Q. But the last -- July through December, compared with January through June, each month July through December is higher than the highest month in the first six months, correct?

A. What was that again?

Q. The second six-month period, any one of those months --

A. July through December.

Q. That's correct. Any one of those months is higher than the highest month of January through June because January through June doesn't even break 80,000 and every single one from July to the end is above 80,000 -- I mean 80 million?

A. That is correct.

Q. Was that a factor at all in determining whether you should use a weighted average?

A. I didn't look at that. I was looking at the variances going up and down during the year and I was also looking at the sharp decrease at the end of the year of the million dollars at the end of the year.

Q. Okay. Now, even though it decreased a million for December, it was still higher than the month of September or any of the previous months prior to September, correct?

A. Could you repeat the question, please?

Q. Even though December went down by I think it's actually about 60,000, is that -- I'm sorry -- 960,000?

A. It's almost a million dollars. It decreased by almost a million dollars.

Q. It decreased by 960,000 from November to December?

A. Right.

Q. But the December amount was still higher than any month January through September actually?

A. That is correct what you said.

Q. Yes. So the last three months of the year were also the three highest months?

A. That is correct.

Q. For the balances?

A. That's correct.

Q. That didn't play a role in deciding to use a weighted average since the last three months were higher than the highest months for the whole year?

A. No. I was looking at the variances going up and going down and the changing. The other large amount that was taken out because of the permanent adjustment to inventory.

Q. If we look at Schedule 1 again, the customer advances for construction data.

A. Okay.

Q. The last -- let's see. Unlike the materials and supplies in which the last six months of the period were the sixth highest -- or actually let me rephrase that.

The materials and supplies, we've established the last six months of the 12-month period are the six highest totals, correct, that none of the months January through June --

A. July through December has the six highest months, but does not -- there is no upward trend there from July through December.

Q. Okay. Now, in the customer advances for construction, the last six months, which would be July through December, actually --

A. August through December.

Q. Is it August through December? Because the last six months would be --

A. July through December.

Q. -- July through December?

A. Correct.

Q. Now, those aren't the six highest months because there are two months in the first -- at least two months in the first six, March and April, which are higher than August which is one of the last six months?

MR. FRANSON: Are you looking at Exhibit 1?

MR. WOLSKI: Schedule 1, yes.

Q. (By Mr. Wolski) It looks like the numbers from March and April, 9,269,634 for March and 9,223,748 for April, those are higher than the number for August which was 9,154,270?

A. Actually, April is not higher than what August is.

Q. It's not?

A. Oh, excuse me. Yes, April is. I'm sorry. You are correct. April is higher than August.

Q. Wouldn't that argue against using the weighted average for customer advances for construction when you've got -- among the last six months, you've got one month that's higher than a couple in the first six-month period?

A. I did not look at that. I was basing it on the last several months cost that increased and I was looking at starting and ending balances. Both of those were up. I didn't see that on materials and supplies.

Q. But one of the reasons you didn't see that is because you didn't use the December 1999 number for materials and supplies because that was thrown out? You didn't see an increase from January of 2000 to December of 2000?

A. December '99 data is not there on this schedule.

Q. For purposes of looking at an increase from the beginning period, you would look to the January --

MR. FRANSON: I'm going --

MR. WOLSKI: I'm trying to clarify.

MR. FRANSON: I understand. We're hearing Schedule 1 and Exhibit 1. I'm asking if we could be careful on the Exhibit 1 versus Schedule 1.

Q. (By Mr. Wolski) Exhibit 1, which was the materials and supplies data, you said you did not notice an increase from the beginning of the period to the end?

A. Repeat your question, please.

Q. I'm sorry. For Exhibit 1, looking at the data on Exhibit 1, materials and supplies, referencing materials and supplies, you said I believe that you didn't notice there was an increase from the beginning of the period to the end?

A. That's correct. I looked more at the variances going up and down throughout the period and also the sharp decrease at the end of the period.

Q. Did you look at all into why there was a sharp decrease in that last month?

A. No, I did not.

Q. Okay. Did you look at the data for January 31, 2001, for materials and supplies? You said you didn't?

A. No, I did not.

Q. Sorry about that. The increase from January of 2000 to December of 2000 for materials and supplies, Exhibit 1, seems to be 3,800,000?

A. Yes, somewhere around that.

Q. But you said that wasn't a significant enough of a variance from the beginning point? Why would that not constitute an increase?

A. I didn't look at that because of the variances going up and down for the entire time for materials and supplies. I didn't see the upward trend at the end to coincide with the upward trend from January through December.

Q. So the upward trend is based solely on whether the last month of the period is going up?

A. That's not what I'm saying. I'm saying I did not notice that in this -- if every month during this period had been going up or if at the end of it it was going up or the end of it was higher than the beginning was, I would have analyzed it farther and looked at it, but in this case, I did not.

Q. Okay.

A. I used a 12-month average.

Q. Okay. Do you know how different your adjustment for materials and supplies would have been if you used a weighted average?

