Public Service Commission Assessment
22 and the test year recorded assessment expense.
23 The most recent Missouri Public Service
24 Commission Assessment in effect for fiscal year
25 July 1, 2001 to June 30, 2002 was used in the

1 staffs annualization; is that correct?

2 A. Yes.

3 Q. That was your testimony?

4 A. Yes.

5 Q. What is the test year period in this
6 case?

7 A. The test year is 12 months ending June
8 30, 2001.

9 Q. Does the Missouri Public Service
10 Commission Assessment for fiscal year July 1,
11 2001 to June 30, fall within the test year
12 period?

13 A. No, it doesn't. But this assessment
14 is in effect for the previous year. The dollars
15 are from the previous year that that assessment
16 is based on.

17 Q. You're then adopting an accrual method
18 of determining whether an expense should fall in
19 a test year period?

20 A. It's just the most recent Public
21 Service Commission Assessment that was
22 available.

23 Q. Why was an assessment that is based on
24 costs to the company outside the test year
25 period used to adjust test year data?

1 A. This is traditionally the method that
2 staff has used to make this adjustment.

3 Q. Have you read the order that the
4 Commission issued in December setting the test
5 year?

6 A. I believe I have, yes.

7 Q. And are you aware in January of this
8 year the Commission issued an order setting an
9 update period through September 30, 2002?

10 A. Yes.

11 Q. What is the setting of an update
12 period through September 30, 2002 mean to you
13 when making adjustments to the test year
14 expenses?

15 A. This means that certain staff members
16 with certain adjustments will need to adjust the
17 picture that they're looking at -- their
18 expenses in the 12 months ending September 30,
19 2001.

20 Q. Is that what you did in making this
21 adjustment to the Missouri Public Service
22 Commission Assessment?

23 A. No.

24 Q. Why did you make an adjustment based
25 on costs to the company that are going to be

1 realized after September 30, 2001?

2 A. I'm sorry, repeat that question.

3 MR. WOLSKI: Could you read that back.

4 (Read back previous question)

5 COURT REPORTER: QUESTION: Why did you
6 make an adjustment based on costs to the company
7 that are going to be realized after September
8 30, 2001?

9 THE WITNESS: I'm not sure I'm
10 understanding. Can you rephrase the question?

11 BY MR. WOLSKI:

12 Q. In making your adjustment for the
13 Missouri Public Service Commission Assessment,
14 you reduced the assessment costs and the revenue
15 calculations based on payments that the company
16 will be making for Missouri Public Service
17 Commission Assessment outside of the update
18 period ending September 30, 2001. My question
19 is why you chose to use costs that are outside
20 the update period to do that?

21 A. As I stated before it's the way that
22 this adjustment has been done historically and I
23 did not deviate from staffs position. I used
24 the most recent assessment.

25 Q. Historically, are you aware whether or

1 not the staff in making their recommendations
2 were bound by an update period that ends on a
3 particular date?

4 A. Yes, I was aware of that.

5 Q. In the past has the staff used data
6 for costs that are outside or after the update
7 period that's been set by an order of the
8 Commission when determining the Public Service
9 Commission Assessment?

10 A. I don't know.

11 Q. Is that something that you would think
12 would be important to determine whether or not
13 costs outside an update period that's
14 specifically mentioned in a commission order
15 should be used in making adjustments?

16 A. Repeat that question.

17 Q. Do you think it would be important to
18 know whether in the past --

19 MR. WOLSKI: Actually, could you read
20 back the question?

21 (Read back previous question)

22 COURT REPORTER: QUESTION: Is that
23 something that you would think would be
24 important to determine whether or not costs
25 outside an update period that's specifically

1 mentioned in a commission order should be used
2 in making adjustments?

3 THE WITNESS: One more time.

4 BY MR. WOLSKI:

5 Q. If you were following past staff
6 precedent in using the current Missouri Public
7 Service Commission Assessment costs in doing a
8 rate making, do you think it would be important
9 to determine if in the past when the Commission
10 staff has made these recommendations, they had
11 been bound by a particular update period set in
12 a commission order?

13 A. Yes.

14 Q. Did you check to see if in the past
15 when the Missouri Public Service Commission
16 Assessment was based on the current assessment
17 whether or not the Commission order governing
18 that rate making set a particular update period?

19 A. I did look at previous cases and how
20 this issue was done. I didn't look at report
21 and orders or any commission proceedings or
22 anything of that nature that would have set that
23 boundary.

24 Q. Do you think whether or not such an
25 update period was specified in the order would

1 make a difference in the staffs decision whether
2 or not to use certain costs or not in making
3 adjustments?

4 A. Can you repeat that question?

5 Q. Would the existence or lack there of a
6 particular update period set in an order have a
7 real impact on the staffs determination of which
8 costs could and could not be included when doing
9 an adjustment?

10 A. I adhere to that motion as much as I
11 could in completing my adjustments. This is
12 historically how it's done and that is how I did
13 it.

14 Q. But again, historically you don't know
15 whether in the circumstances in which it's been
16 done this way there was a commission order
17 setting an update period?

18 A. I don't know of any instance.

19 Q. When will the rates for this case go
20 into effect; do you know?

21 A. At this time I do not know.

22 Q. As a basic matter when adjustments are
23 made to test your data, what is the purpose of
24 making the adjustment? Why would you just not
25 go with the cost of the particular item that

1 fell within the test year period? As a general
2 matter, not looking at the Public Service
3 Commission Assessment specifically. In working
4 on a rate case and putting together your
5 testimony and making your adjustments, why would
6 you determine that the costs that are reflected
7 in the test year aren't good enough or aren't
8 right and need to be adjusted?

9 A. If there are items in that particular
10 area that the staff doesn't traditionally feel
11 that the rate payer should pay for in rates then
12 they need to be removed.

13 Q. But the Missouri Public Service
14 Commission Assessment is not one of those
15 things, that's something that is proper and
16 prudent and necessary for a company to pay to
17 the Public Service Commission; correct? Is
18 there any question that the Missouri Public
19 Service Commission Assessment is a prudent
20 expense of doing utility business?

21 A. Yes.

22 Q. So your answer, I'm sorry?

23 A. Yes. Well, let me clarify that. I
24 mean, they could not pay the PSC Assessment I'm
25 sure and go on providing utility service. I

1 don't know all the mechanics of providing
2 utility service and how to the minute detail it
3 works.

4 Q. Let me raise a hypothetical. You're
5 looking at the costs of widgets for a utility
6 and the costs of widgets in a test year period
7 happens to be \$3.8 million dollars, you might
8 under the explanation you gave earlier, I
9 believe it's possible that you could conclude
10 that the \$3.8 million dollars was more than a
11 company needed to pay for the widgets that they
12 needed to produce the electricity and you could
13 make an adjustment and drop that down by a
14 certain amount; correct?

15 A. I could make a adjustment, but I'm not
16 sure that directly.

17 Q. You said there is one particular
18 expense item and it's \$3.8 million dollars for
19 anything, whatever category of expense it is,
20 you could propose an adjustment, I take it,
21 because you thought that number was too high.
22 Maybe that's higher than it normally is or that
23 maybe the company was unwise to have spent so
24 much in that particular category. Those would
25 be the reasons why you would make an adjustment?

1 A. Based on this assumption because an
2 expense is too high, that doesn't give me enough
3 information to make that adjustment. I would
4 have to see the adjustment and look at the
5 adjustment.

6 Q. I'm sorry, the adjustment is something
7 that you would be creating.

8 A. I'm sorry, the expense. Based on this
9 assumption and just by saying the amount is too
10 high, I can't answer that question and say yes,
11 I would kick it out. No, I would kick it out. I
12 would have to see the actual fiscal adjustment
13 and then look at other factors.

14 Q. How would you determine if that
15 expense were too high? Would you look at
16 previous years and compare it with expenses from
17 other years? Would you look over a three or
18 five year time period to see how that particular
19 expense has changed over time?

