A. I'm a Regulatory Auditor for the Public Service Commission.

Q. Okay. And how long have you been with the Commission?

A. Over a year.

Q. Over a year.

And what were you doing previous to that?

A. I worked for a temporary agency, Express Personnel Services.

Q. And how long were you working for them?

A. From May of 2000 to August of 2000.

Q. Okay. And what sort of work did you do when you were employed by the temporary agency?

A. Accounting.

Q. And prior to that where were you working?

A. I worked for a printing company, Von Hoffmann Graphics, formerly Custom Printing Company.

Q. And was that also in an accounting capacity?

A. Yes.

Q. Okay. And was that your first job since graduating from college or did you have another one?

A. I had one more.

Q. And what was that one?

A. Larry Gray, CPA.

Q. Obviously, that was accounting?

A. Yes.
Q. Are you a CPA?
A. No, I'm not.
Q. All right.
You said that you reviewed the responses to the requests for admission in the interrogatories?
A. Yes.
Q. And in the first set of interrogatories that we had submitted, we asked the Staff to identify the people who made each response and to identify the people who assisted them.
And you were identified as the person who was responding to Nos. 43 to 45, which asked about your prefiled testimony and the people who reviewed or participated in any way with your prefiled testimony.
And you were the person who responded to Nos. 43 to 45, 43, 44 and 45 of the interrogatories?
A. Yes, I was.
Q. And you identified in these responses the following people who had reviewed a draft of your prefiled testimony: Greg Meyer, Jim Schwieterman, Mark Oligschlaeger.
Is that how you say that?
A. Oligschlaeger.
Q. Oligschlaeger.

Robert Franson, Victoria Kizito, David Meyer, Steve Dottheim and Keith Krueger.

Now, could you -- could we -- if you can recall, can we go through this list and could you tell me what role each person listed played in reviewing your draft testimony?

We'll start with Mr. Meyer, Greg Meyer.

A. Um, I believe that these individuals named in 43, they contributed through their review by providing suggestions, recommendations regarding grammar, punctuation, sentence structure, expansion and contraction and formatting, as I stated in the answer to my interrogatory on No. 45.

Q. Okay. By "expansion," do you mean -- what does "expansion" mean?

A. Like a case to cite, a better wording, sentence structure, things like that.

Q. By "contraction," is that removing things from the draft?

A. Yes, removing an incorrect word, a word that doesn't sound correct in the sentence.

Q. Okay. Do you know if -- can you identify anything that Mr. Meyer had asked you to add to the testimony?

A. I don't know.

Q. Not right now. Okay.
And the same thing is true for Jim Schwieterman, that he'd given assistance in reviewing the draft the way that you had just described with the grammar and --
A. Yes.
Q. -- the expansion, contraction?
Were there any substantive suggestions that would change either numbers or conclusions in your testimony that were offered by him?
A. No.
Q. Okay. And Mark Oligschlaeger, does the same hold true for him --
A. Yes.
Q. -- same suggestions?
No suggestions that related to substance or numbers?
A. That is correct.
Q. Okay. And the same would be true with Robert Franson?
A. Yes.
Q. And Victoria Kizito?
A. Yes.
Q. And David Meyer?
A. Also, yes.

Q. And Steve Dottheim and Mr. Krueger?
A. Yes.
Q. Okay. Now, in the interrogatory responses, in addition to this list of people, the following additional people were listed who participated in any way or who contributed to the preparation of the prefiled testimony. And it was Paul Harrison, Leslie Lucas and John Boczkiewicz.
A. Boczkiewicz.
Q. Boczkiewicz.
Could you explain how each of these people participated in preparing your testimony?
We'll start with Mr. Harrison.
A. I looked through their testimonies for similarities and issues and guidance.
Q. From prior testimony of Mr. Harrison?
A. Yes.
Q. Do you recall which ones you looked at, for which cases?
A. GR -- for Paul Harrison, GR-2000-5112 (sic).
Q. And that was the gas -- that was the gas case for --
MR. KRUEGER: Just for clarification, that was 512?
THE WITNESS: Yes.

BY MR. WOLSKI:
Q. That was the Ameren gas case?
A. Yes.
Q. And for Leslie Lucas?
A. I do not remember the case number.
Q. Okay. Do you recall what subject area you were reviewing?
A. No, I do not.
Q. Okay. And John Boczkiewicz?
A. I do not remember the case.
Q. Okay. Did you have discussions with either of those three people concerning your testimony?
A. No.
Q. Okay. In the interrogatory responses you also identified some specific people with specific topics of your testimony.
Robert Franson with cash working capital?
A. Yes.
Q. Is that correct?
A. Yes.
Q. And what did Mr. Franson do concerning the cash working capital portion of your testimony?
A. He is assigned to that issue as my lawyer for that particular issue.
Q. And did he have any input regarding the

substance of the cash working capital testimony?

A. No.

Q. Okay. And Victoria for the dues and donations. Would that be the same?

A. Yes.

Q. No substantive--

A. No substantive input.

Q. Okay. And David Meyer for advertising, miscellaneous expense and Missouri Public Service Commission assessment?

A. That's true. He did not have any substantive . . .

Q. So he made no substantive changes or suggestions?

A. No changes, no suggestions.

Q. It was also represented to us in the interrogatories that you were assisted in making these answers to Interrogatories 43, 44 and 45 by Victoria Kizito, David Meyer, Robert Franson, Steve Rackers and Doyle Gibbs.

And that was -- it's in response to another interrogatory. It's actually on pages 15 and 16 of the Staff response to interrogatories, which lists -- lists the three interrogatories that you responded to and the people who assisted you.

Do you see that?

A. Yes.

Q. Now, how did Mr. Rackers assist you in answering those interrogatory questions, Nos. 43, 44 and 45?

Do you recall?

A. Through suggestions, recommendations regarding grammar and punctuation.

Q. Okay. But nothing of a substantive nature?

A. No.

Q. Okay. And Mr. Gibbs?

A. The same, also by grammar and punctuation.

Q. No substantive?

A. No.

Q. Since we've got it marked, we should introduce at this time a copy of your prefiled testimony in the case.

Now, do you recognize this as a copy of your prefiled testimony?

You can take your time and look at it.

A. Yes. Give me a minute.

Yes.

MR. WOLSKI: And, of course, the deposition is the same: Confidentiality rules hold -- hold for this. So this is a proprietary document that is being kept

confidential.
BY MR. WOLSKI:
Q. So you're responsible for all of the testimony that is included in Exhibit 1. Correct?
A. Yes.
Q. Okay. Now, you are aware of the size of the revenue reduction that the Staff is proposing for Ameren in this case?
A. Repeat your question.
Q. You are aware of the total size of the revenue reduction that is being proposed by the Staff in this case?
A. I do not know the exact amount.
Q. Okay. Do you have an idea of what range it is?
A. I don't know.
Q. But you do know what impact the items in your testimony has on the revenue requirement conclusion of the Staff. Is that correct?
A. Yes.
Q. Okay. And do you know what the total overall impact on revenue -- on the revenue requirement is based on your -- the items in your testimony?
A. Repeat your question. I'm sorry.
Q. Do you know based on the items in your testimony what the impact of your testimony is on the

total revenue requirement suggested by the Staff?
A. I do not know exact dollar amounts in total issues.
Q. So then you don't know the -- you wouldn't know the impact that your testimony would have on the rates that Ameren would be allowed to charge under the Staff's recommendation?
A. I do not know the exact amount. I know the amounts of my adjustments.
Q. Okay. So you do know the amount of your adjustments?
A. Yes.
Q. And what impact would those adjustments have on the revenues of Ameren under the Staff's proposal?
Is there a place that you could consult in this testimony that would demonstrate that?
A. Yes. I guess I need clarification.
Do you need total amounts by issue?
I don't think I'm understanding.
Q. How about the total amount, do you have the total amount summed up?
A. I don't have a total amount.
Q. But issue by issue?
A. I have the ones listed in my testimony, and it will take me a few minutes.

Okay. We can come back to that question at a later time. You don't have to look through that now.

Since you stated that you don't know what the overall impact of all of the items combined has on the revenue requirement, I take it that you wouldn't know, then, what the sum total of the items in your testimony would do to the ability of AmerenUE to invest in infrastructure?

A. No, I do not.

Q. Or what impact it would have on their investment in generation?

A. No, I do not.

Q. Okay. Would you have any idea on what impact the items in your particular testimony would have on the stock price of Ameren?

A. No, I do not.

Q. Okay. Are you familiar with some of the mergers and takeovers that have occurred within the last few years in the utility industry in America?

A. No. I am familiar that -- as a utility customer that AmerenUE is now different than Union Electric.

Q. Okay. Do you know anything about the takeover of Louisville Gas & Electric by a British company?

A. No, I do not.

Q. And do you know -- have you considered the impact that the revenue requirement suggested by the Staff in this case would have on Ameren's attractiveness for a possible takeover by another company?

A. Can you repeat that question?

Q. Okay. I can try to clarify it.

A. Okay.

Q. Have you considered what impact the revenue requirement that is suggested by the Staff in this case would have on AmerenUE's vulnerability to a takeover by another company?

A. No, I have not.

Q. Okay. Have you considered what impact the revenue requirements suggested by the Staff in this case for Ameren would have on economic development in the state of Missouri?

A. No, I have not.

Q. Okay. And have you considered what impact the individual items in your testimony would have on economic development?

A. No.

Q. Now, one of the items in your testimony was the Missouri Public Service Commission assessment?

A. Yes.

Q. And that assessment is the share of the PSC's budget that Ameren's electric operations is to contribute towards?

A. The PSC assessment, yes, is part of the budget that is assessed towards the Company.

Q. Okay. And that pays to cover the expenses of the PSC?

A. Yes.

Q. Okay. And what do you understand to be the mission of the PSC?

A. To provide fair and reasonable rates --

Q. Okay.

A. -- to utility --

Q. I'm sorry. I didn't mean to interrupt you --

A. To provide fair and just utility rates and service to Missouri utility payers.

Q. Okay. What are the powers of the PSC as you understand them?

A. We have the ability to set utility rates.

Q. And the responsibilities of the PSC?

A. To make sure that the company and the utility payer are fairly represented.

Q. Okay. Now, the PSC assessment you said goes towards paying the expenses of the PSC.

Are there any expenditures of the PSC, including the Staff expenditures, that you know of that don't relate to the mission and the responsibilities of the PSC?

