DEPOSITIONS OF JANICE PYATTE

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BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION,	)	
Complainant,	)	Case No. EC-2002-1
vs.	)	
UNION ELECTRIC COMPANY, d/b/a AMERENUE,	)	
Respondent.	)	

DEPOSITION OF JANICE PYATTE
TAKEN ON BEHALF OF THE RESPONDENT
APRIL 18, 2002

COPY

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Complainant,	)	Case No. EC-2002-1
vs.	)	
UNION ELECTRIC COMPANY, d/b/a AMERENUE,	)	
Respondent.	)	April 18, 2002 Jefferson City, MO

DEPOSITION OF JANICE PYATTE,

a witness, sworn and examined on the 18th day of April, 2002, between the hours of 8:00 a.m. and 6:00 p.m. of that day at the Missouri Public Service Commission, Room 210, Governor State Office Building, in the City of Jefferson, County of Cole, State of Missouri, before

KRISTAL R. MURPHY, CSR, RPR, CCR
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JEFFERSON CITY, MISSOURI 65102
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Notary Public, within and for the State of Missouri, in the above-entitled cause, on the part of the Respondent, taken pursuant to agreement.

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ALSO PRESENT: James C. Watkins, PSC Staff
Richard J. Kovach, Ameren

SIGNATURE INSTRUCTIONS:

Presentment waived; signature requested.

EXHIBIT INSTRUCTIONS:

Copy and attach.

I N D E X

E X H I B I T S I N D E X

(EXHIBIT NO. 1 WAS MARKED FOR IDENTIFICATION BY THE COURT REPORTER.)

JANICE PYATTE, being duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BYRNE:

Q. My name is Tom Byrne, and I'm an attorney for Union Electric Company doing business as AmerenUE.

Today we are here to take the deposition of Janice Pyatte of the Missouri Public Service Commission Staff in Missouri Public Service Commission Case No. EC-2002-1.

Good morning, Ms. Pyatte -- or good afternoon, Ms. Pyatte.

A. Good afternoon, Mr. Byrne.

Q. Before we get started, I need to go over some preliminary matters as I did this morning with Mr. Watkins' deposition, so bear with me.

First of all, I would like to ask, if you don't hear one of my questions or completely understand the question, will you ask me to repeat it or clarify it?

A. Yes, I will.

Q. So that if you give an answer to a question, essentially you will be saying that you heard and understood the question; is that fair?

A. I think that's fair.

Q. Okay. Are you taking any medication that might affect your ability to understand and answer my questions?

A. No.

Q. Do you know of any other factor that might impair your ability to understand and answer my questions?

A. No.

Q. If you need to take a break at any time, will you let me know?

MR. WILLIAMS: You need to answer verbally.

THE WITNESS: Oh, yes.

BY MR. BYRNE:

Q. Okay. And we will -- we can stop whenever you want or need to.

And, finally, the terms, as I clarified for -- in Mr. Watkins' deposition, if I say UE or AmerenUE or the Company or Union Electric Company, I'm referring to Union Electric Company. Is that okay?

A. That's fine.

Q. And Ameren, if I say Ameren, I'll be referring to Ameren Corporation. Is that okay?

A. That's fine.

Q. Okay. Could you please state your name?

A. My name is Janice Pyatte.

Q. And by whom are you employed?
A. The Missouri Public Service Commission.
Q. And in what capacity are you employed at the Commission?
A. I am a Regulatory Economist III in the Utilities Operation Division and the Energy Department.
Q. Okay. And you are the same Janice Pyatte that filed Direct Testimony addressing sales and revenues and rate design in Case No. EC-2002-1 in both July of 2001 and March of 2002?
A. Yes.
Q. And does the latest version of your testimony from March of 2002 consist of 22 pages and eight schedules?
A. I believe that it has 27 pages and eight schedules --
Q. Okay.
A. -- not 22.
Q. Okay. And do you have a copy of your testimony?
A. Yes, I do.
Q. Okay. And are you also the same Janice Pyatte that I deposed in this proceeding on November 28th, 2001?

A. Yes.
Q. And before we went on the record, the court reporter marked some documents as Exhibit 1. Can you identify those documents for me?
A. The top three pages are errata sheets to my deposition as of November 28th of last year, and behind that appears to be a copy of the deposition itself.
Q. Okay. And does the errata sheet that you provided contain all of the corrections that you wanted to make to the deposition, either typographical errors or more substantive corrections?
A. Yes.
Q. And do you have any additional corrections that you want to make since the -- that you've discovered since you sent in the errata sheet?
A. No.
Q. Okay. How about to the latest version of your Direct Testimony? Do you have any corrections that you need to make to that?
A. Yes, I have one. On page 25, line 3, the second to the last word on the line where it says "general," as in large general service, it should be large primary service.
Q. Okay.

A. So that whole line should read, "As a result, rate continuity between the small primary service and the large primary service rate schedules was negatively affected."

Q. Okay. Any other corrections to your Direct Testimony?

A. No.

Q. Okay. Has your job title or employment status changed since I last took your deposition on November 28th?

A. No.

Q. And let me ask you this: Is your -- the March 1 version of your Direct Testimony essentially the same as the earlier version except that you updated the information to reflect the July 2000 through June 2001 test year for kilowatt hour and revenue data?

A. There were a number of differences, and there are three places in my testimony, and I can give you the cites, that describe in some sort of general way what those are.

Q. Okay.

A. And then if you want more detail, I can tell you those verbally.

Q. Why don't you just tell me where they are, the cite?

A. The first cite is on page 3, line 20, and going to page 4, line 9. And this has to do with sales and revenues.

The second cite is on page 22, lines 7 through 11. This has to do with rate levels.

And the third cite is on page 24, line 22, through page 25, line 4, and that has to do with the overall approach to implementing the rate design recommendation that was in Mr. Watkins' testimony.

Q. Okay.

A. If it's helpful, let me say that in terms of sales and revenues, your original characterization was updating for the test year is pretty much correct, as long as you recognize that when you do that adjustment you had in one case may not be applicable to another. But there is no change in the overall approach or methodology for sales and revenue.

Q. Okay. Great. I'd like to look at schedule 2 attached to your Direct Testimony for a moment. Can you turn to that?

MR. WILLIAMS: Are you referring to the March filing?

MR. BYRNE: Yeah. I'm sorry. I am referring to the March filing.

BY MR. BYRNE:

Q. And, I guess, let me say, unless I specify otherwise, if I say your Direct Testimony, that means the March 2002 version of the Direct Testimony; is that okay?

A. That's fine.

Q. Okay. So I'm looking at schedule 2 on your March 2002 testimony.

And I guess -- I was wondering if just in general you could tell me what that schedule does.

A. This schedule represents a summary of Missouri retail kilowatt hour sales by rate schedule. That's what its title is. And, essentially, what it shows is, for the various rate schedules, it has a series of columns that take you from the test year billed kilowatt hour sales up through the test year adjusted kilowatt hour sales that Staff was using in this case, and the various columns in between show you essentially the various adjustments that were done.

Q. Okay. Well, let me -- one thing I was wondering is where you got all of the columns -- information in the columns, and maybe we could start with the first column which is entitled, "Test Year of Billed Kilowatt Hour Sales"?

A. Okay.

Q. Would you have gotten that information from the Company?
A. I got that from the Company.
Q. Okay. Like, in response to a data request?
A. Yes.
Q. Okay. Okay. Then the next column over is "Miscellaneous Adjustments." What are those?
A. Those were adjustments that I called miscellaneous, and they were adjustments made to test year billed kilowatt hour sales for a number of things. Let me go through them very briefly.
The adjustment to large general service that's shown there, the 40,403 was an -- what I would call an out-of-period adjustment. There was a bill that was cancelled, and I believe it was showing up on the books in this test year but really belonged in the prior -- in the month before the test year.
Q. Okay. That was just a single bill or --
A. I think so.
Q. Okay.
A. Let's go down to public authorities. That was a situation where the Company's reports do not record any kilowatt hours for that rate group. It's on a different horsepower type of rate, and what I did was use data from -- from another source but yet from

the Company to at least get an estimate of the kilowatt hours that should go for that particular rate class. And the concern there was that the Company's records, as I got them, show revenue but no sales. So I was trying to balance.

Q. Do you remember what the other Company source was that you used for that?

A. I would have got that from a data request, and I got information on that specific customer and the specific accounts that that customer has.

Q. So there is only one public authority customer?

A. Yes.

Q. What is it, just out of curiosity?

MR. WILLIAMS: Do you want to -- I think that's HC.

MR. BYRNE: Oh, okay. Never mind. I withdraw the question.

BY MR. BYRNE:

Q. Okay. Go ahead. I interrupted you.

On the other -- on the other ones, the large primary service.

A. On the interruptible, the adjustment there was a situation where the interruptible tariff had actually been cancelled prior to the beginning of this test year, but the Company's book showed both sales and revenues in the test year for that group.

Given work I had done for the prior filing in this case, I knew that what that represented was a spillover effect because the -- what had happened was the tariff had been cancelled when it should have been; however, it took two or three months later before all of the customers' bills got in the system correctly. In particular, there was one customer and I think it took them three tries to get them billed right.

So what this was was this was a case where these -- these kilowatt hours and -- that are -- that are showing up in the Company's records in the test year really belong to the period prior to the test year, and so that's why I made that adjustment.

The last miscellaneous adjustment is the large primary service, and this was a very different situation. The way we did large primary service in this case was we got every bill for every customer in that particular group and made sure they were all internally consistent and whatnot.

And when you added up all of the bills of all of the customers, what you found or what I found was that the kilowatt hours for that group as a whole were not matching what was on the Company's books. And this was the situation where I made an adjustment to the Company's books which is implicitly saying that I'm going to rely exclusively on all of the bills of all of the customers as being the authoritative source of kilowatt hour sales for that class rather than the Company's aggregate records.

Q. Okay. Let me ask you about your discussion of the adjustment to interruptible, and my understanding of your explanation is it's kind of a spillover bill from a -- spillover bills from a prior period and now the interruptible rate is cancelled.

Is there the same problem at the end of the test period where you might have -- it might have been appropriate to make an adjustment for spillover bills that go into the next period?

A. It's conceivable. I didn't look at it --

Q. Okay.

A. -- specifically. If there was such a thing, it certainly wouldn't affect this class, but it --

Q. It could affect a class?

A. Yeah. But where it would potentially affect it is large primary. The other class -- the other classes I am using -- well, no.

Let me back up and say, there is some

possibility that there is spillover effects outside of the test year on the other end that could have happened that I don't know about.

Q. Okay. And could there be spillover effects at the beginning of the test year for the other rate classes similar -- I mean, it's obviously not the same, but the same type of thing as it was for the interruptible?

