Exhibit No:	100
Witness:	**Michael Proctor**
Sponsoring Party:	**Union Electric Co.**
Type of Exhibit:	**Deposition**
Case No:	**ER-2007-0002**
Date Testimony Prepared:	**January 12, 2007**

Ameren Exhibit No. 100
Date 3-16-07 Case No. ER-2007-0002
Reporter KF

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF UNION ELECTRIC COMPANY d/b/a AMERENUE FOR AUTHORITY TO FILE TARIFFS INCREASING RATES FOR ELECTRIC SERVICE PROVIDED TO CUSTOMERS IN THE COMPANY'S MISSOURI SERVICE AREA

Cause No. ER-2007-0002

DEPOSITION OF MICHAEL PROCTOR
JANUARY 12, 2007

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric)
Company d/b/a AmerenUE for)
Authority to File Tariffs)
Increasing Rates for Electric) Cause No.
Service Provided to Customers in) ER-2007-0002
the Company's Missouri Service)
Area.)

DEPOSITION OF MICHAEL PROCTOR, produced, sworn, and examined on the 12th day of January, 2007, at AmerenUE, 101 Madison Street, in the City of Jefferson City, State of Missouri, before Susan M. Fiala, Certified Court Reporter, Registered Professional Reporter, within and for the State of Missouri, in a certain cause now pending Before The Public Service Commission of The State of Missouri, In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.

APPEARANCES:

ON BEHALF OF THE PUBLIC SERVICE COMMISSION:
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ON BEHALF OF AMERENUE:
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ALSO PRESENT:
Mr. Thomas Byrne, AmerenUE
Mr. Brian Collins, MIEC
Mr. Greg Meyer, Staff/MPSC
Mr. John Cassidy, MPSC
Mr. Gary Wiess, AmerenUE
Mr. Timothy Finnell, AmerenUE
Mr. Shawn Schukar, AmerenUE

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EXHIBITS

STIPULATION

IT IS HEREBY STIPULATED AND AGREED by and between counsel for the parties that this deposition may be taken in shorthand by Susan M. Fiala, Certified Court Reporter, Registered Professional Reporter, and afterwards transcribed into printing, and signature by the witness is reserved.

MICHAEL PROCTOR,

of lawful age, being first duly sworn to tell the truth, the whole truth and nothing but the truth deposes and says as follows:

EXAMINATION BY MR. LOWERY:

Q. Good morning, Dr. Proctor.
A. Good morning.
Q. You've been deposed before, correct?
A. Yes, I have.
Q. So several times or -- a number of times; is that correct?
A. More than once.
Q. Well, I'll go over a couple ground rules anyway, although it's probably redundant with you. You're probably familiar with these. Obviously, it doesn't do any good if you nod or non-verbal answers are not -- the court reporter can't pick those up. And I'll try not to talk over you if you'll try not

to talk over me.

Obviously, Mr. Dottheim has a right to object to questions that I may pose, but unless he directs you not to answer the question on the grounds of privilege, after he lodges his objection, of course, you can go ahead and answer the question.

If you need to take a break, obviously, just ask and we'll do that. I assume you're not taking any medication that would interfere with your ability to truthfully answer the questions and understand the questions I'm posing, correct?

A. I am not taking any medication that would cause me difficulties today.
Q. And there's no other reason that you know of that would cause you not to be able to understand the questions that I'm asking you?
A. That's correct.
Q. If you don't understand a question, I'm not clear about something -- or in your mind I'm not clear, just tell me, and I'll try to rephrase the question and clarify it.
A. Okay.

MR. DOTTHEIM: Mr. Lowery, excuse me. I'm sorry. Have we activated the phone call or are we going to do that?

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MR. LOWERY: Well, you know, actually, I don't think we got a number, and I didn't get any request from anybody.
MR. DOTTHEIM: Okay. That's fine. Excuse me for interrupting.
MR. LOWERY: No. No problem. No problem.
Q. (By Mr. Lowery) Dr. Proctor, did you bring a copy -- a clean copy of your testimony with you today?
A. Yes, I did.
Q. Would you mind if I go ahead and mark that? We'll just talk maybe --
MR. LOWERY: Mark that, please.
(Deposition Exhibits 1 and 2 marked for identification.)
Q. (By Mr. Lowery) Dr. Proctor, I'm handing you what's been marked as Deposition Exhibit 1. I'll just ask you to confirm that that's a true and correct copy of the direct testimony that you filed in this docket on December 15th, 2006?
A. Yes, it is.
Q. I'm also going to hand you what's been marked as Deposition Exhibit 2. Have you seen that document before; in particular Exhibit A attached to it?

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A. I have not seen this before but I'm looking at it now.
Q. Dr. Proctor, we had previously -- I had previously agreed with Mr. Dottheim that in terms of having printed copies of all these various materials, that that wouldn't be necessary but you would have work papers, etc., available today and -- in electronic form on a computer. And I take it that you have that available to us today on the computer you have in front of you?
A. Yes, I do.
Q. What about -- do you also have available any correspondence documents, prior Commission cases or rulings, data request responses, those types of things that you might have relied upon or reviewed in connection with your testimony?
A. Yes. I have -- I have some of the data request responses that I used with me on the computer.
Q. Do you know, could you provide a list of the -- that type of material that you would have relied upon in preparing your testimony? Is that something you could do now or is that something you would have to do at a different time?
A. I would have to do that at a different time.

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Q. Okay. So you don't have all of that today available?
A. No, I do not.
Q. Are there particular data request responses from the company that you relied upon in connection with any analyses that you did or in connection with the preparation of your testimony?
A. Yes, there were.
Q. Do you know what those are?
A. I believe -- I don't memorize these numbers very well so --
Q. Sure.
A. -- let me take a look at my responses.
MR. DOTTHEIM: Dr. Proctor, could you identify -- I think you may have just mentioned it briefly, but what specifically you are looking at right now?
THE WITNESS: These are responses to data requests that were given to me from AmerenUE.
A. For a portion of the analysis I relied upon Cinergy hub data that was provided to me by Mr. Shawn Schukar.
Q. (By Mr. Lowery) And what data request response was that from AmerenUE?
A. I don't know the number. I don't have that

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number here with me.
Q. Oh. All right. What document -- are you looking at -- what documents are you actually physically looking at at this point? Are those the data request responses that you gave to AmerenUE?
A. Yes, they are. For mine-mouth coal price -- well, for coal prices -- and I relied on -- or coal dispatch prices I relied on, I believe, Staff DR69 and an update which was DR429.
Q. Just to clarify. You relied on AmerenUE's response to DR69 and to DR429 with regard to developing your coal dispatch prices in your testimony?
A. That's correct. The other -- the other data that I relied on primarily where it came from, AmerenUE work papers. And those were almost exclusively Mr. Finnell's work papers. We -- Mr. Finnell's work papers had hourly prices for 2003 to -- through 2005 for spot electricity prices. And we did ask for an update to that data, and I don't know the DR response but we got an update. So we got through about -- I think through September of 2006 in a response from Mr. Finnell. So that -- those -- that pretty much covers all of the data sources.
Q. All right. The Cinergy Hub data from

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Mr. Schukar; how did you use that?
A. Primar -- there were -- two of my work papers, Cinergy off-peak and Cinergy on-peak work sheets, I used to look at the cyclical or monthly distribution of prices that Ameren had developed for its filing to see if those distributions were in line with that Cinergy Hub data. That was the only use I made of the Cinergy Hub data.
Q. Okay. Obviously, the principle subject of your testimony is pricing the use to determining off-system revenues and margins, correct?
A. That's correct.
Q. And would you agree that that's a very important issue in terms of setting an appropriate level of rates for AmerenUE in this case?
A. Yes.
Q. Energy prices used to model off-system sales can have a very significant affect on the margins that are determined by modeling by the company, modeling by Staff, correct?
A. Correct.
Q. When did you first start doing work on this case?
A. It would have been spring, and I can't specify exactly the month, but spring of last year.

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Q. Would it have been before the case was actually filed on July the --
A. That's correct.
Q. -- 10th?
A. We met with -- I met with Mr. Schukar to discuss methods that were being used by the company to develop a set of normalized prices for off-system sales.
Q. And what was your specific assignment with regard to this case?
A. To develop that set of prices -- or correspond a set of prices for the Staff's filing.
Q. And who gave you that assignment?
A. Greg Meyer was the person who asked me specifically if I would work on that.
Q. Has your assignment changed in any way since you were first given it?
A. No.
Q. Now, just to explain to me a little bit, I guess, the organizational structure. You work for who? Who do you report to? Maybe you have more than one boss.
A. I work -- my direct boss is Warren Wood.
Q. Okay. And you have an indirect boss, I take it then, other than the five commissioners?

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A. Yeah. Warren -- in the structure I am in utility operations. Okay? The staff that normally works on this issue is a part of utility operations so we coordinated with that staff. I didn't directly correspond with Warren on this but with Lena Mantle and the Staff in terms of -- of what we were going to do in this particular case because it was different from past cases. So we coordinated with those folks on my role in this.
Q. Well, why was it -- why do you say that it's different from other cases?
A. Well, I think that's come out in the testimony, but in the past the Staff had used historical levels of profit margins from sales to go into the case, and they simply would model purchases and actual -- and the dispatch or the generated units against normalized sales.
This particular case there were two things -- two major factors that made it different, and one was the lack of normality during the test year; the Katrina impact on natural gas prices and on-peak prices and the rail problems with coal transportation and its impact on coal prices and off-peak prices. So that was one factor.
The other factor is that historical levels

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of sales would have been based upon the joint dispatch agreement, and the joint dispatch agreement was going away. So we could no longer rely on historical levels of sales for those two. That's what made it different.
Q. So in other cases it wouldn't -- it would have been atypical for somebody like yourself to perhaps be involved in the case to try to develop Staff's view of a normalized level of energy prices?
A. That's correct.
Q. And who -- you mentioned Lena Mantle. Who else did you work with or discuss the subject matter of your assignment with on Staff? And I'm not asking you to talk about conversations you've had with your attorneys on Staff, but other folks.
A. Well, Leon Bender has historically been the Staff person who develops -- for AmerenUE develops the production cost model. And so Leon was a part of that discussion as well on Staff.
Q. Now, you said that Mr. Meyer asked you to take on this role in this particular case, and I take it he asked you to take that on -- or your understanding of why he asked you to take that on is because of these differences that you just went through, correct?

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A. That's correct.
Q. What interaction or discussions have you had with Mr. Meyer about your assignment on this case in terms of what you should do or shouldn't do or how -- what the goal of your assignment should be?
A. Well, we discussed what was going on on a regular basis. I can't remember any discussions about what I should or shouldn't do. I mean, I knew what the goal was was to develop this set of prices. It became -- initially it was just looking at spot-market prices, but it became apparent and clear to me that you could not develop a set of spot-market prices that was somehow different from a set of coal dispatch prices or natural gas dispatch prices.
Q. When you say -- I'm sorry to interrupt you. When you say spot-market price, you're talking energy, right?
A. Electricity, yes. Electricity prices. And it became apparent as I got into working with this that you couldn't separate that from the dispatch prices that you were using for coal and for natural gas. So I -- as that became apparent I started working on that aspect of it as well.
Q. And what made that apparent to you?
A. Well, first of all, it was apparent from

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Mr. Schukar's testimony. And if you are looking at the impact of Katrina, Katrina doesn't directly impact on-peak prices. Katrina directly impacts the price of natural gas and then the price of natural gas impacts on-peak prices.
And if you look at the impact of the rail problems, they don't directly impact off-peak prices. They impact the price of coal and that impacts. So that correlation or that relationship became fairly clear to me pretty -- pretty early on in the process.
Q. That's something that you and Mr. Schukar agree upon essentially --
A. Yes.
Q. -- that those effects affected those two commodity prices which in turn affected energy prices?
A. Absolutely.
Q. What interaction did you have -- well, with who else on Staff did you have interactions with regard to your assignment?
A. I also interacted with Mr. Cassidy.
Q. And what was the nature of that interaction?
A. As we got into -- Mr. Cassidy's assignment dealt with the accounting portion of coal prices and natural gas prices and those types of things. And so

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there was a relationship between those two; what was Ameren going to be paying for -- for coal January 2007 related to what dispatch prices -- coal dispatch prices we're going to be using.
And so as I got more and more involved in that I needed to know more information about the coal dispatch prices, and I worked with Mr. Cassidy and he had submitted some DR's and we talked about these things as we went through the process.
Q. Anyone else on Staff that you had discussions with or from whom you obtained information that was relevant to the work that you were doing?
A. Not that I recall.
Q. Okay. Mr. Schallenberg?
A. No.
Q. You didn't have discussions with him about any of this?
A. No.
Q. Now, Mr. Meyer reports to Mr. Schallenberg; is that correct?
A. That's correct.
Q. And Mr. Cassidy, where does he fit in the organizational chain?
A. He reports to Mr. Meyer.

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Q. Mr. Meyer. That's what I thought.
A. I guess he reports to Mr. Meyer.
Q. Now, you conducted and prepared certain studies or analyses in connection with your assignment, correct?
A. Correct.
Q. And you used some of those analyses or studies as a basis for your direct testimony?
A. That's correct.
Q. I just want to confirm that all of the work papers that would underlie any of those analyses or studies that were used in connection with your direct testimony have been provided to the company; is that correct?
A. That's correct.
Q. Between the time you first started working on this case, which I take it was back in April, May -- it was in the spring sometime?
A. In the spring, yeah.
Q. -- and today have you -- and today not just the time of your direct testimony but up until now. Have you conducted or prepared any other studies or analyses relating to fuel prices or wholesale electricity prices that would help Staff determine its view of an appropriate level of electricity

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prices to use in this case?
A. All of the analyses that I did I filed in the direct testimony, and that -- that focused on where the Staff would be in terms of those prices. I guess are you asking me have I done any additional analyses that would change the Staff's view or --
Q. Well, let me -- it would be --
A. The answer to that is no.
Q. Well, it would be my assumption that in May or June or July or September or leading up to your filing that you probably did various studies and analyses along the way, correct?
A. Sure. Yes.
Q. And that the final analysis that ultimately fed into your direct testimony may differ in certain respects from those earlier analyses; is that fair to say?
A. That's correct.
Q. And you did continual analyses through the period of time I described?
A. That's correct. Have I done further analyses that would adjust it even further; is that what you're asking?
Q. That would be one question.
A. The answer is no, I haven't.