20 A. I'm sorry, repeat the question.

21 Q. In doing your detective work to decide
22 whether there was something wrong with that
23 expense that needs to be adjusted maybe up or
24 down, would you compare that to that category of
25 expense in past years to see how it differed?

1 Is that one way you would determine it?

2 A. I would examine how the adjustment was
3 done in previous cases not that specific --
4 maybe not that specific expense or dollar amount
5 or if it's too high or too low.

6 Q. When you make an adjustment to test
7 year expense, the purpose of the adjustment is
8 to determine how much money the company should
9 pay for that item in a given year; correct?

10 A. No. I don't think I can answer that
11 question based on that assumption.

12 Q. Well, what is the purpose of doing the
13 adjustment to test year data?

14 A. When I make an adjustment to test year
15 data I look at the dollars, I look at previous
16 cases, I talk with the company, I talk with
17 staff members and I make this adjustment based
18 on what the company -- is it allowable in rate.
19 If the rate payer should pay for that. I'm not
20 saying the company can't pay for it.

21 Q. And there's no question, is there,
22 that the Missouri Public Service Commission
23 Assessment is something that's allowable in
24 rates; correct?

25 A. Yes.

1 Q. So in making an adjustment to the test
2 year figure for the Missouri Public Service
3 Commission Assessment, the purpose of the
4 adjustment is to determine what that assessment
5 is going to be that the rate payers are paying
6 for; right? You're trying to determine the size
7 of the assessment because the assessment is
8 something that's properly paid for by the rate
9 payer.

10 A. Rephrase that. I'm not understanding.

11 Q. In making an adjustment to the Public
12 Service Commission Assessment costs in test year
13 period --

14 A. Mm-hum.

15 Q. -- the purpose of the adjustment is to
16 determine what the Public Service Commission
17 Assessments costs will be when the rate payers
18 are paying these rates because the cost of the
19 Missouri Public Service Commission Assessment is
20 something that properly can be paid for by the
21 rate payers; is that right?

22 A. Based on what you're telling me the
23 PSC Assessment is included in the rates that
24 they will inturn pay for. As I state in my
25 testimony on Page 6, Line 1, represents the

1 difference between the annualized amount -- the
2 staff annualized amount and the test year
3 reported assessment expense.

4 Q. Is there any reason to think that the
5 annualized amount that you've come up with is
6 actually going to be the amount of the Missouri
7 Public Service Commission Assessment in any
8 given year in which these rates are in effect?

9 A. I'm afraid I'm not understanding the
10 question.

11 Q. What is the relationship between the
12 annualized Missouri Public Service Commission
13 Assessment that you used in this case and the
14 Missouri Public Service Commission Assessment
15 that will be charged to the company while these
16 rates are in effect?

17 A. There is a number on the company's
18 books which they have paid for 12 months and
19 then there is the assessment and I am bringing
20 the difference of the two together and including
21 them.

22 Q. Do you know for sure these assessment
23 numbers that you're using, the annualized
24 Missouri Public Service Commission Assessment is
25 going to be the assessment that is charged the

1 company when these rates are in effect?

2 A. That's the number -- this adjustment
3 was made to the one.

4 Q. The adjustment was made based upon the
5 annualized Missouri Public Service Commission
6 Assessment; right?

7 A. Yes.

8 Q. That annualized Missouri Public
9 Service Commission Assessment, what is the
10 relationship between that number and the actual
11 assessment that the company will have to pay
12 during the period in which rates are in effect?
13 Is there any?

14 A. I don't know.

15 Q. Is there a market for the Missouri
16 Public Service Commission Assessment? Is the
17 price determined by the company saying let's
18 see, I can buy one at Safeway for \$3.4 million
19 or I can buy one at Giant for \$3.6 million. Can
20 they shop around to get the best price for the
21 Missouri Public Service Commission Assessment?

22 A. No.

23 Q. How is that number arrived at? Who
24 sets it?

25 A. We do.

1 Q. So that's a number that's fully within
2 control of the Public Service Commission;
3 correct?

4 A. Yes.

5 Q. If you're making a recommendation to
6 the Public Service Commission that in
7 determining the revenue requirement for utility
8 going forward that the Public Service Commission
9 Assessment that should be included in the
10 revenue requirement is \$3.4 million dollars a
11 year, you're in effect then suggesting to the
12 Public Service Commission that that should be
13 the assessment that the Public Service
14 Commission charges the utility while the rates
15 are in effect; correct?

16 A. I'm not understanding the question. I
17 think I'm confusing this. Could you please
18 rephrase the question?

19 Q. The annualized Public Service
20 Commission Assessment that you used as the basis
21 for your adjustment is in your work papers, I
22 believe. Let me show you this, \$3,416,000.00,
23 yada, yada, yada?

24 A. Yes.

25 Q. And that's \$3,416,988.20?

1 A. \$3,416,988.20.

2 Q. You're saying that for purposes of
3 setting rates we should assume that the utility,
4 in this case Union Electric, will be paying an
5 assessment of \$3,416,988.20 a year; correct?

6 A. Yes.

7 Q. And that's a number that can be
8 determined by the Public Service Commission?
9 You said they're the ones that determine that
10 assessment; correct?

11 A. Yes.

12 Q. So if the Public Service Commission
13 were to accept your adjustment, would the Public
14 Service Commission be saying that -- would they
15 be agreeing with you that you're right, that
16 while these rates are in effect the Missouri
17 Public Service Commission Assessment each year
18 should be \$3,416,988.20?

19 A. Yes.

20 MR. MEYER: Why don't we take a break.

21 (Off the record for a break)

22 BY MR. WOLSKI:

23 Q. Now, the particular adjustment that we
24 were just talking about the PSC, the current
25 year number was \$3.4 something million and the

1 previous year was \$3.87 million and the previous
2 fiscal year was \$3.6 million. So it went from
3 \$3.6, \$3.87 to \$3.4. Now, if there were not the
4 Missouri Public Service Commission Assessment
5 which we know can be set by the Commission at
6 whatever it wants and instead were another
7 expense item if the expense over three years
8 went from \$3.6 million to close to \$3.9 million
9 and then down to \$3.4 million, would that be a
10 cause for scrutiny for adjustment? Would the
11 fluctuation from going from a higher to the
12 lowest point in the most recent year be some
13 reason to do an average?

14 A. Yes.

15 Q. And if it were another category of
16 expense you might consider an average of over a
17 several year period if there were fluctuation?

18 A. Given the assumption that it would be
19 another expense, yes. It would depend on that
20 various expense.

21 Q. Is there a standard approach that the
22 Commission staff would take in making an average
23 over a time period? Would you typically look at
24 three years or five years or would it vary based
25 on the expense?

1 A. The time period would vary based on
2 the data.

3 Q. Is there any default range that you
4 would look at for an average that you're aware
5 or the staff would look at?

6 A. I can't make that assumption. I just
7 know it would vary.

8 Q. In rate case expense in your current
9 testimony, I believe the amount that you are
10 recommending is \$900,000 spread over three
11 years; does that sound right?

12 A. Right now the amount is \$300,000.

13 Q. It's \$300,000 because you determined
14 it should be \$900,000 and the amortization is
15 for three years. So one years worth is
16 \$300,000; correct?

17 A. One year is \$300,000. I'm still
18 evaluating the expenditures as I stated on Line
19 11 and have not made a --

20 Q. Which page is that?

21 A. I'm sorry, Page 6, Line 11.

22 Q. I should have had it open to that
23 page. Page 6, Line 11?

24 A. Mm-hum. I'm not finished completely
25 with that evaluation, so I can't recommend a

1 year in which to amortize the amount.

2 Q. How did you determine the \$900,000?
3 How did you reach that figure?

4 A. I reached the amount on Page 6, Line 9
5 of my testimony by looking at various data
6 requests the company had provided to me.

7 Q. Do you happen to have your work papers
8 for the rate case expense handy?

9 A. No, I do not.

10 Q. I believe that this page here
11 constitutes at least a portion of the work
12 paper. Here's an additional page. It also
13 sites some of your data requests.