A. Well, I would guess that their -- that it is possible, and I guess that to the extent that I didn't account for it, kind of the assumption I'm making is the spillover effects at the beginning and the spillover effects at the end sort of a wash out, but I don't know that for a fact.

Q. And not with the interruptible class because there is no more interruptible class?

A. Right, right. Well -- and that's the reason I did that specifically because it just stood out so much that you could see it.

Q. Okay. Okay. Let's move on to the next column which was annualization for rate switching. And I guess the broad question is, where did you get the numbers? Did you develop these numbers or did someone -- another Staff witness give them to you?

A. I am responsible for developing those numbers.

What we had here is we had -- these represent two -- two individual customers, one that switched in the middle of the test year from small primary service to large primary service, and the other was a customer who had been there as a large primary service customer the entire time period, but when I looked at the end of the update period, which was September, what I found is this customer's load for the test year was no longer representative of his current load.

And so what I did is I took -- in effect, I -- I took what -- an estimate of what I thought that customer's new load would be, given what data I had, and substituted it for his older, higher load that actually occurred in the test year, and in the process, I also switched him from large primary to small primary.

Q. Okay.

A. So, anyway, those are the two things that -- that I dealt with and --

Q. Is this a pretty common type of adjustment in rate cases and complaint cases involving rates?

A. When I do this, I do it.

Q. And you didn't do anything -- I mean, you did it the way you always do it, I guess, the method that you used?

A. Well, yeah. What I do is I look at the end of the update period to determine whether or not what I see in the test year is representative, and to the extent that it isn't, I will try to make an adjustment for it on an individual customer basis.

Q. Okay.

A. Okay. Which -- which, as I explained in this case meant that one of the customers there -- in effect, I pulled him out and I said, I'm not going to count on sales from him next year. And in another situation which didn't show up here but would be analogous is if I found out a very, very large customer is coming on that wasn't represented in the test year at all. I would get an estimate and put him in.

Q. That would work the opposite direction?

A. Right. Right. So it's all dependent on the test year and what's going on.

Q. And the point is, you know, it seems to me -- correct me if I'm wrong, but is the point that you're trying to decide what would be representative usage in the future, not what happened -- you know, not exactly what happened in the test year?

A. That's the overall idea.

Now, what I do not do, unless it's really obvious, is I don't go into specific customers and adjust them unless I can -- I have verification that some substantial thing has changed on them. I am not looking and saying, Well, three years ago this guy was using this many kilowatt hours. Now, he's only using that many, because there is a lot of variation that goes on there.

So unless I have -- it's an exception. Unless I have information that tells me that this customer's test year usage was unusual, I will assume it's representative.

Q. Okay. Next column is normalization for weather, and I think I know the answer to this one, so let me suggest the answer is this -- was this data provided to you by Ms. Mantle?

A. Yes.

Q. So you didn't -- she calculated the numbers. You did not?

A. That's right.

Q. And then on the next column, normalization for 365 days, is that also a Ms. Mantle calculation?

A. Yes.

Q. She just -- you had nothing to do with developing those numbers?

A. That's right.

Q. You just took them from her?

A. I'm just trying to put together a summary table of all of the pieces.

Q. And you're not providing any evidence of the reasonableness of the those numbers?

A. No.

Q. She is.

A. No. And my testimony makes clear that these summary tables are the result of the work done by myself, Ms. Mantle and Mr. Gibbs.

Q. Okay. Which brings us to the second right-most column which is "Growth Adjustments." And is it true that Mr. Gibbs developed those numbers?

A. Yes.

Q. Okay. And, again, you didn't -- you're not providing any support for them. You're just summarizing them?

A. That's correct.

Q. And then the final column is "Test Year Adjusted Kilowatt Hour Sales," and is that just the -- taking all of the adjustments into account, that's what the total ends up being for each rate schedule?

A. Yes.

Q. Okay.

A. And at the lower right-hand corner, that's what I'm saying are total Missouri retail sales. So that's the total in the far right.

Q. Okay. So a high-level summary of the chart is you started out with 31,815,803,601 billed kilowatt hour sales, and you ended up with 31,085,801,575 adjusted kilowatt hour sales; is that true?

A. That's correct.

Q. Okay. Now, if you could turn to schedule 3 also on your March 2002 Direct Testimony, there is a similar chart there, except -- well, could you explain what schedule 3 does?

A. Schedule 3 is -- is the summary table of Missouri retail rate revenues by rate schedule. It's analogous to the table we just looked at, which is the summary of the kilowatt hour sales. This just happens to be the money that goes with it.

And the money in the various columns are the money, the revenues, that correspond to the kilowatt hours sales adjustment that we've already discussed.

Q. Okay. So everywhere there is a number of kilowatt hours on the chart in schedule 2, is there a corresponding dollar amount on the chart in the same location in schedule 3?

A. Yes.

Q. Okay. And, I guess, once again, I'd like to try to figure out how you got the dollars.

Would the -- starting on schedule 3 in the -- well, the second column, or I guess the first column where there is dollar amounts, it says, "Test Year Billed Revenue." Are those dollar amounts in that column dollar amounts that you got from the Company?

A. Yes.

Q. Okay. And -- okay. Then miscellaneous adjustments we talked about before. How did you assign dollars to the kilowatt hours you had calculated for those?

A. Okay. In the case of the interruptible, that was simply the dollars that were on the Company's records. The large general service, that cancelled bill, that was simply the dollars that were there.

On the large primary service, now, that was the case where the adjustment that's sitting there is the difference between the revenue that the Company has recorded as test year billed and the sum of all of the bills that the Company provided me.

Q. And so you just subtracted the bills --

A. That's right.

Q. -- from the recorded revenues --
A. That's right.
Q. -- and that gave you the revenue amount?
A. That's right.
Q. Okay. And then let's move over to the next column which is entitled "Annualization for Rate Switching." Again, if you could just briefly tell me how you got translated kilowatt hours into dollars?
A. Okay. These are the two customers in question, and in both cases what I did was the kilowatt hours that I had -- had adjusted on the prior table were part of the billing units for the specific guys. And, essentially, I just repriced the new billing units on whatever the appropriate rate was.

So in a case where a customer was part of the year on small primary, then moved to large primary, this was a case where the customer's load didn't change. He just changed rates.

What I did was I took out the piece of the year where he was in small primary. I took it out from small primary. I took his billing units. I priced it on large primary, and that's what I replaced it with.

Okay. So it's not just a thing where you shift it from one place to the other like it is sales, because with sales, it nets to zero. With revenues, it doesn't.

And in the case of the customer who became much smaller, I simply took my estimate of the billing units which included the sales on the first table, priced them out at the small primary rate, and put them there.

Q. Okay.

A. So I -- the process is consistent.

Q. Okay. And you -- I mean, you're essentially using the rates that were prevailing during the test year times the volumes of your adjustment?

A. Right. Right.

Q. Okay. Let's go to the next column, which was the normalization for weather data that Ms. Mantle provided you.

A. Okay. Now, here is a case where I calculated the dollars, and if you look at schedule 4-1 and 4-2 right after these, it will show you exactly how I calculated those dollars.

So if -- you'll see by class, you'll see revenue adjustments. See the bold down in the lower right-hand corner of each of the little tables, those are the numbers that are in the column called Normalization for Weather.

And then on schedule 4-2, the middle right-hand corner, it shows the way that I calculated the dollars that corresponded to what we're calling here the normalization for 365.

So all of the details of where those dollars came from are on schedule 4.

Q. Okay. And I understand what you've got. It seems like on schedule 4.1 and 4.2 -- or 4-1 and 4-2 you've got it broken down by rate class and then by month. You've got a quantity of megawatt hours of a weather adjustment times a rate, and then you get a revenue adjustment for each month, and then you total all of the months. And that -- that gets you the total for each class.

A. Yes.

Q. I guess my question is, how -- where did you gets the rate?

A. Well, the rates are UE current rates. And they -- the reason it's done by month is because our rates that -- the UE rates change based on a season, so it was important to do at least on a seasonal basis.

So the simple answer is, I got the rates off of the currently effective tariff sheets. The more complicated answer is, the decision on which rate to get off the specific tariff sheet was a function of the season that Ms. Mantle's numbers represented because these are billing month numbers, and a specific rate block, if there is block rates.

And what I did there was, if there were multiple choices, okay, say, you have three rate blocks, you have three prices you could choose, what I did is, I went back to a -- an agreement that we had in the past on how to price the weather adjustment to sales from the -- I believe it was the merger case.

What -- we had this methodology. It was in an appendix and -- to a case, and what it says is, the way we're going to figure out what the total amount of money is that is represented by the weather normalized first three years of credits for the EARP was we were going to price it in a specific way, and it was that document that I went back to and said, This looks like a reasonable method, because it was saying, you go to the tail block, you go to the first block, and I simply used that methodology and using the rate values that are in the current tariff.

Q. Okay. And is that -- you may not know this, but is that, the merger docket, Case No. EM-96-149?

A. I believe that's the case.

Q. And it was an attachment. I've got written down here attachment 1 attached to the Commission's order in that case. Does that sound like --

A. I know it was an attachment. It would be called attachment something or appendix something.

Q. Attached to the Commission's order?

A. Well, yes, because I believe the Stipulation and Agreement would have been attached to the Commission's order, and it would have been a piece of it.

Q. Okay. And then that case was -- was resolved by Stipulation and Agreement; is that correct?

A. I believe so.

Q. And when you say agreement by the parties, you're talking about -- well, who agreed to it? I guess --

A. The Company, Staff, probably industrial interveners, the State of Missouri, the usual folks that are probably interveners in this case.

Q. Okay. But, I guess, would it be fair to say that the agreement of the parties and the Stipulation that had that attachment to it was only for that case, was it not?

A. That's true.

Q. And so -- you know, there is standard language. I don't have the Stipulation in front of me, but there is standard language in the Stipulations and I'm sure it's probably in that that says nobody is bound in future cases by anything. Is that correct?

A. I'm certain that's correct.

And I did not choose this methodology because I felt I was compelled to. It simply was something that seemed reasonable that was easy to implement and --

Q. Okay.

A. -- I did it.

Q. And you're not saying either that any other parties are bound to accept this?

A. Oh, no, no, no. I'm not saying that at all.

Q. Okay.

A. I just said that that's a reasonable way, and that's where I got it.

Q. Okay. That makes sense.

Do you think you could -- maybe you already did this, but do you think you could explain to me how it works?

A. How it works. How what works?

Q. How the methodology.

A. This one?

Q. Yes.

A. Oh, I can explain this to you.

Q. Okay.

A. Okay. If you look on schedule 4-1, okay, pick -- pick residential, for example. You see the column says "Weather Adjustment Megawatt Hours."

Q. Yes.

A. Okay. Those are the numbers from Ms. Mantle that represents the megawatt hours' worth of adjustment for that class for that month.

