

Exhibit No.:
Issues: Callaway Plant Refueling
Outage Expense and Nuclear
Operation —Supervision and
Engineering Expense
Witness: Garry L. Randolph
Sponsoring Party: Union Electric
Type of Exhibit: Cross-Surrebuttal Testimony
Case No.: EC-2002-1
Date Testimony Prepared: June 24, 2002

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EC-2002-1

CROSS-SURREBUTTAL TESTIMONY

OF

GARRY L. RANDOLPH

ON

BEHALF OF

**UNION ELECTRIC COMPANY
d/b/a AmerenUE**

**St. Louis, Missouri
June, 2002**

1 **CROSS-SURREBUTTAL TESTIMONY**

2 **OF**

3 **GARRY L. RANDOLPH**

4 **CASE NO. EC-2002-1**

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

6 A. My name is Garry L. Randolph. My business address is AmerenUE, P.O.
7 Box 620, M/C CA-460, Fulton, Missouri 65261.

8 **Q. Are you the same Garry L. Randolph who previously filed rebuttal**
9 **testimony in this proceeding?**

10 A. Yes.

11 **Q. What is the purpose of your testimony?**

12 A. The purpose of my testimony is to rebut the rebuttal testimony of David J.
13 Effron filed on behalf of the Office of Public Counsel. I discuss Mr. Effron's
14 adjustments related to the Callaway plant refueling outage expense and nuclear operation
15 -- supervision and engineering expense.

16 **Q. Please summarize the conclusions reached in your testimony.**

17 A. The expenses proposed by Mr. Effron are inadequate because he has failed
18 to recognize the escalating costs of maintenance associated with the aging of the
19 Callaway plant.

20 **Q. What has Mr. Effron recommended regarding Callaway refueling**
21 **outage expenses?**

22 A. He recommended that the outage expense be adjusted to normalize the
23 level of expense and frequency of outages.

1 **Q. What is your response to Mr. Effron's recommendations on the**
2 **Callaway refueling expense?**

3 A. Mr. Effron calculated an average for Callaway refueling expenses based
4 on the expenses for last five refueling outages. The costs in April and May 2001
5 associated with the refueling and maintenance of the Callaway nuclear facility are in
6 excess of those incurred in prior years. The 2001 Callaway refueling and maintenance
7 cost level is a specific example which illustrates that as units age they require additional
8 maintenance. Because of the escalating costs of maintenance at the Callaway plant, the
9 current maintenance costs are a base level of expense and future outage expenses can be
10 expected to increase due to aging of the facility. Mr. Effron's adjustment ignores the
11 escalating maintenance costs of aging facilities and attempts to reduce test year expenses
12 well below the expense that can be anticipated in future years for refueling at Callaway.

13 **Q. What other issues do you have with Mr. Effron's recommendations**
14 **regarding the Callaway refueling expense?**

15 A. Mr. Effron discusses Staff's adjustment to the test year to normalize the
16 refueling expense to an average year. The Company has made a similar adjustment in its
17 determination of the appropriate refueling expenses. In addition, Mr. Effron assumes a
18 2% annual inflation rate for his "normalized" adjustment. The actual escalation in
19 Callaway refueling and other plant expenses indicates that an inflation adjustment of
20 3.0% for labor and 3.5% for non-labor would be more appropriate

21 **Q. What has Mr. Effron recommended regarding nuclear operation -**
22 **supervision and engineering expense?**

1 A. He recommended that nuclear operation - supervision and engineering
2 expense be normalized by using the average of the expenses over the last five years with
3 an adjustment for inflation.

4 **Q. What is your response to Mr. Effron recommendations regarding**
5 **nuclear operation - supervision and engineering expense?**

6 A. Company witness Mr. Gary Weiss addresses this issue in his cross-
7 surrebuttal testimony and provides evidence on the inappropriateness on Mr. Effron's
8 adjustment.

9 **Q. Does this conclude your testimony?**

10 A. Yes.

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