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Q. Have you continued to study these issues since your testimony was filed?
A. Well, we have to file a rebuttal, and so I obviously am doing some things related to rebuttal testimony, yes.
Q. What are you doing in terms of relating to rebuttal testimony?
A. Looking at various analyses that I think are necessary in order to rebut the testimony of the company.
Q. Such as?
THE WITNESS: How detailed do I need to get here?
MR. DOTTHEIM: Well, we'll let you go a little bit. I mean, I'm not suggesting that you provide your rebuttal testimony in response to the deposition today.
THE WITNESS: Okay.
MR. DOTTHEIM: So I mean, if that's where Mr. Lowery is headed, I would object to that so --
A. I have --
MR. DOTTHEIM: If you want to just provide some general -- some general information.
THE WITNESS: Okay.
Q. (By Mr. Lowery) Well, the question is what

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studies or analyses are you doing now related to fuel prices and energy prices that would feed into --
MR. DOTTHEIM: You can provide just, you know, a general description.
THE WITNESS: Framework?
MR. DOTTHEIM: Yes.
A. Okay. I've done statistical analyses of both on-peak and off-peak prices looking at the variability of those prices, the range of variability of those prices, developing distributions for those and using their relationship to coal and natural gas prices to develop a distribution for all four of those variables. We've looked at extremes; lows and the highs in terms of those distributions. We've run production cost models for those extremes. All of this relates to Mr. Schukar's testimony on sharing mechanism and whether or not there's a need for sharing mechanism. So I've done that analysis.
Q. (By Ms. Lowery) Just so I could -- if I could interrupt you for just a moment. So all of the analyses you've undertaken since your direct case was filed, you're doing those for the purpose of dealing with the off-system sales sharing mechanism that's discussed in Mr. Schukar's testimony?
A. Yes. And I've also done some additional

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analyses on both the off-peak and on-peak prices and natural gas and coal prices using the adjustments that Ameren put in to -- to see what the trends in those have been. And we've gotten updates on where those prices are today and comparing those to where the trends were going and that type of thing.
Q. Does that relate to the off-system sales sharing mechanism issue or --
A. Yes, it does.
Q. Okay.
A. Well, no. No. That relates to the price levels -- I'm sorry. It does not relate to the sharing mechanism. That relates to the off -- the level of off-system -- let me back up.
It relates to, overall, the level of the profit margin but directly to the prices that were used in the company's model for both coal -- for the dispatch prices and the spot-market electricity prices.
Q. That really relates to modeling off-system sales revenues and margins?
A. Right.
Q. Which Staff, of course, did in connection with its direct filing on December 15th?
A. Yes.

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Q. Are you doing that for the purpose of just using it as the most recent data you have available to you?
A. I'm doing it for the purpose of rebutting the prices that were developed by the company.
Q. And are these more recent analyses telling you anything different than the analyses that you had -- you used in your December 15th filing?
MR. DOTTHEIM: And I would object to Dr. Proctor going any further into his analysis for purposes of his rebuttal testimony.
MR. LOWERY: On what grounds?
MR. DOTTHEIM: On the grounds that I don't think the purpose of the deposition is for you to discover several weeks in advance his filing, his rebuttal testimony, the contents of that rebuttal testimony. So for whatever reason such as the company's own rebuttal testimony which it may file in anticipation.
MR. LOWERY: I guess I'm not hearing an objection that precludes discovery on the issue.
MR. DOTTHEIM: Well, I'm going to instruct him --
MR. LOWERY: Are you instructing the witness not to answer that question?

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MR. DOTTHEIM: I'm instructing the witness not to answer further that line of questioning.
MR. LOWERY: Well, just for the record, I think your objection is invalid, but I'm not going to stop the deposition and take it up with the ALJ at this point.
You're not asserting privilege grounds as a basis for the objection, and I think that's the only basis that is properly utilized in a deposition.
MR. DOTTHEIM: Well, and I consider the subject matter significant enough that I would want an RLJ or even ultimately a Commission determination as to whether this is, at least from their view, a proper subject matter. So I am fully prepared if you want to stop the deposition, to stop it and get an RLJ and even a Commission determination.
MR. LOWERY: No. I just -- at this point you've instructed the witness not to answer, correct?
MR. DOTTHEIM: That's right.
MR. LOWERY: And we'll move on at this point.
MR. DOTTHEIM: And, Jim, I just want to be perfectly clear so that you understand how strongly I feel about that matter. So I think -- I think I've been very fair and very open on behalf of the Staff

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in letting you ask the questions that you have to this point so --
Q. (By Mr. Lowery) Dr. Proctor, from whom -- if you were to describe from whom you received information, verbal information, written information, or just to be clear, electronic information --
A. Uh-huh.
Q. -- from which persons or entities did you receive information that was important to the analyses that underlie your direct testimony or that was -- or to your direct testimony itself?
A. I would say information we received from -- the Staff received from Tim Finnell and from Shawn Schukar.
Q. Okay. Anyone else; anyone on Staff or any Staff retained experts?
A. They did not provide information that impacted my position on direct testimony.
Q. What about just third-party external sources? I mean, public source of data, subscription services, anything like that; any information that you really received that was important to your analyses or your testimony or both?
A. No.
Q. So it's principally data from the company?

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A. Yes.
Q. Okay. Let me kind of -- let's talk about modeling off-system sales or production costs or -- which, of course, off-system sales is one aspect of that. You need -- well, just tell me what key inputs you understand one needs in order to model production costs for a company.
A. Well --
Q. To the extent you know.
A. Certainly, you need to have information about the generation units, what their heat rates are. I supplied the dispatch prices for the coal units and for natural gas. You need to have a nuclear fuel number as well in Ameren's case. You need to have hourly loads. You need to have, in this case, hourly spot-market prices.
Q. And you provided the dispatch prices for coal and natural gas. You provided the hourly spot prices for energy, right?
A. That's correct.
Q. And somebody provided -- who provided the nuclear fuel information?
A. I think this was Mr. Cassidy.
Q. And who provided the loads?
A. I believe our operations department did. I

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don't know the specific witness.
Q. All right. You didn't talk to anybody about the load Staff was using?
A. No, I did not.
Q. All right. You said information about the units, heat rates. Do you know where that information came from?
A. No, I do not.
Q. Okay. And anything else, any other inputs that come to mind -- come to your mind that are necessary in order to properly model production costs?
A. It depends on the utility and the mix of generation. But that's -- those are the primary ones that I can think of.
Q. When did you start developing your direct testimony?
A. I don't understand the question.
Q. Okay.
A. I started working on this issue back in --
Q. In the spring?
A. -- the spring. But I don't -- when you say developing, I don't know what you mean by that.
Q. Is there some point that you felt like you were at the point where, okay, I can sit down and at

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least begin drafting my testimony?
A. Oh, sure. That's after I felt like I had completed the analysis and had come to a recommendation -- recommended level on it.
Q. And do you remember when that was?
A. I'm trying to remember when we filed this. We filed it December 15th. I probably completed the testimony the week before that or maybe even a little earlier than that. I had a lot of stuff going on at the Midwest ISO so I probably started late October, early November.
Q. Okay.
A. That's approximate.
Q. In the context of developing your testimony do you believe you've considered all of the factors and information that are important at arriving at the opinions that are reflected in your direct testimony?
A. Yes, I do.
Q. Would you agree with Mr. Traxler's testimony in the KCPL case that was just concluded to the effect that off-system sales are an item that's difficult to forecast?
A. It depends upon one's definition of the word difficult.
Q. Well, how would you define difficult?

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MR. DOTTHEIM: Mr. Lowery, do you have something that you could show Dr. Proctor as far as --
MR. LOWERY: Sure.
MR. DOTTHEIM: -- as far as your characterization --
Q. (By Mr. Lowery) Well, first of all, do you agree --
MR. DOTTHEIM: -- of Mr. Traxler's testimony?
MR. LOWERY: I'm sorry. I thought you were done, Steve.
Q. (By Mr. Lowery) Do you agree that off-systems -- using whatever definition of difficult you'd like to use, if you could share that with us, do you agree that off-system sales are difficult to forecast?
A. If you were asking the question in the context could I forecast -- would it be difficult to forecast AmerenUE's off-system sales for the next month, I would say probably yes. If you were asking could you forecast their off-system sales under normal conditions for the next year, I would probably say that's an easier task to perform than trying to predict what's going to happen the next month. And

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the difference is, of course, the law of averages starts to work out as you go through the year.
You're going to see things -- you're going to see random events that occur from month to month that cannot be very well predicted, but over the cycle you can rely on those things working themselves out. Some of your predictions are going to be high. Some of them are going to be low, and they're going to average out over the long haul.
Q. Would you agree that it's more difficult to predict what the future level of off-system sales for a utility, or AmerenUE in particular, are going to be than it is to predict what the revenues from retail sales are going to be?
A. Haven't thought about that. I mean, I don't know.
Q. All right. Would you agree that you don't want to build a level of off-system sales margins into rates that's too high?
A. Yes.
Q. Would you agree that the level of off-system sales margins built into rates should be set conservatively?
A. If you mean below what you think the normal level is, the answer is no.

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Q. What you think the normal level is is probably a range in most cases, correct?
A. That's correct.
Q. Would you agree then that if it is a range, that it should be set toward the lower end of that range, conservatively within that range?
A. No.
Q. And why not?
A. Why would that be fair to rate payers? I mean, my answer is no. Why would you go conservative from profits from off-system sales? It seems to me like that would be bias in favor of the shareholders and against rate payers.
Q. Okay. I'm going to read you a question and answer that Mr. Traxler gave in the KCPL deposition at Page 856, Lines 11 to 18, and ask you then whether you agree or disagree with his statements.
A. Okay.
Q. "Question: And do you agree that there should be a consideration of a higher risk when there is a higher reliance upon off-system sales?
"Answer: Well, I think that you're -- you definitely have a responsibility with the kind of money we're talking about and the impact to be conservative in your recommendation, and we think

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we've done that."
Do you disagree with Mr. Traxler?
A. I don't know the total context that Mr. Traxler was putting that in. I happen to not believe there's a high level of risk involved here. So in this particular situation I would say whatever the situation he was looking at -- and I haven't looked at it -- is not comparable to -- may not be comparable to what we're looking at here.
So there's -- I guess my answer is No. 1, it appears from what you've read to me that Mr. Traxler felt like there was a high level of risk involved which I don't believe is the case here. And if there's a high level of risk involved, I don't know that just putting in the conservative numbers is what I would recommend.
Q. Okay. So even if there is a high level of risk involved which you're hearing of what I read from Mr. Traxler would indicate that was the situation --
A. Could be.
Q. -- that he was talking about. Even if that's true, you don't agree with him in that particular context that a conservative level should be set?

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A. I think there's other ways to deal with the issue rather than just putting in a low level, a conservative level, whatever word you want to use.
Q. And such as?
A. Kansas City Power and Light -- and I don't know the facts of that case -- but could have asked for a fuel adjustment clause that incorporated profits from off-system sales. You know, if there is a lot of risk involved, then maybe that's the way to deal with it.
Q. Now, you indicated, I think, a couple questions ago or a couple of answers ago that you didn't think there was a lot of risk involved in this particular case.
A. That's correct.
Q. First of all, could you tell me -- could you define for me what you mean by a lot or not a lot of risk, and then tell me why you don't believe a lot of risk with respect to predicting an appropriate level of off-system sales is involved in this case?
A. I haven't -- well, let me answer the last part of your question first and then --
Q. Sure.
A. -- why I think there's not a lot -- a high level of risk involved here. And that's because fuel

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prices that Ameren is going to face and market prices tend to be very highly correlated. Okay? So when their fuel costs go up, say coal prices increase or natural gas prices increase, their profit margins from those will also -- from their off-system sales will also go up. And those profit margins from those off-system sales will tend to offset the increase in their fuel costs and vice versa.
When fuel prices drop, the margins from their sales will drop and the drop in fuel costs will tend to mitigate some of the losses they get in profit margins, and what that does is it significantly narrows the amount of variability that they face in terms of those activities; and those activities being a combination of their fuel costs and profits from their off-system sales to serve their customers.
Now, how big or how small is that range and how big is that risk, I'm not prepared to answer that today. But I don't --
Q. When you say --
A. -- I don't think it's very significant in terms of -- in terms of what their overall fuel costs are and what -- in terms of what their overall margins are, profit margins.

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Q. When you say you don't think it's very significant, are you testifying that you think that you are able to predict over the next three or four years, for example, a level of off-system sales margins that the company is likely to hit within a narrow band of probabilities?
A. I would combine that. Okay? I would combine -- and that's what my answer was before. I would combine profits from off-system sales with fuel costs. Okay? So another way of looking at that is what is going to happen to the fuel costs for this company that it has to recover from rate payers nets of profit margins they get from off-system sales. And what I'm saying is that that margin is in my view fairly small.
If you separate the elements, you're going to increase the variability. If you separate -- if you set fuel costs over here and you set profit margins over here and -- then you're going to increase the variability and it's going to be much harder to predict those elements separately than when you combine them.
And you might think of it as a portfolio in a sense; Ameren has a portfolio, and things work -- it's -- when prices go up, profit margins go up and

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tend to offset the impact of those prices going up. And so it's like a -- it's like a portfolio where you've got things that are working in opposite directions, and it tends to minimize the risk.
Q. Okay. Just because AmerenUE's specific fuel costs go up or go down doesn't necessarily mean that the energy prices that exist in the markets and to which off-system sales have to be made are going to go up and down with those company's specific prices, does it?
A. Well, I think if you're looking at next month or next week, I would agree with that statement. If you're looking over the long run, I would say no that's wrong that they will go up and down. That Ameren is just as much an animal of the overall market as anyone is in that market. So that if coal prices are going up in the market, Ameren is going to face higher coal prices and gas prices and those types of things, and they are going to be a product of that market.
Now, having said that, on a given day or a given month, you know, their contract for coal may not yet reflect that increase so you may get some additional variation there.
Q. Historically when the Commission has -- or

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when the Staff has made recommendations in other cases in terms of what an appropriate normalized level of off-system sales margins is, do you know how accurate those projections have turned out to be over the coming years for those utilities?
A. No.
Q. You don't know one way or the other?
A. No. I don't know one way or the other.
Q. Is it likely that either the company or the Staff is going to be, quote, right in terms of the level of off-system sales margins that they recommend being built into base rates?
A. Again, you're going to -- you're looking at a point estimate. You're looking at it being right; you know, am I going to hit right on it. The probability of either of them doing that is zero. The real question isn't what is the probability of me being right. The real question is what's the variability that I'm likely to face with any forecast. Okay? How much variability is there out there in profit margins from off-system sales.
What I'm trying to convey to you is if you separate that question out by itself, you're going to get more variability than if you combine it with the issue of fuel costs and off-system profit margins.

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Q. Well, fuel costs are one component of calculating the off-system margins, obviously, right?
A. Absolutely.
Q. I mean, the question it seems to me is -- I think we agree that over the next year, over the next two years, over the next three years, over the next four years, if Staff says the margins are 200 million and the company -- or 300 -- whatever it is, 300 million and the company says they're 200 million, that neither one of us is going to be right over that period of time, correct?
A. I agree.
Q. But do you have an opinion about how close to those numbers over, let's say, a three-year period or four-year period the company is likely to come in its actual experience -- its actual off-system sales margins over that period? Is it going to come within 10 percent, 40 percent, 30 percent?
A. I don't know what those -- yes. I will have an opinion of that and you'll see that opinion in my rebuttal testimony, but I can't -- at this point I don't have those work papers with me. I can't tell you exactly what those percentages are but -- I haven't memorized them.
Q. You're looking at some percentages?