A. I did not do a weighted average.

Q. Do you know what are the items that are included in materials and supplies accounts; do you know that offhand?

A. Storeroom Account 154020. Transfer of nuclear spare parts, power plant salvage materials, district materials supplies, utility shop, reactor coolant pump intervals, OX feed pump, reactor coolant pump intervals C, reactor coolant pump intervals A.

Q. So a number of different parts?

A. Parts and material supplies which are not assigned I guess in a plant account. They're assigned against their own individual accounts.

Q. Would those objects -- would the need for those objects happen to increase as Ameren UE's Electric production increased or as the electricity demand would increase?

A. I don't know.

Q. Do you have a copy of your deposition -- I mean your testimony?

A. Yes, I do.

Q. Sorry. If you could turn to the subject of automated meter reading service expense which is Page 9.

A. Okay. I'm there.

Q. I wanted something clarified on this. In order to adjust I guess for the movement of meter reading service costs to a different FURC account, you did an adjustment based on the last four months of the year of 2000?

A. The reason I did the last four months of the year is because we did not have any of the retrofit charges in there and we did not have any of the meter installations of the meters themselves, that's transferred to plant in that account. That's the last four months because they transferred them out to another FURC account, 586.

Q. Do you know -- You said that the only data in which you made this adjustment would be for data which would pick up the retrofit charges or the meter installations costs that would be moved to a different FURC account?

A. Could you repeat your question, please?

MR. WOLSKI: Could you read it back?

(Whereupon the reporter read back the previous question.)

A. The reason I did this is because the retrofit and also the meter installation cost, there was some problem with duplications of meters that had been transferred over to plant and then they were transferred back over again. It was a positive number.

On the retrofit, it was hard to determine the retrofit charges, it was hard to break out what those charges were. When I got the DR from Gary that stated these were being transferred to Account 586, both of these items starting in September, then I utilized the data that was left in these accounts into Account 902 from September to December of 2000.

Q. Okay.

A. I multiplied that times three to annualize the data to see what the actual cost was of this account.

Q. Do you have your work papers from that here?

A. I believe so.

Q. You actually might be one up on me then. Would that have affected any of the categories other than vouchers on the work papers for the automated meter reading system?

A. The vouchers that you were talking about, that would be the Cellnet, C-E-L-L-N-E-T, charges.

Q. Where would the retrofit charges or the meter installations costs have been?

A. The Cellnet would have been underneath the first column there.

MR. FRANSON: Do we need to stop?

MR. WOLSKI: Go off for a second.

(Whereupon there was a short break.)

Q. (By Mr. Wolski) Looking at the work paper that is for the automated meter reading Account 902?

A. That is correct.

Q. Now, the voucher column is one of the ones which is the first column here?

A. Right.

Q. That's one of the ones --

A. That would be where the Cellnet charges are. Those are the vouchers for Cellnet.

MR. FRANSON: Do we want to make this an exhibit?

MR. WOLSKI: Would that be easier?

MR. FRANSON: It might be for anybody reviewing it.

MR. WOLSKI: Go off for a second.

(Whereupon the reporter marked Respondent's Exhibit 2 for identification.)

Q. (By Mr. Wolski) We've marked Exhibit No. 2 here. That's one of the pages from your work papers concerning the automated meter reading service expense adjustment, correct?

A. That is correct.

Q. Now, the first column voucher, you said that was the Cellnet invoices?

A. Right. That's got Cellnet and retrofit charges also included in that.

Q. What were the other charges that moved to the FURC account?

A. If you look at meter installation across the top there coming down, that column there.

Q. Okay. Now, was there --

A. During the month of November '99 and December '99, we ran into a problem there of why it was -- because this column is transferred to plant. That's my understanding. It's transferred to plant.

Q. Which column?

A. The meter installation.

Q. Okay.

A. Now, those positive numbers we were trying to track out and determine why they were positive instead of negative and why they were transferred to plant. The explanation I got from the general ledger department was these numbers, there was duplicate meters that was charged to plant. Then they had to be put back into this account here. They had taken too much out and transferred it to plant. They had to -- this was an adjustment they made back against this account for that.

Q. Is it your understanding that the numbers that we -- or the figures that were transferred to plant correspond to the numbers that would have been in the meter installation column that you zeroed out I suppose?

A. That is my understanding.

Q. So that all of these amounts would be picked up in a different account somewhere else in the plant?

A. They'd be picked up in the plant account.

Q. Do you know if there were any adjustments made to those by the staff member who would be looking at those numbers?

A. Well, I did the plant in service and depreciation reserve and it was updated for September and December.

Q. Now, is there also an adjustment here to the next column to the right of meter installation which looks like it's service?

A. Service request. Right. If you look down at the bottom, you will see each one of the items that I included annualized levels for period ending 12/31/2000. Under vouchers, I annualized $13,882,188.

Q. Okay. That's the first column?

A. That's the first column. The next column was payroll. I just took that out because another staff member was doing payroll. The other column is ours. Meter installation there, I took that out because that was transferred to plant. That's the two accounts that was transferred over. If you look at the service request, the annualized level is 562 and test year was 1,054,000.

Q. Why was the service request annualized; were any of the retrofit expenses or any of the others that were moved from account to account in the service request account?