Q. Okay.

A. Okay. Then the next column says the rate in dollars per -- dollars per kilowatt hour. Yeah.

Anyway, then you've got the revenue adjustment, which you multiply one times the other and you get --

Q. Okay. I do understand that. I'm slow, but I'm not quite that slow.

A. Okay. Well, I wondered.

Q. But I guess what I'm trying to ask you, and maybe you answered it before and I -- it just went over my head, but how does -- pursuant to the methodology in that attachment 1 from Case No. EM-96-149, how do you calculate the rate?

Exactly what do they do? Do they take some from the first block and some from the last block?

Exactly, how does that rate get calculated?

A. Oh. Well, this -- all this methodology is implying is that all of the adjustment due to weather is occurring in a single rate block.

Q. Okay.

A. That is not -- that is not occurring in multiple rate blocks. It's occurring in one rate block and it's the rate block that corresponds to the price that I have here.

Q. Is it the last rate block?

A. It depends on which particular group. For residential, 8.13 cents I believe is the first rate block, and I believe that in the winter the 5.77 cents is probably the first rate block. But if I look down for some of the other classes, it may be that I've got the tail block, the last block, the lowest block.

That's what I'm saying is when I said I -- I used the methodology from that -- the attachment to the Stip we were using in some other case that wasn't binding. What it was specifying is use -- assume all of the weather adjustment occurs in this particular block, and then it is laid out for each class, each rate schedule, which block we assumed that it occurred in.

Q. Okay. And the residential is the first block. Right?

A. That's my guess.

MR. WILLIAMS: Can we stop just a minute?

MR. BYRNE: Sure.

(A DISCUSSION WAS HELD OFF THE RECORD.)

THE WITNESS: The case is EM-96-149. The -- it is attachment 1 to the Stipulation and Agreement to that particular case.

And on page 48 of attachment 1 it lays out the following: For residential in the summer you will use the only rate that exists. In the winter for residential, you will use the initial block, the first block.

For small general service in the summer, you will use the all kilowatt hour block. In the winter, you will use the base use block.

For large general service in the summer, you will use the over 350 kilowatt hour per kW block. For large general service in the winter, you will use the over 350 kilowatt hour per kW block.

For small primary service in the summer and in the winter, you will use the over 350 kilowatt hour per kW block, and for large primary, you will simply use the summer rate and the winter rate. There are no blocks.

BY MR. BYRNE:

Q. And just for purposes of clarity of the record, the document you identified and you've just been reading from, that's the document that you used in developing the rates to apply to the weather normalization adjustments that we've been talking about; is that correct?

A. Yes.

Q. Okay. And let me ask you this: One of the things you read out of that document and, I guess, you did in this case is you used the first block for residential customers in the winter; is that true?

A. Yes.

Q. And it strikes me that I assume that is a blocked rate --

A. Yes.

Q. -- is that correct?

A. Yes.

Q. I mean, it strikes me that a lot of the residential customers would have usage in the winter that might put them in the -- in the -- not the initial block anymore. Is that a fair assumption, or am I not understanding things?

A. The method I used is a simplified method. Probably what would really happen is that you would have usage changing in both blocks, and so what you would have is a -- what I call a blended rate that's actually the appropriate rate that you would use to price out these adjustments.

In other cases, I have done that. In this case, I chose to use something simple.

Q. And would the -- if you had calculated the blended amount, would that have produced a more accurate result?

A. It would produce a more precise result.

Q. Okay. And I guess the difference might be, would it be fair to say, residential customers who use a lot of electricity in the winter like maybe if they have electric heat rather than gas heat, or if they have a big, big house or a heated swimming pool or have relatively high electric use over the winter for whatever reason would be the ones that would fall -- that would be using into the second block? Is that true?

A. That is correct.

Q. And then there would be other residential customers who maybe didn't, had a small house and didn't use as much, and they would still be in the first block during the winter?

A. Right. And in the same way, the -- what

I've read is for the large general service and the small primary service, which is kind of the mid-size to largish commercial industrial customers, this methodology priced them all out in the lowest block, and probably that -- that is underestimating the revenue effect.

Q. And, again, could you have gotten a more precise result if you would have calculated a blended rate for those customers?

A. Yes.

Q. Okay. And I guess the reason -- well, the advantage of doing it in the way that was stipulated in EM-96-149 is it's simpler to do that way; is that right?

A. It's -- it's -- I thought it was a reasonable method. It is easier, and I knew that my ultimate -- one of my ultimate goals in this case was to get billing units by block. And I knew if I did it this way, it would make that process a much easier process.

Q. Okay. Okay. Let me keep going on the columns on schedule 2, if I might.

MR. WILLIAMS: Schedule 2 or schedule 3?

MR. BYRNE: Schedule 2 and schedule 3, I guess. Really -- I'm sorry. You're right. Really, it's schedule 3 that I'm on.

BY MR. BYRNE:

Q. And I think the next column in schedule 3 is "Normalization for 365 Days." Is that also -- the way you calculated that also shown on schedule 4-2?

A. Yes.

Q. And is that -- did you calculate it -- is that basically the same principle that we talked about for the weather adjustment?

A. Yes, except in this particular case we don't have monthly rates. We have one rate, and that's because the assumption is this is an unbilled adjustment that's essentially having to do with the end point of the test year.

Both of the end points are summer in this particular case because the test year starts in July and it ends in June. So rather than try to take the total that Ms. Mantle gave me and separate it out and put some of it at the beginning and some of it at the end, since they were all going to be priced the same anyway, I didn't bother to separate it out, because you get the same answer.

Q. And there is no -- is it true that you don't have the issue of blocked rates -- well, at least for residential service you don't have blocked rates in the summer, do you?

A. You don't have for residential and you don't have for small general service. You still do have for the other three.

Q. Okay. And so for the other three, would our same discussion that we had before apply? In other words, did you use the conventions from schedule 1 in Case No. GM-- or EM-96-149 to figure out how to price that in terms of the blocked rates?

A. Yes.

Q. Okay. Okay. Then the next column on schedule 3 is the "Growth Adjustments."

And, again, the question is, how did you price those kilowatt hours?

A. That particular column is the work product of Mr. Doyle Gibbs of the Staff.

Q. Okay. So he calculated the dollar amounts as well?

A. Yes.

Q. Okay. Did you --

A. I add everything up though.

Q. Okay. I have no problem with how they were added.

Did you do any independent check of his work in calculating those revenues, or did you just take the dollars from him?

A. Oh, I have independently calculated them. I guess you would say I've independently calculated them because as I was supplying him with the inputs to use, it sort of rolled out. So I do know that I have a method that would get his answer.

Q. The exact same answer?

A. Yes.

Q. Okay. And so it's -- you've checked it sort of for consistency with the theory of how you priced out these other elements?

A. Well, these -- no. The growth adjustments are priced out differently than weather or days. It's simply that the -- the inputs that Mr. Gibbs is using to calculate the revenues are coming from me, because, see, he's -- the way he's pricing is he's pricing the adjustment to sales based on the average revenue numbers that I am providing him, which is really this table up until you get to that column.

So since -- okay. I create this table up through the normalization to 365 days. I add it up. I say -- and that's what I give to Mr. Gibbs that he is using in his pricing of the growth.

Q. So does he -- in other words, you'll get a total revenue for each rate class up to the point of the growth adjustments, and then -- and then does he divide that by the number of customers --

A. Yes.

Q. -- to come up with an average revenue per customer?

A. That's my understanding.

MR. WILLIAMS: Let him finish his question before you answer.

BY MR. BYRNE:

Q. And is that your understanding, after I finished the question?

A. That's my understanding.

Q. Okay. And -- and then he multiplies the number of customers that he's calculated for his growth adjustment by the average revenue per customer that you've calculated, and that's where he gets his dollar amounts for -- that are incorporated by you in schedule 3?

A. That's my understanding.

Q. Okay. And then you add that column, the Growth Adjustments column, and then you're able to complete schedule 3?

A. Correct.

Q. Okay. Let me ask you, my understanding -- well, do you make any adjustment for revenues

Q. Okay. So when you're calculating rates for the Company, it's accounting schedule 9 that forms the basis for calculating the rates rather than this schedule?

A. When I'm actually calculating the rates -- no. I would say that accounting schedule 9 which has operating revenues, which includes both other revenues and rate revenues, is used to calculate what the -- what the overall overearnings are in the case.

But if you -- if you would kind of turn that around from what's the difference between current revenues and current costs and say, What's the total amount, what's the total cost to serve, which I would call the revenue requirement, but the accountants do not, that's really what I'm using to base the rates on, which is equivalent to saying, What is the adjustment to revenues plus the current revenues here by these pieces.

Q. Okay. So both are included in what you would call the revenue requirement?

A. Right.

Q. And that revenue requirement is what the rates are designed -- that you calculated designed to ultimately recover?

A. Yes.

Q. Okay. Did you assist Mr. Gibbs in his calculation of the territorial adjustment kilowatt hours or revenue?

A. No.

Q. Okay. Absent the existence of attachment 1 in Case No. EM-96-149, how would you have calculated the rates for the weather adjustment?

A. Well, there's a number of ways one could do it. It's kind of speculation as to how I would have done it. I can tell you some of the -- some of the other methods that I think are reasonable and that I have used in other cases.

Q. Okay.

A. Okay. One -- one way you could do it is to use what's called an average realization, which is you simply look at the average -- the average price which is kind of the blending of the blocks that's in the existing data. You can do that.

Another way you can do it is you can model the relationship between use per customer and the average price.

A third way you can do it is what's called Ogive, O-g-i-v-e. And what that does is it -- it's another way to get a blended rate, but you're working off of bill frequency information.

I guess those would be the common ones.

Q. Would it be fair to say that those three common ways that you listed all some way or another account for the blending of rates in periods where some customers can be in different blocks?

A. Yes.

Q. Okay. On page 14 of your testimony, if you have it, you propose that UE create a monthly report, it looks like, starting on line 4 of page 14 of your Direct Testimony. Do you see that?

A. Yes.

Q. Has the Company been discussing the requirements of this report with you and providing you with draft copies to review?

A. Yes.

Q. Are you satisfied with the process, at least as it's going along so far? I realize it hasn't -- it hasn't reached an end yet, but are you satisfied with the cooperation that the Company is giving you toward developing that report?

A. I think the Company is making a good faith effort to -- to put together what I have proposed.

Q. Okay.

A. However, I haven't seen a version that I would say, Yeah, this looks good. That meets all of my standards.

Q. Okay. Still a work in progress?

A. Yes.

Q. I talked to Mr. Watkins this morning about the -- the basis for his rate design recommendations in this case being the -- I guess the Stipulation or the goals in the Stipulation and Agreement in Case No. EO-96-15. Were you here for that -- those questions?