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A. Yes, absolutely.
Q. And there is some -- there is some variability around those targeted numbers, correct?
A. Absolute --
Q. You'd agree with that?
A. Absolutely agree with that.
Q. And we are talking in this particular case about rather large numbers, correct?
A. Yes.
Q. In the grand scheme of the company's overall earnings, for example, the numbers that we're talking about in this case are rather large, correct; would you agree with that?
A. I haven't looked at that in terms of what their overall earnings are. I haven't -- I haven't looked at that aspect of it.
Q. Power prices are very volatile. Would you agree with that?
A. Define for me what you mean by power prices. Are you talking about a specific hourly price for power or are you talking about a monthly price? Are you talking about an annual price? It varies -- volatility -- when people talk about volatility of power prices, they're typically talking about what can happen in the market from hour to hour, and I

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agree they can be very volatile.
If I look at them over a year; you know, what's the average price over a year for on-peak prices, I don't see a lot of volatility. If I look at them on a monthly basis, I see some volatility.
Q. Well, and the hour in which volumes available for off-system sales -- the volumes available in various hours of the day vary greatly, correct?
A. Yes.
Q. And the prices hour to hour vary quite a bit, correct?
A. Right.
Q. And that can affect greatly what the level of the margins are, correct?
A. In a given hour that's correct. But what you're talking about there in terms of volatility is impacts that weather -- a front coming through can have on prices. You're talking about if a key generator goes out of service and you got congestion on the system, and to cure that congestion you have to bring generation in from a long distance away. Those are the kinds of things that tend to drive prices way up in a given hour. Those are those kinds of random events that cause hour-to-hour volatility

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in the market. But when you average those over a year, for example, you will not see a whole lot of volatility.
Q. Well, but power -- one of the reasons that you see volatility in power prices, though, is because there's volatility in the underlying commodities that tend to drive those prices, right?
A. I don't understand that question.
Q. Well, natural gas prices, for example, even within a given year can range from whatever dollars BTU to -- there can be several dollars difference between the low price for gas in a particular year and the high price for gas in a particular year, correct?
A. Sure.
Q. I mean, I think even your testimony itself indicates that in 2006 we've seen prices $7, $4, which is a pretty big price swing between 7 and 4, correct?
A. Those are monthly prices, yes.
Q. Okay. But the monthly prices at least are volatile just by that particular example in 2006 for gas prices, correct?
A. Sure.
Q. And since I believe it's your opinion that

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gas prices tend to drive on-peak electricity prices that volatility is going to be reflected in the electricity prices?
A. No. That's --
Q. Why not?
A. Let's back up. There's several components to what you're calling volatility. If I was looking over a three-year time period, okay, or a four-year time period, and I saw a range that went from $3 to $4, that range could be -- could occur in a couple of ways. One of the ways that it could occur was that you started at the beginning of that time period at three bucks and then it just very evenly moved up over that period of time to -- what was our other number? $8, $7, whatever it was.
Would I say there's a lot of volatility there? And the answer is no, not in the way people normally think about volatility. Okay? People normally think about volatility in terms of I'm going along at three bucks and then all of a sudden I jump up to $7 or $8 and then I come back down.
Q. Yeah. But what about if you have -- as you cite in your own testimony you got $7 in March, you got 4 in October, you're back to $7 in November.
A. Uh-huh.

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Q. That's the kind of volatility you're talking about, right; that's volatility?
A. And that's in monthly prices.
Q. Right.
A. That's correct.
Q. As opposed -- I suppose you're drawing a distinction between monthly and hourly prices?
A. No. I'm really drawing a distinction between monthly prices and annual prices because we are going to determine and set rates on a 12-month basis. Okay?
Q. But certain -- you know, we have -- events can happen that cause a lot of volatility in commodity prices and in energy prices. The hurricanes that you agree were abnormal --
A. Yes.
Q. -- Caused a run-up in gas prices for several months, correct?
A. That's correct.
Q. And the rail disruptions caused a run-up in coal prices for several months, correct?
A. Correct.
Q. And then they dropped back down.
A. Yes.
Q. Now, the hurricanes that we've been talking

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about, those occurred in I believe it was July and September of 2005. Do you recall?
A. I don't recall the specific months, but, yes, it was in the summer.
Q. Does that sound right?
A. That sounds close.
Q. And the affect of those hurricanes on gas prices continued into early 2006. Would you agree with that?
A. I know they continued through 2005. Into 2006 I'd have to look. I don't remember.
Q. The -- you at least agree that the gas prices were impacted by the hurricanes through the end of December '05?
A. Yes.
Q. Now, hurricanes of that magnitude don't normally happen, correct? Would you agree with that?
A. I hope not.
Q. And the consequent -- I would hope not too. And the consequent affects on -- the drastic affect on natural gas prices don't normally happen as a result of hurricanes; is that correct?
A. That's correct.
Q. And coal disruptions like the coal disruptions we saw from the rail problems don't

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normally happen either, correct?
A. That's, again, hopefully correct.
Q. We haven't seen that kind of thing in '06, correct?
A. That's correct.
Q. Didn't see it in '04?
A. That's correct.
Q. How does one -- how would you suggest that one best isolate the affects of things like the extraordinary hurricanes that took place in 2005 on commodity prices? How do you go about figuring out what affect those kinds of events have on commodity prices; what's the best way to do it?
A. There's several ways of doing it. I -- the way the company looked at it I didn't have any problem with. But there are other ways. You could look at where were prices trending prior to that, how did they -- how did prices change because of that. Okay? That's probably the type of thing that I would have looked at or I did look at was how were prices trending and what impact did this event have on that. Then if you're -- after the effect were prices coming back down to levels that you -- that those trends were projecting. That's the type of thing I would look at.

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Q. Okay.
A. Again, it depends upon where you are in that analysis. You know, have I got data that's there that tells me these effects are over and so where am I right now, where should I have been had these effects not occurred. Those types of things. And I think that's generally the type of approach that the company took in trying to adjust for those.
Q. You would agree that to the extent you're going to use energy prices that were affected by those events it would be appropriate, in fact it would be necessary, to do your best to try to remove the effects of those events from those prices in order -- if you're going to use those prices to set off-system sales margins, correct?
A. Correct.
Q. Otherwise, you've got I guess I would call them distortions in the market that are going to flow through and distort the margins that you used in relying on that information, correct?
A. Correct.
Q. And, in fact, I think you testified at Page 3, Lines 9 to 10, of your direct testimony that the objective of your analyses was to remove those kinds of effects, correct?

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A. That's correct.
Q. And I believe you mentioned a minute ago you believe that AmerenUE took -- undertook efforts to remove those effects in its production cost modeling?
A. That's correct.
Q. And you don't have a criticism of the way AmerenUE did that; do you agree?
A. I don't have a criticism of the methods. We did discover in the process that there were some calculational errors that were made in that process, and we've informed the company of those and they've agreed to correct those.
Q. Can you share with me -- I'm sure we probably know, but can we talk briefly? Is it a short list or a long list; are they significant items?
A. I'm trying to remember them. Yeah. On the coal plants the -- on the dispatch prices they were using, I believe, trends to normalize -- kind of what I described before; how were the coal dispatch prices trending out. And they ran four regressions; one for each of the locations: Labadie, Rush Island, Sioux and Meramec. But in the spreadsheet they only used the coefficients from the Labadie plant to make the adjustments. That's one I remember.

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Q. What affect did that have in your view?
A. I don't recall. It's just -- I just -- I don't recall. It's been too long since I've looked at that to -- I went through and actually recalculated using the right regressions but I don't -- frankly I don't remember what the results are and I don't have that with me right now.
Q. Okay.
A. There was also on -- there was something on natural gas prices but it's not coming to my mind real soon. It's -- it's not clicking with me exactly what it was.
Q. Do you recall whether or not this particular issue that you're talking about -- and you can tell me what you would call material -- but has a material affect on the calculation of margins, off-system sales margins?
A. I don't know.
Q. Don't know. All right. We were talking about some events a minute ago; the effects on market prices of things like the hurricanes, the rail disruptions and so on. A utility doesn't really have a way to control the price effects caused by those kinds of events, correct?
A. That's correct.

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Q. Would you -- do you have an opinion about whether the relationship between coal and gas prices is stable over the long term?
A. Yes, I do.
Q. And what is that opinion?
A. Let me -- well, let me answer your question. I believe depending on your definition of long term there is a relationship between the two. There is a positive relation -- correlation between the two.
Q. In other words, over your definition of long-term coal prices go up, gas prices are also going to tend to go up?
A. Yeah. Over --
Q. How long is long term in your view?
A. Well, I'm not sure. I haven't decided on that.
Q. Well, it's your opinion. Is it a year, two years?
A. Yeah. You're in the year -- you're not talking about month to month now. You're talking about longer term.
Q. Can we agree in this context a year -- or a long term is a year, maybe a little more, but not less than a year?
A. Not less than a year. I would agree to

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that.
Q. Okay.
A. The reason for that is fairly straightforward if you think about it. If gas prices go up, on-peak prices for electricity will go up. And that means -- and if coal prices didn't go up right away, okay, utilities are going to produce more generation from coal to sell into the on-peak hours. Okay? Now, I'm not talking about the peak of the season. I'm just talking about on-peak hours. All right?
Q. Not July when it's 95 degrees and loads are extremely high?
A. Yeah. Right. And as they produce more generation from their plants that increases the demand for coal. And when the demand for coal goes up, the price for coal is going to go up. Now, have I measured that relationship? The answer is no. But I believe there's a long-term correlation. Let's call it a lagged correlation between the two. So when gas prices go up, more coal generation is going to be used to produce power and the demand for coal is going to go up and coal prices for coal will go up.
Q. But there could be a significant lag,

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correct?
A. There could be.
Q. It doesn't mean necessarily that --
A. That's why I say there's a positive correlation. Now, how strong it is I think is -- right now is a difficult situation -- difficult thing to decipher. And the reason that it's difficult to decipher is because you had the rail effects and the hurricane effects happening at the same time. So if you go back and look at historical data, you're going to see a very strong correlation between gas prices and coal prices.
Q. But you have no idea that it had anything to do with normal conditions. It may be because of the rail disruption --
A. Yes.
Q. -- is why coal prices moved up, not because gas prices moved up, correct?
A. Right. I mean, you're going to see a stronger correlation in that -- because of that circumstance than you might normally see.
Q. And how close that relationship is or isn't can greatly affect the off-system sales margins a company like AmerenUE would realize, correct?
A. Yes. And that's why I attempted to analyze

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those two things separately.
Q. Now, off-system sales can be volatile because the volumes of energy available to sell off-system in any particular hour, over a month, over a year can vary greatly, correct?
A. There's so much -- what's available to sell into the market varies by hour.
Q. Right.
A. Okay?
Q. Varies by hour, varies by day, could vary by month.
A. Yes. So there's some variability built in. But the long-run -- the long-run trends is for a lot less variability than what you might think.
Q. Is your long-run definition here the same as the one we just used; a year?
A. Yes. A year or longer.
Q. But forced outages can affect volumes, right?
A. Yes.
Q. Hurricanes and rail disruptions can affect volumes?
A. Yes.
Q. Loads can affect volumes?
A. Yes.

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Q. And it depends on which hours of the day the volumes are available what the margins are going to be; would you agree?
A. Repeat that question.
Q. Well, you don't make the same margin in off-system sales in every hour of the year, correct?
A. No. Absolutely.
Q. You make a lot more margin in some hours than you do in others.
A. Sure.
Q. So if I've got a lot of energy available in a low margin period, I may not make very much money, correct?
A. Correct.
Q. If I've got a very high margin period but I don't really have any energy available, it doesn't matter that margins are high.
A. Sure. And that goes back to my comment about when -- talking about on-peak. I'm not talking about the peak hour of the year.
Q. And would you agree that plant availability and the magnitude of loads are two of the key factors available that determine -- two of the key factors that are going to determine what megawatt hours are available?

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A. They are an important factor in -- they are two of the key factors, yes.
Q. Would you say if you were ranking the key factors, would you put those at the top of the list; one or -- one and two or vice versa?
A. I haven't done a study to determine that.
Q. Well, in the absence of a study -- you've been in this business for how long; 30 years?
A. Close to it, yes. Since '77 so --
Q. Okay. 29.
A. 29.
Q. I won't -- well, we're in 2007 now so --
A. I started in June so --
Q. All right. Well, I tell you, if we're going to split hairs. Almost 30 years?
A. Almost 30 years, yes.
Q. In the absence of a study can you think of any factors other than plant availability and magnitude of loads that would be more important in determining the megawatt hours available?
A. Well, the way the market works and --
Q. Well, the market doesn't --
A. Now, wait. Let me -- maybe I didn't understand your first question real well. When you say megawatts available, okay, there's -- there's at

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least three different concepts going on there. No. 1, and I agree, forced outages. Okay? No. 2, I've got to meet my native load first. So now I've got to commit my units to meet native load. So that's the second component. Okay?
Q. Which is availability and loads, right?
A. Right. But when you say available to sell into the market, there's the third element which is the market price. Because I'm not going to sell into the market if the incremental cost of my unit is above the market price. So that's the third element.
Q. I --
A. All three of those are important.
Q. I apologize for talking over you.
I was not focused on whether it's economic to sell it. I was focused on whether or not the megawatt hours, if it were economic to sell it, are available to sell. Which we're dealing there with plant availability and magnitude of loads are the principle things that affect that issue, correct?
A. Yes. If your definition simply is what -- how much capacity do I have to potentially sell into the market, yes, I agree.
Q. Thank you. Can there be a significant difference between UE contract prices and coal spot

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prices over a three to four-year period?
A. I think there has been, yes.
Q. And there certainly could be in the future, correct?
A. I haven't studied that issue in detail. It depends on the form of the contract and how the contract escalates prices. And I --
Q. Well, let's assume the contract does not have some kind of market index escalator in it which I think is what you were referring to with that last comment, correct?
A. Yes.
Q. Then in the past you testified that there has been a divergence between those two things, correct?
A. Sure.
Q. And without contracts that have a market index tied escalator in them -- let's say it's a fixed price contract.
A. Uh-huh.
Q. There certainly could be that divergence over the next few years, correct?
A. There could be. The difficulty --
Q. Well, first of all, there could be, correct?
A. There could be, yes.

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Q. All right. And what's the difficulty?
A. The difficulty is that it -- it's hard -- I would think it would be hard to enter into a fixed price contract for a very long period of time. So --
Q. Is three or four years an unusual term for a fixed price fuel contract?
A. Well, it may not be. I don't know. But the -- I -- one of the things that happens is when you enter into a fixed price contract, you're asking for some of the risk to be shifted onto the supplier from the user. Okay? And there's two things that can happen. One is they can shorten the contract length in order to get your business, if they want to do that, and say we're going to turn this over. We're going to turn this over quickly because we don't want to get stuck with this price being way below market value very far out into the future.
If you - and again, it depends on how you have your contracts set up. If they -- if they're all set up to come due on the same date, then what you're talking about is probably true. But in the longer term your contract prices are going to follow the market. And I think we -- I think we understand that as a general concept -- or I understand that as a general concept. And it's -- we're seeing it with

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our -- in electric prices for communities that have to depend upon contracts for their power supply.
It's very, very difficult for them to go out and negotiate a price that's lower than what suppliers think the market is going to be.
Q. But you did testify that in the past at least you've observed that difference between UE contract prices and coal spot prices, correct?
A. Sure.
Q. And it's certainly possible that there may be some divergence in the future in that same relationship, correct?
A. There could be.
Q. And if there is that divergence, that difference between spot and contract prices, that's going to affect the margins that UE can realize, isn't it?
A. Sure.
Q. If we hold everything else equal, if we hold fuel prices equal and generation availability equal, they both remain the same, would you agree that a substantial driver of market prices for electricity prices in a particular region are loads in that region?
A. What are we holding constant again?

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Q. Fuel prices and generation availability.
A. And generation availability. Okay.
And now, what's the mover?
Q. Would you agree that a substantial driver of energy prices in a region are going to be what the loads are in that region?
A. I'm sorry. Given our definition of availability which depended upon loads, I'm having a hard time holding availability constant and then changing loads. So I didn't understand the question.
Q. Well, hold availability constant and hold prices constant.
A. Uh-huh.
Q. Assume that those don't change.
A. Are we talking about availability in terms of forced outages now?
Q. Yes.
A. Okay.
Q. Not what the market price is and would it be economic to sell it. We're talking about the physical availability at the plants.
A. Right. Yeah. Just whether the plants are available --
Q. Plants are available.
A. -- for service.