14 A. Mm-hum.

15 Q. Now, based on those work papers you
16 determined it appears that the rate case expense
17 would begin in July of 2001; correct?

18 A. Yes.

19 Q. And you had data for the update period
20 of July 2001, August 2001 and September 2001,
21 those three months actually fall within that
22 update period?

23 A. Yes.

24 Q. And that total in those expenses were,
25 I believe it's \$338,000 for those three months?

1 A. I believe according to those work
2 papers here on July, August and September the
3 total is \$132,243.27. Without looking at my
4 exact spreadsheet, I believe it's \$338,000
5 through September 2001.

6 Q. So it's \$338,000 plus for those three
7 months?

8 A. Yes.

9 Q. Now, three months is one quarter of a
10 year; correct?

11 A. Yes.

12 Q. So normally to annualize data over
13 three months wouldn't you multiply it by four to
14 determine what annual cost would be?

15 A. In order to annualize you have to make
16 sure it's a 12 month picture, yes.

17 Q. Is there a reason why you determined
18 that rate case expense should be \$900,000 rather
19 than multiplying the \$338,000 amount by four?

20 A. On my testimony on Page 6, Line 9 I
21 state that the staff believed the level of
22 \$300,000 is a annual allowance for rate case
23 expense. I go on to state we are still
24 evaluating expenditures. I still have data
25 requests out from the company regarding this

1 issue. So I can't make a statement saying it's
2 definitely going to be \$900,000 or it could be
3 more or less or whatnot because I haven't
4 finished my evaluation of this issue.

5 Q. How did you reach the \$300,000 figure
6 given the data that you had showed that \$338,000
7 were the costs for just three months?

8 A. As I state on my testimony on Page 6,
9 Lines 8 and 9 that staff believes the level of
10 \$300,000 is sufficient annual allowance for rate
11 case expense. Again, I'm stating at this time I
12 haven't finished my evaluation of this issue.

13 Q. On what basis did you conclude that
14 \$300,000 was sufficient?

15 A. By looking at the data request that
16 the company had given me through the update
17 period.

18 Q. The data request that indicated that
19 \$338,000 were spent for just three months?

20 A. The data request that the company gave
21 me that listed the expenditures given by month.

22 Q. Could you explain the mathematical
23 process by which you went from the data in the
24 data request to the \$300,000 per year figure.

25 A. I believe this figure on Page 6, Line

1 9 is also in my July 1st testimony. Based on
2 only seeing -- not having the issue finished and
3 not having all the data requests back from the
4 company we decided to stay with that number. It
5 was very similar, very close in those three
6 months that I have in that work paper. Until I
7 get all the data requests from the company and
8 continue my evaluation on the expenditures of
9 the other companies, I can't expand upon it.

10 Q. Why was the number \$300,000 picked as
11 opposed to \$338,000 or \$500,000? What was
12 special about \$300,000? Where did that
13 particular number come from?

14 A. As I stated before it came from the
15 July 2001 testimony and I left it at that
16 number.

17 Q. And do you recall how you arrived at
18 that number when you calculated it for the July
19 2001 testimony?

20 A. I believe I stated that it was a
21 combination of talking with Greg Meyer and
22 myself. It was an estimate.

23 Q. Did you review any data of rate case
24 expenses to reach that estimate?

25 A. At the time when I filed the July 2001

1 testimony I had not.

2 Q. In response to a data request that we
3 submitted, it was response to JJC-57, you
4 identified two cases in which rate case expense
5 was reduced in a rate case. The response to
6 JJC-57 was rate case expense was specifically
7 reduced in the following cases WR-93-212 and
8 GR-98-140. I guess the first case was filed in
9 1993; correct? I guess that's why it has a
10 WR-93?

11 A. That's the case number, I'm assuming.

12 Q. Can you estimate how many rate cases
13 have been filed from 1993 to the present before
14 the Public Service Commission? Do you have any
15 idea how many?

16 A. No, I do not.

17 Q. And you have been working for the
18 Commission for over a year, when did you start
19 working?

20 A. August of 2000.

21 Q. In the year and a half or so that
22 you've been with the Commission, how many rate
23 cases have been filed with the Commission? Do
24 you have an estimate of that?

25 A. No, I don't.

1 Q. Is it more than five?

2 A. I believe so.

3 Q. Would it be more than 10?

4 A. I really don't know. I would assume,
5 yes, there would be more than 10.

6 Q. So based on your experience it would
7 be your estimate that there would be more than
8 10 rate cases filed a year or at least 10 rate
9 cases filed in a given year?

10 A. Yes.

11 Q. So it might be reasonable in the 10
12 years from 1993 to the present that there may
13 have been over 100 rate cases filed before the
14 Commission? Does that seem like a reasonable
15 estimate?

16 A. That's a reasonable estimate.

17 Q. And making this response to JJC-57,
18 did you look at these cases? Did you look at
19 all the cases that have been filed since '93?

20 A. No, I did not.

21 Q. But you have been able to identify two
22 out of probably 100 cases in which -- two out of
23 100 cases that have been filed before the
24 Commission in which rate case expense was
25 reduced?

1 A. Yes, I found two.

2 Q. Does that seem like an unusually small
3 percentage of cases?

4 A. I don't know.

5 Q. I want to move to our favorite topic,
6 cash working capital. In the deposition we had
7 last November you said that you removed
8 advertising vouchers and you had a voucher that
9 you used to calculate cash working capital?

10 A. Yes.

11 Q. And I believe in response to data
12 request you might have clarified that to
13 indicate that the reason why vouchers are
14 removed is because they may pertain to an
15 expense that was eliminated or it was
16 disallowed, I believe that's JJC-38.

17 A. Give me a moment to read that.

18 Q. I think it's Part C of your response
19 to JJC-38.

20 A. Yes. I disallowed the advertising
21 cash vouchers because they were disallowed in my
22 advertising adjustment.

23 Q. So in doing your cash working capital
24 analysis of those cash vouchers, the only
25 advertising voucher that you removed were the

1 ones that were disallowed?

2 A. I removed all the advertising
3 vouchers. I believe the last time I wasn't
4 clear on this. I did go back and look over
5 that. What I did was look at all of the
6 advertising vouchers and there were many
7 advertisements that were listed on the
8 particular vouchers and if not three or more of
9 the vouchers listed on that particular -- I'm
10 sorry, advertisement that were listed on that
11 particular voucher were disallowed in my
12 adjustment. So if I were to somehow
13 mathematically take those advertisers off that
14 voucher, that amount would not only be below the
15 threshold, the \$50,000 threshold, but there in
16 some instances are maybe one or two of those
17 adds were included.

18 Q. So just to clarify, it wasn't the case
19 that you removed advertising vouchers merely
20 because you had considered advertising as a
21 separate item, it was because those vouchers
22 when you removed the disallowed ones it fell
23 below the dollar threshold?

24 A. Right.

25 Q. No longer then qualified for your

1 sample?

2 A. Right, exactly.

3 Q. Thanks for clarifying that. You've
4 also mentioned in response to data request that
5 you had produced the notes that you had taken at
6 the November 30, 2000 meeting with Union
7 Electric employees concerning the leads and lags
8 that were to be looked at?

9 A. Yes.

10 MR. FRANSON: Do you know the request
11 you're referring to?

12 MR. WOLSKI: Probably not, but let's
13 see. I believe it's somewhere between 46 and
14 55.

15 MR. FRANSON: JJC-38.

16 BY MR. WOLSKI:

17 Q. I want to ask you if these are your
18 notes from that particular meeting.

19 A. Yes, these are my notes from that
20 meeting.

21 Q. And from these notes could you point
22 out to us where it's explained which leads and
23 lags you would have to update and which ones you
24 wouldn't? Just to clarify.

25 A. No where on these notes does it give

1 specific instructions which lags to update and
2 which ones not to. This is information from
3 that meeting based on those expense lags.