A. No. What this is here, if you look up in the dark where it says last four months times three, if you look at that column there, it says last four months times three, that was the total for the period of time, the year, annualized level. If you look right up above that, it says test year of 600. That's how much was in there for that test year.

Q. Why did you depart from the test year?

A. This is the difference between the annualized level and the test year.

Q. Why did you do an annualized level for that category if that category didn't include the Cellnet or the retrofit charges or the meter installation charges?

A. If you look up at the top of the testimony here --

Q. On Page 9?

A. Right. It says this adjustment annualizes the transportation cost for meter reading, service request costs for meter reading, and cash vouchers for Cellnet for meter reading from the test year to a more current level. That's why I adjusted those accounts there and I stated it in the testimony.

Q. Why was that account annualized; what was the reason for departing from the test year number?

A. I was trying to get an actual level that did not include retrofit and did not include the meter installation cost that was transferred to plant. When the company transferred those two items over to Account 586, then I used the last four months of that year, the balances that was in there for those, and I multiplied that times three. That's the same methodology used in the gas case for Ameren UE, and I took the difference between that and our test year.

Q. That would explain the voucher column and meter installation column. Why would you do that in any of the other columns, the service request or transportation?

A. Since I used that four-month period times three for those other two columns, I had to annualize it all the way across. I had to do the service request and the transportation and the storeroom, everything that was left in those columns that I did not take out had to be annualized to tie back to the last four months times three.

Q. Are the expenses in any of those columns linked to the retrofit charges of the meter installation costs?

A. The annualized level I did here, no, it does not have the retrofit. If I had used the other method, they would have had it in there. That's the reason I used this method.

Q. But the -- I didn't understand your answer or maybe you didn't understand my question. Let me try to rephrase it. The retrofit charges and meter installation costs that had moved to the plant --

A. Starting September 2000.

Q. -- that affected numbers in the voucher column and the meter installation column, correct?

A. That is correct.

Q. But had no affect on the numbers that appeared in the service request or transportation columns, did it?

A. Since I used the data for the last four months of the year 2000 and I multiplied that times three, I had to use all the data that was left in this Account 902. And since I took payroll out and I took meter installation out and I did not have the retrofit charge in there and everything else was left in that account, I multiplied it times three to annualize it and group all that data together, everything was left in Account 902.

Q. Were the service request items, did they have any relationship to the retrofit charges?

A. Could you ask that question again?

Q. Yeah. The dollar figure amounts in the service request data, did they have any relationship to retrofit charges?

A. Not to my knowledge.

Q. Or to meter installation costs?

A. To service request?

Q. Yeah.

A. See, service request is an allocation that the company uses for allocating expenses and revenues and everything to their subsidiaries. I'm not for sure what actually is in this account right here. I know that it used to be an EC Code 624 and it was indirectly assigned coming into here, but I don't know for sure what's in these accounts because I did not analyze it.

Q. Do you know if the service request data had any relationship to the Cellnet vouchers?

A. I don't think so. The vouchers -- the cash vouchers were what they paid out to Cellnet.

Q. And for the transportation column, was there any relationship between the charges that would occur there and the retrofit charges?

A. I don't think so.

Q. Between --

A. I think the retrofit charges was totally in the voucher column along with Cellnet.

Q. Did the transportation costs have any relationship to the meter installation costs?

A. I don't think so, no.

Q. Okay.

A. But the only reason I left those in there and annualized them is because of the fact I annualized the last four months of the year 2000 because it did not have meter installation and it did not have retrofit, which is a one-time non recurring. When I was able to get the data for those four months, I multiplied times three for everything that's left inside the account. That would give me my annualized level.

Q. Pulling out those retrofit charges and meter installation costs and Cellnet, had no affect on the numbers in the service request column?

A. It did not have any affect on it, but if you look at what I did, I took September through December, then I multiply that times three. I did that in every column except payroll distribution and meter installation. Then that's what is left in that account, Account 902. Those four months did not have -- if you look at meter installation for September through December, there's no cost in there.

The retrofit came out in September also out of the voucher number and it was sent over to Account 586. Since I was using the data of those last four months for vouchers and for the meter installation, I had to group all this data together because that's what's left in Account 902 and I multiply it times three to come up with an annualized level. That's the reason I did it that way.

Q. The data left in 902 had no more relation to the one-time non-recurring charges that you had taken out, than did the materials and supplies inventory account balance, correct? Neither of them had anything to do with the non-recurring charges?

A. That's true, but I was trying to group the same time period that I was doing the analysis. I was trying to use the same time period for vouchers, for service request, for transportation, and for storeroom. Payroll come out because it was being analyzed by another staff member. Meter installation, there was nothing left in that account. In the last four months, retrofit was pulled out of the voucher column.

So to group this into the same time period, the last four months of the year 2000, what was left in that account, I multiplied times three to come up with the annualized level and the difference between that and our test year is the adjustment that I made.

Q. Do you have any reason to think that the last four months of 2000 data times three is a more accurate reflection of these costs than the test year data; by these costs, I mean service cost and transportation?