A. I do not know.

Q. Is it your understanding that all of the expenditures of the PSC and its Staff do relate in some way to the official mission of the PSC?

A. I do not know.

Q. Okay. Well, would it be -- let me pull the last few words away.

How did you determine the Missouri Public Service Commission assessment that would be chargeable to Ameren?

A. I'm sorry. Repeat your question.

Q. How did you determine the size of the assessment, the PSC assessment, that could be included in Ameren's expenses?

A. A Staff member is in charge of that dollar amount towards each company, and I asked her for the dollar amount that is charged or assessed to the Company.

Q. And who is that Staff person?

A. Helen Davis.

Q. Helen Davis.

Do you know how she determined the size of that assessment?

A. I do not know.

Q. Do you know if there is any source of funds for the PSC's budget other than assessments?

A. I do not know.

Q. Do you know if the PSC in putting together its budget normalizes its expenses?

A. I do not know.

Q. Do you know if the PSC in putting together its budget takes averages of any of the expense items in the budget to determine what amount should be charged?

A. I do not know.

Q. Okay. Now, if you don't know whether any of the PSC's expenses relate to the PSC's mission or not, is it possible that part of the assessment that is made of the -- of Ameren will go to finance things that don't relate to the PSC's mission?

A. I do not know.

Q. But it would your assumption that -- would it be your assumption that the assessment for the PSC is going to finance expenses that relate to the responsibilities that the PSC has under the statutes?

Is that an assumption that you made, that the expenses of the PSC that are being financed by these assessments are for expenses that relate to the responsibilities of the PSC?

MS. KIZITO: That question has already been asked.

MR. WOLSKI: Well, she said that she didn't know but she could still make an assumption.

THE WITNESS: Rephrase your question. I don't understand.

BY MR. WOLSKI:

Q. When you determined the PSC assessment number in your testimony, did you assume that the assessment on Ameren would go to finance PSC expenses that related to the responsibilities that the PSC has under the law?

A. I don't know. I'm not understanding the question.

Q. Okay. Why did you determine that it was proper for the Missouri Public Service Commission assessment on Union Electric to be the size that it was that Ms. Davis had told you?

A. Repeat that question.

Q. Why did you determine that it was proper for the Missouri PSC assessment as Ms. Davis told it to you would be -- could be chargeable to Union Electric?

A. Rephrase it.

Q. Why is the Missouri Public Service Commission assessment of the size that is in your testimony being included as expenses of Union Electric?

A. Repeat it one more time.

Q. Let's see if I can -- there is a way to clarify that.

Let's step back away from the assessment for a second.

What criteria did you employ to determine whether or not an expenditure could be included for rate purposes?

A. Repeat it one more time.

Q. What criteria did you use to determine whether any of the expenditure items, expense items, in your testimony could be included for rate purposes?

A. I went to our Internet which has that -- has the assessment for all of the companies that we regulate, and I went to Helen Davis.

Q. As a general matter, not just looking at the assessment, but generally, how did you determine whether or not the expenses should be -- actually, let me withdraw that. Let me rephrase that.

What criteria did you use to determine the appropriate level of expenses that were included -- are included in the rate case in your testimony?

A. As I mentioned before, I spoke with Helen Davis --

Q. Let me clarify.

A. Okay.

Q. I don't mean just with the PSC assessment.

I mean, just generally when -- you were given one, two, three, four, five, six, seven, I think, different items.

A. Uh-huh.

Q. Did you -- when you were first given these items -- when you were first given these items, did you come up with a criteria or some method you were going to use to determine how to reach the right number for each of those numbers?

A. Yes. I put in data requests to the Company.

Q. Okay. Is there anything else that you did?

A. Yes. I looked over workpapers received and data requests. I also looked over previous cases and how the issue was performed.

Q. Okay. When you accepted the number from Helen Davis, did you look at any of the workpapers that she had used to calculate the size of the Missouri Public Service Commission assessment on Ameren?

A. No, I did not.

Q. Okay. Are you aware of any instances -- actually, let me add something which I didn't say at the beginning.

Any time you want to take a break, feel free. We're not holding you hostage here or anything. So whenever you want to, just feel free to say so.

Now, if you didn't look at any of -- any supporting workpapers to determine the validity or the correctness or the accuracy -- whichever word you prefer -- of Helen Davis's number, why did you accept that number as the assessment on Union Electric?

A. I also looked at the data request responses I got back from the Company.

Q. And how do those reflect what the PSC assessment would be?

A. I'm sorry. Repeat your question.

Q. What information from the data requests would relate to the size of the Public Service Commission assessment?

A. I'm sorry. Repeat it one more time.

Q. Okay. What data requests that you made of the Company would relate to the determination of the PSC assessment for the Company?

A. I guess I'm not understanding, because both --

Q. I'm sorry. Finish. I'm sorry. I didn't mean to interrupt you.

A. I don't know. I don't understand.

Q. Okay. Let me rephrase it then.

You said that you determined the accuracy of the PSC assessment number in part by reviewing information from data requests that you received from the Company.

And my question is: What sort of data requests or sort of information from the Company would determine what the size of the PSC assessment was?

A. The information that would determine -- the information -- it would be that I asked them what their PSC assessment was for that given year.

Q. And you based -- and did you base your determination on what the Company said its PSC assessment was or what Helen Davis had said?

A. I had to look at both numbers.

Q. Okay. And Helen Davis's number is based on -- well, withdraw that.

The PSC assessment goes, as you said, I believe -- and correct me if I'm wrong -- to finance PSC's budget, is that correct, to pay for PSC's operations?

Is that what the assessment goes towards?

A. Yes.

Q. And did you look at the PSC budget to determine if those expenditures are expenditures that should -- that Union Electric should contribute towards?

A. No, I did not.

Q. Do you recall if the data request you gave to Ameren concerning the -- or the data request that the Staff gave to Ameren concerning the PSC assessment, what

Ameren's response was?

Was it the same number as the number that Helen Davis had come up with?

A. I do not know.

Q. You don't know.

Do you know if the response -- do you remember if the response was based on the prior PSC assessments of past years?

A. I do not know.

Q. Okay. And in the end you accept -- did you accept Helen Davis's number, or did you deviate from Helen Davis's number for the PSC assessment?

A. I do not know at this time.

Q. Okay. Can you identify any expenditures of the PSC that you're aware of that do not relate to the official responsibilities of the PSC?

MS. KIZITO: That question has already been asked and answered.

MR. WOLSKI: Okay.

BY MR. WOLSKI:

Q. I think earlier what I had asked was whether you knew if there were -- if all of the expenditures -- or if there were expenditures that had to relate to the official mission or responsibility, and you said you didn't know.

I want to know if you can identify any that you know of that you would consider to be not related to the official responsibilities of the Commission.

A. I don't know.

Q. Okay. Are you familiar with the National Association of Regulatory Utility Commissioners?

A. Yes.

Q. It's N-A-R-U-C, NARUC?

A. Yes.

Q. So if I call it NARUC, then that would be fine?

What do you understand that NARUC does?

A. As you defined the acronym before, it's a National Association of Regulatory Utility -- it's an association to belong to.

Q. Does the Missouri Public Service Commission belong to it?

A. I don't know.

Q. Does NARUC involve -- engage in any lobbying activities?

A. I do not know.

Q. If you don't know -- you don't know that the Public Service -- whether the Public Service Commission is a member of NARUC, then you wouldn't know if the Public Service Commission, I take it, made any payments or expenditures to NARUC?

A. I do not know.

Q. Okay. Do you know if NARUC engages in any lobbying at all?

A. I do not know.

Q. Do you know if NARUC engages in any informational or educational operations?

A. Expand upon that.

Q. Well, actually, explain to me how much you know about what NARUC does.

A. I know that NARUC holds two schools in which people from across the country -- I don't know if you have to be a member to go -- attend.

Q. And would NARUC be considered authoritative on any matters that relate to utilities and utility regulation?

A. Rephrase. What do you mean by authority -- I don't --

Q. When they offer the classes that you cited -- I think it was classes, is that because -- are they offered and are they attended because people in the utility regulatory industry, to use the word -- it's probably not entirely appropriate -- in that line of work view NARUC as an authoritative source to educate them on their jobs?

A. No. I don't know if -- authoritative, if that's --

Q. Have you attended any NARUC meetings?
A. No, I have not attended any meetings. I've attended a seminar of sorts.
Q. Okay. And did you have to pay to attend that?
A. Yes, I believe the Commission as a part of my learning and training . . .
Q. Paid for it. Okay.
But you yourself personally didn't pay money; it was the Commission that would have paid?
A. No, I did not pay any money.
Q. Okay. Improvements in worker morale as a general matter improve worker safety, don't they?
Would you say that that's true?
A. Repeat that.
Q. Improvements in worker morale improve worker safety. Would you hold that to be generally true?
A. I don't know. I have no knowledge or expertise on the subject.
Q. Okay. Have you ever seen -- or have you read any discussions in, say, management textbooks on the connection between worker morale and worker safety?
A. I don't know. I don't remember.
Q. You don't remember any. Okay.
Would utility expenditures that improved the workers' safety be expenses that could be included and

allowed in a rate case?

A. I don't know. I'd have to look at each individual case.

I mean, if it involved safety and that was the main concern, I would have to look at each individual expenditure.

Q. So that your test, then, is whether the main concern of an expenditure would be -- would be what for it to be a valid expense?

A. There would have to be a cost benefit. It would have to -- it would have to be truly for safety. It wouldn't have to just say it's for safety and have a different meaning, you know. Cost beneficial.

Q. Okay. In your testimony did you consider the effects of any of the expenditures contained in your testimony on worker morale at AmerenUE?

A. Can you be more specific?

Q. Well, when going through the items in your testimony, did you consider whether any of the expenditures positively affected worker morale?

A. No, I don't remember.

Q. Does the PSC and its Staff -- actually, how long have you been on the Staff of the PSC?

You said for a little bit more than a year now. Is that correct?

A. Yes.

Q. Okay. When did you start?

A. August of 2000.

Q. August of 2000.

Do you know if the -- near the end of 2000, did the Public Service Commission and its Staff have a Christmas party?

A. I don't know. I didn't attend if there was one.

Q. Do you know if there was one?

A. I don't know for sure. I don't know.

Q. Do you know if they've had any Christmas parties in the past?

A. I don't know. I've only been here since August of 2000.

Q. Did you think to ask any of the staffers who had been here longer than you whether there were Christmas parties that the PSC and its Staff had given at any time?