A. Yes.

Q. And I guess one thing I asked him that I would like to ask you, even though I suspect you may not be the right person and he is, but I want to ask you the same question just to make sure, is you didn't do any analysis of the data or information underlying the settlement in Case No. EO-96-15 as part of your work in this case, did you?

A. Yes, to a limited extent, because part of that rate design case that we never fully realized the objectives was on the large general service and small primary service, how to -- how to appropriately reflect voltages differences. And I needed to go back and look at that data and that analysis that we had done earlier to both reacquaint myself with what we had tried to do and use that analysis to try to figure out why -- why we couldn't satisfy both of the objectives that we -- that the parties had set out.

Q. Okay. Other than that, did you do any analysis of the information from EO-96-15?

A. Well, just to the extent that my work papers pull in the results from -- from the analys-- or the results from the Stipulation to use as a basis for this.

Q. Okay.

A. Because, remember, what we're building on is that case, and one of the objectives that Mr. Watkins laid out was that the remainder of the first 25 million should go someplace, so I had to figure out, like, how much of it did we already -- how far did we get in that process.

So, yeah, I was going back to documents in that case.

Q. Okay. But would it be limited to what you just said, which is how far did we get in the process as opposed to updating the whole cost of service study, for example?

A. I did not do anything in cost of service.

Q. Okay. No analysis or updating of the cost of service study?

A. No.

Q. Okay. If you had a more up-to-date cost of service study than the one that's embodied in EO-96-15, if it were available and if it were acceptable to the Commission, would -- in your opinion, would it be better to use that more updated study to -- for rate design purposes in this case?
A. I think that's a policy question. And, in general, I'm not a policy person. I'm an implementation person. So I don't know that I can give you an answer to that.
Q. Well --
A. Somebody else will decide that.
Q. That's true.
A. Not me.
Q. But, I mean, I guess I'm just asking. All other things being equal -- and I understand policy considerations are one thing that never is equal, but all other things being equal, is it better to use a more up-to-date cost of service study than a less up-to-date cost of service study?
A. If you assume the quality of the two studies is better, I would say that more recent is always better than old.
Q. If you assume that the quality is the same, do you mean?

A. Yes. Yes.

Q. Okay. I have some quotes that I have to ask you if you agree or disagree with, and I asked Mr. Watkins this morning. Perhaps you recall, so -- and I have them written down on a piece of paper and you can look at them after I read them.

And I guess for each one I just want to know, do you agree or disagree or not have an opinion on whether the quote is valid or true or appropriate.

And the first quote is, "Test year is a starting point to set reasonable rates for the prospective period when rates are in effect."

A. Test year is a -- is a historical period of time in which -- test year itself is just a calendar thing, but what it rep-- but the sales, the revenues, the costs are our starting point.

So I think with that caveat, I would agree.

Q. Okay. The second statement I have is, "The purpose of a test year is to create or construct a reasonably expected level of earnings, expenses, and investment during the future period during which the rates to be determined will be in effect. All of the aspects of the test year operations may be adjusted upward or downward (normalized) to exclude unusual or unreasonable items to arrive at a proper, allowable level of all of the elements of the Company's operations."

A. "The purpose of the test year is to create or construct a reasonably expected level of earnings, expenses, and investment during the future period during which the rates to be determined will be in effect." I think that I agree with that.

"All of the aspects of the test year operations may be adjusted upward or downward (normalized) to exclude unusual or unreasonable items to arrive at a proper allowable level of all of the elements of the Company's operation."

This I have a problem with. I do know that we normalize things, but when you get into that whole issue that you raised with Mr. Watkins about what's the proper thing to do with nonrecurring expenses or unusual or abnormal, or whatever it is, I really have to plead ignorance on that. I mean --

Q. Okay.

A. I know a bunch about revenues and I know a bunch about rate design, but when it comes to the rate-making treatment of expenses, I'm hardly an expert.

Q. Okay. Fair enough.

Okay. The next one I have is, "Revenue

requirement is net operating income multiplied by the current tax multiplier."

A. Again, I'm not an expert, and I have no opinion on that particular thing --

Q. Okay.

A. -- except that to me revenue requirement -- see, I don't know what net operating income is exactly. I thought it was revenues minus expenses.

So I think I disagree with this because revenue requirement -- but I'm confused with the jar-- the accounting jargon here of net operating income.

What I believe is revenue requirement is the total amount of money that rates should collect from the customers --

Q. Okay.

A. -- which should equal the total allowable costs, including a return on rate base.

Q. Okay. The next one is, "Revenues, expenses, and rate base are the key components of the rate-making process, and each of these components must be measured consistently in time in relation to each other or the revenue requirement result will be skewed either to the utility's or its customers' detriment."

A. I think this is a situation where if you don't get into what exactly words mean, that I agree.

The measuring consistently in time in relationshi-- in relation to one another, what that means to me is the whole process of having a test year, that you're not pulling expenses from one time period to match against revenues from another time period to match against rate base for another time.

If we say "consistently in time" means they are all from the same test period or test year, then I agree with that.

But in terms of what "skewed" means, I don't know. If we imply from that that if you don't do that, you won't get a reasonable answer, then I agree.

Q. Okay. Finally, the last one is, "The test year forms the basis for any adjustments necessary to remove abnormalities that may have occurred during the period and to appropriately reflect any ongoing increase or decrease shown in the financial records of the utility."

A. I think in that one I want to say that I'm not an expert on what is shown in the financial records of the utility, and so I'm -- I have no opinion on that particular one.

MR. BYRNE: Okay. I don't have any further questions.

Thank you very much, Ms. Pyatte.

THE WITNESS: You're welcome.

(PRESENTMENT WAIVED; SIGNATURE REQUESTED.)

____

JANICE PYATTE

Subscribed and sworn to before me this day of , 2002.

____

Notary Public in and
for County,
State of Missouri

C E R T I F I C A T E

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, KRISTAL R. MURPHY, CSR, RPR, CCR, with the firm of Associated Court Reporters, do hereby certify that pursuant to agreement, there came before me,

JANICE PYATTE,

at the Missouri Public Service Commission, Room 210, Governor State Office Building, in the City of Jefferson, County of Cole, State of Missouri, on the 18th day of April, 2002, who was first duly sworn to testify to the whole truth of her knowledge concerning the matter in controversy aforesaid; that she was examined and her examination was then and there written in machine shorthand by me and afterwards typed under my supervision, and is fully and correctly set forth in the foregoing 50 pages; and the witness and counsel waived presentment of this deposition to the witness, by me, and that the signature may be acknowledged by another notary public, and the deposition is now herewith returned.

I further certify that I am neither attorney or counsel for, nor related to, nor employed by, any of the parties to this action in which this deposition is taken; and 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.

Given at my office in the City of Jefferson, State of Missouri, this 19th day of April, 2002.

KRISTAL R. MURPHY, CSR, RPR, CCR

COSTS: (Computation of court costs based on payment within 30 days.)

ERRATA SHEET

Deposition of: Janice Pyatte

Case Caption: Case No. EC-2002-01

Date Taken: November 28, 2001

Page	Line	Correction	Reason
5	14	add 'the word' between 'switch' and 'calendar'; add 'the word' between 'and' and 'billing'; add 'in the statement.' to the end of the sentence	clarity
7	7	change 'Wes' to 'Wess'	mis-spelling
9	10	add comma between 'service' and 'rate'; add comma between 'design' and 'sales'	clarity
12	21	add 'dollars' at end of sentence	clarity
14	5-6	delete 'which I am at peace with Ms. Mantle on that'	mis-spoken and/or mis-transcribed
14	13	add 'to kWh sales' after the words 'weather adjustment'	clarity
15	22	delete 'essentially from'	clarity
20	20	change 'for going through a' to 'that was a substitute for the'	clarity
20	23	change 'our charge' to 'are charged'	mis-spoken and/or mis-transcribed
21	20	add 'a second EARP during' after 'have'	clarity

Janice Pyatte

Signature

1

EXHIBIT

4/18/02 KRM

ERRATA SHEET

Deposition of: Janice Pyatte

Case Caption: Case No. EC-2002-01

Date Taken: November 28, 2001

Page	Line	Correction	Reason
26	23	change 'Wes' to 'Wess'	mis-spelling
27	11	replace 'take' with 'quantify the rates and the'	clarity
27	12-14	delete entire line	clarity
28	25	replace entire line with 'growth adjustments is 24,635,575'	clarity
29	7	replace '342,55,303' with '342,055,303'	mis-transcribed
31	14	delete all words except 'doing' and 'Computationally'	clarity
31	15-16	delete entire line	clarity
31	17	add 'Mr. Gibbs subtracts the' at beginning of line; replace 'at' with 'for';	clarity
31	17	add to end of line 'from the number of customers at the end of the update period.'	clarity
33	24	replace 'use for customer' with 'use per customer'	mis-spoken and/or mis-transcribed
35	16-18	replace all of lines 16-18 with 'existing customers, including both customers who come on and customers who go off the system during the test year.'	clarity

Janice Pyatte

Signature

ERRATA SHEET

Deposition of: Janice Pyatte

Case Caption: Case No. EC-2002-01

Date Taken: November 28, 2001

Page	Line	Correction	Reason
41	2	add 'but' to end of line	clarity
42	17	replace 'are these like all' with 'are these costs'	clarity
43	3	change 'adjusted for historic' to 'adjusted from historic'	mis-spoken and/or mis-transcribed
50	14	change 'imbedded' to 'embedded'	mis-spelling
68	11	replace ' yourself to the case' with 'yourself to one case'	mis-spoken and/or mis-transcribed
71	13	change 'Pozo (phonetic spelling)' to 'Pozzo'	mis-spelling

Janice Pyatte

Signature

(This is the signature page to the deposition of Janice Pyatte taken on November 28, 2001.)

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, Janice Pyatte, do hereby certify:

That I have read the foregoing deposition;

That I have made such changes in form and/or substance on the attached errata sheet(s), as might be necessary to render the same true and correct;

That having made such changes thereon, I hereby subscribe my name to the deposition.

Executed this 28th day of March, 2002, at Jefferson City, MO.

Janice Pyatte
(Name)

DAWN L. HAKE
Notary Public – State of Missouri
County of Cole
My Commission Expires Jan 9, 2005

My Commission Expires: ______

Notary Public: Dawn L. Hake

STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION vs. UNION ELECTRIC CO., d/b/a AmerenUE, CASE NO. EC-2002-1

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

In Re: Union Electric Company, d/b/a AmerenUE

Case No. EC-2002-01

DEPOSITION OF JANICE PYATTE

ORIGINAL

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BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

In Re: Union Electric Company, d/b/a AmerenUE

Case No. EC-2002-01

DEPOSITION OF JANICE PYATTE,

a witness, sworn and examined on the 28th day of November, 2001, between the hours of 8:00 a.m. and 6:00 p.m. of that day at the offices of the Public Service Commission, in the City of Jefferson, County of Cole, State of Missouri, before

TRACY L. THORPE CAVE
Certified Shorthand Reporter
ASSOCIATED COURT REPORTERS, INC.
714 West High Street
JEFFERSON CITY, MO 65101
(573) 636-7551
(573) 442-3600

within and for the State of Missouri, in the above-entitled cause, on the part of Union Electric Company, taken pursuant to agreement.

