

DEPOSITION OF JOLIE MATHIS, 11/27/01

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

The Staff of the Missouri)
Public Service Commission,)
Complainant,)
vs.) Cause No. EC-2002-1
Union Electric Company,)
d/b/a Ameren UE,)
Respondent.)

DEPOSITION OF WITNESS, JOLIE MATHIS, produced,

sworn, and examined on the 27th day of November, 2001,
between the hours of eight o'clock in the forenoon and six
o'clock in the afternoon on that day, at the offices of 200
Madison, Suite 810, Jefferson City, Missouri, before DEANNE
M. LAKE, a Registered Professional Reporter, Certified
Shorthand Reporter and Notary Public, in a certain cause now
pending Before the Public Service Commission of the State of
Missouri, wherein The Staff of the Missouri Public Service
Commission is the Complainant and Union Electric Company,
d/b/a Ameren UE is the Respondent.

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A P P E A R A N C E S

For the Complainant:

Mr. Thomas Schwarz, Jr.
Governor Office Building
Suite 800
200 Madison Street
PO Box 360
Jefferson City, Missouri 65102-0360
573-751-5239

Also present:

Mr. Greg Meyer
Ms. Lena Mantle
Mr. Paul Adams
Ms. Lisa Kremer

For the Respondent:

Mr. Tom Byrne
Ameren Services
One Ameren Plaza
1901 Chouteau Avenue
PO Box 66149, MC 1310
St. Louis, Missouri 63166-6149
314-554-2237

Also present:

Mr. John Wiedmayer
Mr. Robert Kenney
Ms. Suedeem G. Kelly

1 service life as being -- I am sorry -- estimated the
2 depreciation rate as being one over the average service life
3 of the account.

4 Q. And how did you determine the average service life
5 of the account?

6 A. I used the currently prescribed average service
7 lives.

8 Q. Okay. And do you know what the source of the
9 currently prescribed average service lives is?

10 A. I know what rate case it came from.

11 Q. Okay. What rate case did it come from?

12 A. ER-83-163.

13 Q. Okay. And do you know what year the depreciation
14 study that yielded those average service lives was conducted
15 in?

16 A. No, I do not.

17 Q. Wouldn't it have to be sometime before 1983?

18 A. Yes. I don't know the exact year.

19 Q. Do you know whether the depreciation rates in case
20 number ER-83-163 were the subject of a settlement?

21 A. No, I do not know that.

22 Q. Okay. Do you know who the staff witness was who
23 was responsible for calculating the average service lives in
24 case number ER-83-163?

25 A. No, I do not.

1 Q. Have you reviewed any of the work papers from case
2 number ER-83-163 that were used in determining the average
3 service lives that you are using in this case?

4 A. Yes, what work papers we did have, which was very
5 small, very limited.

6 Q. Like how many work papers did you have?

7 A. Maybe a few folders.

8 Q. Do you know what assumptions were made in the last
9 depreciation or in that depreciation study in case number
10 ER-83-163 that may have affected those average service
11 lives?

12 A. No.

13 Q. Did you review any notes of meetings that the
14 staff person and witness in case number ER-83-163 might have
15 had with company personnel or tours of plants or any other
16 kind of notes like that that might have been taken by the
17 staff witness in that case?

18 A. No.

19 Q. Let me ask you this. If the -- if case number
20 ER -- well, if the depreciation rates in case number
21 ER-83-163 were settled, do you know if it's contrary to the
22 terms of the stipulation in that case to use those service
23 lives in this case?

24 A. I don't know.

25 Q. Would it be fair to say you didn't conduct an

1 personnel?

2 A. Yes.

3 Q. Okay. That didn't -- I guess that didn't affect
4 the other half of the accounts where you use the ER-83-163.
5 Is that fair to say?

6 A. Yes.

7 Q. Okay. Are there any textbooks that you use or
8 refer to that describe how to conduct a depreciation study?

9 A. Yes. Depreciation Systems by Frank Wolf, and
10 Public Utility Depreciation Practices is a NARUC.

11 Q. Is that -- let me ask you, because I've got it
12 written down, not because I have independent knowledge of
13 it, but is Depreciation Systems by both Wolf and a guy named
14 Fitch?

15 A. Yes.

16 Q. Okay. And Public Utility Depreciation Practices
17 is published by NARUC. Is that -- I think that is a 1996
18 publication. Does that sound right to you?

19 A. Yes.

20 Q. Any other texts?

21 A. No.

22 Q. Do you consider these texts to be authoritative on
23 the issue of depreciation studies?

24 A. Yes.

25 Q. And to your knowledge, did the depreciation, that

1 it's got a definition of service value, and I guess I want
2 to ask you if you agree with it, and it's probably a third
3 of the way down the page, and since I don't want to make
4 this an exhibit, I guess I would like to read it into the
5 record.

6 It says, "The Uniform System of Accounts for
7 electric utilities recommended by NARUC defines 'service
8 value' as follows: The difference between the original cost
9 and the net salvage value of the utility plant. 'Loss in
10 service value,' therefore, must be understood and construed
11 in light of its specially defined meaning."

12 Do you agree with that definition of service
13 value?

14 A. Yes.

15 Q. Okay. Okay. Let me ask about -- that's all I
16 need to ask about that document.

17 MR. BYRNE: Mr. Schwarz, I don't see any need to
18 make that as an exhibit, but I will if you want me to.

19 MR. SCHWARZ: No need. I am sure we have copies
20 of it and so forth.

21 Q. (By Mr. Byrne) Okay. I would like to talk to you
22 about the staff's treatment of net salvage in this case.
23 Well, first of all, is it fair to say that you're proposing
24 a new treatment of net salvage, at least for Ameren UE's
25 electric service, different than it has been treated in the