A. Because of the fact it did not have meter installation in there and it did not have the retrofit charges in there and also because this is the method that we used on the gas case, that the company agreed upon in the gas case, this is --

Q. The gas case, that was settled, wasn't it?

A. That's correct.

Q. Have you seen the settlement agreement, the order that was issued by the Commission?

A. I think I reviewed it, but I don't remember pertaining to this. I don't remember as it pertains to this issue here.

Q. Do you know if those settlement orders state that the treatment of items don't bind either of the parties for the future, that's solely a settlement for that particular case?

MR. FRANSON: Objection mainly to the form of the question. Commission orders wouldn't say that, stipulation between the parties might say that. The Commission order would either approve or reject the stipulation.

Q. (By Mr. Wolski) The stipulation and agreement. Sorry I misspoke. The stipulation and agreement between UE and the staff in the gas case, do you know if that had a statement that said that the accounting treatment of items agreed to didn't bind the parties outside of that particular case?

A. I don't know.

Q. Is it your understanding that the parties are bound by their accounting treatment in that -- of the items in that case?

A. Are they bound by it?

Q. Yes. Must we follow it in future proceedings?

A. I don't know.

MR. FRANSON: Objection. Same question, just phrased differently.

A. I don't know.

Q. (By Mr. Wolski) Okay. I meant with the last question -- Let me rephrase it.

Is it your understanding in the stipulation and agreement between UE and the Public Service Commission -- or actually strike that.

Is it your understanding that the settlement that was reached between UE and the Public Service Commission in the gas case controls the treatment of items in subsequent cases?

MR. FRANSON: Objection, asked and answered, just rephrased.

A. I don't know.

Q. (By Mr. Wolski) Okay. Is there any reason why the last four months of 2000 present a more accurate picture of Ameren's costs in the categories of service requests and transportation, compared to the test year figures?

A. Only in the fact that I was trying to group all the numbers together in that account for the same time period.

Q. So the only reason was because you were matching your treatment of these -- of the numbers in these columns with your treatment of voucher and meter installation?

A. That is correct.

Q. Okay. Enough of that.

THE WITNESS: Can we take a break?

MR. WOLSKI: Certainly.

(Whereupon there was a short break.)

Q. (By Mr. Wolski) If we can turn now to the power plant maintenance expense adjustment which is on Page 7 of your direct testimony. For this item, you used a three-year average adjustment for the test year?

A. I used a three-year average.

Q. In order to adjust the test year?

A. And the difference between the three-year average and the test year is the adjustment.

Q. The reason you used the three-year average was I believe you stated in the testimony that it was because the intervals between major outages would be increasing?

A. Right.

Q. And the downtime of power plant outage while the major boiler work is done is also going to be decreasing?

A. Right. I believe it's at about 50 days right now. I think it's going to be decreasing to five weeks when the 36-month interval is fully implemented.

Q. Do you know when that will be implemented?

A. No, I do not. I think the 36 months is in effect. I think most of the power plants are operating at 36 months right now. At the time I was in and doing the case, I don't believe it was fully implemented at that point. My adjustment is based on the 30-month that they were in at that time.

Q. Okay. So that's the reason for using a three-year average is because the outage cycles are moving to greater than two years?

A. As I said, 30 months transition to 36 months.

Q. How would the three-year average mirror what will be happening under the new outage schedule? How is the three-year average a better proximation of what the expenses will be under the new schedule?

A. It matches the three-year average. It's going to be a 36-month interval. This adjustment here is for other expenses, underneath power plant maintenance. I tried to mirror the three-year average to the interval of the power plant maintenance.

Q. So the adjustment wasn't just for the maintenance costs associated with the major outages; it's for all the expenses dealing with power plant maintenance?

A. Power plant maintenance under the F and S is broken down to labor and it's broken down to other expenses. Other expenses takes in everything except for labor. It includes contractor, maintenance, materials, supplies, parts; stuff like that.

Q. Is that category broken into subcategories?

A. No, it's not. It's everything except for labor.

Q. Now, is it your understanding that the longer interval between the major -- the outage for the major boiler maintenance is going to increase the amount of maintenance work that must be done when the boiler outage occurs?

A. Could you repeat the question, please?

Q. Yes. Is it your understanding that because the interval between outages is increasing, the amount of maintenance work that must be done during the outage also is increasing because of the amount of time that has passed since the last major outage?

A. I don't know that for sure.

Q. Generally speaking, do you know if a machine is in use that requires maintenance, the longer one goes to perform maintenance, the more maintenance would be required? Say for instance an automobile, if you were -- the longer you go before bringing in your automobile for maintenance, the more things might need to be done?

A. It's always possible, yes. But to know that for sure, no.

Q. In making your adjustment for power plant maintenance, did you consider whether it would be more costly for the company to do the plant maintenance in a five-week outage period as opposed to the traditional six to eight weeks?

A. I did not have any information to base that on, no.

Q. Is that the sort of information that would assist you in determining what the expense level would be for this item?

A. I don't know.

Q. Okay. Do you know if there is an increase in labor costs, particularly contract labor costs to perform the maintenance during a shorter outage period?