A P P E A R A N C E S

THOMAS M. BYRNE, Attorney at Law
1901 Chouteau Avenue
St. Louis, Missouri 63103
FOR: Union Electric Company d/b/a AmerenUE

DENNIS FREY, Assistant General Counsel
P.O. Box 7800
Jefferson City, Missouri 65102
573-751-5559
FOR: Office of Public Counsel and the Public.

ALSO PRESENT: Lena Mantle
Richard Kovach

SIGNATURE INSTRUCTIONS:

Presentment waived; signature requested.

EXHIBIT INSTRUCTIONS:

None marked.

I N D E X

JANICE PYATTE, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BYRNE:

Q. My name is Tom Byrne, and I'm an attorney for Union Electric Company, doing business as AmerenUE. and today we are here to take the deposition of Janice Pyatte of the Missouri Public Service Commission Staff in Missouri Public Service Commission Case No. EC-2002-01.

Present in the room in addition to myself and Ms. Pyatte and the court reporter are Denny Frey from the Staff's legal department and Lena Mantle, also from the Staff.

Could you please state your name.

A. My name is Janice Pyatte.

Q. Before we get started, I'd like to address some preliminary matters. First of all, have you ever been deposed before?

A. No.

Q. If you don't hear one of my questions or if you don't understand it, please feel free to ask me to repeat it or ask me to clarify it. Can you do that?

A. Yes.

Q. Okay. And a standard question we're supposed to ask everybody is are you taking any medication that might affect your ability to understand the questions or answer them today?

A. No.

Q. To the best of your knowledge, is there any other factor that might impair your ability to understand the questions or answer them?

A. No.

Q. Okay. Also, as I mentioned before we went on the record to Mr. Frey, if at any point you need to take a break or if the Staff wants to take a break, just say so and we can do that.

MR. FREY: Thank you.

BY MR. BYRNE:

Q. And I guess the only other preliminary thing is I'd like to define some terms just to make sure we're all understanding them the same way. If I say UE or AmerenUE, I'm talking about Union Electric Company. Is that okay with you?

A. Yes.

Q. And if I say Ameren, I'm talking about the parent Ameren corporation. Is that okay?

A. Yes.

Q. Okay. By whom are you employed, Ms. Pyatte?

A. The Missouri Public Service Commission.

Q. And in what capacity?

A. I am a regul-- regulatory economist III, like in Roman numeral three.

Q. And are you the same Janice Pyatte that filed direct testimony in Case No. EC-2002-01 on the subjects of sales and revenues and rate design which consists, I believe, of 29 pages and 8 schedules?

A. Yes, I am.

Q. Okay. Do you have a copy of your testimony with you?

A. Yes, I do.

Q. Okay. Good. Do you know of any changes that you need to make in your testimony?

A. Yes. I have one. And it is on page 12, line 11. And what -- it should read, Regulatory adjustments must be on a billing month rather than a calendar month basis. So the correction is to switch calendar and billing.

Q. Okay. Do you have any other corrections that you know of at this time?

A. No.

Q. Okay. And according to your testimony, you've been employed at the Commission since 1977; is that correct?

A. Yes.

Q. And did you hold any jobs related to the issues that you are testifying on in Case No. EC-2002-01 prior to your employment with the Commission?

A. No.

Q. Okay. Could you briefly explain what

positions you've held at the Commission since you were hired and briefly what duties you performed in each position?

A. Since 1977, I have been an economist with various job titles. I have concentrated my work in the areas relating to electric utilities and relating to areas such as class cost of service, rate design, revenues, billing units, load research data, just the -- the whole general area.

Over the years, I have -- I guess I would have to say that the scope of what I do has broadened somewhat and the complexity of what I do has broadened somewhat, but the whole general area hasn't changed significantly.

Q. Have you focused on electric utilities pretty much all the time that you've been at the Commission?

A. Except for the first couple years I was here -- I think I did a Laclede Gas rate design, but essentially other than that, yes --

Q. Probably --

A. -- electric has been my focus.

Q. For probably 20 years --

A. Yeah.

Q. -- or so?

A. Yeah.

Q. Okay. Could you explain where your current position fits into the Commission's organizational chart?

And I guess the best way to do that is, like, who is your supervisor?

A. Okay. Dr. Michael S. Proctor is my supervisor -- has been my supervisor for most of the time I've been here. His -- the manager of the department which is now called the energy department above Mike is Warren Wood. Above Mr. Wood is the division director, Wes Henderson, the division being operation -- utility operations. Above Mr. Henderson is, I presume, the new executive director, Mr. Robert Quinn. And above Mr. Quinn, of course, are the five Commissioners.

Q. Okay. And how does your function, if at all, relate to the Commission's accounting function? Are you completely separate from that?

A. When -- when we do case-related activities, the -- the folks who are doing the activities tend to come from -- the technical folks tend to come from both the operations division, which I'm in, and the services division, which is a separate division, but that's the division that includes accounting and financial analysis.

We tend to -- the -- it's a team-like structure and we tend to coordinate. And there's two particular areas where there's a fair amount of overlap between the two divisions, and sales and revenue is one of those.

So you will see in this particular case that there is a fair amount of overlap between the work that I have done on sales and revenue and the work that Mr. Doyle Gibbs has done to come up with what we believe to be the proper accounting for adjusted operating revenues.

Q. And so do you typically work pretty closely with the accountants in any rate case that you're working on or complaint case?

A. We must coordinate -- yeah, I personally must coordinate with them.

Q. Okay. But in terms of a reporting relationship, they're sort of on a separate branch of the Commission --

A. Yes.

Q. -- I guess; is that right?

A. Yes.

Q. And it would only -- the branch where you are only comes together with the branch from the accounting department I guess at the executive --

A. Yes.

Q. -- director level?

Okay. About how many class cost of service studies have you participated in, if you know?

A. What I would refer you to is in Staff's response to Union Electric Company's first request for documents. I submitted a document in answer to Question 22 that lists all of the relevant testimony that I have filed on either issue relating -- that I filed on in this case. And if you want, I can -- I can count how many of those, but I would refer you to this document.

Q. Okay. I can look for an exact number, but it looks like there's two pages of cases. There are a lot of cases there, is that correct?

A. There is a lot of cases and -- relating to class cost of service rate design sales and revenues.

Q. Okay. And would most of those be electric utility cases?

A. Yes.

Q. Okay. Let me ask you this. What's the difference between class cost of service and rate design?

A. In my mind, the difference is class cost of service is concerned with attributing costs to classes of customers. And, as a result, a class cost of service study will tell you whether or not you think that a specific class of customers are over- or under-collecting the revenues -- whether or not their revenues are over-or under-collecting what the study would say their costs are.

So it's kind of like a revenue requirement for specific classes, but it's a revenue question. In -- in my terminology, rate design is concerned with the actual rates and the structure of those rates that individual customers will be charged.

And in the case of electric utilities, you have fairly complicated structures that consist of customer charges, demand charges, reactive charges, energy charges, there's a myriad of different details that go into deciding what's the proper way to design the rates to track the costs that have been allocated to the class, but rates are concerned with individual customers, not classes of customers.

Q. Okay. And, I guess, the different rates that you're talking about, a single class of customers might be subject to any number of different rates like a customer charge and a demand charge?

A. There's various rate components, yes. And, in fact, the larger the customer, the more sophisticated the meter, the more complicated the rate structure tends to be.

Q. Is it more complicated with electric utilities than other utilities, in your experience?

A. Oh, considerably.

Q. Okay. I guess I would like to ask you some general questions about the purposes of regulation of public utilities that don't specifically deal with your testimony.

First of all, I'd like to ask you would you agree with me that one of the key principles of public utility regulation is that public utilities should have the opportunity to earn a fair rate of return?

A. That's correct.

Q. And would you agree with me that the opportunity to earn a fair rate of return is affected not only by the rate of return that's explicitly allowed by the Commission, but also by the costs that are allowed to be reflected in rates?

A. Oh, clearly.

Q. Okay. In other words, if a utility had costs of say, $500 million, but it was only permitted to recover $100 million of those costs, that would impact its ability to earn its authorized rate of return?

A. That would impact its ability. I guess the premise -- I have difficulty with the premise, because the implication there is that the Commission didn't -- didn't account for all of the relevant costs if they made a decision. And I have no reason to believe that that's necessarily the case one way or the other.

Q. Sure.

A. I mean, clearly that's their obligation to do that.

Q. Yeah. And I guess --

A. And to the extent I don't know all of what they know, if indeed they came out with a decision that had that kind of an impact, I guess I'd be -- I guess I'm not certain in that situation how to evaluate that.

Q. Yeah. And I guess my question is, assuming the Commission didn't do what it was supposed to do, that it didn't permit the recovery of, you know, reasonable level of costs and there's no -- you know, I'm not giving any facts but I'm just saying if they didn't allow the recovery of reasonable costs, that would adversely impact the utility's ability to earn its authorized rate of return; isn't that true?

A. That would adversely impact it. And if the Commission doesn't do their job, my presumption is the company would appeal the Commission's decision and get it settled. I -- I try not to second-guess the Commission.

Q. I understand.

A. That's your job.

Q. Okay. Looking at this case specifically, do you know what the Staff's overall proposal is?

A. The Staff's overall proposal is for a reduction in overall revenues in the range of -- let me look it up -- 213.7 million and 250 million.

Q. Okay. I guess, would it be fair to say that your portion of the case is not a component of those revenue requirement numbers, yours is instead how the revenue reduction is to be allocated to different classes and different rate components?

A. My rate design testimony relates to what you just said; however, my revenue testimony is directly related because what I have done in the issue of sales and revenues is to provide adjustments to the company's revenues.

And as you're aware, the revenue requirement, as they call it -- as the accountants call it, is the difference between what they think is an allowable cost and current revenues. So to the extent that I have made adjustments to revenues, I have added a dollar for dollar -- virtually a dollar for dollar impact on the bottom line.

Q. Okay. Can you tell me what piece of the Staff's overall recommendation is attributable to those adjustments that you just talked about?

A. Okay. I would refer you to my testimony in this case, Schedule -- Schedules 2-1 and 2-2. On those schedules, what you will see is you will see columns entitled annualization adjustments and normalization adjustments. I'm responsible for the numbers in those two columns.