4 Q. This will be in your current testimony
5 on Page 16, Line 11 through 13 of the March
6 testimony, you said during the course of this
7 meeting the expense lags were discussed and
8 staff left meeting with an understanding that
9 these particular lags were the only lags that
10 needed to be updated. With that understanding I
11 take it isn't reflected in the notes that you
12 have; correct?

13 A. No. These are just notes on those
14 issues, those expense lags.

15 Q. Can you identify any follow-up
16 conversations you might have had with UE staff
17 to confirm which lead and lags should be updated
18 and which ones shouldn't?

19 A. I cannot think of any other meetings
20 that I personally had with the company basically
21 saying yes update, no update. I did have
22 conversations with the company regarding DR's
23 and getting information for particular lags.

24 Q. Had you ever thought to seek
25 clarification from the company that only certain

1 legs and leads should be updated and not others?

2 A. No. I believe that was the purpose of
3 the meeting listed on my testimony on Page 16,
4 Line 10.

5 Q. I believe you stated earlier in your
6 deposition that you had read the Commission's
7 December order setting the test year period in
8 this case?

9 A. Yes.

10 Q. And in the December order setting the
11 test year period did the Commission indicate it
12 was troubled by the use of data that was three
13 years or more than three years old in
14 determining the revenue requirement for the
15 company?

16 A. I can't remember.

17 Q. If the Commission in its order were to
18 express that it's troubled at the reliability of
19 data that's more than three years old in the
20 setting of prospective rates, would that have a
21 bearing on your decision to update or not update
22 certain legs?

23 A. My decision to update certain lags in
24 regards to that order came with the data request
25 I gave to the company asking for lags that would

1 need to be updated.

2 Q. Can the company modify the
3 requirements or judgements of the Commission
4 when the Commission issues an order concerning
5 the test year period?

6 A. Can you repeat that question?

7 Q. Yes. Is the company and the staff
8 equally bound by the orders issued by the
9 Commission determining test year period and
10 update period?

11 A. One would assume so.

12 Q. And the meeting that you had, the
13 November meeting, that was obviously a year
14 prior to the Commission setting the test year
15 period; correct?

16 A. Yes.

17 Q. Year and a month or so?

18 A. Yes.

19 Q. So that the issuance of this
20 Commission order in December 2001 would be a
21 more recent event that would seem to dictate how
22 one would annualize the revenues and expenses
23 and cash work and capital of amortization for
24 purposes of a rate case; wouldn't it?

25 A. Yes.

1 Q. Is there anything that prevented you
2 from updating all of the lags that were borrowed
3 from the previous gas case?

4 A. I asked that data requests of the
5 company asking what lags have materially
6 changed. I didn't get a response from the
7 company giving me certain expense lags that had
8 changed.

9 Q. Had you asked the company what its
10 budgeted amount for rate case expense was?

11 A. I believe I had.

12 Q. And did you use that figure or did you
13 go behind that figure and come up with your own
14 rate case expense number?

15 A. No, I did not.

16 Q. You did not use the \$4 million
17 figure? You did not use whatever figure it was
18 that was in the rate case expense?

19 A. I asked for a data request company to
20 give me their budget. No, I didn't use that
21 number in determining my rate case expense.

22 Q. But you did use the response
23 concerning -- you believe you listed the
24 concerns about which lags should be updated and
25 which ones shouldn't?

1 A. Yes, I did.

2 Q. Is there a particular data request
3 that you can point to in which Ameren had stated
4 that some lags or leads did not need to be
5 updated?

6 A. I'm sorry, repeat your question. I'm
7 not sure I got it all.

8 Q. Can you identify a particular data
9 request in response to which the company had
10 stated that there are certain leads or lags that
11 would not need to be updated?

12 A. No.

13 Q. How many leads and lags did you not
14 update from the gas case? Do you know offhand?

15 A. Not offhand. According to my
16 calculation there were eight.

17 Q. And they would have been lags that
18 were used in a gas case that was filed in 2000?

19 A. Those eight lags are lags that I did
20 not update with the complaint case.

21 Q. Where did you get the lags from? Are
22 those the ones you borrowed from the 2000 gas
23 case?

24 A. Yes.

25 Q. And the lags from the 2000 gas case

1 would have been based on data from 1999 or 1999
2 through 2000?

3 A. I believe I stated the test year in
4 the data request. The test year was 12 months
5 ending 6/30/99.

6 Q. And that would be then data that's
7 three years old by the time that we go before
8 the Commission; correct?

9 A. Yes.

10 Q. Have you updated any items of cash
11 working capital through incorporating data
12 through September 30, 2001?

13 A. No.

14 Q. Did you request any data for the
15 update period for purposes of cash working
16 capital in the update period of September 30,
17 2001?

18 A. No.

19 Q. Is there any reason why you decided
20 not to look at data from the update period?

21 A. Traditionally, it's an issue that does
22 not get updated in an update period.

23 Q. Does the Public Service Commission
24 have a position concerning the treatment of
25 noncash items in the context of doing cash work

1 capital analysis?

2 MR. MEYER: I'll object to that. It
3 calls for a legal conclusion.

4 THE WITNESS: At this time I don't.

5 BY MR. WOLSKI:

6 Q. Does the Public Service Commission
7 staff have a particular position relating to the
8 treatment of noncash items in doing cash working
9 capital analysis?

10 A. Can I have an example of noncash?

11 Q. Do you know the difference between a
12 noncash item and a cash item?

13 A. Yes. I'm assuming you mean cash
14 vouchers verses an accrual.

15 Q. Would a noncash item be included in
16 cash work and capital analysis?

17 A. Yes.

18 Q. What noncash items would be included?

19 A. Under my understanding vacation.

20 Q. You stated in your previous
21 deposition, I believe that you had used a manual
22 that the staff had produced to learn how to do
23 cash working capital analysis and this was what
24 was produced to us. Does this look like the
25 document that you used?

1 A. Yes.

2 Q. It says Cash Work and it's dated
3 December 16, 1997?

4 A. Yes.

5 Q. And included in this is a white paper
6 that was been issued by the staff. Is this
7 white paper as you understand it guidance for
8 how a member of the staff should do cash work
9 and capital analysis?

10 A. Traditionally, the staff has white
11 papers that they have to look at issues this one
12 being one of them.

13 Q. Would you deviate from the procedure
14 that's outlined in the cash working capital
15 white paper?

16 A. Depending on a case-by-case basis you
17 could.

18 Q. Your experience as a cash working
19 capital analyst or expert is based on this
20 training material; correct?

21 A. Not just that training material, but I
22 have read over that material to go on a forward
23 basis to make my adjustment.

24 Q. In this cash working capital white
25 paper to clarify was put together by the staff

1 itself; correct?

2 A. Yes.

3 Q. Does this represent policies of the
4 staff?

5 A. Yes.

6 Q. Do you happen to know what this white
7 paper says is the proper treatment of noncash
8 items is?

9 A. I haven't read it in a while. At this
10 time I don't know.

11 Q. There's a section here on Page 20
12 dealing with noncash items. Maybe if you look
13 at that it will refresh your memory as to what
14 the white paper says about noncash items. Once
15 you've reviewed that I was wondering if you
16 could tell me it's your understanding that the
17 white paper states that the policy of the staff
18 is that noncash items should not be included in
19 cash working capital analysis?

20 A. Give me a moment, I just read it. I'm
21 sorry, could you repeat your question again?

22 Q. Yes. Having reviewed again the white
23 paper that was used to train you in cash working
24 capital analysis, would you say that the paper
25 states that noncash items are not to be included

1 in cash working analysis?

2 A. I believe on Page 21 in the first
3 complete paragraph it says the reason staff is
4 opposed inclusion of these noncash items in lead
5 lag studies and the reason the Commission has
6 without exception ruled against utilities on
7 this point is that the inclusion of these items
8 defeats the purpose of cash working capital as
9 allowance as staff defines it.