A. I don't remember if I asked.

Q. If the PSC and its Staff spent its budget -- money from its budget on a Christmas party, would that be in your mind an expense that can properly come from the budget of the PSC?

A. Say -- repeat your question.

MR. WOLSKI: Could you read back the question.

(THE COURT REPORTER READ BACK THE PENDING QUESTION.)

THE WITNESS: I don't know if they have a Christmas party if it comes out of their budget. I don't know how it's done.

BY MR. WOLSKI:

Q. If the Staff of the PSC had spent money from its budget on a Christmas party, isn't it true that some of the money from the Missouri PSC assessment of utilities would go towards paying the Christmas party?

A. I -- I don't know.

Q. Why did you determine that the cost of Ameren's Christmas party would not be allowable in the rate -- in the rate case?

A. Repeat your question.

Q. Why did you decide that the money spent on Ameren's Christmas party would not be allowed as an included expense for this rate case?

A. As stated on page 5 of my direct testimony, lines 19 and 20, it states, "The Staff eliminated these items because they are unnecessary for the provision of safe and adequate service to customers."

Q. Would a Christmas party that was paid for by the PSC and its Staff out of the PSC budget be necessary for the provision of safe and adequate service to customers?

A. I don't know.

MR. KRUEGER: Can we take a break?

MR. WOLSKI: Sure.

(A RECESS WAS TAKEN.)

BY MR. WOLSKI:

Q. Now, if it were the case that the Public Service Commission and the Staff used its budgeted funds for a Christmas party and the Missouri Public Service Commission assessment on utilities finances the operations of the Public Service Commission, then wouldn't it be the case that ratepayers would be paying for the cost of such a Christmas party?

MS. KIZITO: I object to the relevance of that question.

But go ahead.

THE WITNESS: Repeat it one more time so I make sure I heard it all.

BY MR. WOLSKI:

Q. I guess we'll do it in steps then.

The Missouri Public Service Commission assessment that's charged to utilities is an includable expense for purposes of determining revenue requirements. Correct?

In your testimony the Missouri Public Service

Commission assessment was included as an expenditure for revenue requirement purposes. Is that correct?

A. Can you reference the page?

Q. I possibly can.

On page 5, lines 4 through 8, we discuss Adjustment S-18.3, which I'm presuming is the Missouri Public Service Commission assessment because that's what the testimony says.

A. Let me check Adjustment 18.3.

Q. S-18.3 is the adjustment.

I believe it's part of Accounting Schedule 10.

A. Yeah.

Give me a minute.

Q. Sure. Take as much time as you need.

You might be on the fifth page. It would be Accounting Schedule 10-5 in the corner.

A. Yes.

And, yes, that states that to increase operating expense to reflect the current PSC assessment.

Q. So then the PSC assessment by being added to the operating expense then is going to be paid by the ratepayers. Correct?

A. It is an adjustment to the income statement.

Q. Which will then increase the amount of revenue that Ameren would be allowed to collect from ratepayers, by that amount?

A. Yes.

Q. Okay. And if the Public Service Commission and its Staff used part of its budget to finance a Christmas party, since the Missouri Public Service Commission assessment finances the Public Service Commission, then the ratepayers would be paying through the Missouri PSC assessment for this party?

MS. KIZITO: Again, I'll object to the relevance of these types of questions.

But go ahead.

It will just be an ongoing one.

MR. WOLSKI: Sure.

THE WITNESS: Yes. But -- go ahead.

BY MR. WOLSKI:

Q. Okay. Fair enough.

I believe that you had said earlier -- and correct me if I'm wrong -- that the purpose of the -- or the mission of the Public Service Commission was to regulate rates, to make sure that they're reasonable, and also to ensure, I think, there was adequate service.

Is that -- is that what you said?

A. Yes.

Q. What do those concepts mean to you?

What does it mean for the rates to be

reasonable, for instance?

A. For the Company to have the ability to -- not the guarantee -- to earn their rate of return and for the customers to get electric utility service.

Q. Okay. Are there any other considerations that go into what the rate should be, the rates paid by the ratepayers?

A. What do you mean by -- define "consideration."

Q. You had mentioned a reasonable return?

A. Yes.

Q. Is there anything else other than a reasonable return on investment that the rates are going to pay for?

For instance, do they pay for -- to recover operating expenses?

A. Yes.

Q. Okay. That's what I meant.

How does one determine what return a company should get on its investment?

A. I don't know. That's not my area.

Q. Okay. You also mentioned adequate service. How do you define what adequate utility service is? What does that mean to you?

A. That the customer receives utility service upon paying their bill. It's a full circle.

Q. So that would entail, then, the utility having sufficient generation capacity to meet all of the customer demands?

A. Yes.

Q. Okay. In your testimony on page 4, lines 11 through 14, you cite a PSC 1987 order in a Union Electric case for the proposition, quote, that dues paid to the Edison Electric Institute do not produce any direct benefit to the ratepayers because lobbying activities do not directly benefit ratepayers.

Did I accurately read that in the testimony?

A. Yes.

Q. Did you read the order of the Commission that is cited there?

A. Yes.

Q. So you did read it?

A. Uh-huh.

Q. And then you know that the reason that the PSC gave to exclude the dues was because -- and I'll quote from the case -- the order, rather, quote, these payments have not been shown to produce any direct benefits to the ratepayer, close quote.

Are you aware that that's -- that was the Commission's conclusion?

A. Yes, that is correct.

Q. Thanks.

There is a subtle difference there, but that seems to indicate that EEI dues are not foreclosed from being included, merely in that particular case it hadn't been shown that there were benefits -- direct benefits to the ratepayer?

A. Yes. It's the Staff position that if the Company would like to -- you know, I believe it states in the order that the Company would include a list of benefits which alleges -- would have resulted from the EEI membership, if you would quantify between the Company's benefit and the ratepayers' benefit -- I'm sorry -- not the Company's but the shareholders' benefit and the ratepayers' benefit, it would be taken into consideration.

Q. You mentioned earlier that you attended one -- I think it was a seminar that NARUC had given. Is that correct?

A. Yes.

Q. Do you ever consult -- have you -- strike that.

In June of 2001 a committee of NARUC issued an audit report on the expenditures of the Edison Electric Institute. Are you aware of that?

A. I'm sorry. Repeat your question. I think I missed some of that.

In June of 2001 a committee of NARUC issued an audit report on the expenditures of the Edison Electric

Institute. Were you aware of that?

A. No.

Q. So you had not seen that document?

A. No.

Q. Would you like to see it?

I'd like to show it to you would be a better question.

(TEEL EXHIBIT NO. 2 WAS MARKED FOR IDENTIFICATION BY THE COURT REPORTER.)

BY MR. WOLSKI:

Q. Do you recognize this document from the excerpts, or not?

A. I believe -- is this also referred to as their annual report?

Q. I'm not -- I can't say. I'm not sure.

A. Okay.

Q. Could you turn to --

MS. KIZITO: Could I have just a moment, please?

MR. WOLSKI: Oh, certainly.

MR. KRUEGER: Our concern is that if you're asking her to testify about this document -- which as I understand, she hasn't seen. I think she said that -- perhaps the entire audit report instead of just the excerpt ought to be put in the record.

MR. WOLSKI: I could enter it in the record. I don't know that I have it right here.

I will confine myself to just portions of it, and if we need -- if it's apparent that we would need the rest, then I can try to get the rest for you.

I can submit the rest for the record afterwards.

BY MR. WOLSKI:

Q. If you could turn to page -- Roman Numeral VII-4. Actually, turn -- I'm sorry -- VII-3. It's actually a shorter one.

There is a paragraph at the bottom that is the audit definition for utility operations and engineering. And I would like if you could read to yourself the description that is given for the utility operations and engineering count.

A. Yes, I've read that.

Q. Now, this account includes expenditures relating to information on utility operations and engineering issues, and that is defined to include engineering and standards, fossil and synfuels, nuclear power and environment. And it's stated that it's not activities that relate to legislative or regulatory advocacy or research.

Now, based on the description of that category, there seemed to be expenditures that would benefit ratepayers of a utility, wouldn't there?

A. Based on this --

Q. Based on just the paragraph.

A. Based on this paragraph, yes.

Q. Okay. If you could turn to the next page, the definition -- longer definition of the account for finance, legal planning and customer service, if you could read that.

A. Yes, I've read that.

Q. Okay. Now, this account includes the acquisition, compilation, categorization and dissemination of information useful in the improvement of the quality and value of service rendered to customers.

Now, based on that description, that would seem to cover expenditures that would benefit ratepayers, wouldn't it?

A. Yes.

Q. And if you could turn to Roman Numeral I-III, which is actually the second page of the excerpt.

This is the summary of the expenses of Edison Electric for the year ended December 31st, 1999, which, admittedly, is about six months prior to our test year. There is a six-months overlap.

If you'll look at Expense Category No. 7, which is utility operations and engineering, according to the audit of EEI, 8.89 percent of their expenditures are for that category. And below that, No. 8, finance, legal, planning and customer service, 31.94 percent are for that category.

So that combined this would seem to suggest that 40 percent of EEI's expenditures could benefit ratepayers, couldn't they?

A. Yes.

Q. Okay. Now, your testimony includes the calculation of the rate case expense, doesn't it?

A. Yes.

Q. And that would be -- and do you recall what the number was that you came up with for the rate case expense?

A. No, I do not.

Q. Okay.

I think it is page 5, I believe, which refers to Adjustment S-19 -- 19.17.

Q. Okay. And that number was?

A. 100,000.

Q. And that's based on -- how did you arrive at that number?

A. We took 300,000 and amortized it over a three-year period, believing that it would be a generous amortizing.

Q. So that's based on the assumption that every three years there would be a rate case?

Is that just basically --

A. It's not a yes or no question.

Not necessarily. It's just a reasonable period. It could be stretched much longer. It's just a very conservative number.

Q. So you just determined that the benefits of the rate case would be -- would match up to three years roughly? That's why it's amortized here.

A. Define "benefits."

Q. Well, when you decide on an amortization period, it's because I assume -- when you decide on an amortization period, you're trying to match up costs to the services that are resulting from them?

A. Yes.

Q. That's all I meant.

Is this -- let me mark this as Exhibit 3. This is -- I believe this is a worksheet.

(TEEL EXHIBIT NO. 3 WAS MARKED FOR IDENTIFICATION BY THE COURT REPORTER.)