One of those columns, the annualization, is $10.4 million negative and the normalization column the adjustment is $23 million negative. So roughly I'm responsible for $33.4 million in adjustments to revenue that are directly affected by the -- in the Staff's calculation of UE's excess earnings.

I would point out that since those adjustments are negative, what that means is that if I would not have done adjustments to revenues related to annualization and related to revenue normalization due to weather, which I'm at peace with Ms. Mantle on that, the over-earnings of the company would have been $33.4 million greater than is shown on the Staff's EMS run.

Q. Okay. And you mention Ms. Mantle. And my understanding is she provided the basis for the weather adjustment that you made; is that correct?

A. That's right. Ms. Mantle calculated the weather adjustment. I calculated the adjustment to revenues that corresponded to those adjusted sales.

Q. Okay. So you took the information that she supplied you and converted it to an impact on revenues. Would that be a fair?

A. That's correct.

Q. Okay.

A. So to the extent that there's $23 million negative adjustment to revenues from normalization, the fact that that's negative is because Ms. Mantle's analysis of the effects of weather would indicate that the company's revenues were higher than they normally would have been given the test year that was chosen.

Q. And, in general, is the same -- is there the same type of relationship with Staff Witness Doyle Gibbs on the growth adjustment?

A. There's a similar relationship between us. Mr. Gibbs' numbers are shown in Schedule 2-1 that we were looking at in the column entitled growth adjustments. And the way he does growth adjustments in-- requires inputs on use per customer from Ms. Mantle and on normal revenue per customer from myself.

Q. But similar to the weather adjustment, does he give you some information on growth and then you convert it to --

A. No.

Q. -- a revenue impact?

A. No.

Q. No?

A. No.

Q. Okay. Tell me what he gives you and what you do with it, if you don't mind.

A. Oh, he just gives me the completed numbers because what -- I mean, the way he does growth is he calculates essentially from on a monthly basis how many additional customers have been added from what was there on that month to the end of the update period.

And then assuming that each of those new customers is typical in the sense that they have the same characteristics as the average existing customer, what he does is he takes his additional customers, multiplies them by Ms. Mantle's use per customer -- normalized use per customer which tells him what additional sales there will be. He multiplies them by my normal revenue per customer. That tells him what the revenues will be. And those are his numbers.

Q. And then he just gives you the revenues?

A. And then he just gives me -- and for -- for convenience, I simply present one summary table that -- that shows all the pieces, because the EMS run is not good at showing the pieces.

Q. Okay. So it's just more for convenience that you're showing the growth --

A. Yes.

Q. -- adjustment --

A. Yes.

Q. -- as opposed to you having done anything on it?

A. Yes.

Q. Okay.

A. Well, in this particular case, I mean, as is true in many cases, the -- Mr. Gibbs and I have independently done -- checked the numbers to see that we get the same answer.

Q. Okay. Do you know if the Staff's overall proposal in this case is adopted by the Commission, what impact it will have on AmerenUE?

A. I know that the -- that if the Commission adopts the Staff's recommendation, that AmerenUE's revenues should be -- AmerenUE will file new tariff sheets which will have the effect on an expected value basis of collecting 230 to 250 million dollars less than they currently do.

Q. Do you know what impact that would have on AmerenUE's ability to invest in infrastructure?

A. No.

Q. Do you know what impact that would have on AmerenUE's ability to provide adequate security for its facilities?

A. No.

Q. Do you know what impact it would have on the company's stock price?

A. No. However, I would assume that many of the issues you're bringing up will have been considered by the analysts who are looking at those particular areas. So, for example, I would presume that the -- Mr. Bible, who is the Staff's expert on all that financial analysis stuff, would -- would have indeed looked at things like stock prices in his analysis.

Q. Do you know what impact the Staff's proposal, if adopted by the Commission, would have on AmerenUE's ability to pay a dividend to its shareholders?

A. No. Again, I would -- I would defer to Mr. Bible.

Q. Do you know what impact it would have on AmerenUE's ability to attract capital?

A. Again, same -- same answer --

Q. Okay.

A. -- defer to Mr. Bible.

Q. And I take it from your answers you didn't consider any of this in drafting your testimony. Would that be fair to say?

A. That's true.

Q. Okay. In your opinion, would it be a good thing -- well, or would it be a bad thing, let me put it that way.

Would it be a bad thing if the Commission took an action that significantly impaired AmerenUE's ability to invest in infrastructure?

A. Presumably, the Commission would look at all -- all of the factors and make that decision. That's what they're paid to do. And, presumably, the company would raise the issue and it would be considered and -- because one of the things about this process is the Commission's supposed to consider all relevant factors. So presumably these factors would have been considered if you're talking about in the context of a litigated case before the Commission.

Q. I guess would it be fair to say it's not your role to consider those issues but rather its the Commission's role?

A. That -- I like that characterization.

Q. Okay. Okay. Similar kind of question. Are you familiar with the recent large number of utility mergers in the United States in recent years, just in a general sense?

A. In a general sense, yes.

Q. Do you know whether Staff's proposal, if it was adopted by the Commission, would make AmerenUE a more likely target for takeover by an out-of-state --

A. No.

Q. -- purchaser?

I'm sorry. Can you say the answer again?

A. Oh, no.

Q. Okay. Did you consider that issue when you wrote your testimony?

A. No.

Q. Okay. And, again, I assume your answer would be the same as before, in that that's really an issue for the Commission to consider rather than for you to consider?

A. Yes.

Q. Are you generally familiar with the alternative regulation plan that AmerenUE had in effect until just recently, known as the EARP?

A. In general, yes.

Q. Do you know how long that plan was in effect?

A. Well, there was really two plans, but they totaled six years.

Q. Okay. And they were similar, I assume?

A. They were similar in many -- in most aspects.

Q. Okay. Do you know, in general, what the terms of the EARP were?

A. In general, I know.

Q. In general, what were they?

A. Well, in general, the idea was that this was an experimental alternative regulation plan that would substitute tradition -- well, it would substitute -- I would characterize it as profit-sharing between ratepayers and shareholders for going through a traditional rate case process. And one of the characteristics of that kind of a plan is the permanent rates that the company has on file and that our charge customers won't change.

So under -- to clarify, under traditional regulation what happens is from time to time you have adjustments in the permanent rates that the cus-- the company will charge its customers. Under the EARP, what you had was the permanent rates, in general, didn't change, but there would be a sharing mechanism that would allow customers to get a -- what's called a sharing credit on their bill once a year for their proportion of whatever the profit-sharing numbers came -- how they came out.

Q. Okay. And my understanding, correct me if I'm wrong, was there was a grid and at different rates of return there were different sharing percentages for the company and the customers; is that correct?

A. Yes.

Q. Okay. And do you know if rates for AmerenUE's customers increased or decreased during the six years that the plan was in effect?

A. There was one overall decrease. It came as a result of Case No. EO-96-15 and Case No. EO-96-14. But, in general, what the idea was or how it was that the -- you had three years of the first EARP, there was an intent to rebase the permanent rates and then you'd have the next three years. And that the rebasing of the rates -- the amount of the reduction would be based on roughly kind of the results of the first three years.

Q. Okay. And the cases you referred to were the vehicles in which the rebasing and the permanent rates occurred; is that right?

A. That's right. And the -- the rates overall went down by, I believe, about $16 million.

Q. In that rebasing?

A. In the rebasing.

Q. And if you were to count the credits that customers received under the plan in the rates, would it be fair to say that the rates went down even more than that over the period of the plan?

A. By my calculation, there was $195 million worth of credits that were shared -- or that was the -- the ratepayers share, i.e., the credits that went to the ratepayers and -- over that time period as well as the permanent reduction that I referred to. Actually, there was two permanent reductions. I'm sorry. There was one at the very beginning.

Q. Okay. So at least if you compare the rates that prevailed over the course of the six years to the rates that were in effect before the EARP started, would it be fair to say there were pretty consistent reductions in rates, if you count the credits?

A. Yes.

Q. And pretty substantial? Would it be fair to characterize them as pretty substantial reductions in rates over that period?

A. Well, I would say they were reductions. I don't know what your standard for substantial is. It was certainly in the single digits.

Q. And I'm sorry. What do you mean "in the single digits"?

A. Well, if you compared like what -- overall what percentage reduction it was, I mean, I haven't calculated it, but I would say it was -- it was some number less than 10 percent.

Q. Okay.

A. That's what I meant by that.

Q. Okay. Let me ask you this. In your opinion, did AmerenUE have excess earnings over the period when the EARP was in effect?

A. I have difficulty answering that question because I'm not sure what the standard is. During the period the EARP was in effect, we had -- we had a -- a contractual -- we had a contract that specified how we were going to share profits. Excess earnings, to me, is a question based on a different framework that -- other than the one we had.

Q. Fair enough. Do you believe it's appropriate for the Commission to take into account in this case any earnings AmerenUE -- well, any earnings AmerenUE may have had during the period of the EARP in deciding this case?

A. I think that the EARP and traditional regulation are kind of separate in that in this particular case what the Commission should be looking at is -- I mean, the whole framework is not to look back, but I say that knowing that what we use as a historical test year type model and I know that because of the effect of the calendar, we are using a test year, a historical period that happens to be in the EARP period.

And so it might look like we're looking back, but I don't think that's the intent. And I think also that the company's proposal for this case is to use a different test year, but also a test year that was -- that's within the EARP period. So I think that it would suffer from the same defect, if that's what you want to call that.

Q. Let me ask you this. Aside from everyone's need to use a test year in calculating rates, aside from that, should the Commission consider earnings that AmerenUE had during its EARP plan in setting rates in this case?

A. My -- my personal opinion is -- is that this should not be retroactive, that the EARP covered those time periods and we shouldn't be going back and second-guessing.

Q. Okay. So that's a no, I guess?

A. Yes. Right.

Q. Okay. Okay. Looking at your testimony, you may have already explained this, but just briefly, can you tell me the two areas that you're covering in your testimony?

A. Sales and revenue, which has to -- has to do with -- with the overall revenue requirement that the -- that the Staff comes out with in its EMS run and rate design, which is -- has to do with what the rates should look like if the Commission were to decide that the Staff's proposal on revenue requirement would be adopted.

Q. Okay. And who specifically asked you to provide testimony in this case? How did that happen?

A. My supervisor, Dr. Proctor, was the person who was responsible for assigning myself and Mr. James Watkins, the other rate design witness, to write testimony and to pursue the propose -- the rate design proposal that we did pursue.

Q. Did anyone provide you with advice or guidance before you did your analysis and before you wrote your testimony about what the results should be or about what should be included in your testimony?

A. I would refer you to the Staff's responses to Union Electric's first set of interrogatories. And question number -- Question Nos. 34, 35 and 36, which has to do with who -- who specifically participated for the issue of rate design.

I have that the participants were Dr. Proctor and Mr. Watkins. And in terms of what they did, my answer was Dr. Proctor determined Staff's rate design approach, made staffing assignments for analysis and testimony, provided oversight.