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Q. Hold that constant.
A. Yeah. And you want to know if load is a big driver of sales?
Q. Of electricity prices. Loads in a region significant driver --
A. Oh, sure. Yeah.
Q. You'd agree with that, wouldn't you?
A. Yeah. Loads determine the demand in the market.
Q. For example, if loads on a given day are very high because it's real hot in the region --
A. Sure.
Q. -- then you're going to expect power prices to be high in the region as well, right?
A. Sure. Yes.
Q. And if UE's loads are high, then UE is going to tend to have less generating capacity available to sell off-system because we're using it to serve native load, right?
A. Correct.
Q. Put another way, the day-to-day pattern of regional prices, regional loads, Ameren UE loads and the megawatt hours that Ameren has available, not whether it's economic to sell them but are available to sell off-system, those are correlated, correct?

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A. Say again? I'm sorry, Jim.
Q. Sure. That's fine.
The day-to-day pattern of regional prices, regional loads, UE loads and what UE would have available to sell are correlated, correct?
A. Let me get a piece of paper because I am not following all of these variables. Thank you.
I mean, you're asking me a correlation question so give me the elements again.
Q. Regional prices.
A. Regional prices.
Q. Regional loads, UE loads and megawatt hours available from UE to sell.
A. Megawatts. Or unit availability?
Q. Unit availability. However you want to look at it. I think we already agreed that the first three of those are possibly correlated. And if the first three of those go up, then the last one of those is going to go down, correct? Do we agree to that before?
A. Well, I think you're just talking about basic supply and demand issues here. I don't know that I would use the word correlated on this. I think unit availability is, for example -- to me correlated means maybe something different than what

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you're thinking about. Unit availability is -- I view as being an independent random variable.
Q. Well, I'm not talking -- the units are not going to become less available. There's going to be less megawatt hours available to sell off-system if prices are high, loads are high, UE loads are high. You agree with that, correct?
A. Yeah. I agree with that.
Q. Okay. I don't care if we use the correlated number. But you do agree with that, correct?
A. Yes. Sure.
Q. And if we're going to model off-system sale opportunities correctly, we've got to take that relationship into account; do we not?
A. Sure.
Q. Do you know whether Staff has maintained a consistent relationship between the hourly loads that it used and the hourly prices it's used in its fuel modeling in this case?
A. I would say we did.
Q. Okay. The hourly shape of prices used by Staff in its fuel model, those came from you, correct?
A. Yes.
Q. Would you agree that the hourly shape of

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prices you provided reflect a three-year average shape of prices?
A. Yes.
Q. And that's roughly '02 to '05. Perhaps there was some '06 data in there.
A. Not in the average. It was '03 through '05.
Q. '03 to '05. So the shape of prices is based on averages '03 to '05, correct?
A. Yes.
Q. Would you agree that the hourly shape of loads used by Staff in its fuel modeling were Staff's weather normalized loads; for the test year?
A. I'm not sure.
Q. You don't know?
A. I don't know. I don't know what --
Q. You didn't supply those, correct?
A. I didn't supply those.
Q. Do you know who did?
A. No. Again, I think it was operations department, but I don't know the particular Staff witness.
Q. Well, would you agree that if Staff's normalized loads reflect the test year period and reflect a shape that's different than the price shape that you supplied, that that creates a mismatch

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between the price shape and the load shape?
A. It could.
Q. Well, wouldn't it? Why do you say it could? Unless by happenstance the shape from '02 to '05 is exactly the shape as the weather normalized loads from July 1, '06 -- or '05 to June 30, '07.
A. Yeah.
Q. They'd have to be exactly the same not to create a mismatch, wouldn't they?
A. Here's -- I haven't looked at that in detail. That's why I'm uncertain about it. I don't know what the details of the hourly loads are that were used by the company or by the Staff.
Q. I understand that. I understand you don't even know for sure what period the hourly loads apply to. But if the hourly loads were weather normalized loads for the test year.
A. Uh-huh.
Q. You have that shape for loads.
A. Uh-huh.
Q. And you have a completely different shape for a completely different period. You're going to have a mismatch; are you not?
A. I don't know what you mean by completely different shape for a completely different period. I

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don't know what -- are you saying that the hourly shapes that were used for prices were based on a different method than the hourly shape for loads? Is that -- I -- I don't know what mismatch means.
Q. The hourly shape used for prices is a shape reflective of that '02 to '05 period that you supplied, correct?
A. Well, yes.
Q. And if, in fact, the hourly shape for loads is from a different period --
A. I don't think that's the issue that it's from a different period. Just the fact that it's from a different period doesn't mean there's a mismatch. There may be a mismatch. I don't know.
Q. If there is a mismatch, that would create inaccurate modeling of off-system sales; would it not?
A. It would cause some issues, yes.
Q. Well, what do you mean it would cause some issues?
A. Because you aren't maintaining the correlation between load and prices.
Q. And it's important to maintain that correlation. We already established that, correct?
A. I agree, yes.

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Q. So the extent that that correlation has -- has not been maintained and has been distorted, it's going to lead to inaccuracy, correct; in the modeling of the off-system sales?
A. Yes, it will. Now, how large that inaccuracy is I have no idea.
Q. Because you don't know details of any mismatch that may exist, correct?
A. Right.
Q. Or any -- I won't use the word mismatch. Any failure to maintain that correlation. You don't know the magnitude?
A. I have no idea.
Q. Could be great?
A. I have no idea.
Q. Could be small? You don't have any idea?
A. I don't know.
Q. Well, you'd agree, would you not, if you use a price shape reflecting hot weather and a load shape reflecting normal weather, the model results are going to reflect more megawatts being available to sell at those higher prices that are driven by that hot weather than would actually be available if the price and load shapes had been matched? Would you agree with that?

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A. Let's back up with your def -- let's define hot and normal.
Q. Abnormally hot as opposed to --
A. Right.
Q. -- normal weather using weather normalized loads.
A. Right. If you -- if you are reflecting abnormally hot weather, okay, yes. That's obviously going to be different from normal.
Q. And that's going to tend to -- the model is going to tend to reflect more megawatt hours being sold off-system than would otherwise be the case, correct?
A. If your hourly prices reflect abnormally hot weather, yes.
Q. Did you discuss the matching of load shapes and price shapes with Mr. Rauer?
A. No.
Q. Did you ever talk to Mr. Rauer?
A. Yes.
Q. You never talked about weather normalized loads versus the prices you supplied with Mr. Rauer?
A. No.
Q. What -- you said you did talk with him and did correspond with him. What did you talk to him

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about?
A. I had to convey to him what the price levels were that -- to use in the model and --
Q. The prices we were just talking about?
A. Right. The off-system prices and the dispatch prices for coal and natural gas.
Q. Okay.
A. So that's -- that's basically what I talked to Mr. Rauer about.
Q. Did he have questions about those or did you just give him the prices and he used them or --
A. I just gave him the prices and he used them.
Q. So when you say you talked to him, what did you talk about? I understand that you sent some prices to him that he used in the model.
A. Oh, gosh. Most of my discussions with him were early on when he was going through the -- where I actually talked to him were early on when he was going through the benchmarking process. So he was running Ameren -- Ameren's input through it. So just generally I was part of a group of Staff that was talking to him on the telephone about those.
Q. About the benchmarking runs?
A. The benchmarking runs, yes.
Q. Or what ultimately became the benchmarking

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run?
A. Right.
Q. Didn't have discussions about the Staff model run itself that ended up being used to model -- to base Staff's case on?
A. No, I didn't.
Q. Given your sponsored prices for on-peak and off-peak electricity that were used in the fuel modeling in this case, do you believe the market is deep enough for UE to make unlimited off-system sales?
A. Yes. When you say unlimited, however, it's the relationship between the fuel dispatch prices and the market -- the spot-market electricity prices that limits. And that's exactly the way the Midwest ISO market works.
Q. Well, let me stop you there. I think I understand what you just said.
A. Okay.
Q. If the fuel dispatch cost ends up exceeding what you can make on that next megawatt hour that you're selling in the market, you're not going to dispatch, you're not going to sell?
A. Right. And so that limits the amount that you sell. If you get -- if your fuel dispatch prices

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and your spot-market prices are out of line, then you can -- you can end up over dispatching or the models can end up over dispatching.
Q. But at some point the volume of megawatt hours that might be available in the market --
A. Might be.
Q. -- or that are avail -- let's just say they are available in the market.
A. Uh-huh.
Q. May very well be such that the dispatch price is going to exceed what you can receive in the market and you're not going to make that sale, correct; because of economic reasons?
A. I think I agree with that statement.
Q. I mean --
A. If you're saying -- if you're saying the way the market works is let's say you put in a bid for $25 a megawatt hour and the market says we got plenty -- we have plenty of power at $23 a megawatt hour, you're not going to sell.
Q. Right.
A. Yeah. I agree with that.
Q. So the market is not deep enough for UE to make unlimited sales?
A. I agree.

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Q. At some point the market is going to take over and say the market can't take any more megawatt hours. It's got all it can handle.
A. That's right. And it will lower the price.
Q. Have you performed any studies how deep the market for off-system sales is for AmerenUE?
A. No.
Q. Could there be an absolute limit on how much UE can sell in a given hour even if UE has an unlimited amount to sell? And when I say unlimited amount to sell, an unlimited number of megawatt hours available.
A. In reality the way the market works the situation you're describing would never occur because prices would drop. If you had an unlimited quantity, prices are going to drop. You're not going to -- you're not going to get a price that will allow you to dispatch that unlimited quantity to work.
Q. Well, you're not going to make the sale. You're not going to get a price that causes you to make the sale, right?
A. That's correct.
Q. But you may physically have the ability to --
A. Sure.

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Q. -- put those hours into the market if the economics allowed you to do it, right?
A. If the economics allowed you to do it. But it's a causal relationship. The economics are what drives whether you can do it or not. It's the market clearing price that determines whether or not you can sell those.
Q. Well, the economics drive whether you would do it. Your generating capacity is there but you may not -- you're not going to dispatch if the economics don't support the dispatch.
A. I don't want to argue about terms here. Yes.
Q. Assume during an off-peak hour that UE's load is 3,000 megawatts. Do you think the market is deep enough that UE could sell 2,000 megawatts off-system?
A. I don't have any idea.
Q. What about 3,000 megawatts?
A. I don't know.
Q. What about 10,000 megawatts?
A. I have not looked at that issue.
Q. Okay. Would you agree that if UE's loads are low, that in general other generator's -- other utilitities' loads in the region are probably also

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going to be low at the same time?
A. Yes.
Q. And so everybody is going to tend to have more megawatt hours that they might want to sell off-system, right?
A. Uh-huh.
Q. And that's probably going to tend to drive the price down in the region, correct?
A. Correct.
Q. So that at some point that price is going to make it uneconomic for everybody to make more sales, right?
A. Correct.
Q. Do you think there's some point where certain volumes of off-system sales simply would not be possible given the depth of the market?
A. If I could draw you a supply and demand curve, yeah. Yeah. I mean, we've just described -- if by depth of the market what you mean is -- to me it's just supply and demand. I don't understand depth of the market. I don't know what you mean by that.
Q. Well, supply and demand. At some point the supply is going to overtake the demand and you're not going to be able to sell any more, right?

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A. There are all kinds of hours where there's excess supply, yes.
Q. Okay.
A. The -- yeah.
Q. And you can't economically sell any more during those periods, right?
A. That's correct.
Q. And that varies by --
A. Even though it's there you can't sell it, right.
Q. And that varies during the course of a day. I think that's basically what you just said, right?
A. Absolutely.
Q. Do you think that -- I think -- I'm trying to use your terminology because you don't like my depth of the market terminology, obviously.
A. I don't know what it means.
Q. Or you don't know what it means. Well, you know, I tried to listen in Dr. Johnson's economic class but maybe I didn't pay close enough attention.
Do you think that that oversupply is greater in the off-peak hours than it is in the on-peak hours?
A. Sure.
Q. Do you think that during the off-peak

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periods when both UE and other market participants' loads are low there could be significantly less demand for wholesale purchases than during the times when loads are high? You'd agree with that, wouldn't you?
A. I'd agree with that, yes.
Q. I think probably you -- I think we perhaps have already covered this point but just to be sure. Let's assume that that oversupply never takes place. I know that can't happen. That supply and demand curve -- but let's say that intersection is way, way out there somewhere. All right?
A. Okay.
Q. As UE's off-system sales volumes increase the price it's going to be able to obtain for those is going to decrease, isn't it?
A. I almost hate to ask you to repeat that question but would you, please?
Q. As UE's off-system sales volumes increase the price it can obtain for those megawatt hours is going to decrease, right? More and more supply, the price comes down.
A. Are we talking about from hour to hour now?
Q. No. I think we're probably talking like within an hour.

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A. So I'm talking about volumes available to sell; UE's volumes available to sell. So I'm talking about capacity that they have available -- they've met their load?
Q. Met the load.
A. So it's -- so -- for example, let me get it down to something I can understand.
Suppose they were in a given hour and all of a sudden some of their load, for whatever reason, disconnected, went off. Okay? So now they've got more available to sell. Would that cause the price that they face in that hour to go down? I think the answer is yes.
Q. All right. Let's maybe -- let's try an example.
Assume UE's load is 3,000 megawatts and off-system sales in that hour are 1,000 and the price in the market is $25. That's what UE can get under those conditions.
A. Okay.
Q. Assume that somehow UE could increase its off-system sales to 3,000. Do you expect UE would still be able to get $25? And I think you just indicated that you think the answer is no.
A. Yeah. I agree.

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Q. All right.
A. If they lost some of that -- if they lost 2,000 of that load and all of a sudden they had 3,000 available to sell into the market, then the market price is going to drop, yeah.
Q. Have you done any analysis of the extent of which the off-system sales volumes that Staff's modeling results reflect are reasonable given the supply and demand and price affect we were just talking about; have you studied that in any way?
A. I know what those levels are. Okay? I don't know what those numbers are in my head right now, but I've looked at what those levels are and they didn't appear to me to be way out of line.
Q. You haven't done any studies. You've answered a few of my other questions with I haven't studied it. Have you studied that?
A. I haven't gone into -- yeah. I haven't gone into great detail type of studies of that but I know what those volumes are. I -- and we've generally talked about it in terms of what current volumes are and -- but I don't remember those numbers either. And my -- my general -- what I can tell you is my general impression of that was that -- and I'm talking about on an annual basis. That they weren't

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out of line.
Q. Just based on an impression from knowing the numbers. Not from doing any kind of analyses that would confirm whether they're out of line or not?
A. Correct.
Q. Will the generation LMPs that -- and you know what I mean by generation LMPs. You're the MISO guy at Staff, right?
A. Yes.
Q. For better or worse?
A. For better or for worse.
Q. Well, will UE generation LMPs be lower if off-system sales are 4,000 megawatts compared to off-system sales at 2,000 megawatts, all else being equal?
A. So these are actual sales -- market clearing sales?
Q. We're selling 4,000 megawatts off-system --
A. Would the price be lower for 4,000 than 2,000?
Q. Versus 2, yeah.
A. I see causality coming from the other way, and so I'm having a struggle to say this. When I look at these numbers, 2,000 and 4,000, here's the question I ask if these are actual sales. What

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caused sales to go up from 2,000 to 4,000, and the answer was increase in price.

So if you ask me if 4,000 were the actual sales and 2,000 were the actual sale that cleared the market, I would tell you that the 4,000 would have to have a higher price.