BY MR. WOLSKI:

Q. I believe -- is this the worksheet for rate case expense?

A. Yes.

Q. Okay. Which does exactly what you said; it has $300,000 and it's expensed over three years?

A. Yes.

Q. How did you decide on the $300,000 figure?

A. It was an estimate to the best of my knowledge.

Q. And what information did you consult to make the estimate? Do you remember?

A. I do not remember.

Q. In your determination of the amount of rate case expense, would you conclude that the amount of money that is spent on a case would vary with the size of a company, so that the larger the utility, the more its rate case would cost?

A. Yes.

Q. Okay. And would it also be the case that the larger the revenue impact of a proposed rate change, or in other words, the more money that is at stake in the rate case proceedings, the more a utility would expend on a rate case?

A. Yes.

Q. And because -- because Ameren was under an EARP, which is an Experimental Alternative Regulation Plan, I believe, which included a moratorium on rate cases, there was no rate case for the last -- I guess it would be for the last six years for the electric operation of Ameren.

Is that -- does that sound right?

At least you don't -- you don't know of any rate case involving the electric operations in the last five years?

A. I do not know.

Q. You don't know. Okay.

A. I'm sorry. Let me clarify that.

I don't know of any rate cases in the last five years.

Q. Okay. That's what I thought you meant.

Do you recall anyone at the Staff with whom you might have consulted in arriving at the $300,000 figure?

A. I believe I stated earlier in a question that I don't remember how I had gotten to the number.

I don't know the exact details in finding the number. I do know that I did talk with my supervisor, Greg Meyer, in determining that number.

Q. Okay. And did he give you any document or other information to consult when you were making the number that you recall?

A. I do not remember.

Q. Okay. Now, is this the first testimony that you've prepared for a rate case?

A. Yes.

Q. Okay. That's what I thought.

Did you have any role in selecting the topics that you were assigned?

A. No.

Q. Okay. Now, another one of the topics of your prefiled testimony was the advertising?

A. Yes.

Q. And I believe it's actually a large portion of it. This begins with page 6 of the testimony.

Now, in your testimony you cited an order of the Commission, the KCP&L order, from 1985 or '86 -- I believe 1986 -- that established five categories. It's on page 6 to 7.

You read that case, I take it?

A. I read the report and order.

Q. Okay. That's what I meant. Okay.

Now, the methodology that was adopted by the Commission in the order requires you to determine the primary message of each ad. Correct?

A. Yes.

Q. So you didn't just accept the ad classifications that were made by AmerenUE for the ads?

A. No.

Q. So you reviewed each ad and used your own independent judgment as to what classification it should be in?

A. Yes.

Q. Did you employ any particular methodology to classify the ads?

How would you -- how did you decide what the primary message was of an ad?

A. By reading the ad.

Q. Did you do any quantitative evaluation to try to determine if it's more one thing than another?

A. I read the ad, and by determining what the primary message was, that is how I classified the ad.

Q. So if the entire ad had just one message, that would be the primary message of the ad?

A. Yes.

Q. But if it had more than one message in your mind, you would have to determine which would be the primary message. Correct?

A. Yes.

Q. Okay. And could you walk me through the steps that you would take to determine which of multiple messages in an ad would be the primary message?

You said you would read it. What would you look for?

A. Yeah, I would read the ad.

I would look for information that was given, if there was more information given on -- say, if there were two subject matters in the ad and if one was more dominant to the other, if that ad spoke more, if it overall gave more information about it, then that would be the more primary.

Q. So a quantitative determination?

You said if more of the ad is used describing one message than another, that message would be the primary message?

A. Yes.

Q. The one that was more described, I mean?

A. Yes.

Q. Okay.

Did you -- are you familiar with AmerenUE's Direct Pay service?

A. Yes, I am.

Q. And did you take Direct Pay into account when you were calculating the revenue lags for Ameren?

A. I don't know.

Q. You don't recall at this time?

A. I don't recall.

Q. Okay. If you did take Direct Pay into account, that would have reduced the lag in Ameren's receipt of money from its customers. Correct?

A. Yes.
Q. Okay. So if it were included, then it would have actually reduced the cash working capital that would have to be contributed by ratepayers to the extent that it reduced the lag in receipt of the payments?
A. Yes.
Q. Did you think that industrial ratepayers would receive a benefit if they were able to identify sources of energy waste among their machines?
Is that beneficial to an industrial ratepayer?
A. Repeat that question.
Q. Okay. Would it be beneficial to an industrial ratepayer to identify -- to be able to identify sources of energy waste among their machines?
A. Yes.
Q. And if they could identify sources of energy waste among their machines, they could reduce energy demand and reduce their costs then?
A. Yes.
Q. Okay. I'd like you to turn to Schedule 4-13 of your testimony.
This is a radio spot that was entitled "Jane and Fred," I guess?
A. Yes.
Q. Now, all criticism of the script aside, was

AmerenUE allowed to include the advertising cost of this spot?

A. Give me a second.

Q. Certainly.

A. No, they were not.

Q. They were not.

And it was your determination that this was institutional?

I believe on page 13 of your testimony, line 2, you state -- you classified it as institutional?

A. Yes.

Q. Which is why it was not included. Correct?

A. Yes.

Q. Okay. Now, if you'll look again at Schedule 4-13, it appears that the first -- the first 15 or so lines of the radio script described the Direct Pay service that is available to customers, and the last four lines mention the -- link that to the Salvation Army Tree of Lights campaign.

Based on the dominant message of the ad, wouldn't the dominant message be concerning the Direct Pay service that is offered to customers?

A. Yes, it does, yet there is a phone number given. The phone number to me is down by the Salvation Army. So you're going to sign up for Direct Pay.

It doesn't say, hey, by signing up for Direct Pay you're going to, you know, not have to write any checks, save time, you know, not have to worry about your bill.

What does the service say?

It doesn't.

It just says that you save time. It doesn't tell me how. It doesn't tell me how the program works. It just gives me a phone number.

So to me it did not speak directly by giving information to the ratepayer that this would be a --

Q. It doesn't -- I'm sorry. You can finish.

A. -- that this would be -- it didn't give enough information to the ratepayer.

Q. It doesn't -- doesn't the ad tell the ratepayer that the bill is paid directly from a checking or savings account?

A. It doesn't say how. It does say directly from your checking or saving account thanks to Direct Pay.

Q. And that's --

A. I mean --

Q. What sort of information would you require?

The name of the person who works at Ameren who would process it?

A. No.

I don't know if you'd have to get on the computer to set it up, if it comes directly, if I have to tell it by phone to pay the bill. I don't know how the program works. It just says that it's brought out of your checking and savings accounts.

Q. It says paid directly though.

A. What is your -- I don't know exactly what is meant by "directly."

Q. Okay.

A. It's not clear. It's not saying, you don't have to do anything; we'll pull the money right out of your account. You won't have to call us.

I'm sure that's a little bit more detail. But it just says directly from your checking account. It doesn't give a description of the service and how it works.

So the customer can say, yeah, I want to do that or, no, that's, you know, too much. They don't know how it works. They have to call this number.

Q. How many different meanings of directly from an account could there be?

What is the ambiguity about that?

A. I have things directly taken out of my checking account, and yet I know people that have things directly taken out of their checking account but they have to call on the phone to tell the bank to pay it on the due date, But it's still directly taken out of their checking account.

Q. And that's the sort of information that you would require in an ad for it to qualify as promotional?

A. Not necessarily. I'm just asking -- I'm just stating that there is not enough information given to the ratepayer.

Q. Now, the phone number at the bottom was a phone that -- you cited was a phone number that is -- was to sign up for Direct Pay. And it said, "and help the Salvation Army." It wasn't merely -- it appears that the "and help the Salvation Army" is an additional clause qualifying what happens when you sign up by calling this number.

Isn't that true?

A. Yes.

Q. So the number that is given is in order to get the information about the Direct Pay program.

Isn't that right?

A. To sign up for the program and to donate for the Salvation Tree of Lights.

Q. Okay. So that even though 15 of the 19 lines of the radio script dealt with the Direct Pay service, that wasn't enough for it to be the dominant message of the radio spot?

A. Yes, it was the dominant message of the radio spot.

I believe I stated earlier that there is not enough direction. There is not enough direction in this ad to state what the program is for and how it works.

Q. Did you consult -- in making this determination, did you look at other ads that had been deemed promotional in past cases and saw what kind of information was included?

A. Yes, I did look at previous cases dealing with advertising.

Q. And in those cases -- those cases -- those determinations by the Staff suggests that you need more information than the -- than a description of how the service -- or what benefit the service it gives you as far as saving time and how the service functionally works, in that it's directly from a checking or savings account, that you need more than that based on what you've looked at in other rate cases?

A. I do not remember exactly what all of the ads had in the previous cases that I looked at; but when I read this ad and the five categories, that is the decision I made.

Q. Did you consult with any other members of the

Staff concerning this ad?

A. Just this particular ad?

Q. Yes.

A. I don't remember. I'm sorry.

Let me strike that.

I believe I did talk to Greg Meyer.

Q. Do you recall what he -- whether he had given you any information or advice concerning the categorization of this one?

A. I told him that I didn't think there was enough information, and he agreed. He agreed with my decision not to keep the ad in.

Q. Okay. Now, if you could turn back a couple of pages to Schedule 4-11.

Now, the headline of this ad concerns the Tree of Lights campaign, but looking at the text, what would you say is the dominant message of this ad?

A. Give me a minute.

Q. And if you'd read down the first one, two, three -- three and three-quarter lines deal with the Tree of Lights; then the rest of the text deals with Direct Pay, the exception of the seven word -- or eight words, "you'll be doing a lot more to help others," the last line.

So most of this ad concerns Direct Pay, doesn't it?

A. Yes.

Q. And this ad says that your electric bill is paid directly from your checking or savings account. Correct?

A. Yes.

Q. It says, "Each month you'll get a statement in the mail that tells you how much you owe . . ." Correct?

A. Yes.

Q. . . . "and the date that it's due"?

A. Yes.

Q. And it says, "On that date your payments will be deducted directly from the account"?

A. Yes.

Q. "You don't have to spend time writing checks, addressing envelopes or mailing your payment."

So that seems to explain how the Direct Pay works, doesn't it?

A. Yes, it does describe a little bit more how it works.

Q. So that under the criteria that you were using for the other ad, this one would seem to have the primary message of promoting Direct Pay, wouldn't it?

A. There are definitely more lines promoting Direct Pay, but I still feel that with the heading --

that -- the heading and the wording, that it still is promoting the Tree of Lights.