A. I don't know.

Q. Do you know if there's -- or did you consider in doing your adjustment if there's any correlation between the amount of megawatt hours produced by the plant and the wear and tear requiring maintenance?

A. I did not look at anything like that, no.

Q. Did you consider whether the -- whether there's a correlation between the average fossil capacity factor for plants and the amount of maintenance that would be required for the plant?

A. Could you repeat that?

Q. Yes. Did you consider in doing your adjustments whether there was a connection or correlation between the average fossil capacity factor, how much electricity is being produced using fossil, compared to what the maximum capacity is?

A. I know that we have staff witnesses looking at that, but I did not look at that.

Q. If that capacity factor were to increase, would the plant be subject to greater stress or greater wear and tear?

A. I don't know.

Q. Did you consider whether an increase in throughput, an increase in coal that is used by a plant, would increase the maintenance costs of the plant?

A. I did not look at that, did not consider it.

Q. Do you know whether the coal plants, putting aside the nuclear, whether the coal plants are using more coal now relative to three, four years past?

A. I don't know.

Q. Did you look at the amount of coal that's run through the plants?

A. I'm sure staff witnesses did but I did not.

Q. Okay. In doing your adjustment, had you considered the volatility of the coal that is used by the plant and whether that would require greater maintenance expenses?

A. I did not, no.

Q. In doing your adjustment, had you considered whether maintenance expenses had increased at the Ameren UE plants in order to provide a cleaner environment relative to prior operations?

A. I did not look at that, no.

Q. Had you considered whether environmental related equipment at these plants would require maintenance?

A. I did not look at that.

Q. In your opinion, if the amount of coal that was being used to produce electricity in these plants increased by 20 percent over a three-year period, would that give rise to higher maintenance costs?

A. I don't know because there's other things that could impact it besides -- that could cause the coal to go up so I don't really know.

Q. Looking at the coal, not based on the dollar volume, but based on the number of pieces of the weight of the coal being run through the plants, would a 20 percent increase in the amount of coal run through the plants have any relationship with the amount of maintenance required for those plants?

A. I don't know.

Q. Okay. Do you know how the cost of contract labor has trended over the past several years in the power plant maintenance expense category?

A. Do I know how it's trended?

Q. How it's trended; whether it's gone up, whether it's gone down?

A. I don't know.

Q. Okay. In reaching your adjustment for power plant maintenance expenses, did you consider at all the impact of inflation over the time period, over the last three years and whether that will increase maintenance costs?

A. Did I per se look at inflation for increase in the cost of maintenance? No, I did not.

Q. Had you considered whether the switch to powder river basin coal has any impact on the maintenance expenses of the plants?

A. I did not look at that area.

Q. If we can turn to the year 2000 computer modification amortization.

MR. FRANSON: On Page 10 of his testimony?

MR. WOLSKI: I think it's Page 11 is the amortization part.

MR. FRANSON: Yes.

Q. (By Mr. Wolski) Now, you recommended an amortization period of eight years?

A. Correct.

Q. That was based on the depreciable life for computer equipment that the staff witness with that issue, Jolie Mathis, had proposed?

A. That's correct.

Q. If Jolie Mathis were to change the depreciable life for the computer equipment, would that necessarily change your expense for the Y2K expenses?

A. We would have to look at it at that point and analyze it and see what the change was and the reason behind the change. Just because it changes, doesn't necessarily mean we would change that. If she did change it, that's definitely something we would look at and at that point in time a decision would be made.

Q. What are the other factors that you considered in determining that an eight-year period was the proper amortization period?

A. The depreciable life of the asset as identified by Jolie Mathis and what she's doing with mainframe and also computer software; that's basically why I made this decision.

Q. That's because the computer hardware needs the software in order for it to run?

A. Correct.

Q. Are you familiar with FASB printouts concerning Y2K software expenses and software expenses in general?

A. No, I'm not.

Q. Y2K, I mean the year 2000.

A. Right.

Q. Do you know if the Commission has traditionally treated software and hardware expenses the same by amortizing the software expenses the same as hardware?

A. I believe that I read that they were using a ten-year period amortization on one of the EARPs. That's about all I know about it.

Q. You don't known outside of the context of EARP whether or not the Commission has adopted or the staff had proposed amortization periods of any length of time for software expenses?

A. No, I do not.

Q. Okay. And the year 2000 computer modification expense, what percentage of that is software, do you know?

A. I don't know.

Q. Do you happen to know the useful life of the computer equipment of the computers used by Ameren UE?

A. No, I do not.

Q. Do you know how frequently they're replaced?

A. No, I do not.

Q. You believe that it's appropriate that the software amortization period and the hardware amortization period to be the same?

A. Could you repeat that question, please?

MR. WOLSKI: Could you read that one back?

(Whereupon the reporter read back the previous question.)

A. I don't really know.

Q. (By Mr. Wolski) Okay. Do you know how frequently computer software programs are revised or updated?

A. No, I do not.

Q. Do you know which computer software programs were modified to be year 2000 compliant for the Ameren UE computers?

A. Do I know which computer programs?

Q. Yes.

A. No, I do not.

Q. Are you aware of the Commission using an eight-year amortization period for software for any other company or in any other proceeding?

