

Data Information Request
From Union Electric Company d/b/a AmerenUE
MPSC Case No. EC-2002-1

Requested From: Steven R. Dottheim

Requested By: James J. Cook

Date of Request: 11/19/01

Information Requested: In his deposition in this case on November 12, 2001, Staff witness Mr. Ronald Bible testified as follows:

Q. Now, in your view has something changed to make the Moody's either Aa or A utility bond rates inappropriate for risk premium analysis?

A. I don't recall exactly when we made the determination, but something happened to either the historical database or the going-forward database. I'd have to check.

But we decided we needed to move over to the 30-year. And now the 30-year has gone away. So we'll have to make a decision on the risk-free rate again.

Q. So is it your testimony that you – I guess, meaning the Staff as a whole – recently made a judgment not to use the Moody's rate?
Is that how I understand?

A. I don't recall. I know we had discussions about it.

Q. Okay. But you don't recall the basis for making that change?

A. Not exactly, no.

Q. What do you recall?

A. That something happened where historical data wasn't available or wasn't readily available. So we wanted to use something that was readily available.

Bible Deposition at 120-121 (lines 25-22) (Nov. 12, 2001).

1. Please explain the basis for the Staff's decision not to use the Moody's utility bond rates in the Staff's risk premium analysis, but to use the 30-year Treasury Bond rate instead.

2(a). Please describe the Moody's "historical database" referred to by Mr. Bible in his testimony quoted above.

(b). Please identify and explain the problem with the Moody's "historical database," if any, referred to by Mr. Bible in his testimony quoted above, which in any way caused or contributed to the decision of the Staff to stop using the Moody's utility bond rates in the Staff's risk premium analysis.

3(a). Please describe the Moody's "going-forward database" referred to by Mr. Bible in his testimony quoted above.

(b). Please identify and explain the problem with the Moody's "going-forward database," if any, referred to by Mr. Bible in his testimony quoted above, which in any way caused or contributed to the decision of the Staff to stop using the Moody's utility bond rates in the Staff's risk premium analysis.

4. Please identify which members of the Staff participated in the discussion of this problem or problems, as noted by Mr. Bible in his testimony quoted above.

5(a). When was the decision made to stop using the Moody's utility bond rates in the Staff's risk premium analysis?

(b). Who made the decision to stop using the Moody's utility bond rates in the Staff's risk premium analysis?

(c) What, if any, public announcement and explanation of the Staff's decision to stop using the Moody's utility bond rates in the Staff's risk premium analysis was made?

(d) Please identify the date such announcement was made and the locations in which it was made or published.

(e) Please provide a copy of each version of such announcement.

6(a). What information, report, or analysis of any kind was considered in making the decision to stop using the Moody's utility bond rates in the Staff's risk premium analysis?

(b). Please provide copies of that information or analysis.

7. Please provide copies of any and all document or documents that in any way (in whole or in part) describe, reflect, memorialize, or otherwise relate to the Staff's, or any individual member of the Staff's, consideration or discussion of the problem or problems that in any way caused or contributed to the decision of the Staff to stop using the Moody's utility bond rates in the Staff's risk premium analysis.

Response:

See attached

The attached information provided to Union Electric Company in response to the above Data Information Request is accurate and complete and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform Union Electric Company if, during the pendency of Case No. EC-2002-1 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location; (2) make arrangements with requestor to have documents available for inspection at a location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g., book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title, number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this Data Request, the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control within your knowledge. The pronoun "you" or "your" refers to the person identified in the "Requested From" block above and all other employees, contractors, agents or others employed by or acting on behalf of the organization, group or governmental unit associated with that person.

Response Provided By: RONALD L. BIBLE Date: 12/8/01
(Please print)

Signed By:

Ronald L. Bible

**Staff Response to Data Information Requests From Union Electric Company
d/b/a/ AmerenUE MPSC Case No. EC-2002-1**

JJC-3

1. Staff determined that the 30-year Treasury Bond contains less default risk than utility bonds in Moody's Mergent Bond Record.
- 2a. It is the historical rates published in the Mergent Bond record.
- b. It contains utility bond rates/yields. These issues are considered to have more default risk relative to 30-year Treasury Bonds.
- 3a. These are the most recent rates in the bond record.
- b. These issues are considered to have more default risk relative to 30-year Treasury Bonds.
4. Roberta McKiddy, David Murray, Ron Bible.
- 5a. March, 2001
- b. Staff of the Financial Analysis Department.
- c. Public announcement was made in the form of using the 30-year Treasury Bond rates in Case No. ER-2001-299
- d. March, 2001, Case No. ER-2001-299, Staff Direct Testimony.
- e. See Staff rate of return Direct Testimony for Case No. ER-2001-299.
- 6a. Staff's knowledge of the default risk potential of these issues was used in its analysis.
- b. Staff neither created nor relied on such documents.
7. The decision was made as a result of a verbal discussion among staff of the Financial Analysis Department.