It's telling you that, you know, you'll be a good person if you call in and sign up for Direct Pay because we'll donate $10 to the Tree of Lights.

Q. But most of the information that is contained is pertaining to Direct Pay and not the Tree of Lights. Right?

A. I think I've counted six lines that talk about the Direct Pay, and I've got one, two, three, four that talk about Salvation Army, and then again, one, two, three more at the bottom.

So actually, I guess, there are more lines that talk about the Salvation Army than the Direct Pay. But there is more -- there is more information --

Q. About --

A. -- than the other ad for Direct Pay.

Q. Okay. If you'll look at, say, the first line, the second line, the third line, while they mention Direct Pay, they seem to be geared towards describing the Tree of Lights program. Correct?

A. Yes.

Q. So that's three lines?

A. Also the fourth line says, receive the satisfaction.

Q. Yes, receive the satisfaction of knowing you're helping others.

So that's three-quarters of that one too. So far we have three and three-quarters.

You also benefit -- that line, you also benefit, the convenience. Next line -- it seems to be Direct Pay. The next line seems to be Direct Pay. That's two.

The next line is only about Direct Pay; that's three. The next line is only about Direct Pay; that's four. The next one is only about Direct Pay; that's five. The next one is only about Direct Pay; that's six. The next one is mostly about Direct Pay, while you're doing.

Actually, the next line is all about Direct Pay, other than perhaps the word "while". That's seven.

The next line, a little something to help yourself save time, most of that line is about Direct Pay. That's another three-quarters.

So it seems it's seven and three-quarters deals with Direct Pay. So that based on the text, that would be more about Direct Pay than the Tree of Lights?

A. When I look at it, I feel the line that says, sign up for Direct Pay by January 31st, 2000, and while you're doing, that that's more about you have to sign up for Direct Pay by this time for your money to go to the

Salvation Army.

So I don't know -- I mean, you can sign up for Direct Pay all of the time, I would assume. I don't know if it's just during the Salvation Tree of Lights campaign that you can sign up for it or not.

So the benefit would be to the Salvation Army if you sign up by January 31st. That's how I read the ad.

Q. Is there anything in the ad that -- strike that.

Even if the sign up for Direct Pay by January 31st, 2000 is included for the Tree of Lights portion, it still seems that they're slightly -- that there is more of the text that deals with the Direct Pay, isn't there?

And, again, it might even be splitting hairs here if it's talking about something that benefits both -- that mentions both Direct Pay benefit to you and Tree of Lights.

I mean, those have -- that portion alone is a split message between the two.

A. It is a -- you know, it is splitting hairs saying, you know, how many lines go to what. And they are practically equal. Yet I can't allow the ad because it would volunteer the ratepayers for an involuntary donation.

Q. Isn't it voluntary? Don't you have to sign up for Direct Pay in order for the money to go to the Salvation Army?

A. Yes, you do.

Q. And to the extent you learn about Direct Pay in this ad and you don't sign up by January 31st, you're still benefiting yourself. Correct?

A. Even if you didn't sign up, you would still be paying for the cost of ads and rates even if you didn't sign up.

Q. Now, wouldn't it be true that if the ad had just one line about the Tree of Lights and thirty lines about the Direct Pay program, that under that reasoning, the ratepayers would be paying -- would be involuntarily contributing to the Tree of Lights, involuntarily contributing to a charity?

A. I would have to look at the ad to decide.

Q. Well, if the ad has anything to do with this contribution and ratepayer money pays for it, to the extent that it has a charitable purpose, the ratepayer is paying for that. Right?

A. Yes.

Q. But the test isn't a 100 percent pure message; it's a primary message. Isn't it?

A. Yes, it's a primary message.

Q. But your conclusion here was that this is mostly dealing with the Tree of Lights?
A. Yes.
Q. And do you recall when you made this decision if you had taken any steps such as measuring the size of the -- the portions of the ad that deal with each or counting up the lines or any of the exercises we just --
A. Not to the extent we have today, no.
Q. Okay. Now, on page 8 of your testimony you say that the ads were reviewed to determine -- page 8, line 5, beginning with line 5, "Each advertisement was reviewed to determine which of the following primary messages the advertisement was designed to communicate."
And No. 2 was, "the promotion of a particular product or a service," which was the definition of "promotional." Correct?
A. Yes.
Q. And, again, we're looking for primary messages being the promotion of a particular product or service.
Could you turn to Schedule 4-27 of your testimony.
A. Yes.
Q. Now, this print ad has only -- its only concern is an Ameren product and a service. That's what you say in your testimony on pages 16 and 17. That's the only

message that I see in this ad, and I wonder if you could identify any other message in the ad.

A. Give me a moment.

Q. Sure.

A. Now can you repeat your question?

Q. Okay. Looking at the items that is contained in 4-27 --

A. Yes.

Q. -- is there any message in this ad other than the message concerning the Abacus product or service of Ameren?

A. No.

Q. Why was this not considered promotional when you reviewed it?

A. We do not include this service in the cost of rates, so I couldn't allow the ad to be in the cost of rates.

Q. Does the service -- you're certain that the revenues from this service aren't included?

A. I believe I talked with a Staff member --

Q. Do you know who that was?

A. I do not at this time.

-- discussing this matter, and it came up.

Q. If the result of the use of this product or service were to reduce the energy usage of one of the industrial customers, would that have an effect on the revenue requirement?

A. I'm sorry. Repeat your question.

Q. If an industrial customer were to use this Abacus product or service and thereby reduce its demand for electricity from Ameren, would this reduce demand for electricity have some -- have an impact on the revenues that matter for this rate case?

A. Yes.

Q. Okay. And did you consider a comparison between the cost savings that an industrial customer could have through reduced energy waste compared to the cost of the product or the service?

A. Repeat your question.

Q. I was just wondering if there was -- if you had any -- if you would have compared -- for a product like this, if you would have compared cost savings to a customer through reduced usage of electricity to the cost to that customer of buying the product?

A. Yes, I did look at this ad and say, this looks like a good service.

Q. Okay. But did you look at any or ask for any data that would show whether reduced energy costs to the Company were bigger than the money that they would spend for Abacus?

A. No.
Q. You didn't.
Do you think -- is it your experience that a company would pay more for a service like this than the benefit it would be receiving through the cost savings?
A. I'm sorry. Repeat that. I didn't hear it all.
Q. Would a company pay more for a product like this than it was expecting to save through less --
A. I don't know.
Q. -- energy waste?
Okay. We'll just move on. That's fine.
Enough of that.
Do you happen to know if the gas safety ads that you disallowed were included in the gas rate case in 2000?
A. I do not know.
Q. Did you ask anyone about that?
A. No, I did not.
Q. Okay. Are you familiar with the Experimental Alternative Regulation Plan that Ameren was under for the last six years, the EARP?
If I refer to it as EARP, you know that that's what it stands for?
A. Yes.
Q. Are you familiar with the EARP?

A. Give me your definition of "familiar".

Q. Do you know what the EARP -- do you know how the EARP operated for the last six years?

A. No, I do not.

Q. Do you know if the Staff has taken a position concerning whether AmerenUE had excess earnings while they were under the EARP?

A. I don't know.

Q. You don't know. Okay.

So you don't know if the Staff has any contentions concerning excess earnings over the last six years for Ameren?

A. I don't know.

Q. Okay. I believe in your testimony you stated that you did your undergraduate studies at Webster University. Is that correct?

A. Yes.

Q. And you were an accounting major?

A. Yes.

Q. In your accounting courses there, did you ever -- in your accounting courses as an undergraduate, were you taught how to do a lead/lag study?

A. No.

Q. Before coming to the PSC Staff, had you ever heard of a lead/lag study before?

A. No.
Q. And had you -- prior to this testimony had you worked on any lead/lag studies prior to this proceeding?
A. No.
Q. Okay. You said earlier that you did not ask to be assigned to the items; the items were assigned to you?
A. Yes.
Q. Who assigned the lead/lag study, the cash working capital item, to you?
A. Greg Meyer informed me that I was to do the lead/lag study.
Q. And what was your reaction when you were told that you were doing the lead/lag study?
Is that the first you'd heard of one?
A. No.
Q. You'd seen it from another case?
A. Yeah, I read about a lead/lag study during my training at the PSC.
Q. The in-house training?
A. Yes.
Q. And that's where you first encountered it?
A. Yes.
Q. You had known about the concept of cash working capital before when you were an undergrad, or not, or is that something you'd not remember?

A. I guess in the terms of utility regulation, no.

Q. Okay. Now, when you were assigned to do the cash working capital portion of this case, did you consult any treatises or textbooks to determine how one goes about doing a lead/lag study?

A. No.

Q. So how did you figure out how to do one?

What did you -- what steps did you take?

A. During in-house training there was small, this is how it works, this is what it looks like.

The PSC has information. There is a booklet that shows you past cases and how it was done. And I talked with Greg Meyer and Jim Schwieterman and they said, you know, this is how you do it.

Q. Okay. Did they give you any documents to help prepare yourself, any report on how to do a lead/lag study or anything of that nature?

A. Just the training manual I mentioned before.

Q. Okay. Your training manual. That's the PSC training manual?

A. Yes.

Q. Was it developed by the Missouri PSC Staff itself, or was it one that is commonly used by . . .

Do you know?

I mean, is it an internal document of the PSC or is it something that you acquired from NARUC or one of those?

A. No. It's an internal PSC document.

Q. Okay. Would you know if a copy of the manual has been provided to us?

A. I do not know.

Q. It very well could have been with all of the papers.

Now, you stated in your prefiled testimony that your lead/lag study was based on the study that was developed in the gas rate case, GR-- I think --2000-512?

A. Do you have a page reference for that?

Q. Page 21 of your testimony, I believe.

A. Yes, I did state that.

Q. That was your starting point.

And then you -- I think the testimony was you updated and added certain lags that were different from gas. Correct?

A. Yes.

Q. What steps did you take to verify the calculations that were done for the 2000 gas rate case?

A. Um, in preparation I looked over Staff's witnesses' workpapers for that case concerning the lags that I did not do and checked the math and checked how it was done.

Q. So did you review it --

A. Yes, I did.

Q. -- the actual math?

And also on page 21, line 14 and 15 -- I think we touched on this a second ago -- the lags that you updated were, quote, the lags that were most likely to have changed since the last AmerenUE gas rate case?

A. Yes.

Q. What process did you use to determine ones that were likely to have changed in the last -- I guess, is there ones that you thought were likely to have changed just since the year 2000?