10 Q. Do you recall offhand if there was any
11 vacation accrual exception that's listed in the
12 white paper or any of the those training
13 materials?

14 A. As I look through here I don't see one
15 at this time.

16 Q. But you mentioned that vacation
17 accrual is a noncash item; correct?

18 A. Vacation accrual is a noncash item.
19 The employee earns the vacation before they're
20 allowed to take it. Therefore, the company
21 allows for that.

22 Q. What is your understanding of the
23 nature and the purpose of the company's vacation
24 accrual? What purpose does that serve? Why
25 would you accrue vacation?

1 A. For the employee to be able to take
2 vacation and the cash be available for that
3 employee to take that vacation. The company is
4 --

5 Q. So this is special cash that is
6 earmarked to pay for the vacation?

7 A. In essence the company is making
8 provisions so that if that employee does go on
9 vacation they will be able to cover that
10 expense.

11 Q. Do you know if the company accounts
12 for vacation accrual as a balance sheet item, as
13 a operating expense item or both?

14 A. At this time I don't know.

15 Q. But you have examined the company's
16 balance sheet; haven't you?

17 A. I have examined the company's expenses
18 in their 92607 and there's another report which
19 I can't recall at this time the exact name.

20 Q. Do you know if the company makes
21 accounting entries for vacation accrual on the
22 balance sheet?

23 A. No, I do not.

24 Q. Do you know if the amount associated
25 with vacation accrual has increased, decreased,

1 stayed about the same over time on the company's
2 balance sheet?

3 A. I do not.

4 Q. Would you know how the company
5 reflects any changes to the balance sheets
6 amounts for vacation accrual?

7 A. No, I do not.

8 Q. You have examined the company's income
9 statement though; haven't you?

10 A. I believe so.

11 Q. Would you happen to recall what
12 amounts are associated with vacation accrual for
13 the year?

14 A. No, I cannot.

15 Q. Do you know if the amounts that are
16 booked as vacation accrual are related to
17 operating expense has increased, decreased or
18 stayed constant over time?

19 A. No, I do not.

20 Q. Do you consider vacation accrual to be
21 a cash item for the purpose of cash working
22 capital requirements?

23 A. Historically, based on the last rate
24 case vacation expense it wasn't listed in a cash
25 working capital. I do know the company accrues

1 for it and that's why we have included it in our
2 cash working capital study.

3 Q. Do accruals have an impact on cash
4 flow?

5 A. I know that accruals are not an actual
6 amount that the company is accruing and putting
7 into a portable bank account. They are making
8 provisions where the employee is not there they
9 could still pay that employee.

10 Q. Why is this accrual different than
11 other accruals for purposes of cash working
12 capital analysis?

13 A. At this time I don't know.

14 Q. You mention that vacation accrual was
15 included in the cash working capital analysis in
16 the gas case. Was the gas case heard by the
17 Commission?

18 A. I believe it was unanimously settled.

19 Q. And would you happen to know when
20 cases are settled and there are stipulated
21 agreements whether or not that agreement binds
22 the parties going forward to any particular
23 treatment of expense in that case?

24 A. I don't know.

25 Q. Was vacation accrual included in cash

1 working capital prior to the gas case to you
2 knowledge?

3 A. I do not know.

4 Q. Do you know why vacation accrual is
5 included in cash working capital analysis even
6 though it is a noncash item?

7 A. Let me clarify that vacation payroll
8 is listed on the Cash Working Capital Schedule
9 8. I know they accrue for vacation that's why I
10 have -- that's why it is listed on the Cash
11 Working Capital Schedule 8. That's all I know.

12 Q. Do you happen to know why the
13 Commission staff began to include vacation as an
14 item?

15 A. Because the company was accruing
16 vacation payroll.

17 Q. The company accrues a lot of expenses;
18 don't they?

19 A. I don't know.

20 Q. Do you know if the company accrues any
21 other expense other than vacation payroll?

22 A. I don't know.

23 Q. If the company did accrue other
24 expenses in addition to vacation payroll, should
25 those expenses have gone to the cash working

1 capital analysis?

2 A. I don't know.

3 Q. If the cash working capital
4 requirements of the company are funded either by
5 rate payers or by shareholders, which I believe
6 is the basis for cash working capital analysis,
7 do you know what the dollar amount is that's
8 being funded annually concerning vacation
9 payroll?

10 A. No, I do not. Excuse me, please
11 repeat that question because you said being
12 funded annually.

13 Q. Well, how would you determine what the
14 dollar amount is -- the dollar amount of cash
15 working capital that's being funded annually
16 that's either going to be contributed by rate
17 payers or by the shareholders? How do you
18 determine that number?

19 A. The person assigned to payroll makes
20 that annualization.

21 Q. The person with the company?

22 A. For purposes of my cash working
23 schedule a member of the staff.

24 Q. And do you know what the impact is of
25 your inclusion of vacation on the company's cash

1 working capital requirement?

2 A. I'm sorry, repeat your question.

3 Q. What is the impact of the inclusion of
4 the vacation accrual on the company's cash
5 working capital requirement as you've calculated
6 it?

7 A. If I understand you correctly it's
8 here on Line 3 of vacation payroll here on
9 Column G.

10 Q. Of the Accounting Schedule 8?

11 A. Yes.

12 Q. What number is that? Do you know the
13 ultimate number of the deduction?

14 A. The cash working capital requirement
15 for Line 3, Vacation Payroll, Column G on
16 Accounting Schedule 8 is a -\$3,428,725.

17 Q. Is the vacation payroll the same as
18 payroll accrual?

19 A. That I don't know.

20 Q. How would you describe the community
21 of people who do cash working capital analysis?
22 Who would be the people to your knowledge in the
23 country who would be doing this sort of analysis
24 that you do here?

25 A. In the United States I believe it

1 would be other Public Service employees in other
2 states.

3 Q. So members of the public Service
4 Commission staff of other states?

5 A. Yes.

6 Q. Are there any particular text books or
7 treatise that are used to train these people in
8 doing cash working capital analysis?

9 A. I don't know of any text books.

10 Q. Did you consult any text books or
11 treatise or papers or journals of any sort
12 dealing with cash working capital analysis in
13 learning?

14 A. Nothing other than what I mentioned.

15 Q. Just the white paper, the staff and
16 looking at previous testimony?

17 A. Yes.

18 Q. Would you happen to know if other
19 Public Service Commission staffs in other states
20 included vacation as a cash working capital
21 expense?

22 A. No, I don't. I don't know, I'm sorry.

23 Q. Do you know any treatise or text books
24 or journals that recommend including vacation
25 accrual as a cash item for cash working capital?

1 A. No, I don't.

2 Q. Or anything that says that vacation
3 should be included in doing cash working capital
4 analysis?

5 A. No, I don't.

6 Q. So you wouldn't know then if the
7 inclusion of cash working capital analysis is
8 generally accepted by the people who do cash
9 working capital calculation; would you?

10 A. No, I would not.

11 Q. What is the automated meter reading
12 system or automated meter reading that Ameren
13 has?

14 A. To the extent of the knowledge that I
15 have of that is that there is a meter reading
16 system that they have implemented to make it
17 easier and faster for them to read customers
18 bills.

19 Q. Was that the purpose of introducing
20 the automated meter reading -- if I refer to it
21 as AMR you know that's automated meter reading,
22 was that the main purpose of instituting it as
23 far as you know?

24 A. I don't know.

25 Q. Do you know what the raw output --

1 A. I'm sorry, that was my assumption.

2 Q. Do you know what the raw output would
3 be from AMR system? What is generated?

4 A. No.

5 Q. Do you know if the output from the AMR
6 system is sufficient to generate a customer
7 bill?

8 A. No.

9 Q. Do you know what relationship, if any,
10 exists between the company's AMR system and
11 their two billings systems, the CIS billing
12 system and the CSS billing system?