Q. But all else being equal?

A. Yes. So I just think about it the other way around.

Q. What if a large plant comes back on-line and that's what causes the volumes to go up so much?

A. The actual --

Q. Looking at it from not the way you were looking at it but the other direction.

A. Are we talking about availability or actual sales? See that's --

Q. Well, the plant comes on-line. There's more availability and then there's --

A. There's more sales.

Q. -- more sales.

A. The only way they can increase their sales is if the price went up.

Well, let me back off. In this particular example if you -- say you had a very low cost unit. Okay? Now, just --

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Q. The price wouldn't have to --

A. Just hang in there with me a minute to explain it because I have to think through this.

Q. Right.

A. You have a low-cost unit that was off-line, forced out, and it comes back on-line and so you bid it in. Okay? And bear with me just a minute. I'm selling an additional 2,000 from that unit plus I'm selling the same 2,000 from the other units that were already on-line. Okay? Now, the price could have stayed the same. All right?

In other words, this lower-cost unit that comes in bids in but he's not the price setter. He's not setting the price in the market. It's these higher price units that are setting the price in the market. But if the price drops, then the output from these other plants has to go down.

Q. Well, it only has to go down if they're not in the money at a lower price.

A. Well, that's true. So your assumption -- your assumption is we're in a situation where none of these plants are setting the market price, none of them are on the margin. Okay? And is it possible? Yeah. It's possible in that situation to have a plant come on-line, all the other plants plus that

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plant have nothing to do with setting the price, but more supply has come on so it's displacing some other unit way out there and causing the price to go down.

Q. Correct.

A. Yeah. That's a possibility, yeah. Typically we don't -- we think of these as locational prices, and that's what -- that's what was -- that is the plants in that location are probably -- some of them are setting the market clearing price not some plant over someplace else. But, yeah, it's possible.

Q. I might have asked you this before. I can't remember, and I apologize if I did.

Have you updated your fuel price and energy price analyses through December '06? I think you had used through November '06 for those at the time you filed your testimony.

A. I have not.

Q. Do you intend to?

A. We haven't talked about that internally. I don't know the --

Q. What's your recommendation?

A. I don't know the process. I don't know the process for updating so --

Q. Well, let me ask it this way.

A. I'm not that far along yet.

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Q. Forgetting the process for updating or what other Staff members might think or what the consensus on Staff might be. Do you think it would make sense to do so just from a pure --

A. Just from a total conceptual point of view?

Q. That's right.

A. I have no problem with updating. I think that when you're looking -- when you're looking at it, adding a couple months probably isn't going to make much difference one way or the other.

Q. Okay. You haven't made --

A. That's just generally my -- because I'm looking at 12-month averages. I'm not -- okay? I'll drop off November of -- well, I think I had already had November.

Q. You'll drop off December '05 and add December '06?

A. December '06, right. Will it have a big impact? The answer is probably not.

Q. You don't know what the impact would be?

A. No. But it's very unlikely that it's going to be extremely large. I might be wrong, though.

Q. Well, we'll talk about that maybe.

Have you made any changes to your regression analysis since you filed your direct testimony? I

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take it you haven't.
A. Which regression analysis?
Q. You did one for off-peak, right? You did one for on-peak where you did the regressions to see the relationships between --
A. Oh. The relationship between the prices -- the coal prices and off-peak prices.
Q. And off-peak price and the --
A. I've looked at some additional other approaches to that, yes.
Q. For what purpose?
A. I was looking -- I looked at log-log regressions.
Q. I'll admit I have no idea what you're talking about now.
A. I was -- for purposes of the direct I was -- because I knew I was going to use that relationship to drive the price levels I wanted to get the best fit. And I used a quadratic for coal prices and off-peak prices. And I think I used just a straight linear.
In some additional analysis I'm doing for rebuttal I'm using a log-log relationship. And the only reason that I'm using that is that the coefficients that you get out of a log-log

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relationship tells you the percentage relationship. So if one price goes up by 1 percent, that coefficient tells you -- the driver variable goes up by 1 percent, your coefficient tells you the percentage by which the other variable goes up.
It's just a cleaner mathematical form when you're looking at variability. The difference in the R-squareds is extremely small, and it just seemed to me like a more convenient -- let me say I used these other regressions because they were a little bit more convenient in their mathematical form to use.
Q. That had to do with looking at off-system sales, sharing mechanisms, stuff just like before?
A. Yeah.
Q. I believe that you're the person on the Staff who requested a fuel model run without the Joppa plant. Do you remember that?
A. Do I remember making that request? I don't remember making that request but maybe I did. You mean from Mr. Finnell; from AmerenUE?
Q. No. Do you remember talking to or communicating with Mr. Cassidy about the need to do a no Joppa run?
A. I've talked to him about that, yes.
Q. Fairly recently?

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A. Yes.
Q. If Mr. Cassidy communicated to Mr. Rauer that you needed such a run, would you agree with that?
A. Yes.
Q. Why did you request that run?
A. I think we needed to get an analysis that was comparable to the one that UE had made which did not include Joppa.
Q. In other words, you wanted a fuel model run that assumed Joppa wasn't available just like the fuel model run that UE had done in support of its direct case?
A. That's right. If I'm going to rebut Union Electric's position, I need to have something that's comparable.
Q. And, of course, the benchmarking run has UE's assumptions in terms of what prices and so on?
A. Sure.
Q. So you wanted a run that was apples to apples with UE's filed run with the exception it would have Staff's inputs; prices, availabilities --
A. Correct.
Q. -- all those kinds of things?
A. That's correct.

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Q. And that's really in connection with the Joppa issue for rebuttal, correct; that's why you're asking for that?
A. No. No. Not the Joppa issue. With the sharing.
Q. With the sharing?
A. The sharing issue.
Q. Okay. Got you.
Do you have those runs -- that run?
A. With me? No.
Q. No. But it's done?
A. Yes.
Q. Dr. Proctor, would you agree that outages can greatly affect off-system sales margins?
A. When plants go out it cuts supply and tends to cause prices to go up, yes.
Q. And --
A. And it may -- it may cut back on what you have available to sell.
Q. Right. And forced outages can happen unexpectedly. In fact, most forced outages are unexpected probably. Maybe all of them are, correct?
A. Yes. True.
Q. UE experienced a forced outage at its Callaway plant this last spring that was unexpected,

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correct?
A. I'm not -- I don't know.
Q. You're -- you're aware that UE had a forced outage at Callaway last spring; is that --
A. I was not aware of that.
Q. Not aware. Okay. Well, assume that it did.
A. Okay.
Q. If a forced outage occurs during hours or days or weeks when off-system sales margins might otherwise have been high, the expected margins that one might have expected in the absence of that forced outage are going to be impacted, right; they're going to be reduced, correct?
A. Correct. Hopefully you've reflected that in your fuel dispatch model by having forced outages in it.
Q. Right. If your forced outages are accurately modeled --
A. Correct.
Q. -- then it's going to take that into account?
A. Yes.
Q. But if you have forced outages beyond the norm, beyond what was expected in your modeling, then that effect is going to occur, correct?

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A. Yes.
Q. And the converse is not generally true; a lot of additional capacity doesn't usually just show up during a year; is that fair?
A. Let's -- no. I think the converse is that you can have outages that are -- in a given year that are less than what you modeled as normal. And so in that particular instance you would have more capacity available than what you had modeled as normal.
Q. The prices that you provided for Staff's fuel modeling.
A. Uh-huh.
Q. Were those prices generally higher in the spring or in the fall; do you remember?
A. Are we talking on-peak or off-peak?
Q. Well, let's talk about -- let's talk about both. But you can talk about whichever one you'd like first.
A. Looking at the on-peak prices here -- this is on the Cinergy Hub comparison to UE normals, and it appears to me that the lowest prices -- and I remember talking to Ameren about this, but they appear to be the lowest in the fall; September, October, November.
Q. Are you looking at -- I think you have a

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couple of different spreadsheets; MP Cinergy Hub On-Peak.xls, and then you have an off-peak -- same name off-peak, right?
A. Right.
Q. Do you mind if I catch up with you?
A. Go ahead. I'm pulling up the off-peak.
Q. I'm looking at a chart that I believe is in -- it's your MP Cinergy Hub On-Peak.xls file.
A. Right.
Q. Is that the same file you've got?
A. Yes.
Q. And I'm looking at a chart that says comparison:on-peak -- I don't know what the wkds means.
A. Weekdays.
Q. Weekdays. If I look at April, I've got a price of 47.78, right?
A. Correct.
Q. If I look at November, for example, I've got 41.58?
A. Yes. So I would say they were -- the on-peak prices are lower -- have traditionally been lower in the fall. If you go up above that graph --
Q. All right.
A. -- what you see --

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Q. Is this is on-peak -- well, average monthly prices graph?
A. Yeah. You will see year by year. April -- the year here is April through March. So it's --
Q. Right.
A. -- '02 to '03. And those are Cinergy Hub prices.
Q. Right. These are not after you'd applied your constant percentage and got the UE normal which we were talking about below, right?
A. Right. If you looked in September, for example, and '05, '06.
Q. Yeah.
A. Which would have been -- let's see. That would have been '05, September '05. The '06 portion would have been January. You have a very high price in September. And I had initially talked to Mr. Schukar because I felt like the September price that UE was using was too low, and he kind of convinced me otherwise and I went back and I looked --
Q. That's when Katrina happened, right; September '05?
A. Right. And I went back and I realized that in my average I had included that high price and

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shouldn't have. And that's why it's not in that average. The little prices -- and you also see kind of a higher price in October too. So you can get those -- from time to time those effects. But typically in the fall it looks like the prices are -- on-peak prices are lower than in the spring.
Q. And, in fact, the prices that were used in Staff's fuel modeling that were supplied by you reflect that?
A. Yes.
Q. You know, I use the one example of April and November. We got about a $6 and some odd spread between those prices, right?
A. Yes. 47 to --
Q. 41. $6 and --
A. Oh. I'm sorry. Get down to your normals. 47.78 versus -- you said November -- 41.58.
Q. Yeah. $6.20.
A. Yep.
Q. So if a unit experienced a planned outage in the fall at lower prices, the lost off-system sales margins due to the outage would be less than if the unit had experienced that same planned outage in the spring at higher prices, correct?
A. I agree.

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Q. And if the units were modeled with a planned outage in the fall instead of the spring, higher off-system sales margins would be generated by the model, wouldn't they?
A. If unit outages were planned in the fall rather than in the spring?
Q. You got a planned out --
A. Yes.
Q. It's going to be higher margins coming out of that model, isn't it --
A. That's correct.
Q. -- in that circumstance?
But if the unit would actually be out -- if the planned outage for that unit is actually going to be in the spring and not in the fall, those higher margins would be in error, wouldn't they?
A. Or maybe the planned outage would be in error.
Q. Let's assume that the planned outage isn't in error, though. That's when it actually occurs.
A. Well, I would -- I would ask why. Why would you plan an outage in the spring when the ability to sell in the market gives you a higher price than putting it in the fall? I mean, that's part of the question of how do you plan your outages. And I

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don't know the answer to that, but I -- I mean, that's a thought that comes to my mind.
Q. Well, putting aside the debate about whether the planned outage ought to be in the spring or in the fall.
A. Uh-huh.
Q. If the outage actually occurs in the spring, then that would --
A. Then your model --
Q. -- be a debate for somebody else?
A. Then your model will not reflect what actually happened. That's correct.
Q. Now, AmerenUE provided outage schedules to Staff; are you aware of that? You don't know?
A. I don't know.
Q. Do you know why Staff would have changed the outage schedule for a major unit?
A. No.
Q. Who do you think more -- who do you think knows more about when plant outages will occur; the utility operating the generating units or the staff?
A. I have no idea.
Q. Don't have an opinion about that?
A. No. I suspect you could always say that in terms of knowledge that the utility has more

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knowledge than the Staff. Okay? In any given area. Okay?
Q. Would you agree that a substantial percentage of UE's off-system sales margins have historically been generated from sales of energy during the off-peak hours?
A. I don't know.
Q. You haven't studied that?
A. I haven't studied that.
Q. Haven't looked at it?
A. Haven't looked at it.
Q. Is it fair to say that off-system sales margins are slimmer during the off-peak than the on-peak?
A. Yes.
Q. So that means just because there may be very high on-peak power prices at a given time if the volumes of energy available to sell during these on-peak hours is low, you're not going to make very much margin, right?
A. In terms of total dollars, that's correct.
Q. You already said you don't know what the -- you don't know what the waiting is between off-peak and on-peak for UE?
A. Historically, no. No. I haven't looked at

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that.
Q. When you say historically, it makes me think that you have some opinion about what it's going to be prospectively.
A. No. I don't have an opinion about what it's going to be prospectively, no.
Q. Do you have some information that tells you what it's going to be prospectively?
A. Well, I mean, you should be able to get that information from the production cost model runs. You know, how much -- how much of your off-system sales occurred in off-peak hours and on-peak hours and those types of things. But I haven't looked at that.
Q. All right. Are the Gen LMPs that AmerenUE receives for off-system sales the same at each of its generators; Labadie --
A. Oh, no.
Q. They're different, right?
A. They're different, yeah.
Q. Would you agree that to more accurately model off-system sales it's appropriate to use the Gen LMP at each of the major generating stations as opposed to just using one Gen LMP?
A. More accurate in terms of predicting --
Q. Margins.

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A. -- margins? Well, predicting on an hourly basis absolutely. I haven't looked at whether it would be on an annual basis or not.
Q. Let's say we got one unit and it's got a really high Gen LMP and its costs are really low and we generate all these margins and the other ones have much different ones. We're going to have inaccuracy in that result, aren't we?
A. Sure.
Q. Have wholesale energy market prices tended to come down or go up since 2005 and earlier in 2006? Today. Today have they tended to go down or go up since, say, late '05, early '06? What have they tended to do?
A. Let me take a look.
Q. Are you looking at your Cinergy --
A. No. Well, I could look at that.
Q. Well, what are you looking at now?
A. Hang on just a second. I don't know yet. You want to talk about on-peak prices or --
Q. Let's talk about both.
A. Okay. Well, I'm looking at the MP gas and oil spreadsheet.
Q. All right.
A. And if I go over to --

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Q. And you have a MP gas and oil on-peak prices.
A. On-peak prices. The analysis sheet --
Q. Got you.
A. -- the on-peak prices are in Column M. Okay? And the 12-month moving averages are in N. And my recollection was that the 12-month moving averages were beginning to fall. Okay? So that -- yes.
Q. I'm looking in December '05. I've got $84, and then there's a precipitous drop in January to 52 and now I'm down to 40 in September.
A. Right. But they started to go back up in July and August. I think we had some --
Q. Uh-huh. Some 74s?
A. -- some 70s in there. Let me look at one other thing.
Q. Okay.
A. But it generally looks like they've started to come down.
Q. They're about -- if we take -- probably ignore December '05 which was probably really an anomaly, right; 84 bucks?
A. Uh-huh.
Q. If we take January '06 to the last value you

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have we got a 20 some odd percent drop, right; 52 to 40? If I'm doing that right?
A. Yes.
Q. That's low 20s percentage-wise, right?
A. Uh-huh. Let me check one other thing too. Yes. Schedule 4.2 of my testimony.
Q. All right.
A. I'm looking at 12-month moving averages on-peak prices, and starting -- well, December '05 you're at about a $65 level.
Q. Uh-huh.
A. And that 12-month moving average is actually staying relatively constant until I get to September. Now, part of the thing that's holding it up were these higher prices in July and -- July and August of '06. But -- and what you see on that graph also is the monthly on-peak prices and where they -- where they were.
Q. Right. That's the triangles.
A. The triangles. So they clearly -- as you indicated they clearly fell in January and then hovered around what the Staff is calling normal and then went back up in July and August. And what in part you're having going on here is that when you're -- when you look at 12-month moving averages, the

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January price of '06 is replacing the January price of '05. Okay?