A. No. I had a meeting with the Company to determine the lags that would be calculated in this case.

Q. Okay. So you determined and you had decided that there was -- that certain lags were different or could have been different from the 2000 data?

A. I'm sorry. Rephrase that.

Q. The ones that you had chosen to update were the ones that you had concluded could have been different from the lags that were calculated for the 2000 case?

A. Yes. During a meeting we determined -- the Company and Jim Schwieterman and I -- the lags to be updated.

Q. Okay. Now, you used -- I guess one of the ones you used was the vacation expense lag from the 2000 gas case.

I think it was page 26, at the top of the page, lines 3 and 4.

A. Yes, I did take those from the last gas rate case.

Q. Now, your testimony says that it was -- you used the expense lag agreed to by Staff and Company in the case.

What was the reason that you used that particular lag? Was it because the -- it was agreed to in the gas case, or was there some other agreement on it?

A. Are you referring to the vacation?

Q. The vacation, yes.

A. Okay. And I'm sorry. Restate your question.

Q. Well, the testimony merely says that you used the lag agreed to by Staff and Company in the last gas rate case.

I was asking, is the reason you used it because it was agreed to in the last rate case?

A. Yes.

Q. That's the reason?

A. (Nods head.)

Q. Now, the 2000 case -- gas rate case was settled, wasn't it?

Did you know?

A. I don't know about that.

Q. Okay. So you haven't -- I guess you haven't seen the unanimous stipulation and agreement in the case?

A. I don't think so.

Q. Okay.

A. I don't know.

Q. Is it your position that you should start with, say, the vacation lag from that case because the Company agreed to it in the gas case?

A. I used this lag because that was the lag that was used to develop that cash working capital study, and it was also agreed to in the meeting that we had with the Company.

Q. And who was at that meeting, do you recall?

A. I don't remember everyone that was at that meeting.

Q. Can you name any of the Ameren people who were present?

A. I believe there is a data request -- I don't know the number -- that cites the day and time and the people that were present.

Q. Okay. Some of the -- some of the lags that were borrowed -- that were taken from the gas rate case of 2000, you'd said you had looked at the working papers behind them and the testimony for the 2000 case.

I guess that was done by Paul Harrison?

A. For the gas case, yes.

Q. And some of his lags he had used were from the previous gas case from 1997, I guess it was. Is that correct?

A. Yes.

Q. And that was testimony by Janis Fischer, I believe. Is that correct?

A. Yes.

Q. And you reviewed Ms. Fischer's testimony?

A. Yes.

Q. And you reviewed her workpapers for the lags that were carried forward --

A. Yes.

Q. -- in the year 2000 case?

And you checked all of the math?

A. Yes, I looked over their workpapers for the lags that I did not recalculate.

Q. So just to clarify, you traced back to Janis Fischer's lags for the ones that you didn't calculate, that Harrison didn't calculate either that he got from her?

A. Yes.

Q. Okay. Now, the lags that date back to

Fischer's testimony from the '97 rate case would be based on information from 1996, I suppose, wouldn't they?

A. I don't know the exact test year.

Q. Well, it would have been dated 1997 or prior, correct, since it was a '97 rate case?

A. Yes.

Q. But you made a determination that -- did you make a determination that even though some of the lags were based on data that was from '96, '97, that it was unlikely that things would have changed to call into question those lags?

A. As I stated before, I had a meeting with the Company, determined the lags that I would update.

Q. Okay. Did you consider any lags that would -- strike that question.

Is there a lag between the time that a payment from a customer is received by the Company and the time that the payment is deposited into the bank account?

Is that considered a lag at all?

A. There is a collection lag where the -- it is measured between when the Company receives the payment from the customer.

Q. But the delay from receipt by the Company to its ability to deposit in the bank isn't considered, is it?

A. Give me a minute to --

Q. As an example, a customer pays by check and the check is received on Monday the 1st -- or, actually, say the check -- make it even simpler.

The check is received on Friday the 1st and ends up being deposited in the bank on Monday the 4th.

Does that constitute a lag when that happens?

A. I don't know.

Q. Okay. And if a customer pays by check and the check is deposited in a bank -- in Ameren's bank account, the time from its deposit until the time that the check is actually cleared by the bank on which its drawn, have you included that as a lag?

A. I don't know. I don't believe so.

Q. Okay. Now, is it correct that the cash lag report is a measure of the time from when UE -- AmerenUE would provide a service until the time it has use of the payment for the service?

A. Give me a minute.

Q. Would that be accurate, the delay between the time the service is provided and the time that the Company has use of the payment of the service?

A. Yes, I believe so. The report was given to me from the Company.

Q. Okay. The report. You mean when the money is received?

A. Yes.

Q. Did you look at any -- but you didn't look at any time between when the money is deposited and when they can actually use it?

Say the check clearance lag that we discussed a few moments ago.

A. No. I took the report that the Company gave me entitled -- actually, I don't even remember what the title was.

But the description was for the collection lag that it measured from when the Company received the money for the bill.

Q. Okay. Now, if the Company were to receive payment by check and the check bounced, how is that taken into account?

A. I don't know, because in this case I was given a report.

Q. Okay. On page 24 of your testimony, line 1, you stated that the average time --

MR. WOLSKI: Actually, let's take a break for a second.

(A RECESS WAS TAKEN.)

BY MR. WOLSKI:

Q. We were talking before about the vacation portion of the cash working capital testimony, and I was wondering, is vacation accrual a cash item, do you know?

A. Give me a second --

Q. Sure.

A. -- and I will check.

Vacation accrual is an accrual item, where it's expensed, I believe, in a later time period, a carry-over.

Q. Does it have any cash impact on the Company?

A. Yes.

Q. Is the Company in a worse -- by worse cash position, I mean they have less cash on hand to meet their cash needs.

Would the Company be in a worse cash position when it pays for employees who are on vacation as opposed to when it pays for employees who are on the job?

A. I'm sorry. Repeat your question, make sure I've got it all.

Q. Would the Company be in a worse cash position when it pays for employees while they're on vacation as opposed to while they're on the job?

A. I don't know.

Q. Would there be anything about vacation leave that would reduce the cash available to the Company relative to if the person stayed at their desk and worked?

A. I would -- I'm taking it as the Company would be preparing for that person to take their vacation in setting amongst the dollars that they're going to pay that person while they're not at their desk.

Q. And cash is set aside for that purpose?

A. Yes.

Q. And is that --

A. Let me clarify it.

I'm not -- when you say "cash," I'm thinking back to the accrual.

Q. But there is no -- is there actual dollars in a bank account that are put aside for the purpose of paying for the vacation?

A. I don't know.

Q. Okay. While an employee is on vacation for a week -- say an employee is on vacation for a week. Do they receive any more money, to your knowledge, in pay for that week than they would if they were actually at their desk working?

A. I don't know.

I assume if they worked for 40 hours a week and they're on vacation or they're at their desk, they would get paid the same.

Q. So they'd get paid the same.

Now, there would be an additional expense by the Company for people on vacation if the person leaves work and hadn't -- before the end of the year and hadn't used up their vacation?

Do you know if they get -- if they get their vacation time that is unused in the form of a check for payment?

A. Give me a moment.

Q. Sure.

A. I believe I state in my testimony on line 15 and 16 that --

Q. Which page would that be?

A. I'm sorry. Page 25, line 15 and 16. That says, "Management employees are allowed to carry over a maximum of 40 hours of vacation into the next year."

Carry on to line 17: "However, that vacation must be taken in the next year or forfeited by the employees."

And I do not mention anything about a cash check.

Q. So you don't know --

A. I don't.

Q. -- if an employee, if he or she retires, would get paid for the vacation time they had coming for that year that they hadn't used?

You don't know?

A. I can't remember.

Q. Okay. One thing, while we were on break we realized that we were about to be talking about some information that would be proprietary in nature, and what we are going to do is have the whole transcript proprietary and confidential until we can review it and decide to release the portions that are not proprietary.

Is that correct, Keith?

MR. KRUEGER: That's our understanding, yes.

MR. WOLSKI: And other than the testimony of Ms. Teel that was in the first exhibit, I'm offhand not aware of any proprietary information, but we will, just to be on the safe side, keep the whole thing confidential until we release.

BY MR. WOLSKI:

Q. On page 24 of your testimony, at the top of the page you say the average time to process and mail the bill was 1.44 days?

A. Yes.

Q. Could you explain for me the process that you used to arrive at this estimate?

A. I submitted a data request to the Company to give me their meter reading schedule, and that showed the days that the meters were read and explained that the next day the bill was sent out. And if it was on a Friday, there was a delayed schedule and so on.

And so I then made a spreadsheet showing the day the meter was read and when the bill was calculated.

I'm not for certain, you know, if it was the next day or the same day or two days later. I just know that there is a schedule, and from that schedule it explains when the bill was read and when it was mailed, and that's how I calculated that number.

Q. Okay. Now, did the cash lag report provide any measure of how the Company's customers would pay their bills, whether it would be by check or by direct deposit or payment agents?

A. I do not know.

Q. You don't know?

A. No.

Q. Did you ask for information to be broke down in those categories, receipt paid by check, paid by Direct Pay, et cetera, et cetera?

A. I asked the Company, actually --

Q. Do you recall if you asked?

A. No, I do not.

Q. And for the cash lag report, did you ask for any additional information other than the information that was in the report that UE gave to you?

Do you recall coming back and asking for any additional information?

A. I believe I specifically asked for a report, if they had a report that dealt with the nature that they had given me.

Q. So the report that you received had the information that you requested?

A. Yes, I believe so, or it was the report that they had. That is what was available that they gave to me. I didn't specifically -- I'm not sure -- I don't remember if I specifically asked for this report.

I think in the meeting we were determining how we were going to do this collection lag, and there was a report, and we wanted to look at the report.

We made sure that the report did not include uncollectibles, and we proceeded from there.

Q. So that was your follow-up question was whether it included uncollectibles?

A. Yes.

Q. Was there any other information that you recall that you would have wanted for purposes of doing your lead/lag study that was not in the report?

A. I believe more was discussed at the meeting dealing with this report and how it would meet the collection lag need. I don't remember specifics.