A. I don't know.

Q. Okay. Do you know if the staff has recommended an eight-year amortization period for software in any prior proceeding?

A. I don't know.

Q. In determining just and reasonable rates, the Commission doesn't always follow the staff recommendation, correct?

A. The Commission?

Q. The Commission.

A. I don't know.

Q. Not looking at computer software but in general, in a proceeding before the Commission determining the just and reasonable rates for a utility, on some points, the Commission will accept the staff's proposal but on other points, in your experience, the staff has gone with what the company has proposed?

MR. FRANSON: Objection to the form of the question. When I'm listening to this, I'm hearing Commission in one sense and staff in another; they're two different.

Q. (By Mr. Wolski) Let me clarify. Are you familiar with any rate proceedings in which the Commission had not accepted all of the recommendations of the staff but had accepted some from the company?

A. Report and orders I have seen, I have seen it both ways.

Q. So that when the Commission were to rule on the proposed item as suggested by a company, it would be the Commission's judgment -- Let me strike that one. Retract the question.

Do you understand it to be the case that even when the staff's position is not followed by the Commission, that what the Commission is doing is trying to determine the just and reasonable rates?

A. I don't know the reasoning behind the choices the commissioners make.

Q. But the commissioners' obligation is to set rates that are just and reasonable?

A. That is one of the things that they look at.

Q. Does it also -- does the Commission also attempt to ensure safe and reliable supply of the service provided by the utility?

A. That is another thing that the Commission looks at.

Q. Okay. So that it's possible that when the Commission sides with the company proposal as opposed to the staff proposal, that the goals of the Commission are the same as they always are in proceedings which is just and reasonable rates, safe and reliable supply of services?

MR. FRANSON: Objection in that it calls for speculation and for this witness to be clairvoyant in that it asks for a prediction of what decision making bodies, specifically the Commission, would do.

A. I don't know.

Q. (By Mr. Wolski) But it is important in these proceedings before the Commission that both the company point of view and the staff point of view on each of the items be brought to the Commission for consideration?

A. And also OPC.

Q. And OPC and the interveners that are involved?

A. Everybody else that's involved; that's the whole purpose for the proceeding, yes.

Q. The purpose of the proceeding is to arrive at just and reasonable rates and ensure safe and reliable service. Are there any other purposes of the rate setting proceeding?

A. I don't know. I am aware of those two, but I don't know what else is involved with their decision making process.

Q. All right. So that the -- to the extent a company were to employ outside advisors to help with the regulatory process, those outside advisors would have a hand in shaping the ultimate determination by the Commission?

A. I don't know.

Q. Okay. If you'll turn to the tree trimming portion of your prefiled testimony which I believe is on -- it begins on Page 7.

A. Okay. I'm there.

Q. For tree trimming, you state in your testimony, I believe on Page 8, that you analyzed ten years of data on tree trimming and you determined that there were four-year cycles?

A. I stated that the chart, Schedule 2, is indicative of a four-year cycle and the company also stated that they have -- with a memo and also within a meeting that I was at that their target is a four-year cycle.

Q. Is that the reason that you used the four-year average?

A. That's correct.

Q. If we could turn -- you mentioned the

schedule. Was that schedule --
A. Schedule 2.
Q. -- Schedule 2?
A. Attached to my testimony.
Q. Schedule 2 of your testimony, that's entitled tree trimming expense?
A. That's correct. I do have one change to this. Do you want me to make it now?
Q. Certainly.
A. Where it says staff annualized level, that should be staff normalized level.
MR. FRANSON: That's on Schedule 2?
THE WITNESS: Schedule 2.
Q. (By Mr. Wolski) But that would be the level that you're recommending for each year?
A. That is correct.
Q. Going forward?
A. Forward? That is correct.
Q. Now, the four-year cycles that you identified, are those beginning with year 1991?
A. 1991.
Q. So that from Year 1 to Year 2, there's an increase?
A. Correct.
Q. From Year 2 to Year 3, there's an increase?

A. Correct.

Q. From Year 3 to Year 4, there's an increase?

A. That's correct.

Q. Then in Year 1 of the next cycle, I guess that's the beginning point of the next cycle?

A. Correct.

Q. It drops down to Year 3 of the previous cycle, right?

A. Pretty close.

Q. Then it goes up slightly --

A. For the next four years.

Q. -- for the next -- I guess for Year No. 2, No. 3, and No. 4 of that cycle?

A. That's correct.

Q. Then begin the new cycle. In Year 1, it's gone up quite a bit?

A. A little over $9 million.

Q. Year 2?

A. A little over 3 and a half million dollars.

Q. If this followed the four-year cycle that you identified, Year 3 would also go up, wouldn't it?

A. We don't know that.

Q. You identified the cycle, didn't you?

A. Going past that point, we don't have the data to support that. Basically I've got to look at the last four current years which is 1997 through 2000 because that is a known and measurable expense. Then taking the four-year average of that gives me my normalized level.