So if you're looking at it on a 12-month average basis, you say well, did prices drop. And the answer is well, did the January '06 price fall below the January '05 price rather than the December price. And the answer probably was not very much. So what you're seeing is a real -- prices got up from Katrina through December of '05. Now your prices are back down to normal but you're replacing -- you're replacing pre-Katrina prices with post-Katrina prices. So my analysis of this is that those prices are relatively normal starting in January of '05 -- '06 because I'm replacing the stuff from January '05. I don't know if that's confusing or helpful.

Q. I follow you. I think.

A. Okay.

Q. If an off-system sales sharing mechanism was a part of an electric rate case at the Missouri Commission during the last 10 years, would you have likely been involved in that rate case on that issue?

A. No. That was -- let me repeat. Margins -- off-system margins from -- profit margins from off-system sales have not historically been an issue.

Q. Well, I said if off-system sales sharing of

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revenues --

A. Oh. Sharing.

Q. Sharing of off-system sales revenues or margins, if that had been an issue in an electric rate case in Missouri in the last 10 years, would you likely have been involved in it?

A. Probably, yeah.

Q. Yeah. Do you remember a 1997, 1998 time frame Utilicorp case? And I know there's been a lot of cases, but that involved off-system sales sharing issues.

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

Q. You don't know, for example, whether Utilicorp was presenting a mechanism to share revenues versus sharing margins?

A. Here's -- let me give you my recollection. My recollection was that somewhere in that time frame Ameren had come in with its merger case, and it received a sharing mechanism.

Q. Earnings?

A. Earnings.

Q. The EARP you're talking about, right? Or Experimental Alternative Regulation Plan?

A. Whatever it was, yeah.

Q. Okay.

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A. And my vague recollection was that there was some other utilities that then came in and said we would like something similar to that.

Q. You just don't have any specific recollection about a Utilicorp off-system sales mechanism of some kind; sharing mechanism of some kind?

A. No, I don't.

Q. All right. Now, you testified earlier that gas prices were affected by the hurricanes through December '05. You weren't sure if the effect continued into '06, but through December '05 there was clearly an effect, right?

A. Uh-huh.

Q. And to arrive at your normalized on-peak energy price you examined the relationship between gas prices and energy prices during the on-peak, right?

A. Correct.

Q. And I believe your testimony is in your direct testimony that a normal level of gas prices to use in that relationship is $7 per MMBTU, right?

A. Correct.

Q. And when you apply your percentage using that $7 price, you get an on-peak electricity price

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of 54.51, right?

A. I believe that's correct. Let me check here real quick.

Q. I think it's in your testimony as well.

A. Right. That sounds -- that sounds right on.

Q. Page 15, Line 5; $54.51?

A. Right.

Q. And to arrive at your $7 gas price you took a 12-month average of UE's delivered gas prices; is that right?

And I take it you're looking at a work paper to see if I'm --

A. MP gas and oil.

Q. The work paper you are looking at is MP gas and oil --

A. Right.

Q. MP gas and Oil underscore On-Peak Prices dot XLS, right?

A. Right. And in Column H, Row 50, that is $7 and that is the number that I used.

Q. And that average encompassed the months of December '05 through November '06, right?

A. Yes.

Q. Now, when you include the December '05 prices, you're, in fact, including prices that were

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still being affected, in fact, increased by the hurricanes that we talked about, right?
A. Let me look here real quick. I don't -- in this particular instance I'm not sure I would agree with that. We know there was some impact from the hurricanes but if you look at the prices past December '05, they are all higher than the December '05 price. And, in fact, the December '05 price was 8 bucks, and all of the prices through August '06 are above 8 bucks. And then in September the price dropped to 7.79. In October it's dropped to 7.11.
Now -- okay. I'm looking at the 12-month moving average. Sorry. Take back everything I just said.
Q. Yeah.
A. I'm looking at the wrong column.
Q. Which column should we be looking at?
A. We should be looking at Column G is your question.
Q. Yep. Where it's $10.06 in December, isn't it?
A. Right.
Q. And every other price -- I mean, there's a fairly precipitous drop between December '05 and January '06, isn't there?

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A. Right. Yes. I agree.
Q. And in the average that you used you used that $10.06 gas, didn't you?
A. Yes. That's correct.
Q. When the Katrina effect -- if I can call it the Katrina effect -- on gas prices was still taking place, right?
A. It appears to still be there, yes.
Q. Yeah. Now, is the reason you used December '05 -- you were using 12-month averages, right?
A. Uh-huh.
Q. And when you filed your testimony -- you're preparing your testimony in early December and you've got data through November '05, right?
A. Uh-huh.
Q. Is that why you did it?
A. Yes.
Q. It's your view, I believe, isn't it, that it's better to use prices as close to the period when UE's 1/1/07 fuel costs will be into effect as possible; is that your view?
A. On coal prices, yes. I don't think I was -- I don't think I was taking that into account with natural gas prices.
Q. Well, let me ask you this.

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Since we've still got artificially inflated gas prices in December '05 because of the hurricanes and we've got December '06 gas data presumably at this point, wouldn't it be better to eliminate that abnormal month and use December '06 gas prices to calculate this average?
A. I'd certainly be willing to look at that, yes.
Q. I mean, if you -- one of the goals of your testimony I think we talked about earlier, and I think it was on Page 3 -- or one of the goals you expressed in your testimony, I believe, was that you felt -- you say on Page 3, Lines 9 to 10, the objective of my analyses is to remove the effects of these abnormal events on prices and recommend a set of normal prices to be used in this rate case, right?
A. Yes.
Q. That's what you're trying to do?
A. Yes.
Q. And these effects include the hurricanes -- the effect of the hurricanes on gas prices, right?
A. Yes.
Q. And if you include a $10.06 gas prices that's being affected by the hurricanes, you haven't fully removed the effect from the gas prices, have

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you?
A. I agree.
Q. Dr. Proctor, are you familiar with market price reports prepared by an organization called PIRA Energy Group. Have you ever seen anything like this?
A. No.
Q. No familiarity with that?
A. No, I have not. I'm sorry.
Q. Okay. Let me show you a chart, and this is from the Eastern Grid/ERCOT Market Forecast from PIRA Energy Group dated July 31, 2006. Let me show you a chart on Page 3 of that report entitled US Eastern/Midwest Prices, Short-Term Monthly.
Take a look at the column labeled N Illinois which stands for Northern Illinois. Would you agree that probably stands for Northern Illinois?
A. Yes.
Q. December '05 gas price is 12.64.
A. Uh-huh.
Q. January '06 is 8.38, correct; on this chart?
A. On that chart, yes.
Q. And that's reflecting this noticeable drop that we were just talking about that's reflected in the prices that you had used, correct?
A. Uh-huh.

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Q. And then let's take a look -- would you agree, Dr. Proctor, that we've -- we've got different trading hubs depicted on this chart we were just talking about, right?
A. Uh-huh.
Q. We've got Mid-Continent, Appalachian and so on.
A. Uh-huh.
Q. New York. Would you agree that a Northern Illinois price is probably -- of these prices, of these various hubs, is probably most reflective of prices AmerenUE would experience? Mid-Continent is Kansas, right?
A. Well, yeah.
Q. Essentially?
A. Oklahoma, Kansas.
Q. OKlahoma, Kansas. Henry Hub is Louisiana; Gulf Coast essentially. Of course New York speaks for itself. Appalachian is Eastern United States.
A. I just -- you know, locationally, yes, your statement is correct. In terms of transportation costs, I don't know.
Q. Well, this hub is going to be closer to Ameren's service territory than these others, correct?

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A. Yeah. But sometimes closeness doesn't determine what transportation costs are. So that's -- and it's also the gas supplies that pour into these hubs. But I'll agree with your statement locationally.
Q. Take a look in the same chart, same column, that N Illinois column, down toward the bottom there's a first quarter '06, second quarter '06, third quarter '06 and fourth quarter '06?
A. Uh-huh.
Q. Just eyeballing those quarterly prices would you agree that those -- the average of those prices is going to yield a gas price of a lot closer to 6.50 per MMBTU than the $7 that you used?
A. Those -- yeah. It's also showing -- for this particular hub, that's correct.
Q. If we take a look at your schedule 4.1, what you did to come up with your $54.51 on-peak electricity price is you had arrived at this $7 normalized gas price, right?
A. Sure.
Q. And you drew a line up from $7 straight up, and the intersection was at 54.51 and that's the price, right?
A. Right.

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Q. If a normalized gas price is 6.50 rather than $7, the price of electricity in the on-peak is going to be closer to $50 all other things in your analysis being held equal, correct?
A. It's going to be lower, yes.
Q. Well, it's going to be pretty doggone close to 50 if you drew a line up -- straight up from 6.50 on your schedule 4.1. Isn't it going to intersect virtually exactly at $50 per --
A. It looks pretty close.
Q. -- per megawatt?
Can you describe for me the underlying nature of gas prices that you used to calculate that $7? Are they daily data, monthly data? Is it one data point within a month; do you know?
A. It -- this was data we got from Mr. Finnell --
Q. Do you know the nature of it?
A. -- and -- and determine for each of these pipelines -- three pipelines what the price was that they were using for dispatch. I think Mr. Finnell told me but I don't recall exactly whether it was the first day of the month or it was the monthly price or what it was.
Q. All else being equal would you agree that it

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would be best to use actual pricing data for whatever region is applicable that captures the actual monthly price -- the average monthly price for the months that you're looking at; would that be the gas price data you'd want to use if you had it?
A. Versus what? I'm trying to --
Q. Well, versus perhaps, for example, if you had a gas price from one day of each month as opposed to the average monthly price. Wouldn't the average monthly price be better?
A. So you were averaging over all the days --
Q. In a month.
A. -- in that month?
Q. Averaging over all the days in January and February and March as opposed to we got a price from January 2nd and we got a price from February 2nd.
A. Uh-huh. I really haven't thought about that. It would -- here's kind of the question is -- and I just haven't analyzed that -- the aspect of the thing that you're talking about. If you're saying would an average price over the month be more representative of the monthly price than a one-day price, the answer is yes.
Q. Because you may have volatility within the month and you pick one data point -- we talked about

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this earlier. The average is going to tend to smooth that volatility out, right?
A. Right.
Q. So you're going to get better information if you take the average of that month than if you take a data point within each of those months, right?
A. Sure.
Q. Can you tell me the understanding of the source of the energy prices that you used to perform your regression analysis that ultimately feeds into determining your recommended normal level of energy prices?
A. Yes.
Q. Okay. What is that; what's that source?
A. AmerenUE.
Q. Well, can you -- do you know anything more about it other than you got it from AmerenUE? Do you know what that data consists of?
A. It was what AmerenUE was using to represent its hourly prices for 2003, 2004, 2005, and then we got it updated for 2006.
Q. Do you --
A. And I calculated averages, monthly averages for peak and off-peak.
Q. Do you -- well, I think earlier -- I don't

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know if you referred to that earlier or not.
MR. LOWERY: Well, let's just go ahead and mark this if you don't mind, please.
(Deposition Exhibit 3 marked for identification. Thereupon, the deposition stood in temporary recess.)
Q. (By Mr. Lowery) Dr. Proctor, have you seen -- ever seen Exhibit 3 which is AmerenUE's response to DR269? Is, in fact, that AmerenUE's response to Staff DR269?
A. I don't recall seeing -- give me a second here.
Q. Sure.
A. I don't recall seeing this, no.
Q. If I could borrow it?
MR. LOWERY: Well, Steve, if you don't mind, can I come over here and stand over Mike's shoulder?
MR. DOTTHEIM: Sure. That's fine.
A. I'm not sure what it's saying there, if that's all right.
Q. (By Mr. Lowery) Well, I asked you before, Dr. Proctor, if you knew anything about the underlying nature of the data that you said you got from AmerenUE.
A. Right.

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Q. And I think you seemed to express that you really didn't know exactly what was behind that data; is that fair?
A. That's fair.
Q. Okay. You didn't know, for example, that through -- up to April 1, 2005, the prices that were given to you by AmerenUE were actual realized prices and that post April 1, 2005, the prices were MISO day-ahead energy prices; were you aware of that?
A. I generally would have expected that.
Q. And the reason I gave you this Exhibit 3 is because Mr. Finnell tells Staff that these are the MISO Day 2 day-ahead market energy prices, correct?
A. Correct.
Q. And those energy prices are the MISO market energy only prices. That's not the Generation LMPs that AmerenUE would have received, correct?
A. I don't know.
Q. Well, if I refer to something that's the MISO Day 2 energy market prices, I'm not referring to an LMP price at any particular generator, am I?
A. If I understand your question, LMPs have three components. And there is a -- the energy only component, there's a congestion component --
Q. Right.

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A. -- and then there's a losses component.
Q. Right.
A. And if these don't have the losses or congestion components in them, if that's what you're asking, that appears to be the case, yes.
Q. All right. And AmerenUE doesn't realize the energy only component of those LMP prices. It realizes the LMP price that takes all these three components into account, correct; when it makes an off-system sale?
A. You can account for it that way, yes. That's correct.
Q. Okay.
A. They have financial transmission rights to the extent in a given hour those people generally think of financial transmission rates and the revenues they get for those that offset the congestion, that that's there for native load. Okay? And they typically don't associate that with off-system sales.
So to the extent you're getting those additional revenues that's typically associated with native load. But it's -- however you want to do that accounting, yes. Losses are generally seen as a separate -- totally separate component. You pay

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losses in a given hour. At the end of the year you get a refund because you're paying marginal losses that are higher than average losses. Do you account -- do you bring that into the accounting? I mean, what I'm saying is that's a way to account for it, yes. But does it mean that it's wrong to use those prices? I don't know.

Q. Well, we didn't have FTRs before the MISO Day 2 energy market.

A. Right. Before.

Q. We did have congestion on the system. It was just reflected in a different way or realized in a different way. If pre April 1, 2005, however the accounting was done, included the losses and the congestion and the energy, and post April 1, 2005, we're looking at only the energy only piece, we're not looking at apples and oranges, are we; in terms of what UE actually realized for those off-system sales?

A. I don't --

Q. I mean, we are looking at apples and oranges. I'm sorry. I misstated my question.

A. I don't know the accounting well enough to answer your question. Those are the prices that UE was using, and I assumed that they were consistent

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but -- because they were averaging those prices together. All right? So I assumed that they were consistent. Now --

Q. Well, you used these prices for the purpose of performing your regression, right?

A. Right. To get the correlation.

Q. I mean, wouldn't it be more appropriate to use the prices that UE was realizing at the generator for the entire period than to use the energy only piece at the MISO?

A. No. You've got two different systems -- are you talking about looking historically? You got two different systems going on. I don't know that you're going to get any -- using prices realized at the generator?

Q. Well, the Gen LMP includes the congestion, and it includes the losses and it includes the energy price, right?

A. Yeah.

Q. That's what UE is actually realizing, correct?

A. Right.

Q. And the prices pre 4/1/05 were what UE was actually realizing?

A. I'm using the same prices the company used.

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Okay? I don't understand --

Q. You're using this data to perform your regression, right?

A. That's right. I'm using the same price data that the company used in its three-year average to perform my regression, yes.

Q. But if the -- let's assume that the MISO energy prices are higher than the realized price that UE has realized at each of its generating stations. If you're using that to perform a regression and that's your starting point, aren't you going to end up with higher energy prices -- higher normalized energy prices to use for UE in the fuel modeling than if you used the realized price?

A. Why would you assume they're higher?

Q. Well, let's assume they are higher. Let's assume the MISO Day 2 energy only prices are higher than the Gen LMP realized prices that include all three components. If they're higher, aren't you going to bias your energy price results to be higher than if you used the realized prices?

A. No more than they would bias them in doing a three-year average. I mean, I just assumed those were the prices.

Q. I understand you may not have understood

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what the prices were.