Q. So you don't remember if there is any

information you asked for that was -- strike that.
Rephrase that.
You can't identify any information that you asked for that was not in this report?
A. Could you clarify that? This report dealing with --
Q. The cash lag report you received from UE was in response to your request for information in order to do this study. Correct?
A. Yes.
Q. Was there any information that you'd requested that was -- that was not included in this report that was left out, the report that you received from UE?
A. Repeat it one more time.
Q. Okay. I'll try.
You asked for some information from UE, and UE provided you the cash lag report.
Was there any information that you wanted that had been omitted from this report?
A. No.
Q. Okay. And you didn't ask for information from the date -- that pertained to the date that the payment was received to the date that it cleared the bank. Right?
A. No, I did not.
Q. And in the past when the collection lags --

when the PSC staffers in the past had calculated the lags, that was not one of the items that was looked at, the delay from when a payment was received until when it's actually cleared in the bank?

A. I believe I stated before that I looked at the lags that I didn't update. I did look at Janis Fischer's lags to some degree. She also did collection lag. And at this time I can't remember if that was included.

Q. So let me make sure I understand your answer.

You don't remember if the lag between when the payment was received and when it cleared the bank was included or not in previous testimony?

A. No.

Q. Okay. That was not right?

A. Yes. No, I don't.

Q. Just to make it clear on the record. Otherwise, we'll be scratching our heads when we read this thing.

All right. On page 26, line 18 of your testimony, you state you computed a dollar-weighted lag of 22.41 day for coal and freight?

A. Yes.

Q. And it was based on a sample of coal and freight vouchers. Is that correct?

A. Yeah.

Q. How large was the sample that you used, do you recall?

A. Yes, I did find a 22.41 day coal expense based on a sample of coal and freight vouchers. I do not know how big the sample was.

Q. You don't recall at this time?

A. No.

Q. Okay. Now, did your sample include payments that were made by the Company to the vendors of tires?

A. I don't remember.

Q. Now, when you determined your estimates of the lead times that were associated with AmerenUE's fuel expenses, did your analysis consider how the Company paid its vendors for the fuels? Like, do they pay it by wire transfer or by check or by cash? I don't know if you're allowed to do that. Probably not.

A. Go back and rephrase the first part of your question.

Q. Sure.

When you did the fuel -- the fuel expense lag that is on page -- it's referenced on page 26 and 27, similarly to what we were talking about with the payments received by Ameren, did you look to see whether Ameren was making their payments by check or by wire transfer or how the money -- how the payment was being made to their vendors?

A. I noted -- I can't even say I noted. I did observe if they were -- how they were paid. Usually there was a due date and a received date.

And if those were not clear, there is a service period where -- between the time that they received the service and they paid the service, and you find a mid point between that.

It varied on the bill. I had to look at the bill specifically to find these items.

Q. And the date paid by the Company was the date -- was it the date that they sent the payment or was it the date that the payment was received?

What was -- how did you determine that?

A. I believe I got clarification from the Company on that, that I don't remember the specifics at this time.

Q. Okay. Now, when you derived your estimate of the expense lead associated with cash vouchers, you used a report of FERC 500 and 900 account numbers that the Company created for you.

Did you break any of these vouchers into subcategories based on the type of -- type of product service thing that was being purchased?

A. I believe in the meeting that we had with the Company that we went through, and these two account numbers were the safest that they included in what we were looking for in cash vouchers.

I did go through them, and I had to take some out that pertained to advertising because they're in another -- they're another issue.

Q. Sure.

And so the FERC 500 and 900 accounts would be the ones that would include the operating expenses payment essentially. Correct?

A. They included just expenses that the Company incurred greater than $50,000 --

Q. Okay.

A. -- that was booked to the Accounts 500 and 900.

Q. Okay. And other than removing vouchers that related to advertising or other expenses that you were not -- that would not be permitted in the rate case, did you do any analysis of the categories of expenses to group like things alike or not?

A. No, I did not.

Q. Okay. Do you recall if there were any fuel vouchers in the cash vouchers that you looked at?

A. No, I don't remember.

Q. How did you derive the $381.2 million figure that was associated with the item cash vouchers in your study?

A. Where is that located? I believe it is in their schedule.

MR. KRUEGER: Accounting Schedule 8 perhaps?

BY MR. WOLSKI:

Q. Yes, it's line 1 of Accounting Schedule 8.

A. And repeat your question again.

Q. Where did -- how did you determine the number 381,216,450 that is in Column B for line 1 for cash vouchers?

A. Jim Schwieterman was responsible for that column of the CWC.

Q. Do you know if -- do you know where Jim Schwieterman got that number from?

A. At this time I don't remember.

Q. Do you know if there was anyone else on Staff that -- who is still on staff that Mr. Schwieterman may have worked with to get that number?

A. I don't know.

Q. And did you do anything independently to verify the accuracy of the number that Mr. Schwieterman gave you?

A. Yes. He would -- I'm trying to think -- actually, no, at this time I don't remember. I thought I did.

Q. Okay.

MR. KRUEGER: Can we go off the record for just a second here?

MR. WOLSKI: Sure.

(OFF THE RECORD.)

MR. WOLSKI: Actually, while we were in a break, I think we were informed by your supervisor that it was -- that the number was a plug that was a result of subtracting the numbers from -- what was it, Greg?

Was it Accounting Schedule 9?

MR. MEYER: Accounting Schedule 9, line 16.

MR. WOLSKI: Subtracted from line --

MR. MEYER: It's from all of the items listed.

MR. WOLSKI: From the bottom line, I guess?

MR. MEYER: The 381 million number plugs into our -- totals out the 867,433 that is on line 12 of Accounting Schedule 8, which tracks to Accounting Schedule 9, line 16.

MR. WOLSKI: Yes.

BY MR. WOLSKI:

Q. And I take it you once knew that?

A. Yes, I once upon a time knew that.

Q. Okay. Now, on lines 16 through 18 of your testimony, page 28, you stated that Ameren was not required to pay unemployment taxes to the State of Missouri during the test year.

Did you in doing this expense lag consider unemployment tax payments that AmerenUE made on behalf of its employees who live in Illinois and Iowa?

A. Um, no.

Q. But property tax payments that were made by the Company in Illinois and Iowa, as well as Missouri, were included in the property tax calculation, weren't they?

It's the next page, 29.

A. Yes.

Q. And was there any reason why you didn't look to include the Illinois and Iowa unemployment tax lag?

A. The unemployment for the customers of Missouri are gone -- are towards the rate set that Missouri ratepayers pay, and, therefore, Illinois customers are jurisdictional to Illinois rates.

Q. And what is the distinction between the unemployment, then, and the property taxes?

A. Excuse me one second. I think I said Illinois customers. I want to clarify that.

Q. Sure.

A. That Illinois employees, it's associated with Illinois Power. We're making a distinction that that is an Illinois, not included in our cost of service.

Q. Okay. Then why were the Illinois and Iowa property taxes included in the property tax lag?

A. At this time I can't remember.

Q. Okay. Are you aware that the Company pays taxes to the City of St. Louis?

A. Um, how can I answer that?

The only way I could answer that is with a question to you. I'm not sure of the exact tax.

Q. Do you know any taxes that the Company pays to the City of St. Louis?

A. I'm not sure that they do. The only ones I would assume would be the PTE tax, if they do.

Q. Were there any taxes that were paid to the City of St. Louis that were included in your lag calculations?

A. I do not believe so.

Q. Okay.

A. I don't know at this time.

Q. On page 31 of your testimony you cite on line 8, 62.15 days as the expense lag for State income tax offset, I believe, and on -- actually, the 62.15 days.

Could you describe for me how you arrived at that estimate?

A. Um, I believe I state in my testimony on page 31, line -- sorry. Give me a second. Let me read through this.

I believe the answer to that is on page 31, line 8, that the factors -- the percentages listed there respectively result from subtracting the expense lags from the revenue lag and then dividing by 365 days.

These factors are found on Accounting Schedule 2, rate base.

And then I believe I list above that the mid point of the tax calendar year and the dates the income taxes must be paid to the Federal and State taxing authority.

I go on to say, currently 100 percent of the Federal tax must be paid during the year, and four installments are due by the 15th day of April, June and September.

I say that each leg was calculated from the payment date to the mid point of that tax year.

The Federal and State income tax lags were weighted by the total tax payments made during the year to obtain the Federal and State income tax expense lags of 37 and 62.15 days respectfully.

Q. And when are the State taxes in Missouri due, the State income tax?

A. I do not know at this time.

Q. Was your calculation based on when they were due?

A. At this time, without my workpapers -- without the workpapers in front of me, I do not know.

Q. Okay. The expense lag estimate for interest expense here is -- on line 19 is listed at 89.02 days.

Do you know how that was reached?

A. Yes. I state on page 31, line 19 -- line 20 that was agreed to in the last gas rate, so that was part of Paul's workpapers which I went over.

Q. So you specifically looked at his calculations for the interest expense?

A. Yes.

Q. Okay. And you had no reason to believe that it would have changed from when he calculated it?

A. Um, I had a meeting with the Company, and that's how we decided if it would change or not.

Q. Okay. When you looked at the category of cash vouchers, you said that you didn't -- other than removing advertising that was not properly chargeable to the rate payers, you didn't break the vouchers down into different categories based on the function of the service or product that was being paid for. Right?

That's what you had said?

A. Yes. Let me clarify.

I withdraw advertising from the cash vouchers because that was another issue, not because it was disallowed necessarily in my advertising adjustment. It was just covered elsewhere.

Q. Okay. So that wasn't necessary for the -- you didn't think -- because it was covered elsewhere as far as the lag goes?

A. No. As an advertising issue.

Q. But some of the advertising expenses that you had taken out then would have been chargeable to the Company, would have been allowed expenses in the rate case, that would have been for ads that were for informational or safety . . .

A. I'm sorry. Rephrase your question.

Q. Some of the advertising vouchers that you would have removed from the sample were ones for which Ameren could recover their expenses from the ratepayers?

A. I removed all advertising vouchers.

Q. Including ones that were expenses allowed and some of the ones that were disallowed?

A. I removed all -- all of them in the test year, yes.

Q. And could you clarify? Because I guess I don't entirely understand.

You said it was because the advertising was taken into account somewhere else.

Why was the advertising lag not relevant for the cash working -- for the cash vouchers calculation, if you recall?

A. Um, I believe I stated earlier that this is for cash vouchers for expenses, and I removed the advertising expense for the test year. Because I also had an advertising issue, and I removed the dollars out for that issue. I didn't want to count it twice.

Q. All right.

Now, would you think that it's a more accurate -- do you think it would present a more accurate picture of the lags connected with the cash vouchers if you were to break the big pile of cash vouchers into smaller subgroups based on the category of expense?