Mr. Watkins was responsible for the methodology used to incorporate the Stipulation and Agreement in Case EO-96-15 into this case. And he and I collabora-- collaboratively developed how one would apply that. And Mr. Watkins also edited my testimony.

Q. Okay. And I guess what I'm trying to ask about here is at the outset and from what you read out of those answers to your interrogatories -- to the interrogatories, it seemed like maybe Dr. Proctor established an overall approach ahead of time and then the other interactions were during the course of doing your analysis and developing your testimony. Would that be true?

A. Yes.

Q. Okay. And I'd like to ask you, if I could -- well, did you talk to anybody else ahead of time to set up the framework for your testimony besides Dr. Proctor?

A. For rate design just Dr. Proctor and Mr. Watkins.

Q. Okay. You didn't talk to Wes Henderson or Bob Schallenberg or any of those people ahead of drafting your testimony?

A. No.

Q. Okay. And nor would you typically, I guess?

A. You don't understand how low in the organization I am, Mr. Byrne.

Q. I've been there myself, so -- okay.

Let's see. And I guess I'd like to ask you a little bit -- to explain in a little bit more detail, if you can, what's the difference between your role in the rate design of this case and James Watkins?

A. Mr. Watkins' testimony lays out, I would say, in words what the Staff's proposal is. My role was to take those words and develop the numbers that went into them to the point where I could say these are roughly the rates that would result certainly and these are the revenues -- the class revenues that would result from Staff's proposal.

And I think I even provided information to the Commission on some general notion of what the impacts would be to customers if they were to adopt such a proposal.

Q. Okay. So I guess would it be fair to say that if I have questions about how -- you know, about the Staff's decision to implement that rate design approach, they might be better addressed to Mr. Watkins, and if I have questions about how it was implemented, that would be more your area. Would that be fair to say?

A. I think that's a reasonable thing to say.

Actually, although I don't believe that Dr. Proctor is a witness, if you really wanted to find out why he decided the -- that this was the appropriate approach, he's really the person.

Q. Okay. But of the --

A. Yeah.

Q. But since he's not a witness --

A. Yes.

Q. -- of the witnesses --

A. But of the witnesses, if you want to know the -- the principles and the theory behind it, I would say talk to Mr. Watkins. If you want to know how we decided to incorporate those principles and do all the calculations that would be required to eventually develop rates, I'm your gal.

Q. Okay. Great. Okay. On page 4, line 10 of your testimony, you are talking about the growth -- customer growth as a major category of adjustments -- well, I guess it's really on lines 12 and 13. Do you see that?

A. Yes.

Q. And do you know what the dollar amount of the customer growth adjustment is?

A. Yes, I do. It's -- it is shown on my Schedule 2-1. It is the second to the last column. The value of the growth adjustments is 24,630,000 -- I'm sorry -- 653,575 dollars.

Q. Okay.

A. Positive.

Q. And is there also a kilowatt hour amount that's associated with that adjustment?

A. Yes, there is. That would be shown on Schedule 1-1, same place on the table. And it's 342,55,303 kilowatt hours.

Q. Okay. And I think you said before that you got -- the information was developed by Staff Witness Doyle Gibbs; is that right?

A. That's correct.

Q. Okay. And do you know was a customer growth adjustment calculated for each of the company's customer classes separately?

A. Yes. For -- if -- if you look at Schedule 1-1, you will see the specific classes that got growth. And for those that were -- for which growth adjustments were done, they were done separately by class and within each class they were done monthly.

Q. Okay. And are the dollars broken out by class on Schedule 2.1 in the same column?

A. Yes.

Q. You touched on this earlier in the deposition, but I guess I -- what is your understanding of exactly what

Mr. Gibbs did? I mean, my understanding is he calculated an average for each month for each customer class; is that right?

A. What he does -- and let's consider one -- one class. For each of the 12 months, what he does is first he calculates the difference between the customers at the end of the update period, which I believe was December of 2000, and the customers that existed in that particular month of the test year. Okay. That will give you the additional customers for that month. Then what he --

Q. And let me stop you for a second. When he gets the customers for December of 2000, the end of the test year or any other month, how does he do that? Doesn't he take, like, the beginning and the ending balance? Can you explain that?

A. Yeah. Okay. What he does is he calculates what accountants call mid-month customers, but what I believe to be a proxy for bill counts. Bill counts being what I would call the number of full customer charges that were charged.

Okay. The intent is that within the month you somehow get the average to deal with the fact that you have partial month bills essentially. So what he's really -- really comparing is his mid-month customers to the customers at the end of the update period.

And what he's doing -- in a single process, but conceptually what he's doing is he is calculating the additional sales and revenues for the test year as if everybody at the end of the test year was there all year long.

And then he's doing this other calculation which is what -- which has to do with the additional sales and revenues by assuming that all the customer -- by assuming that all the customers at the end of the update period were there from the end of the test year to the end of the update period.

But he's rolling it together in one -- one particular calculation, but conceptually that's what he's doing. And so computationally, what he has in any given month is he takes here's the customers at the end of the update period, which I believe was December. Here's the mid-month customers at the month in question.

Q. But how does he -- how does he get those mid-month customers? What's the calculation for mid-month customers?

A. All he does is he takes the -- the customer numbers of the month in question, plus the customer number of the prior month and averages them. He simply adds the two and divides by two.

Q. Okay. And so if he was looking for the

mid-month customers for June of 2000, let's say --
A. Uh-huh.
Q. -- he would take the customers at the end of June of 2000; is that right?
A. He would -- he would take the customer count that the company has in its June -- for the June month and he would add the customers that the company said for May and divide that number by two.
Q. Okay. And then that would be the mid-month June customers?
A. That's what he calls the mid-month June customers.
Q. Okay. And does he do the same thing for the end of the update period or does he --
A. No.
Q. -- just take the number?
A. He just takes the number.
Q. So he would take the company's December --
A. Right.
Q. -- 2000 number?
A. I would refer to Mr. Gibbs on the exact theory on why one is mid-month and one is -- I don't want to say end of the month, because I -- I'm not convinced that I believe that that's what that number represents, but he would be a better witness on that probably than I. I know

the calculations because I've done the calculations, but I've never testified nor have I developed the methodology that --

Q. Okay.

A. -- is used.

Q. But, in general -- and I appreciate that. I won't ask you why he does that, but mechanically, what he does then is he takes that December customer number and -- December 2000, end of the update period, and then he goes back and compares that for each customer class to the mid-month customer counts for each month in the test period, I guess?

A. Yes.

Q. And then he adjusts the number of customers in each of those months to be the same as the number of customers at December; is that true?

A. Yes. What he's -- what he's computing is the -- I would call it the number of additional customers in each month of the test year, okay, by the process that you just described. Then what he's doing is he's saying, okay, now that I know what my additional customers are, how do I know the sales and revenues that those represent?

And that's where Ms. Mantle's computation of normalized use for customer for that month for that class is used by Mr. Gibbs to calculate the -- the total additional kilowatt hour sales, and where he uses that information that I provide him that for the test year for that month for that class that typical -- the typical customer used -- contributed X dollars per customer on a normalized basis.

Q. Okay. And I assume from your discussion there both in calculating the kilowatt hours and dollars attributable to these growth numbers that you put in for each month in the test year, you're using normalized averages, I guess, for want of a better word, for each customer class; is that true?

A. Yes.

Q. Okay. And let me ask you this. When you talk about the growth that's occurred between the various months of the test year and the end of the update period, December of 2000 in this case, you're talking about net growth, aren't you? In other words, don't some customers go off the system and others come on the system?

A. That's correct. And if you look at the -- at Mr. Doyle's work papers, I suspect that what you will see is there are months where the growth in sales and growth in revenues are negative.

Q. Okay.

A. But what he shows for the class is the aggregation of all the months, positive and negative.

Q. Do you know if Mr. Gibbs or the Staff considered whether there might be any difference in sales to new customers coming on to the system versus old customers going off of the system?

A. My understanding of Mr. Gibbs' computation is that was not considered. That the underlying assumption is that new customers -- customers coming on are like the average or the typical of all the customers on the system. So -- and I would point out that all the customers that are currently on the system also would include customers who are coming on and going off throughout the test year.

Q. Sure.

A. So they are kind of -- you know, I guess that -- well -- well, let's leave it at that. I suspect that the underlying assumption there really could be described as the new customers coming on are typical of all the existing customers and the existing customers include during the test year customers going on, customers going off.

Q. Okay. Let me ask you this. Is it possible that new customers coming on might have different usage characteristics than the typical customer? And I guess specifically what I'm thinking of is a new customer coming on might be more likely to be a new house, the new house might have more efficient air conditioning units than the typical customer has, the new house might have better insulation, there just might be more efficiency for a new customer's house than an old customer leaving the system. Is that possible?

A. That's possible.

Q. Okay. But you didn't really consider that --

A. No.

Q. -- or Mr. Gibbs didn't consider that --

A. No.

Q. -- when he did his testimony?

Okay. Okay. Have you been involved in dealing with customer growth adjustments in any other of AmerenUE's cases?

A. I don't believe so. AmerenUE has so few cases -- now, I have been in other utilities in the -- to the same extent that I am here --

Q. Okay.

A. -- which is I'm providing inputs and summarizing results.

Q. Have there been pretty many other cases that you've been involved in growth adjustment in that respect?

A. Over the last five years, I'd say there's a handful.

Q. And I guess over -- if you want went back in your whole career --

A. No, no.

Q. -- there's probably --

A. I would say that prior to the last five years I mainly was working in rate design cases under an EO framework. And customer growth is not generally a part of that framework.

Q. Okay. Let me ask you this. To your knowledge, based on your experience, has the staff ever calculated a growth adjustment in any electric rate case or complaint case in the manner that Mr. Gibbs calculated it in this case?

A. Well, that -- I think that's an answer probably for Mr. Gibbs. I can tell you that the Empire District rate Case ER-2001-299, which we just completed, used something very similar. The -- I guess it's okay to say this. The Missouri Public Service UtiliCorp case that we're just about to file uses this methodology. I think a couple -- I think a prior Empire case used it. But -- but it is -- I am not under the impression that this is a -- a methodology that was used and designed specifically for UE or for this particular case.

Q. Okay. Might it be a relatively new method of calculating the growth adjustment for Staff, or is it something that you think has been used for years and years?

A. My hunch is that this is probably pretty old and it's been used for a long time.

Q. But talk to Mr. Gibbs about that?

A. But talk to Mr. Gibbs.

Q. Okay. Let me ask you this. Would you agree that if revenues associated with customer growth are included in the rate calculation in this case, the associated expenses should also be included in the company's cost of service?