A. But it's going to cause the same kind of bias in the three-year average.

Q. But it is going to cause a bias; is it not?

A. If there is evidence that the realized price is actually lower, then my question is why would you use those prices if they were lower?

Q. Would you agree to the -- that to the extent that UE makes off-system sales at the day-ahead price, then the day-ahead price is what should be used to determine what the margins are? And I'm just supposing that against the real-time price. If we make sales at the day-ahead price, that's how you determine margins for those sales. If you make sales at the real-time price, that's how you determine the margins for those sales, correct?

A. Sure. If you're talking about actual realizations, yes.

Q. Do you know if the real-time price and the MISO energy markets -- I guess they've been running for almost 2 years now. Do you know if they tend to differ from the day-ahead price?

A. I haven't looked at that.

Q. Do you have any idea what percentage of off-system sales UE has historically made at the

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day-ahead price versus the real-time price?
A. We -- the Staff tries to get that data from UE. Basically, we ran into problems because there was a mistake that UE had made in that data. That was initially the data that I was going to use was actual realizations for day-ahead and real-time. But we ran into an error. Things were not matching up, and I had to get my analysis done. I used the same data UE was using.
Q. All right.
A. But have I done any analysis between day-ahead and real-time with respect to UE? The answer is no.
Q. All right. Let's talk about your regression a little bit more.
A. Uh-huh.
Q. If I understand it, what you did is you took the monthly data for fuel and power prices, calculated a 12-month moving average, and you did that before you performed the regression, right?
A. That's correct.
Q. Why didn't you perform the regression analysis on the monthly data? I mean, you had data for each day of the month. Why didn't you do that?
A. Because I wasn't interested in the

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correlation between monthly prices. Okay? And, in fact, I suspect the correlation in monthly prices would be -- I wasn't interested in predicting December or January's price. My focus was on an annual average price. What is the average annual price for on-peak sales. What's the average annual price for off-peak.
I wasn't trying to get from a monthly predictor well, what is December's coal price and what is December's -- you know, there's going to be less correlation there, and that was not my focus of my analysis.
Q. You didn't have any concerns that taking that average beforehand might cause some statistical problems that didn't -- none of those concerns entered your mind?
A. No.
Q. Didn't think it might cause what's called auto correlation; do you know what that is?
A. I'm just looking for correlation between the two variables. Yeah. I know what auto correlation is, though.
Q. Do you know whether taking the 12-month average like you did increased the R-square value --
A. Oh, yeah. It's going to increase it.

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Q. Would you agree that an increased R-square value doesn't necessarily have anything to do with how well the fit of the regression is?
A. Define fit.
Q. Well, you're trying to correlate two things and you're trying to see how well those two variables fit each other, right?
A. Uh-huh.
Q. Do you -- are you aware that taking that 12-month average first while it may increase the R-square value, that's just a mathematical effect? It doesn't necessarily mean that the fit is better than if you'd use the daily data.
A. The fit of what; the monthlies? No. No. I'm not trying to -- I'm not trying to fit monthly values.
Q. How do you know that the relationship between coal prices and off-peak power prices is the same in all seasons? For example, summer versus non-summer.
A. I don't know. I wouldn't expect it to be.
Q. You don't expect it to be. So you would agree that a different relationship exists in the summer versus the rest of the year?
A. Yeah. Historically coal prices have not

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shown the cyclical behavior that off-peak prices show.
Q. How about the relationship between gas prices and on-peak prices; how do you know the relationship is the same in the summer versus the non-summer?
A. I don't know whether it is or not. I haven't analyzed that.
Q. Assume that the relationship is different in the summer versus the rest of the year. If you assume that difference and those seasonal differences exist, how would your regressions need to be modified to arrive at those different relationships?
A. I wouldn't use the regressions to look at that.
Q. Well, if you were going to use regressions, how would you modify them?
A. But I wouldn't. I mean, you know, you're asking me a hypothetical -- I wouldn't use -- what I was trying to do was get the relationship correct between the average annual price for coal and the average annual price for off-peak electricity and the same for natural gas and for on-peak.
Q. Right. You did one regression for off-peak, one regression for on-peak, and you're looking at the

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average for that year?
A. For the year, right.
Q. You're not interested in isolating the months?
A. I was not interested in isolating the months. Then I looked at the patterns, the monthly patterns, separately for -- and that's where I looked at it with respect to the Cinergy data. Is there a cyclical and a monthly pattern in off-peak prices, and the answer is yes. In on-peak prices, yes. Are those correlated to gas prices and coal prices? I don't know.
Q. But if I do have seasonal differences and I want to isolate those, wouldn't I need to separate those months so I could do a regression on the summer for the off-peak, non-summer for the off-peak, on the summer for the on-peak and non-summer for the on-peak?
A. If you were wanting to predirect your -- the cyclical components that way, yes. I didn't take that route.
Q. I understand you didn't take that route. But if there are seasonal differences, which you agree there may very well be, in fact, in the off-peak you expect there would be, in the on-peak

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you said you weren't sure but there may be, right?
A. Well, do natural gas prices correlate on a monthly basis to on-peak prices, and is that -- is there a strong correlation? I'd have to go back and look. I may have run that regression, but I wouldn't necessarily expect it to be very strong.
Q. Let me ask you this. If UE sells less off-system sales during the summer -- we make less off-system sales during the summer than we do in the non-summer --
A. Uh-huh.
Q. -- would an annual average be inaccurate for normalizing the off-system sales margins?
A. An annual average of what; prices?
Q. That's what you arrived at. You did the regression, you come up with an annual, and you said you weren't interested in the monthly and you --
A. That's not --
Q. -- weren't interested in the seasonal and summer versus non-summer, right?
A. That's not what I said. What I said was in the regression analysis I was interested in the annual -- the correlation of annual prices. Okay? I need the annual average level for these prices.
Q. And you come up with a percentage like 16.05

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percent or whatever it was, right?
A. Then I looked at the Cinergy data on the monthly basis after I de-trended it. I looked at the cyclical behavior. I compared it to the cyclical behavior that was in Ameren's filing; their three-year average, and I said that is providing the kind of monthly variations that I believe are correct.
So the big -- the only difference between my prices and AmerenUE's prices is I was saying the annual average level that they put in was too low. So that was the only variable that I was changing from what UE had filed. I wasn't looking at -- I did look at the monthly patterns but I looked at them in a different way. I didn't use regression analysis.
Q. What you ended up doing, on-peak, off-peak, I think the on-peak it was around 18 percent. You came up with a percentage, scaled up the prices.
A. Right.
Q. And you applied that same 18 percent to every month of the year, right?
A. Yes.
Q. And could it be that your 18-percent scaling factor really should be higher in the summer and lower in the non-summer; that spread between that

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factor should be different to take into account those seasonal differences?
A. You could have done it on either a percentage basis or on a dollar per megawatt hour basis. I chose a percentage basis, and I think I explained why in my direct testimony.
Q. You did. But if there's a seasonal difference, wouldn't the percentages -- shouldn't the percentages be different?
A. I don't know.
Q. You don't know?
A. I'm still reflecting a seasonal difference. Why -- why would the percentage of increase be different from the summer and the winter just because there's a seasonal difference? I don't understand.
Q. All right. On Page 8, Lines -- around Line 13 you talk about coal not being cyclical so you felt that using a 12-month moving average was appropriate, right?
A. Yes.
Q. Now, would you agree power prices are cyclical?
A. Yes.
Q. Don't you distort the results by using a 12-month moving average and removing the cyclical

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nature of those power prices?
A. I did not remove the cyclical nature of those power prices.
Q. You did use a 12-month average, though, right, for those power prices; a 12-month moving average?
A. To determine the overall average level of those prices. The cyclical behavior is in those prices. I applied the same percentage to every hour that was on-peak. So to the extent that the -- if you go back -- let's look at the on-peak prices that -- the MP Cinergy Hub prices, okay? You had that graph up before. It's MP Cinergy Hub on-peak --
Q. Yeah.
A. -- data.
Q. The graph we were looking at, the April and November. Is that the one you're pointing me to?
A. Yeah. April through March.
Q. I got it.
A. Okay. That's the cyclical behavior of on-peak prices. The blue line is Cinergy. The pink line is UE. I used the UE -- the same cyclical behavior that is in the UE normals.
Q. Okay.
A. All I did -- the way you can think about it

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is if you look at the average across all of those pink values, it's about $46. All right? You can think of what I did was I raised that so that the --
Q. By 18 percent?
A. Right. So that the annual average is now whatever it was. 51 -- I don't remember. $54 and something.
Q. 54.51, I think.
A. Yeah. 54.51. But I maintain that cyclical component.
Q. I want you to assume that even if -- you may not agree with the assumption. I want you to assume that the correct factor was 19 percent during the summer and 15 percent during the rest of the year. What would that do to your results in terms of your -- that's going to change your 54.51, isn't it?
A. Well, you could have a higher percentage in the summer and lower percentage in the winter and still come up with the same annual level. Okay? You could still come up with 54.51. So you could do that, but you would be changing -- you'd be changing the shape of this curve. You would be causing it to go higher in the summer and lower --
Q. Right.
A. -- in the non-summer periods. Instead of

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just being a percentage increase --
Q. Higher in the summer when loads are higher and there's less megawatt hours available to sell off-system, right?
A. I think that was what you had said before, yes.
Q. I think you agreed with that before.
A. In the summer when loads are higher -- I don't know if I agreed with that before.
Q. Well, let's --
A. In the summer loads are higher. In the non-summer you've got units down for maintenance. I have not looked at the trade-off between those two things.
Q. Well, let's make two assumptions. One, that the percentage should be higher in the summer and lower in the non-summer than your constant percentage.
A. Okay.
Q. And two, that we, in fact, do make more off -- do have more off-system sales volume in the non-summer. Then your price is going to go down, isn't it?
A. You mean the margins.
Q. I'm sorry. Your margins are going to go

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down, aren't they?
A. Yes. Your margins will go down because your sales will go down during the higher-priced periods, and they'll go up during the lower-priced periods.
Q. Would it be proper in running a fuel model to model forced outages into particular months; model them in March and July and November as opposed to spreading those forced outages across the year?
A. Forced outages?
Q. Forced outages. We tell the model there's going to be a forced outage in this month, this month and this month. We don't spread the outages across the year. Is that proper; is that a proper way to model?
A. Forcing them to the months. I don't know the answer to that. I mean, I haven't -- I haven't worked with that kind of modeling to be able to answer that question.
My basic understanding of production cost models is that forced outages are modeled on a random basis.
Q. That's right. Isn't it normal that forced outages are going to randomly occur throughout the year?
A. Right. They will randomly occur throughout

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that year, but it doesn't mean that the final runs that you have may not end up with those in certain months.
Q. It could be that the random -- the randomization that takes place -- I suppose it could be that they end up in three or four months as opposed to spread throughout the year, right?
A. Right.
Q. But that's not what I asked you. What I asked you is what if you're telling the model -- as opposed to randomly assigning those forced outages you tell the model put forced outages here, here and here as opposed to using that randomization? Isn't that an improper modeling technique?
A. I don't know. I have not set down and just thought about that.
Q. What if you tell the model to put all the forced outages in just the low energy price months; isn't that going to skew the results?
A. If you did that, yes.
Q. Is the goal of modeling to skew the results?
A. No.
Q. It's not proper to skew the results when you're modeling --
A. If you're trying to --

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Q. -- production costs, is it?
A. If you're trying to get something normal, it's not proper to skew it, no.
Q. We were talking before, I think, about the averaging effect and over time you're going to average out these energy prices and so over time --
A. Uh-huh.
Q. -- the average is going to take care of some of those problems. If we've got an energy price -- I know this isn't a realistic price. We've got an energy price of $10 in year one. We've got an energy price of $20 in year two. The average price is going to be $15, right?
A. Yes.
Q. Even I can do that math. But if at $10 you would not be turning units on or you'd be turning units off because they're not in the money, then if we use that average in our modeling, we're going to generate more than we really would have generated in the real world, right? Well, let me add one more assumption. Let's assume the units would have been in the money all the time at 15.
A. Yeah. What you're generally saying is that if you calculate profit margins as a function of an average, will that give you the same answer as if you

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-- let's say you took your two situations; the $10, you look at what the profit margin is. At the $20 you look at what the profit margin is, and then you average those two. Will you get a different result than if you looked at 15? The answer is yes.
Q. Because you're going to sell more if we use the average of 15; given the assumptions I gave you that it wouldn't be in the money at 10 but they are going to be in the money at 15?
A. Only if the supply curve was -- you're not going to like this.
If the supply curve was linear. Okay? If it was linear, you would get the same result. If the supply curve is non-linear, you will get different answers depending upon whether it goes up like this or goes up like that. You're going to skew it one way or the other.
Q. It's probably not linear, is it? The supply curve is probably not linear.
A. Well, it depends on hour and all that good stuff.
Q. I should know better than to debate supply curves with an economics professor but --
A. We call the supply curve a hockey stick. It's pretty flat -- it's pretty flat and linear

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through coal but once you start adding natural gas it -- so between coal and natural gas it's very non-linear.
Q. Dr. Proctor, arising out of the EARP case I was talking about before, the sharing mechanism that was in place for UE for a number of years. You are familiar with that; at least generally familiar, right?
A. Generally familiar, yes.
Q. Staff and UE agreed that three temperature adjustments needed to be made to Noah's weather data in order to correct problems in that data. Do you remember that?
A. Kind of, yeah.
Q. Well, you do remember that there was an agreement that three adjustments needed to be made to the Noah weather data to correct problems in the data?
A. I vaguely remember that, yes. There was problems with the movement -- moving of the instrument.
Q. You remember there was an agreement?
A. Yes.
Q. I mean, I know it's a vague memory but you do -- you can confirm that there was such an

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agreement, right?
A. There was an agreement, yes.
Q. Can you tell me what those three adjustments are?
A. No.
Q. In the EC2002-1 case -- you know what case I'm talking about?
A. Yeah.
Q. The complaint case that was settled in -- I guess it was in 2002.
A. 2002.
Q. It led to the moratorium that led up to this rate case, right?
A. Right.
Q. When Staff did its weather normalization for the EC2002-1, Staff used the weather data that included those three corrections that had been agreed upon by UE and Staff, correct?
A. I don't recall.
Q. Do you have any reason to believe Staff didn't?
MR. DOTTHEIM: I object. I think Dr. Proctor answered that question.
A. I honestly just don't recall what was done with respect to weather in that case.

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Q. (By Mr. Lowery) Based on your -- the recollection you do have about these three adjustments -- well, strike that.
You gave some weather normalization testimony in EC2002-1, didn't you?
A. I may have.
Q. Vague recollection?
A. Vague recollection.
Q. All right. Would you agree that market prices for power and for fuel are generally beyond the control of a utility's management; market prices?
A. Uh-huh.
Q. You'd agree with that, right?
A. Market prices, yes.
Q. Would you agree that increasing plant availability, capacity and efficiencies help reduce the cost of serving native load?
A. Yes.
Q. Would you agree that plant availability, plant capacity and plant -- increasing plant efficiencies, those are factors that are more directly under utility control than the market prices for fuel and power that you've already indicated you agree are not within the utility's control?
A. Yes. I mean, they can affect those. If

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they affect market prices, it's called exercise of market power so --
Q. Right. Assuming we don't have market power.
A. Assuming you don't have market power, that's correct.
Q. You don't have any reason to believe AmerenUE has market power, do you?
A. Sure they do. Their own study showed they did. I don't -- you don't want to get into that.
Q. Maybe not.
A. That was --
Q. I think you said --
A. That was a part of their merger case, and they had a study performed.
Q. What merger case are you talking about; the CIPS merger?
A. CIPS merger, yeah. They had a market power study done, and it indicated they had market power.
Q. But you're not testifying here today that AmerenUE's management has control over market prices for power and fuel, are you?
A. No, I am not.
Q. You don't think AmerenUE's management has control over those two things, do you?
A. I haven't investigated that. I would say

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the market monitor at MISO has not accused them of that. Let's put it that way.
Q. There's no evidence you're aware of that, in fact, they have control over market prices for fuel and power, correct?
A. That's correct.
Q. Now, I think you testified earlier that off-system sales are only made after native load is served, right?
A. Correct.
Q. So if UE makes improvement in plant capacity and availability and plant efficiency, those improvements are going to have the most pronounced effect on off-system sales, right; as opposed to serving native load because we're serving native load first, right?
A. Say it again. Improvements and plant availability --
Q. Plant capacity, availability and improved plant efficiency are going to -- the effect of that is going to be most pronounced with respect to off-system sales, right?
A. Correct.
Q. Would you agree that there is an interaction between native load and off-system sales?