13 A. I don't.

14 Q. Do you know if the company has a
15 predetermined schedule for mailing customer
16 bills?

17 A. I don't know.

18 Q. On Line 5, Page 19 of your current
19 testimony you state --

20 A. I'm sorry, can you give that
21 information again?

22 Q. Actually, no. I think I got the wrong
23 page. Somewhere in your testimony you state the
24 billing lag decrease is due to the installation
25 and implementation of an automated meter reading

1 system.

2 MR. FRANSON: It's Page 19, Line 4.

3 BY MR. WOLKSI:

4 Q. Could you explain your understanding
5 of how the installation of the AMR impacted the
6 billing lags?

7 A. I guess it's my understanding that if
8 you would implement a system that is supposed to
9 read the bills faster and in a shorter amount of
10 time that the billing lag would also decrease.

11 Q. Would that assumption require that the
12 scheduled dates for mailing bills would move
13 back in time?

14 A. That would be my assumption.

15 Q. Do you know if they have?

16 A. No, I don't.

17 Q. Has anyone told you that that would be
18 the case with the AMR; anyone with the company?

19 A. No.

20 Q. If the company were to stick to the
21 schedule that it previously adopted for mailing
22 of bills would the AMR system as you understand
23 it reduce the lag at all?

24 A. I would have to look at the schedule
25 of when the bills are mailed compared to when

1 it's read. I would have to look at that
2 information to make that determination.

3 Q. If the mailing date of the bill itself
4 hadn't changed, assuming the AMR system did get
5 the company information on the amount to be
6 billed sooner than traditional methods, if we
7 assume that, it still would have no impact on
8 the billing lag; correct? If the date of the
9 mailing of the bills stayed the same?

10 A. Yes.

11 Q. Did you use the company's credit and
12 collection schedule when you calculated the
13 billing lag in your analysis?

14 A. No.

15 Q. On Page 19, Line 11 you mention the
16 cash lag report, could you explain what
17 information the cash lag report provides?

18 A. The lag report provided a column with
19 days and the dollar amount and in the lower
20 right-hand corner it provided a lag in which the
21 company calculated as to the various industrial
22 and residential and various consumers.

23 Q. Does the cash lag report include
24 information on how customers pay their bills ie:
25 by check, by payment agents, direct deposit?

1 A. As I looked at the report I did not
2 see that it did.

3 Q. Would methods of payment effect how
4 quickly or slowly a company received cash from
5 its customers?

6 A. Yes.

7 Q. Should methods of payment be
8 considered in estimating revenue lags and
9 therefore cash working capital?

10 A. Yes.

11 Q. If you assume a significant percentage
12 of the company customers make their electric
13 bill payments by check, is there additional bank
14 processing time that's involved prior to the
15 company's receipt of the customers cash?

16 A. I would assume that there is.

17 Q. Shouldn't this bank processing time be
18 included in driving the utilities cash working
19 capital requirement?

20 A. Give me a second. Can you repeat your
21 question?

22 Q. Shouldn't this bank processing time be
23 included in driving the regulated utilities cash
24 working capital requirements? Shouldn't you
25 take into account the bank process?

1 A. Traditionally, it has not that I know
2 of.
3 Q. Traditionally?
4 A. In previous cases that I know of.
5 Q. But in this particular Commission
6 staff; correct?
7 A. Yes.
8 Q. Can you think of any reason why the
9 bank processing time should be treated
10 differently from other delays in receiving cash
11 from its customers?
12 A. I'm sorry, repeat your question.
13 Q. Can you think of any reason why bank
14 processing time as we have described it should
15 not be included as other delays are in
16 determining that when cash is received from
17 customers?
18 A. I'm sorry, I'm trying to think how to
19 answer this. Can you repeat it one more time to
20 make sure I understand it.
21 Q. Yes. Do you know of any reason why
22 the bank processing time shouldn't be included
23 the way other time periods that delay the
24 receipt of cash from customers are included in
25 doing cash working capitals?

1 A. Yes. Because there's a lag on the
2 opposite side that is not calculated also and
3 that's what I'm trying to remember is how it
4 works. We don't calculate from the time it hits
5 the bank and the time it's deposited. I can't
6 at this time remember exactly how I want to
7 answer that question.

8 Q. Let's rephrase this. The distinction
9 can't be that there is a corresponding delay
10 when the company pays its bills because that it
11 the whole purpose of doing leads and lags, that
12 you're looking at the delays between when cash
13 is received for services and when cash is paid
14 out and parted with for services, so that
15 wouldn't be a reason; correct? That would be a
16 reason perhaps for calculating the bank process
17 time for the payments the company makes, too;
18 right?

19 A. When I look at when the company pays
20 their bills, I look at the time they receive the
21 service until the time they pay that bill. I
22 don't think then go on and calculate after that
23 how long it took for their check to clear or the
24 wire transfer to get there or what not.

25 Q. Would it be possible to do that?

1 A. I don't know.

2 Q. What was the dollar amount which you
3 applied the CWC factor for cash analysis? Is
4 that on Schedule 8, I guess?

5 A. Yes. If you would look at Schedule 8
6 in the March 2002 accounting schedule, the test
7 year expense for cash vouchers on Line 12 -- I'm
8 sorry, the total operation and maintenance
9 expense for Column B test year expenses and then
10 flip to Schedule 9 on Line 22.

11 Q. So on Schedule 8 the cash voucher
12 total that you applied factor to was on Line
13 12? You have cash voucher.

14 A. I think I'm confused by what you're
15 asking.

16 Q. The dollar amount for cash vouchers
17 that's on Line 12, Schedule 8?

18 A. You're asking where I found the
19 621,3460.

20 Q. That's the number; correct --

21 A. Yes.

22 Q. -- that you're using?

23 A. Yes.

24 Q. Did you only consider cash vouchers
25 over the amount of \$50,000 to generate the

1 sample that you annualized?

2 A. Yes.

3 Q. Why did you use \$50,000 as your
4 threshold for screening out vouchers?

5 A. In the meeting held on November 30th
6 we talked about if the company's computer
7 department could generate us a report and the
8 accounts to put in that report and we asked then
9 if we would have \$250,000 and then we came back
10 and wanted \$100,000. We got the reports for the
11 threshold being \$100,000 and there weren't a
12 lot.

13 Q. Do you remember how many?

14 A. No, I don't remember at this time. So
15 we went back to the company and asked of an
16 amount of \$50,000 and used that threshold.

17 Q. You were confident that that sample
18 size was large enough?

19 A. Yes. It was a very large sample size.

20 Q. Is that based on the sample size used
21 by previous people calculating cash working
22 capital? How did you determine the sample size
23 was big enough?

24 A. At the time I did the calculation and
25 it was a very large amount of the entire cash

1 vouchers.

2 Q. Do you know how many vouchers were
3 included in your sample of the \$50,000 and
4 above?

5 A. I believe I answered that on a data
6 request.

7 Q. It looks like it's JJ-46.

8 A. The actual number I state on that
9 answer to that data request on Item B is's
10 actual number of invoices used in cash analysis
11 is \$632.

12 Q. Do you know how many vouchers the
13 company process on average in a given year?

14 A. No, I do not.

15 Q. Or in any given month of a year?

16 A. No, I do not.

17 Q. Do you have any idea what percentage
18 of the total number of vouchers processed by
19 Ameren in a given year or in a test year that
20 that matter 632 would be?

21 A. I'm sorry, you lost me.

22 Q. Would you know roughly what percentage
23 of the total number of vouchers processed by
24 Ameren in the test year the 6321 number
25 represent?

1 A. No, I do not.

2 Q. We're almost finished. Turn to Page
3 23, Line 6. You state that Ameren UE was not
4 required to pay unemployment taxes to the State
5 of Missouri during the test year, therefore no
6 expense lag is calculated for state unemployment
7 tax. Are you aware that Ameren UE has employees
8 in Illinois and Iowa?

9 A. Yes.

10 Q. Are you aware that Ameren UE makes
11 unemployment tax payments on behalf of its
12 employees in Illinois and Iowa?