Q. So in other words, there really aren't four-year cycles you've identified because you projected forward?

A. Basically I used the last two years of the last cycle and the first two years of this cycle. That's the most current four-year average. I have no way of knowing whether it's going to go up or whether it's going to go down in the last two years of the cycle.

Q. If you use that methodology for the past years, do you know if the amount, starting in 1994 with the end of the first cycle, if every year you used a four-year average of the previous years, do you know how close that would be to the actual expense?

A. I did not perform that analysis.

Q. Do you have any reason to believe that tree trimming expenses will drop back for year 2002 to be below the level they were at in 1999?

A. When we had a meeting with the company and I think that was on May 16, they indicated that they were in a catch-up mode and this increase was due to reliability. At some point in time, that catch-up mode is going to be completed. They also introduced the new technology, the chopper designed for rig to trim right away. They will also decrease man hours and should decrease costs.

Q. Do you know how much it will decrease costs?

A. No. I have not done an analysis on that. There was a chart that I saw in one of the DR's that I got from one of the companies that showed a comparison between how much it was going to decrease man hours, but I don't remember what that was.

Q. If the four-year cycles that you identified in your testimony are true and hold, then there would be no reason to believe that for years 2001 and 2002 the amount of tree trimming expense is going to drop below for what it was for 2000, is there? In Years 3 and 4 of the first cycle they didn't drop.

A. After the first cycle, '91 through '94, it dropped.

Q. You would be in the next four-year cycle though.

A. Also now, they're in a catch-up mode. Once they finish that catch-up mode, it should come down to the four-year average that I have for the most current four years. That's my belief and that's the staff's belief.

Q. Now, you used three-year averages for at least one other item, didn't you?

A. That's correct, for power plant maintenance.

Q. Do you know what the expenses would have been had you used a three-year average for tree trimming expense?

A. I did not do that. I based it on a four-year target for tree trimming that the company said was their target, was their cycle.

Q. But the first four-year cycle again '91 through '94, it goes up each of the four years, the expenses go up?

A. That is correct.

Q. Now, the next four-year cycle after Year 1, the expenses seem to go up each year?

A. Slightly, but it remains pretty close to constant.

Q. So if 1998 is the beginning point of another four-year cycle, it would stand to reason based on past history that the last two years of the four-year cycle, the expenses would at least go up slightly; there's no indication in the last two years of a cycle the expenses would go down, is there?

A. I don't know that.

Q. Based on the chart, the expenses don't go down in the Years 3 and 4 of any cycle, do they?

A. No. It did go down after the first cycle. It stayed pretty close to the same in the second cycle. Now it is in an upturn, an upper trend, but the upper trend that you got right there is only the first two years of it and when you look at the fact they're in catch up for reliability and also for the new technology that they've got bringing on line, should bring the cost down. We don't know what those last two years is going to be. So to say they're going to constantly go up would be a wild guess in my opinion.

Q. Isn't saying that they're going to go down also be a wild guess?

A. I've got the most current four years of data here to do a four-year average based on what the company says their target cycle is. That's my average and it's the difference between that and the test year.

Q. Do you happen to know what the 2001 expenses are projected for tree trimming?

A. No, I do not.

Q. Do you have any of the 2001 data?

A. It won't be complete until December 31.

Q. Do you have any of the data for any of the months of 2001?

A. I have the data up through June 1 of 2001.

Q. Does that data indicate that the expenses are going down?

A. Based on the totals of the last six months of

2000 and the first six months of 2001, it decreased some for the first six months, not a lot.

Q. Okay. Do you know what -- do you know how large the reduction in tree trimming expense is that you are proposing from the year 2000 level to your normalized level?

A. Well, I've broken it down against distribution and I've broken it down against transmission.

Q. How large is the reduction that would be -- the reduction from the 2000 tree trimming expense to the normalized amount?

A. The difference between the test amount which is 24 million for Missouri distribution and the four-year average for distribution is $5 million.

Q. Okay. Do you know what percentage of the total expense amount that would be based on year 2000 numbers?

A. It would be roughly 20 percent.

Q. Did you consider --

A. A little less than 20 percent.

Q. Had you considered in making your proposed adjustment, the impact of a 20 percent reduction on tree trimming expenses, on reliability for the electric service?

A. No, I did not.

Q. Okay. In making your adjustment, had you considered whether labor rates, cost of hiring labor to do the tree trimming would be increasing over the next several years?

A. The company uses a 3.6 percent escalation from year to year for inflation. They're basing that on 2001 totals which is a guess because 2001 totals is not out there yet. So based on that, I don't know.

Q. So based on the escalation clause, one would expect that the labor rates would be going up?

A. I haven't seen that and I don't know.

Q. Do you know what percentage of tree trimming costs are labor, what percentage of the total costs are costs of labor?

A. I don't know.

Q. In making your adjustment, did you consider any increase in maintenance workload due to capitalized tree trimming costs?

A. I'm pretty sure the capitalized cost is staying pretty close to the same. I didn't see a difference in that and I made no adjustment on that.

