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BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

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THE STAFF OF THE MISSOURI)
PUBLIC SERVICE COMMISSION,)

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Complainant,) Case No. EC-2002-1

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vs.)

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UNION ELECTRIC COMPANY,)
d/b/a AMERENUE,)

8

Respondent.) April 9, 2002
Jefferson City, MO

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DEPOSITION OF JOLIE MATHIS,

12

a witness, sworn and examined on the 9th day of April,

13

2002, between the hours of 8:00 a.m. and 6:00 p.m. of

14

that day at the Missouri Public Service Commission,

15

Room 810, Governor State Office Building, in the City

16

of Jefferson, County of Cole, State of Missouri,

17

before

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19

KRISTAL R. MURPHY, CSR, RPR, CCR
ASSOCIATED COURT REPORTERS

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Notary Public, within and for the State of Missouri,

24

in the above-entitled cause, on the part of the

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Respondent, taken pursuant to agreement.

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A P P E A R A N C E S

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0003

1 ALSO PRESENT: Greg Meyer, PSC Staff
2 Lena Mantle, PSC Staff
3 Lisa Kremer, PSC Staff
4 Rosella Schad, PSC Staff
5 Robert Kenney, Ameren
6 Marty Lyons, Ameren
7 Bill Stout, Gannett-Fleming

8 EXHIBITS INSTRUCTIONS:
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10 Copy and attach to original and copy for
11 Mr. Byrne only.
12

13 I N D E X
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15 Direct Examination by Mr. Byrne 4
16 Cross-Examination by Mr. Schwarz 87
17 Redirect Examination by Mr. Byrne 90
18

19 E X H I B I T S I N D E X
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21 Exhibit No. 1 4
22 Deposition of Jolie Mathis, dated 11-27-01
23 Exhibit No. 2 86
24 Work papers
25

0013

1 the other 25 accounts?

2 A. Could you state that again, please?

3 Q. Yes. For the 25 accounts that you did not
4 plug the data into the Gannett-Fleming model, how did
5 you determine the depreciation rates for those
6 accounts?

7 A. I took 100 percent over the average service
8 life.

9 Q. And how did you determine the average
10 service life for those accounts?

11 A. It was the prescribed average service life.

12 Q. Okay. And when was it prescribed?

13 A. In 1983.

14 Q. Okay. And that's the same thing you did --
15 we talked about this in your last deposition; is that
16 true?

17 A. Correct.

18 Q. Okay. And did you do any independent
19 analysis of the data underlying those lives from 198--
20 from the 1983 case?

21 A. No, I did not.

22 Q. You didn't review the work papers or
23 anything from 1983?

24 A. We really didn't have that many work papers
25 from 1983 to review.

0037

1 Will the plant's life come to an end some
2 time?

3 A. Eventually.

4 Q. So would you agree that the plant has a
5 finite life, even if you cannot predict the definite
6 year or day in which it will be retired?

7 A. Yes.

8 Q. Okay. And do you agree that when a plant is
9 retired that all of the related equipment and
10 facilities in that plant will also be retired when you
11 reach the final retirement date?

12 A. Yes.

13 Q. Okay. Okay. And I would like you to look
14 at a book I have, and the book is called, Depreciation
15 Systems, by Wolf and Fitch. And it looks like the
16 1994 edition, and it's a passage that's on page 255.

17 Will you take a look at the book and satisfy
18 yourself that I've identified it correctly?

19 A. Yes.

20 Q. And is this the same -- one of the books
21 that in your previous deposition you said was an
22 authoritative book on depreciation?

23 A. Yes.

24 Q. Okay. On page 255 of that book, could you
25 please read the second and third sentences of the

0041

1 stations?

2 A. No, in that it's not mass property. Mass
3 property -- not for the production accounts, no.

4 Q. So if it is not life span and it's not the
5 mass property approach, what is it?

6 A. It's not the life span method in that you're
7 estimating a final retirement date.

8 Q. So would it be fair to say -- would it be
9 fair to say that you're recommending the life span
10 approach without probable retirement dates?

11 A. Eventually, that plant will be retired, but
12 that retirement date is a value that we just don't
13 know, and there has been no -- there has been no
14 supporting evidence for those dates.