13 A. Yeah.

14 Q. And are you aware that the cash
15 working capital requirements associated with
16 such payments are being funding by shareholders
17 that are rate payers?

18 A. Yes.

19 Q. And these are Missouri shareholders
20 that are rate payers?

21 A. Yes.

22 Q. So shouldn't the cash working capital
23 requirement of these payments be included in
24 doing cash working capital analysis?

25 A. I also answered this in a data

1 request. I provided to you guys this schedule,
2 Schedule 8 and I made some notations on it. I
3 also had a clipped together package that Doyle
4 Gibbs provided in his work papers and I numbered
5 them down. Now, there is no line item for state
6 unemployment because of Missouri and then we
7 went and looked through Illinois and Iowa and
8 the amounts Doyle and I discussed were very
9 minute so we included them in the federal.
10 That's why it says unemployment taxes. I tried
11 to correspond, I think that's a comma five into
12 where that's located in these pages in the copy
13 that I gave you guys.

14 Q. Speaking of Doyle Gibbs, I understand
15 that he might be making some changes to correct
16 his labor adjustment number. Would you be
17 updating your cash working capital calculations
18 to reflect any changes in the labor number that
19 he comes up with?

20 A. If that would change the allocations
21 and the annualized numbers then, yes.

22 Q. So if the labor expenses were to
23 change because of his changing his number you
24 would incorporate that?

25 A. Yes.

1 Q. Would you consider the company's
2 revenues for interchanged sales of electricity
3 to be a legitimate cash item?

4 A. At this time I don't know.

5 Q. Would you consider the company's
6 expense from interchange purchases of
7 electricity to be a cash item?

8 A. At this time I don't know.

9 Q. Can you describe what you mean by the
10 term prepayment?

11 A. This is like an insurance. If you're
12 going to pay life insurance and you pay that
13 payment once a year, but it covers that entire
14 year, you are in effect making a prepayment for
15 that insurance throughout the year.

16 Q. And how are prepayments treated in the
17 cash working capital analysis that you did?

18 A. I believe someone in this case also
19 did a prepayment schedule and if those
20 prepayments were listed on his schedule they
21 also could not be in our cash working capital.

22 Q. And is there a reason why that is
23 done?

24 A. I couldn't have them in cash vouchers
25 and also in the prepayment schedule. They would

1 be double counted.

2 Q. And that is because the prepayment
3 schedule is adjusting for lags itself?

4 A. The prepayment schedule that is
5 assigned to that staff member there making
6 adjustments to that issue.

7 Q. But wouldn't it be true that virtually
8 every expense that you look at in cash vouchers
9 would have been looked at by somebody else in
10 terms of counting it making and adjustments to
11 that number? That would be a reason to take all
12 the cash vouchers out; wouldn't it?

13 A. Not all of them.

14 Q. What is there about the prepayments
15 that would make it double counting?

16 A. Well, like life insurance. If you
17 guys are making life insurance payments, I
18 either have to include them in the cash voucher
19 and that other person include them in the
20 prepayment schedule or I need to remove them
21 from cash vouchers and let them be included in
22 the prepayment schedule.

23 Q. Are there same prepayments that you
24 included in this cash working capital
25 calculation?

1 A. Yes.

2 Q. Which ones would those be?

3 A. I believe rent and I believe PSC
4 assessment was removed from the prepayment
5 schedule and put into cash vouchers. I answered
6 this in, I believe a data request to you guys.
7 I don't know which number it is. I believe it
8 is JJC-54. It says the lags associated with
9 payment of rent and regulatory commission
10 expense were included in the determination of
11 cash voucher lag and eliminated from prepayment.
12 The lag associated with the freight expense for
13 cole is included in the cole fuel expense lag
14 lag and eliminated from prepayment. Gross
15 receipts, taxes and specific items in the cash
16 working capital analysis and has its on expense
17 lag, so it was eliminated from prepayment.

18 Q. Now, in your cash working capital lag
19 and the cash vouchers when you're looking at
20 them, you're looking at the received date and
21 the paid date of the cash vouchers; correct?

22 A. I'm looking at the time the company
23 receives that service and the time they pay for
24 that service.

25 Q. And the receipt of the service might

1 be different from the receipt of the bill?

2 A. Yes.

3 MR. WOLSKI: I think that exhausts my
4 questions. I don't know if anyone else here has
5 anything to ask.

6 MR. FRANSON: We just need to put on
7 the record that we will waive presentment but
8 not signature.

9 MR. WOLSKI: Very good. To the extent
10 that we have discussed any items or numbers that
11 are proprietary we would --

12 MR. MEYER: What they have been doing
13 is making the whole deposition proprietary.

14 MR. WOLSKI: I guess your average
15 member of the public can't get their hands on a
16 deposition transcript at this stage anyway.

17 MR. FRANSON: Well, let's just make it
18 all that way.

19 MR. WOLSKI: Please note for the
20 transcript that throughout the entire transcript
21 is proprietary and confidential.

22 (Signature was not waived)

23

24

25

CERTIFICATE OF REPORTER

I, PAIGE E. KRUSE, Professional Shorthand Reporter, Notary Public within and for the State of Missouri, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

A handwritten signature in dark ink, appearing to read "Paige E. Kruse", is written over a horizontal line.

Notary Public within and
for the State of Missouri

My commission expires June 9, 2003

NOTARY PUBLIC
PAIGE E. KRUSE
MISSOURI

I, LEASHA TEEL do hereby state that I have read the foregoing questions and answers appearing in this transcript of my deposition: That this is a true and accurate report of said answers given in response to the questions appearing herein.

IT IS FURTHER STIPULATED AND AGREED, between Counsel, that this deposition may be signed before any Notary.

LEASHA TEEL

(Reported by: PAIGE E. KRUSE,)

C E R T I F I C A T E

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

Before me personally appeared LEASHA TEEL, known to me to be the person described in and who executed the foregoing instrument and acknowledged to and before me that he executed the said instrument in the capacity and for the purpose therein expressed.

WITNESS my hand and official seal this _____ day of _____, 2002,

NOTARY PUBLIC
State of Missouri

My Commission expires:





ERRATA SHEET

Deposition of: Leasha Teel

Case Caption: EC-2002-001
November 19, 2001

Date Taken: _____

Page	Line	Correction	Reason
16	12	After "substantive" add the word "changes"	To clarify
16	15	Insert the word "substantive" after each "no", on that line	Clarification
26	12	"Intranet" replaces "Internet"	Typo
47	1	Change "amortizing" to amortization"	Typo
64	9	Substitute the word "in" for "and"	To clarify
72	24	Substitute "lag" for "it"	Clarification
74	23	Note the nod as a yes	To clarify
79	18	Add at the end of the sentence "from the Company."	To clarify
85	2-3	Insert "meter reading" before "report" insert a period after "report". Eliminate the "If."	Clarification
85	3	Eliminate line three replace with: "I asked for a meter reading report. The Company had a meter reading schedule, that is what they gave me."	Clarification
94	9	Should be PET not PTE	Typo
96	4	Insert the word "case" right before the comma.	To clarify
97	13	Eliminate the sentence on line 13 and replace with; "I believe I removed all of the advertising vouchers from the cash voucher lag report the Company provided to me. The	To Clarify

	report included FERC accounts 500& 900 with amounts greater than \$50,000."	
--	--------------------------------------------------------------------------------	--

Leasha Teel
Signature

(This is the signature page to the deposition of Leasha S. Teel taken on November 19, 2001.)

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

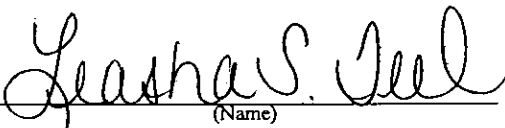
I, Leasha S. Teel, do hereby certify:

That I have read the foregoing deposition;

That I have made such changes in form and/or substance on the attached errata sheet(s),
as might be necessary to render the same true and correct;

That having made such changes thereon, I hereby subscribe my name to the deposition.