Q. Did you consider whether future costs were expected to increase for equipment related to tree trimming?

A. I did not take that into consideration.

Q. Or whether the fuel that's needed for the tree trimming would be increasing?

A. I did not take that into consideration.

Q. Or whether the costs of herbicides used in tree trimming and vegetation control would be increasing?

A. On my testimony in the meeting we had with the company, they said it increased from 20 to 22 percent I think from a DR I received from them. At the meeting, they said they expected it to decrease and I've stated that in my testimony.

Q. Do you know how soon there will be decreases due to herbicides?

A. I do not.

Q. You mention the escalation clause earlier. Had you considered the impact of UE's entering into new contracts with tree trimmers in the future on labor cost in the total cost of tree trimming?

A. No, I did not consider that.

Q. Had you considered whether an increase in electricity being pushed through a distribution system would require an increase in expenditures to ensure reliability?

A. I did not consider that, no.

Q. Had you considered whether there were any known and planned additions to Ameren UE's transmission system that would then need to be protected from vegetation?

A. I did not consider that, no.

Q. Okay. Are you at all familiar with the Rush Island St. Francois 2 transmission project?

A. I am not.

Q. Okay. But if 17 miles of transmission were added, would you expect there to be an increase in tree trimming expenses because of the additional transmission lines?

A. I don't know.

Q. It would depend on whether the lines were close to vegetation?

A. You'd have to take a look at it and analyze all the data. I don't have access to the data and I'm not aware of the addition of the new transmission lines.

Q. Okay. Did you consider in making your adjustment whether there was any impact on tree trimming expenses due to changes in Ameren UE's service territory?

A. I did not look at that.

Q. So you wouldn't have looked to see if more urban environment relative to previous years would require greater tree trimming expenses?

A. I did not look at that.

Q. Okay. Had you looked at any significant additions that were made to Ameren UE's distribution in year 2001 for purposes of determining the amount of tree trimming expenses?

A. I did not look at that.

Q. Okay. Property taxes, did you make an adjustment for that one?

A. Yes, I did.

Q. That was to adjust from the accrued amount of taxes to the taxes actually paid in the test year?

A. That is correct. Actual taxes paid in year 2000, as compared to what was accrued during the test year.

Q. Is there a reason why you think the accrual method for property taxes isn't the appropriate method?

A. No.

Q. What was the purpose of that adjustment?

A. To increase -- it was an increase on personal property taxes. It was to increase the difference between actual taxes that was paid for the year 2000, as compared to the test year.

Q. Was there any staff policy or staff methodology that would lead you to adjust from the accrued to the actual in this category?

A. The methodology that I utilized for this and coordination with the lead auditor was the right methodology to use.

Q. Is that the one that's traditionally used by the staff?

A. Yes.

Q. It's the one traditionally used by the Commission?

A. Yes.

MR. WOLSKI: Okay. If we could just break for five minutes now.

(Whereupon there was a short break.)

MR. FRANSON: I have one question just for clarification.

MR. WOLSKI: I'm finished with my direct of the witness.

[EXAMINATION]

QUESTIONS BY MR. FRANSON:

Q. I have one question. Mr. Harrison, I'm going to hand you what's been marked Harrison Exhibit 1. Actually, do we have Harrison Exhibit 1, the original marked?

MR. WOLSKI: Should be one of these with the sticker on it.

Q. (By Mr. Franson) Let's use that one. Up in the right-hand corner under the last column, could you take a look at that, please?

A. Okay.

Q. Let me see here. On that column,

December '99, isn't it true there is no number that was used by you under that?

A. That's correct.

MR. FRANSON: No other questions.

MR. WOLSKI: Okay. I've got nothing further.

MR. FRANSON: Just so it's on the record, we are waiving presentment but not signature.

MR. WOLSKI: Just one final item to get on the record, we will have the transcript marked proprietary and have a notation on the front page that the entire transcript is proprietary until we can review it and release the non-proprietary portions.

MR. FRANSON: Right. And staff certainly understands that the protective order in the case and statutes that govern this will continue to govern, but the company is asserting proprietary because parts of this need to be reviewed before that can be sorted out and you will be doing that?

MR. WOLSKI: Yes. Thank you.

(Whereupon signature was reserved.)

CITY OF ST. LOUIS)
)
STATE OF MISSOURI)

NOTARIAL CERTIFICATE

I, SHERYL A. PAUTLER, Certified Shorthand Reporter and a duly commissioned Notary Public within and for the State of Missouri, do hereby certify that there came before me at the Governor Office Building, 200 Madison Street, Jefferson City, Missouri,

PAUL R. HARRISON,

who was by me first duly sworn to testify to the truth and nothing but the truth of all knowledge touching and concerning the matters in the controversy in this cause; that the witness was thereupon carefully examined under oath and said examination was reduced to writing by me; and that this deposition is a true and correct record of the testimony given by the witness.

I further certify that I am neither attorney nor counsel for nor related nor employed by any of the parties to the action in which this deposition is taken; further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto or financially interested in this action.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 30th day of November, 2001.

My commission expires April 10, 2005.

Sheryl A. Pautler
(Notary Public)

SHERYL A PAUTLER
Notary Public - Notary Seal
STATE OF MISSOURI
ST. LOUIS CITY
MY COMMISSION EXP. APR. 10,2005