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A. Yes.
Q. Native load goes down, off-system sales volumes probably go up and vice versa, right?
A. As load goes down -- generally, as demand decreases in the market prices will fall. Okay? It makes more plants available --
Q. Right.
A. -- to sell into the market. I think we've --
Q. We talked about that before.
A. -- agreed to that before.
Q. Right. Yeah. If that's true -- and let's take the case where native loads go down.
If off-system sales margins are tracked dollar for dollar, the utilities at risk of losing dollars passed through the tracker which had native loads not decreased would have been received as revenues from those native load customers, right?
A. We have a tracker.
Q. We have a tracker. Let's assume we have a tracker.
A. And what do you mean by a tracker?
Q. There's a base amount of off-system sales margins set in base rates and every dollar above that flows to customers.

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A. Okay.
Q. Dollar for dollar.
A. Like a fuel adjustment clause but we're going to -- okay. All right.
Q. So native loads go down --
A. Right.
Q. -- lose those native load revenues -- the revenues associated with that reduction in native load, make more off-system sales. Every one of those dollars is going to flow back through the tracker to customers but the native load revenues that would have been associated with those megawatt hours don't show up for the utility, correct?
A. Okay. Let's put your -- let's put your statement in context because, I mean, one context is a single hour. Okay? I think the context that you're putting your statement in is -- let's say for a year.
Q. Yeah. Let's say for a year.
A. For a multiple year period. So during that multiple year period let's say weather was abnormal and your sales -- your native load sales were down. Okay? Now, let's -- and you're saying with the native load sales being down if you were on traditional rate making, you would be able to make up

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some of that lost revenue through off-system sales.
Q. Right.
A. But with the tracker mechanism where you had the flow of all of that back to customers you wouldn't be able to make up some of that.
Q. You agree?
A. I think I follow the logic, yes.
Q. And do you agree with that; that's what's going to happen under those facts you just described, correct?
A. Yeah. The logic appears to be correct. I haven't set down and thought through all of that, but on the surface right now I follow the logic and agree with the logic.
Q. Would you generally agree that there's little to be gained by holding a regulated firm responsible for unanticipated costs that are beyond its control?
A. Little to be gained by holding a firm --
Q. A regulated firm responsible for unanticipated costs that are beyond its control.
A. Responsible. What do you mean responsible for?
Q. Not allowing -- not reflecting those in its rates.

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A. In its rates. Okay. Little to be gained?
Q. From a regulatory policy perspective why would you --
A. Do I think it's probably not very good policy? I agree with that statement if that's --
Q. Do you generally agree that rate pass-through provisions are often used with regard to uncontrollable costs?
A. Yes. In some jurisdictions they are, yes.
Q. For example, isn't it true that incentive regulation plans in the electric utility industry often include the provisions for the pass-through of uncontrollable costs?
A. Well, I think most people view fuel adjustment clauses in that direction.
Q. As a pass-through of uncontrollable fuel costs, right?
A. Right. Yeah. But that's why.
Q. Would you generally agree that performance incentives for a regulated firm tend to be the most effective if they link financial rewards to aspects of the company's performance over which the company has substantial control?
A. Yes.
Q. Would you also agree with the proposition

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that economically efficient utility rates should reflect the cost of service for that utility? Which I think is much the same of what we talked about; the first question I asked you a minute ago.
A. I don't -- what is an economically efficient rate? I've been doing this for too long. I don't understand what that means.
Q. Well, I wish I could tell you.
Let me give you an example. When fuel costs increase or decrease is it economic -- does it make sense from an economic perspective to have rates reflect those cost increases and decreases in fuel?
A. Oh. To customers?
Q. Yes.
A. To send a --
Q. Send the right signal.
A. -- price signal type of thing?
Yeah. Certain customers I think it does.
Q. Otherwise, they may consume power, switch between fuel sources uneconomically. They may make uneconomic decisions, right?
A. Yeah. Part of the argument about lack of demand response resources is they're not getting the right price signals.
Q. Right.

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A. That would reflect what you're talking about.
Q. Do you agree that of all the non-restructured states the vast majority of them utilize fuel adjustment clauses?
A. There are several that do. I have not done a survey or looked at MRRI surveys about all of the regulated states.
Q. Well, I was talking about non-regulated.
A. Non-regulated?
Q. Right. Oh, I'm sorry. I was talking about regulated.
A. Yeah. Non-regulated it's separate.
Q. Right. I'm sorry.
A. Yeah. Regulated states? My experience with that is that -- for example, in MISO most of the regulated states have some form of fuel adjustment clause but they really vary all over the place. There are some states that don't.
Q. You haven't really done a study. You don't really know what percentages we're talking about?
A. No, I don't. I haven't done a study, and I haven't looked at --
Q. Do you agree that frequent rate cases reduce the efficiency incentives inherent in regulatory lag

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under traditional cost-of-service regulation?
A. Yes.
Q. Do you agree that without a fuel adjustment clause increasing or volatile fuel costs may force utilities to file more frequent rate cases?
A. It depends.
Q. On what?
A. On the relationship of the volatility of fuel prices to their volatility of earnings.
Q. Have you done any analysis yourself of AmerenUE's fuel adjustment clause proposal in this case?
A. Yes.
Q. Have you developed any conclusions about it?
A. Yes.
Q. Is anyone else at Staff analyzing or developing conclusions about AmerenUE's fuel adjustment clause proposal or are you the guy?
A. No. There's other people looking at it.
Q. Does Staff have a current position about AmerenUE's fuel adjustment clause proposal?
A. I have a position. I don't know if it's a Staff position yet so I'm not going to share it until I --
Q. And I'm assuming if I ask you the next

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question, Mr. Dottheim is not going to let you answer that question.
A. I assume that's probably right.
MR. LOWERY: See, I did it for you, Steve.
MR. DOTTHEIM: Thank you, Jim. Your pizza is here anyway.
MR. LOWERY: As improper as I think that objection is I won't pursue it at this point.
Q. (By Mr. Lowery) I assume that you're going to file your recommendations about AmerenUE's fuel adjustment clause and off-system sales sharing proposal on January 31st; would that be your expectation?
A. That's my expectation.
Q. All right. Give me just a second before the pizza gets completely cold.
Dr. Proctor, do you have any other opinions about the appropriate level of fuel transportation, SO2 prices, energy prices that relate to off-system sales for UE in this case, or opinions about AmerenUE's fuel and purchase power costs that you have not expressed today during this deposition or that were not expressed in your pre-file direct testimony?
A. I don't think so.

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MR. DOTTHEIM: Other than -- excuse me. I think from the discussion regarding --
MR. LOWERY: Other than the sharing proposal, is that --
MR. DOTTHEIM: Well, what might properly be reflected in rebuttal testimony.
Q. (By Mr. Lowery) Which, as I understand it, Dr. Proctor, what you're looking at at this point for rebuttal testimony deals with the off-system sales sharing mechanism and the fuel adjustment clause; is that fair?
A. Well, I'm also going to rebut the prices used by AmerenUE in its direct case.
Q. I take it that your expectation is your rebuttal is going to be consistent with the prices that you recommend be used in your direct case, right?
A. That's correct.
Q. I mean, when you say you're going to rebut the prices, you, in effect, have already rebutted the prices by using different prices in the Staff's direct case, fair? Mr. Schukar said -- I'm making this up. $45 in the on-peak. You said $54 in the on-peak. Obviously, you disagree with his $54 or else you wouldn't have used 54, correct?

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A. Right. But disagreeing is different than rebutting. Rebutting is getting into the specifics of what I saw was wrong with the company's numbers.
Q. Right. I understand.
But your opinions as to the appropriate prices to use in the fuel modeling have not changed, correct?
A. Have not changed.
Q. And you're not expecting them to change?
A. I don't expect them to change.
Q. Okay. Thank you very much. That's all I have.
MR. DOTTHEIM: I have a few questions.
MR. LOWERY: All right.
EXAMINATION BY MR. DOTTHEIM:
Q. Dr. Proctor, Mr. Lowery asked you some questions about Mr. Traxler's -- Steve Traxler's testimony in a recent Kansas City Power and Light Company Case and I think even read from the transcript in that case.
Do you know the context of the purported quotations of Mr. Traxler's testimony in that case?
A. Well, I know that Kansas City Power and Light had a rate case, and I know that there was testimony put in regarding profit margins from

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off-system sales in that case. And I did read the company's testimony. They hired an outside consultant to put in testimony on that, and I did read that testimony. But that's -- that's the context. The specific context of what he read, I don't know, no.
Q. Okay. Mr. Lowery asked you some questions regarding the Staff's production cost model and the consistency of hourly shapes for prices and hourly shapes for loads. I think he referred to it as a mismatch.
Dr. Proctor, do you know if there is any mismatch between the Staff's hourly shape for prices and hourly shape for loads?
A. I do not know.
Q. Okay. Mr. Lowery asked you some questions -- he was referring to a document which he, I believe, called PIRA, P-I-R-A, and in that document referred to prices for various, I think, areas, and one area he referred to was Northern Illinois. I think he also referred to climatic conditions.
Dr. Proctor, in regards to the MISO footprint, are climactic conditions through the MISO footprint uniform?
MR. LOWERY: I'm just going to object to the

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form of the question to the extent it refers to my reference to climactic conditions. I don't think I referred to that, Steve.
MR. DOTTHEIM: All right. Okay.
Q. (By Mr. Dottheim) Or weather conditions or temperature.
MR. LOWERY: Same objection. I don't think I referred to that in the context of this document, but I -- the transcript will reflect whether I did or not.
THE WITNESS: So I can answer the question?
MR. LOWERY: Yeah, absolutely.
Q. (By Mr. Dottheim) Yes.
A. And the question is?
Q. And the question is do you know whether climactic conditions are uniform through the MISO footprint?
A. Oh. Uniform? Oh, no. You have fronts typically coming through through the MISO footprint that extends from Montana all the way into Ohio and Pennsylvania. And as those fronts come through -- I mean, right now we've got much lower temperatures to our west than that are right here. So they're not uniform. But if you're even talking about on the average, they're not uniform. You know, it's colder

north and warmer south and those types of things.
Q. Again, referring to this document that Mr. Lowery referred you to with the Northern Illinois. Do you know the general geographic area that is defined by this term Northern Illinois that appears in that document?
A. Generally, yes. It could represent the Chicago area which is Northern Illinois --
Q. And --
A. -- and north of that. Or it could -- I don't know. It could represent an area that's south of that. There is a hub in MISO corresponding to Illinois, but I think people would characterize it more as Southern Illinois than Northern Illinois. I'm just guessing now. But it's probably the Chicago area.
Q. How does the geographic area as this Northern Illinois area compare to the MISO footprint?
A. Well, Chicago is not in the MISO footprint. It's in PJM, Pennsylvania, Jersey, Maryland Power Pool, or RTO or Market, whichever.
Q. Okay. Mr. Lowery asked you some questions about forced outages and modeling. Do you know how the Staff modeled forced outages in its case?
A. No. How we specifically -- how our

consultant specifically ran forced outages into his production cost model?
Q. Yes.
A. No. I don't know.
MR. DOTTHEIM: I think that's it, other than, Mr. Lowery, can we obtain a copy of this PIRA document?
MR. LOWERY: Sure.
MR. DOTTHEIM: Okay.
MR. LOWERY: I assume waive presentment but you want to read and sign?
MR. DOTTHEIM: Yes, definitely.

CERTIFICATION

I, Susan M. Fiala, Certified Court Reporter, Registered Professional Reporter, within and for the State of Missouri, DO HEREBY CERTIFY that pursuant to notice/agreement between the parties, the aforementioned witness came before me at the time and place hereinbefore mentioned, and having been duly sworn to tell the whole truth of his knowledge touching upon the matter in controversy aforesaid; that the witness was examined on the 12th day of January, 2007, and examination was taken in shorthand and later reduced to printing; that signature by the witness is not waived and said deposition is herewith forwarded to the taking attorney for filing with the Court.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 16th day of January, 2007.

_____

Susan M. Fiala, CCR, RPR

STATE OF _____)
)
COUNTY OF _____)

I, MICHAEL PROCTOR, do hereby state that the foregoing statements are true and correct, to the best of my knowledge and belief.

_____

Subscribed and sworn to before me this _____ day of _____, 2007.

_____
NOTARY PUBLIC

My Commission Expires:

(SMF)
Michael Proctor

DEPOSITION CORRECTION SHEET

In Re: In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.
Cause No. ER-2007-0002

Reported By: SMF

Upon reading the deposition and before subscribing thereto, the deponent indicated the following changes should be made:

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SIGNATURE OF DEPONENT

January 12, 2007

Public Service Commission
State of Missouri
Steven Dottheim, Esq.
Governor Office Building, Suite 800
200 Madison Street
P.O. Box 360
Jefferson City, Missouri 65102-0360
RE: Cause No. ER-2007-0002
Dear Mr. Dottheim:
Enclosed please find your copy of the transcript of the deposition testimony of Michael Proctor, taken on January 12, 2007, in the above-captioned matter. I understand you will obtain signature from Mr. Proctor.
After Mr. Proctor has reviewed the transcript and made any necessary corrections on the deposition correction sheet incorporated at the end of the transcript, please have him sign the original signature page in the presence of a notary public and return the signature page, along with the correction sheets, to yourself. Upon receipt please forward the original signature page and any correction sheets to: James B. Lowery, Esq., Smith Lewis, LLP, City Centre Building, 111 South Ninth Street, Suite 200, Columbia, Missouri 65205-0918.
If you have any questions regarding this matter, please do not hesitate to contact me at (314) 644-2191.
Sincerely,

Susan M. Fiala, CCR, RPR
Enclosures
cc: All counsel of record

STATE OF MISSOURI)
)
COUNTY OF COLE)

In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.

Missouri Public Service Commission Case no. ER-2007-0002

I, Michael S. Proctor, do hereby certify:

That I have read the foregoing deposition;

That I have made such changes in form and/or substance to the within deposition as might be necessary to render the same true and correct;

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

I declare under penalty of perjury that the foregoing is true and correct.

Michael S Proctor

Executed this 09 day of March, 2007.

Notary Public Jeremy Hagemeyer

My commission Expires: 2/17/09

JEREMY HAGEMEYER
Notary Public - Notary Seal
State of Missouri - County of St. Louis
My Commission Expires Feb. 17, 2009
Commission #05936132

ERRATA SHEET

Deposition of: Michael Proctor

Case Caption: ER-2007-0002

Date Taken: January 12, 2007

Page	Line	Correction	Reason
10	2	Primarily – there were – two of my work	Transcription/misspoke