Executed this _____ day of _____, 2002,
at _____


(Name)

My Commission Expires: _____

Notary Public: _____



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BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

STAFF OF THE MISSOURI PUBLIC)	
SERVICE COMMISSION,)	
)	
Complainant,)	
)	
VS.)	Case No. EC-2002-1
)	
UNION ELECTRIC COMPANY d/b/a)	
AMERENUE,)	
)	November 19, 2001
Respondent.)	Jefferson City, Mo

DEPOSITION OF LEASHA S. TEEL,
a witness, sworn and examined on the 19th day of November,
2001, between the hours of 8:00 a.m. and 6:00 p.m. of that
day at the Governor Office Building, in the City of
Jefferson, County of Cole, State of Missouri, before

PATRICIA A. STEWART, RPR, CSR, CCR
Registered Merit Reporter
ASSOCIATED COURT REPORTERS
714 West High Street
P.O. Box 1308
Jefferson City, Missouri 65102
(573) 636-7551

within and for the State of Missouri, in the
above-entitled cause, on the part of the Respondent, taken
pursuant to notice.

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APPEARANCES

FOR THE COMPLAINANT:

VICTORIA KIZITO, Associate General Counsel
KEITH R. KRUEGER, Deputy General Counsel
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FOR THE RESPONDENT:

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Attorney at Law
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ALSO PRESENT: Gary S. Weiss
Nagendra Subbakrishna
Greg Meyer

SIGNATURE INSTRUCTIONS:

Obtain signature; waive presentment.

EXHIBIT INSTRUCTIONS:

Attached to the deposition.

I N D E X

Direct Examination by Mr. Wolski 4

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E X H I B I T S

Teel Exhibit No. 1
Direct Testimony of Leasha S. Teel 4

Teel Exhibit No. 2
Audit Report on the Expenditures of the
Edison Electric Institute (For the 12-
Month Period Ended December 31, 1999)
dated June 2001 43

Exhibit No. 3
Rate Case Expense
AmerenUE EM-96-149 47

1 (TEEL EXHIBIT NO. 1 WAS MARKED FOR
2 IDENTIFICATION BY THE COURT REPORTER.)
3 LEASHA S. TEEL, having been sworn, testified as follows:
4 MR. WOLSKI: I think as we begin, perhaps we
5 should go around the room, for the record, and indicate
6 everyone who is present.
7 And I guess we can start with the witness.
8 MS. TEEL: I'm Leasha Teel. I'm a Regulatory
9 Auditor for the PSC.
10 MS. KIZITO: Victoria Kizito, Associate General
11 Counsel for the Staff of the PSC.
12 MR. KRUEGER: Keith R. Krueger, Deputy General
13 Counsel for the Staff of the PSC.
14 MR. MEYER: Greg Meyer with the Public Service
15 Commission.
16 MR. SUBBAKRISHNA: Subbakrishna from Navigant
17 Consulting.
18 MR. WEISS: Gary Weiss, Ameren, Regulatory
19 Accounting Supervisor.
20 MR. WOLSKI: And I'm Victor Wolski from
21 Cooper & Kirk. We represent AmerenUE in this rate case.
22 DIRECT EXAMINATION BY MR. WOLSKI:
23 Q. Ms. Teel, are you being represented by counsel
24 today, by one of the two people sitting next to you?
25 A. Yes.

1 Q. Is it both Victoria and Keith?

2 A. I believe.

3 MR. KRUEGER: Yes.

4 MR. WOLSKI: I just wanted to get that clear.

5 BY MR. WOLSKI:

6 Q. And have you ever been deposed before?

7 A. No, I have not.

8 Q. Never. Okay.

9 Well, then, just so there is no
10 misunderstanding at all, I'll explain to you what we're
11 doing here and the ground rules that we'll be following.

12 The deposition is a procedure for taking your
13 testimony under oath in connection with the pending legal
14 action. And in this particular case it's the rate case,
15 involving AmerenUE that is before the Public Service
16 Commission.

17 And even though we're here in a relatively
18 informal setting in the conference room in your office,
19 your testimony today is given under penalty of perjury,
20 just as if you were testifying in a court of law.

21 Do you understand that?

22 A. Yes, I do.

23 Q. Okay. And as you can see, the court reporter
24 here is taking down everything that is being said during
25 the course of the deposition.

1 And one thing that is important to keep in mind
2 is that she only has one set of ears and one set of hands
3 and can't easily transcribe what two people are saying at
4 the same time.

5 So that if I'm in the middle of asking a
6 question, you should wait until I'm finished before you
7 answer. And when you're answering a question, I'll try
8 not to interrupt you, so that we don't speak over each
9 other and everything is clear on the record.

10 I will be asking you, obviously, questions
11 during this deposition. And your counsel, Mr. Krueger and
12 Ms. Kizito, might object to the form of the question that
13 I pose for purposes of the record, but you still are to
14 answer the questions unless counsel instructs you not to
15 answer a question.

16 Is that clear?

17 A. Yes.

18 Q. Okay. And feel free, if you don't understand
19 one of my questions, to ask for a clarification, and you
20 can also ask the court reporter to read back the question.

21 If you don't ask for a clarification, I'm going
22 to assume that the question was understood as I phrased
23 it.

24 Do you understand that?

25 A. Yes.

1 Q. Okay.

2 And there may be times when you don't know an
3 exact answer to one of my questions but you have some
4 information on the subject, or you can make some
5 reasonable approximation or an estimate.

6 And if you can, you should provide -- I'd like
7 you to provide the information that you do have that
8 relates to the answer.

9 Do you understand that?

10 A. Yes.

11 Q. Okay. Of course, on the other hand, since this
12 is your first deposition, I don't want you to feel that
13 you have to answer every question even if you don't know
14 the answer.

15 So that if you don't know the answer to the
16 question, it's perfectly all right just to say that.
17 We're not trying to put you on the spot or to pressure you
18 to answer about something that you don't know.

19 And some people might feel uneasy being in a
20 deposition and feel that they've got to try to answer
21 something even when they don't know. If you don't know an
22 answer, it's okay to say so.

23 Do you understand that?

24 A. Yes.

25 Q. And one additional thing concerning the court

1 reporter: She can't transcribe nonverbal responses. So
2 it's important to continue to do as you've been doing, is
3 to answer verbally and not just nod your head or shake
4 your head.

5 And you understand that?

6 A. Yes.

7 Q. Okay. Now, Ms. Teel, is there any reason at
8 all why you would not be able to give truthful and
9 accurate testimony to the best of your recollection at
10 today's deposition?

11 A. No, there is not.

12 Q. Okay. Good.

13 And do you have any medical condition or
14 problems that might interfere with your ability to give
15 truthful and accurate testimony today?

16 A. No.

17 Q. Okay. And are you currently taking any drugs
18 or other medication that might interfere with your ability
19 to give truthful and accurate testimony today at the
20 deposition?

21 A. No.

22 Q. Okay. And we ask that of everybody.

23 Now, Ms. Teel, what steps have you taken to
24 prepare for today's deposition? Could you explain what
25 you've done?

1 A. I've read over my testimony, read over
2 supporting documents, spoken with my lawyers.

3 Q. Okay. The supporting documents you're
4 referring to, are those the schedules and the worksheets,
5 workpapers?

6 A. Uh-huh.

7 Q. Will there be any other documents that you
8 referred to in preparation?

9 A. My testimony, the admissions, the
10 interrogatories --

11 Q. Okay.

12 A. -- documents.

13 Q. And other than your counsel, did you confer
14 with anyone else in the preparation for the deposition?

15 A. My boss Greg Meyer.

16 Q. Okay. And was the subject of your conversation
17 generally of what happens in a deposition, or was it the
18 subject matters that you'll be testifying to?

19 A. What goes on in a deposition and the types of
20 questions that occur, yes.

21 Q. So it was both?

22 A. Yeah.

23 Q. Okay. And could you again state for the record
24 what your current position is at the Public Service
25 Commission?