A. Repeat your question one more time. I'm sorry.

MR. WOLSKI: Could you read that back, because I'm not sure I could.

(THE COURT REPORTER READ BACK THE PENDING QUESTION.)

THE WITNESS: No.

BY MR. WOLSKI:

Q. You don't think that that --

A. No.

Q. -- would bring greater resolution?

A. No.

Q. In preparing your testimony for this case, what did you understand your purpose to be?

What purpose were you serving in preparing the testimony for the rate case?

What would be the goal of the testimony?

A. To present my issues.

Q. And in presenting them, what was the result you were seeking to achieve?

A. I'm sorry. Can you rephrase your question?

Q. Okay. You were asked to provide testimony in this rate case covering seven different topics, and I was -- what I was wondering is what you view the role of a Staff person of the PSC when they file this sort of testimony in a case. What does your job entail?

A. In preparing this testimony I wanted to accurately show and describe how I did my adjustments in this case.

Q. And the purpose of adjustments are?

A. To show what I feel is disallowed.

Q. And the reason why something is disallowed -- the reason for determining expenditures that are disallowed in this proceeding is?

A. There are reasons, because they don't belong in the cost of service, that the ratepayers shouldn't have to pay for them.

Q. Okay. In developing your testimony in the case, did you understand your role to be that of a ratepayer advocate or of an objective evaluator whose task was to balance the interest of ratepayers, investors,

shareholders and the general public?
A. Um, I was supposed to be objective in nature in looking at everything that I looked at in the audit in nature, not just to be for one particular side.
Q. So you weren't looking just to make adjustments so that the ratepayers wouldn't pay for things that they shouldn't pay for, but also to make adjustments so that the Company would be compensated for things that it should be compensated for?
A. Yes.
Q. Okay. In preparing your testimony did you consider any gains that the Company had realized through increased efficiency over the last several years?
A. I don't know.
Q. Did you consider at all the result of your testimony on the rate stability of AmerenUE?
A. I don't know.
Q. In arriving at the positions that you took in your testimony, did you compare the figures for AmerenUE to those that correspond to other electric utilities in the state?
A. No.
Q. So you looked solely at AmerenUE's numbers?
A. Yes.
Q. Okay. In preparing your testimony, did you

compare at all the costs in these categories for AmerenUE prior to the EARP with the numbers that you had looked at in the test year?

A. No.

Q. Okay.

MR. WOLSKI: Well, actually, I think this probably has consumed all of the questions that I have for you.

So unless your counsel wants to ask you any, I think we'll be done.

MS. KIZITO: I don't have any.

THE COURT REPORTER: Waive presentment; obtain signature?

MR. KRUEGER: Yes.

____

LEASHA S. TEEL

subscribed and sworn to before me this day of , 2001.

____

Notary Public in and for
County
State of Missouri

COPY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, Patricia A. Stewart, RPR, CCR, CSR, Registered Merit Reporter with the firm of Associated Court Reporters, Inc. do hereby certify that pursuant to notice, there came before me,

LEASHA S. TEEL,

at the Governor Office Building, Room 510, in the City of Jefferson, County of Cole, State of Missouri, on the 19th day of November, 2001, who was first duly sworn to testify to the whole truth of her knowledge concerning the matter in controversy aforesaid; that she was examined and her examination was then and there written in machine shorthand by me and afterwards typed under my supervision, and is fully and correctly set forth in the foregoing pages; and the witness and counsel waived presentment of this deposition to the witness, by me, and that the signature may be acknowledged by another notary public, and the deposition is now herewith returned.

I further certify that I am neither attorney nor counsel for, nor related to, nor employed by any party to said action in which this deposition is taken; and further, that I am not a relative of employee of any attorney or counsel employed by the parties hereto, nor finally interested in this action.

Given at my office in the City of Jefferson, State of Missouri, this 20th of November, 2001.

Patricia A. Stewart

Patricia A. Stewart, RPR, CSR, CCR
Registered Merit Reporter

November 20, 2001

Public Service Commission
Governor Office Building
Jefferson City, Missouri 65101

ATTN: Victoria Kizito

In Re: Case No. EC-2002-1

Dear Ms. Kizito:

Please find enclosed your copy of the deposition of Leasha S. Teel taken on November 19, 2001 in the above-referenced case. Also enclosed is the original signature page and errata sheet.

Please have the witness read your copy of the transcript, indicate any changes and/or corrections desired on the errata sheet, and sign the signature page before a notary public.

Please return the errata sheet and notarized signature page to Mr. Wolski for filing prior to trial date.

Thank you for your attention to this matter.

Sincerely,

Patricia Stewart

Patricia A. Stewart

Encl:

CC: Victor J. Wolski

Exhibit No.:	
Issues:	Dues & Donations MoPSC Assessment Rate Case Expense Miscellaneous Expenses Advertising Prior Period Adjustment Cash Working Capital
Witness:	Leasha S. Teel
Sponsoring Party:	MoPSC Staff
Type of Exhibit:	Direct Testimony
Case No.:	EC-2002-1
Date Testimony Prepared:	July 2, 2001

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

LEASHA S. TEEL

UNION ELECTRIC COMPANY
d/b/a AmerenUE

CASE NO. EC-2002-1

Teel 1
EXHIBIT
pas 11-19-01

Jefferson City, Missouri
July 2001

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****Denotes Proprietary Information****

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UNION ELECTRIC COMPANY
d/b/a AMERENUE

CASE NO. EC-2002-1

DIRECT TESTIMONY

OF

LEASHA S. TEEL

UNION ELECTRIC COMPANY d/b/a Ameren UE

CASE NO. EC-2002-1

Q. Please state your name and business address.

A. Leasha S. Teel, 815 Charter Commons, Suite 100B, Chesterfield, Mo. 63017.

Q. By whom are you employed and in what capacity?

A. I am a Regulatory Auditor for the Missouri Public Service Commission (MoPSC or Commission).

Q. Please describe your educational background.

A. I graduated from Webster University in December 1998 with a Bachelor's degree in Accounting.

Q. Have you previously filed testimony before this Commission?

A. No.

Q. Have you made an investigation or study of the books and records of AmerenUE (UE or Company) in Case No. EC-2002-1?

A. Yes, in conjunction with other members of the Commission Staff (Staff).

Q. Please identify your areas of responsibility in Case No. EC-2002-1.

A. My principal areas of responsibility are: dues and donations, MoPSC assessment, rate case expense, miscellaneous expenses, advertising and Cash Working Capital (CWC).

Q. Please list the adjustments to the Income Statement you are sponsoring.

A. I am sponsoring the following Income Statement adjustments that can be found on Accounting Schedule 10:

Dues and Donations	S-19.3
MoPSC Assessment	S-18.3
Rate Case Expense	S-19.17
Miscellaneous Expense	S-15.4 & 19.20
Advertising	S-16.2 &19.2
Prior Period Adjustment	S-16.3

Q. Are you sponsoring any Accounting Schedules?

A. Yes, I am also sponsoring Accounting Schedule 8, Cash Working Capital.

DUES AND DONATIONS

Q. Please explain adjustment S-19.3.

A. Adjustment S-19.3 proposes to disallow expenses relating to various dues and donations. The Staff recommends disallowing these expenses because they are not related to the provision of electric service. They are discretionary and are not necessary for safe and adequate service, and provide no direct benefit to the ratepayers. Without these disallowances, ratepayers would be, in effect, involuntary contributors to these organizations.

Q. Please provide examples and your reasons why the dues and donations listed in S-19.3 are not appropriate for inclusion in rates.

A. **The Staff found two instances where funds were allocated from the Energy Efficiency Program costs to Missouri operations, when it was clearly stated on the voucher that the check was for the Illinois Energy Efficiency Program. AmerenUE also pays for Edison Electric Institute membership and dues. The Edison Electric Institute is a national association of investor-owned electric utilities, which is significantly engaged in lobbying activities. Lobbying activities may benefit the shareholders, but do not directly benefit the ratepayers. AmerenUE also made a donation to the Boone Center for the Missouri River Otters "Light the Lamp" campaign. During the test year there was one payment of $60,000 contribution to the 2000 Partnership. The 2000 Partnership, is a Jefferson City Chamber of Commerce "plan to intensify efforts to serve existing businesses" in the Jefferson City area. AmerenUE also made a contribution to Missouri Agricultural and Small Business Authority for the Otto Feeds Company. The response to Staff Data Request No. 175 states that the Otto Feeds Company is a soybean processing company located in Bunceton, Missouri. In its response to Data Request No. 175, AmerenUE states that the benefit to Missouri ratepayers, from this donation, is the reduction in federal and state income taxes through a deduction on the Company's tax returns. It was also stated that the donation to Missouri Agricultural and Small Business Authority for the Otto Feeds Company generates a tax credit applicable to Missouri state taxes. (It should be noted that any tax benefits associated with disallowing dues and donations are not given to ratepayers in the Staff's income tax calculation.) AmerenUE also made contributions to Missouri Investor

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Owned Utilities (MIOU), related to an annual event sponsored by the MIOU. This annual event includes a "Governor's Award Luncheon," a MEDC (Missouri Economic Development Council) Legislative Reception and a MEDC Fall/Spring Conference.**

The Staff believes that all of these test year payments do not provide any benefit to Missouri electric ratepayers. AmerenUE seeks to make customers involuntary contributors by booking these contributions in an above-the-line account. These types of expenses should be assigned to shareholders, not ratepayers.

Q. What is your understanding of the legal basis for making the adjustments provided in S-19.3?

A. The Commission has consistently excluded dues like the ones recommended by the Staff in this case. For example, in The Staff of the Missouri Public Service Commission v. Union Electric Company, 29 P.S.C. (N.S.) 313, 332, the Commission said that dues paid to the Edison Electric Institute do not produce any direct benefit to the ratepayers because lobbying activities do not directly benefit ratepayers.

The Commission also has a long-standing policy dating back to 1918, when the Commission denied inclusion of charitable contributions in the case of In re Kansas City Light & Power Co., 8 Mo. P.S.C. 223. More recently, in State ex rel. Laclede Gas Company v. Public Service Commission, 600 S.W. 2d 222, 229 (Mo. App. W.D. 1980), the Court confirmed that the Commission has the discretion to find that income tax deductions are adequate to encourage a company to make a donation.

This does not mean that the Company is not free to exercise its own management decisions about these expenditures. It just means that the shareholders are the ones who directly benefit from the dues and donations, so they should be the ones that pay for