15 Q. Sure. I understand that. But I'm just
16 trying to -- I'm just trying to see if you agree
17 with -- are you recommending a life span approach
18 without estimated final retirement dates for those
19 accounts?

20 A. For the steam production accounts, I guess,
21 no, I would not be recommending the life span
22 approach.

23 Q. Okay. What approach are you recommending?

24 A. I'm just prescribing average service lives
25 for accounts 311 through 315.

0047

1 hypothetical as well until she can look at the
2 documents and materials.

3 BY MR. BYRNE:

4 Q. Well, okay. With that caveat, can you give
5 me a hypothetical answer?

6 A. I would still say 40 years, because it's a
7 40-year license.

8 Q. Okay. Do you know the initial year of
9 service for the Callaway plant?

10 A. I believe it was 1983.

11 Q. Okay. And if you added 40 years to that
12 initial service -- in-service date, you would get
13 2023. Right?

14 A. Right.

15 Q. And is it your understanding that that's
16 when the license expires? Right?

17 A. Yes.

18 Q. And let's take the example of -- in year
19 1999 -- would you agree that plant was added to
20 Callaway in 1999, or do you know?

21 A. I don't have that information.

22 Q. Why don't you assume for me that some plant
23 was added to Callaway in 1999. And -- but is it true
24 that you would -- well, what -- what average service
25 life would you be recommending for the plant that was

0048

1 added in 1999 to Callaway?

2 A. It would be the 2023 minus that 1999. It
3 would be that life.

4 Q. Okay. That's the appropriate life for plant
5 that was added in 1999 to the Callaway plant?

6 A. If the Callaway plant were to be totally
7 demolished in 2023.

8 Q. Well, I guess that's not what I'm asking.

9 I'm asking, if you add plant in 1999, based
10 on what you know about the Callaway plant now, what's
11 the appropriate depreciation rate for that plant?
12 What's the appropriate average service life for that
13 plant, I guess is the better question?

14 A. It would be as I stated earlier.

15 Q. Which is what?

16 A. The 2023 minus the 1999, which would be
17 about 23, 24 years.

18 Q. Okay. Okay. I'd like to talk a little bit
19 about your proposed amortization of the difference
20 between the Company's actual reserve and theoretical
21 reserve.

22 First of all, can you just briefly explain
23 what the actual reserve is, what the Company's actual
24 reserve is?

25 A. Sure. The actual reserve -- I can give the

1 replaced in the near future.

2 Q. Okay. So the first thing you said -- what
3 was the first thing you said?

4 A. About it no longer being economical?

5 Q. Yeah. Now, I guess when you -- I guess that
6 would be immediately before the plant is retired and
7 torn down, I would assume? Isn't that -- wouldn't
8 that have to be very close to the retirement date?

9 A. Yeah, pretty close.

10 Q. I mean, you couldn't project ten years
11 into the future or even five years into the future
12 or 20 years into the future what the economics are
13 going to be. Right?

14 A. That's true.

15 Q. So under those circumstances, there is no
16 way to provide a retirement date that you're
17 sufficiently certain of until very close before the
18 plant is retired; is that right?

19 A. That may be true, yes.

20 Q. Okay. I want to look at a couple more
21 specific accounts, and I guess the first one is
22 account 314 that we've talked about a little bit, but
23 I want to show you one of your work papers.

24 And that's one of the steam production plant
25 accounts; is that right?

0090

1 on your question. Can I do that?

2 REDIRECT EXAMINATION BY MR. BYRNE:

3 Q. Mr. Schwarz was just asking you about when a
4 plant is going to be retired, and I think you were
5 saying you would have to know it's going to be retired
6 and not be replaced. Do you remember that?

7 A. Right.

8 Q. And the only question I have is, at what
9 point in the plant's life would you expect to gain
10 that kind of knowledge?

11 A. I would hope at least a year before the date
12 of retirement, or more.

13 Q. But -- but, I mean, wouldn't it be -- in
14 terms of the entire plant's life, wouldn't it be
15 relatively late in the plant's life that you would
16 know it's going to be retired and not replaced?

17 If you say yes, I'm done.

18 A. I'm going to say yes.

19 Could you ask it one more time?

20 Q. In terms of the plant's life --

21 A. Right.

22 Q. -- in terms of the plant's whole life,
23 wouldn't it be relatively late in the whole life that
24 you would know that it's going to be retired and not
25 replaced?