A. Yes.

Q. And I think in your testimony you maybe refer to that as the matching principle?

A. Yes.

Q. Okay. Has the Staff included costs associated with growth in this case?

A. I assume so.

Q. Okay.

A. This is an area where I don't directly deal with the cost, but that -- that matching of expenses and revenues is a fundamental and a principle that the Staff never knowingly violates that I'm aware of. So I would have to presume that the -- the particular witnesses who -- who dealt with the particular position have taken that into account.

Q. I guess the reason I'm asking you about it is on page 4 of your testimony on about line 5 it says, Most of the adjustments to test year revenues correspond to adjustments to kilowatt hour sales that also affect the company's fuel and purchase power costs. The matching principle, and matching principle is in quotes, dictates that any change to revenues from historical levels that results from changes in underlying kilowatt hour sales must be associated with changes to fuel and purchase power costs that reflect that same adjustment to sales.

So I take it from that quote that it would be your opinion that at least fuel and purchase power costs should be adjusted to reflect these growth numbers?

A. Yes. And one of the work products that's shown here is kilowatt hour sales. And those are -- those are provided to Ms. Mantle for -- and -- let me back up. The sales that I have -- that I am testifying to include the sales associated with growth. Okay? Those sales are provided to Ms. Mantle to place under the net system load that then goes into the production costing model that eventually results in fuel and purchase power expense.

Q. Okay. So to the ex-- so what you're saying is you provide sales that include the growth adjustment to Ms. Mantle and then she, in turn, provides it to I think it's Mr. Bender maybe is the witness?

A. Uh-huh.

Q. And then he uses those sales in his production cost model and through that mechanism, the changes in fuel expense and purchase power expense that are occasioned by the growth adjustment are incorporated into the Staff's rate calculation?

A. I believe that's how it works.

Q. Okay. What about other costs? Would you agree with me that if there were other costs associated with customer growth or with the Staff's customer growth adjustment, those costs should also be included in the company's cost of service?

A. I believe that it's critical that you match revenues and costs over the same -- that represent the same thing. I believe that that is an overriding principle. And I believe that whatever major elements of costs that need to be adjusted and can be appropriately reflected should be.

Q. Okay. Let me throw out some categories of cost that might be affected by customer growth and get your impression as to whether they should be adjusted. One that struck me was postage and mailing costs associated with bills. If there are, you know -- if they have to send a bill to each of these customers, should that cost not also be reflected?

A. Oh, in an ideal world, I think that all of those things should be reflected. I think that what -- and I'm not saying that it wasn't, because I don't actually know. But I think that what the Staff does, in general, is -- and perhaps companies do too -- is they try to pick out the major elements of cost and try to get them right, because of the resource limitations and the time limitations probably don't let you get everything exactly right, nor is it probably important to get everything right, but conceptually I agree. Everything should be adjusted.

Q. Would meter reading costs be another type of thing that in a perfect world ought to be adjusted but maybe they're diminimus in this case?

A. Well, meter reading is an interesting thing, because I'm under the impression that meter reading costs -- the incremental meter reading cost for an additional customer is up to zero -- is zero up to a certain limit of the company's contract with Cellnet. And after that it's astronomical.

So if we assumed it should go up and made some simple assumption like it should go up linearly based on customers, I don't know if that would be the right assumption. But I don't have a conceptual problem with what you're saying.

Q. Yeah. I guess conceptually -- and I don't know what the contract with Cellnet says either, but let's say the contract with Cellnet says -- you know, charges you more for each customer on the system, I guess at least conceptually if you're adding more customers, you ought to add more cost to Cellnet; is that true?

A. Right.

Q. Subject to if it's diminimus --

A. Right.

Q. -- it's not worth the effort?

A. Right.

Q. Okay. How about customer call center costs? You know, would -- and I guess I'm -- well, I'm moving a little further from costs that are attributed to specific customers, but if there are increases in the number of customers, aren't there likely to be a corresponding percentage increase on pressure to the customer call center and couldn't that lead to increased costs?

A. I don't know. I mean, that -- that's a case again, of do the costs of the call center go up when the number of customers go up? And really it's a question, in my mind, what -- you know, are these like all variable costs or are these like fixed costs and I -- I'm just not familiar enough with that sort of issue to really give you a straight answer.

Q. How about bad debt expense?

A. I believe the Commission just looked at that particular question in the Empire case. And I think that the Commission's determination, after looking at all relevant factors was that --

Q. Wait. Let me guess.

A. I -- no, I think what they decided was that it shouldn't be adjusted for historic levels. But that's -- I mean, you would have to check the record on that, but that's my recollection.

Q. Well, isn't it possible or -- yeah, isn't it possible that, you know, bad debt expense could go up proportionately to an increase in the number of customers?

A. I don't know.

Q. Okay. But I guess backing up to the more general principle, at least generally you would agree that whatever costs there are associated with customer growth ought to be thrown into the mix as well as the revenues associated with customer growth?

A. I agree. Matching -- the matching principle that I described in my testimony is, to me, one of the fundamental principles of -- that I've been following all my -- my career and I believe in it.

Q. Okay.

MR. FREY: Mr. Byrne, could I interrupt perhaps now for a short break?

MR. BYRNE: Absolutely.

(A RECESS WAS TAKEN.)

(MR. KOVACH ENTERED THE DEPOSITION.)

BY MR. BYRNE:

Q. In connection with the growth adjustment, did the Staff also make any additions to the company's coincident monthly peak demands to reflect that growth?

A. No.

Q. Do you think they should have made additions to the company's monthly --

A. No.

Q. Why not?

A. Well, the only reason I could think that you might even want to look at that is if you were concerned that the company's coincident peak demands would go up because of the growth in customers. But the reason you would care about that particular thing would be because you were concerned that fuel expense had gone up and we've already accounted for fuel expense going up.

Q. Well, let me ask you this. Just aside from why you would be concerned about it, isn't it true that you would expect the company's coincident monthly peak demands to increase if there was growth in the customer base?

A. All other things being equal like diversity and stuff like that? I -- maybe.

Q. Even with all other things being equal, you can't give a better answer than maybe?

A. The problem is you're talking about coincident. And there's diversity out there. So it is not going to just naturally go up in a linear fashion.

Q. Okay. But all other things being equal, it would go up. Right?

A. I just don't know.

MR. KOVACH: Do I need to whisper or should I ask you the question myself?

THE WITNESS: Why don't ask you me the question yourself.

MR. BYRNE: No. Just --

(AN OFF-THE-RECORD DISCUSSION WAS HELD BETWEEN MR. BYRNE AND MR. KOVACH.)

BY MR. BYRNE:

Q. Okay. Let me try it again. I think the question I'm supposed to ask you is how is it possible that you can add additional customers without increasing the monthly peak demands if they're heat sensitive residential -- I mean, temperature sensitive residential customers, which I assume is for the most part what we're adding in this growth adjustment? How can you add those customers without increasing the monthly peak demand?

A. I'm not saying that the peak demand won't increase. I'm just saying that I don't know if it will or it won't.

Q. Well --

A. To the extent that you have now qualified the question having to do with a specific type of customer, that they're weather sensitive and they're residential, and given that I know that at least the summer peaks tend to correspond fairly closely to the residential peaks, I would have to say under those circumstances, probably that the system peak would increase.

Q. Okay. And aren't a lot of the growth figures that Doyle has provided you residential customers?

A. I don't have Doyle's work papers with me. When you're talking about customer numbers, what -- I'm not sure -- when I look at the adjust-- the growth adjustments to sales that are shown in my Schedule 1-1, what I see is I see that the growth in sales is one of the -- that there are substantial growth in sales in residential. And those sales represent 102 out of 342 million kilowatt hours.

Q. Okay. And --

A. There probably is on -- on an actual basis, there's probably way more growth in residential customers if you're just looking at customer accounts than anybody else, but it's being offset by the fact that -- that each additional customer is adding a small amount vis-a-vis other types of customers.

Q. Okay. And to the extent that the growth is residential customers, doesn't that indicate that the monthly peak demand would increase?

A. I would say that it -- it indicates to me that a growth in residential customers, that we've assumed that the growth in customers are like the additional customers -- or like the existing customers. And the existing customers tend to have an extremely high conse-- concentration of air conditioning saturation that in the summer I'm sure that it goes up. It's not clear to me in the winter if that's true or not.

Q. Okay. How about small general service and large general service customers that -- well, presumably some of them have air conditioning loads. Is that a fair assumption?

A. Yes. However, I think if you look at the load shapes of these two general service classes, what you will see is that they're not as weather sensitive as residential.

Q. Let me ask you this. And maybe it's just because I don't understand this as well, but to the extent you had any customer of any kind and he takes any service on that -- on that peak day, isn't he contributing to the peak demand for the month?

A. Yes.

Q. Okay. So --

A. Okay. Let me reframe the answer. Okay. To the extent that you have growth in the number of customers, growth in sales, you probably have some corresponding growth in demand. However, it's not going to be a nice linear relationship that you could say that if you add X customers or X percent of addition to customers, that your demand is going to -- your coincident peaks or however you're measuring your peaks are not necessarily going to go up by X percent. But, in general, if one's going up, the other will go up.

Q. Okay. Thanks.

A. Is that what you wanted?

Q. That's what I was inartfully trying to get you to say, but -- and I think you were willing to say it, I just couldn't ask the question in the right manner.

Well, let me ask you then, if you did make an adjustment to the monthly peak demand due to customer growth, would it also not be appropriate to adjust the Missouri allocation factor, which based on my limited understanding, is affected by the monthly peak demand?

A. I'm not familiar with the testimony of Mr. Bax. I would -- I guess my answer would be that if he is using normalized loads to do his allocation factor, then it's been accounted for; if he's not, then it probably hasn't. Unless -- unless it just happens that the growth in the other jurisdictions are the same percentage as in Missouri. Then you'd get the same answer. But I -- I frankly don't know if he's used normalized peaks or not.

Q. Okay. Let's assume for a minute he's using actual monthly peak demands. If that assumption is true, wouldn't it be appropriate for him to incorporate an increase -- and I understand that's not a linear relationship -- but an increase related to the growth adjustment?

A. Well, I think it would be appropriate for him to do that. Plus, I think it would be appropriate for him to account for the fact that the normalization due to weather was negative.

So I would say that he's got two things he should have adjusted for and they're going in different directions in terms of the normalization due to weather is a negative one, the adjustment that should be done for growth is a positive one. And I can't tell you what that would have done to the overall number.

Q. Okay. And you don't know whether he did either of those things?

A. No. I don't know.

Q. Okay. Okay. On another topic, thankfully --

A. Why don't we ask questions about what I did here, folks?

Q. Okay.

A. Oh, I'm not supposed to say that.

Q. I'll do that.

A. Okay.

Q. On page 7 of your testimony you refer to riders L and M, I believe.

A. Yes.

Q. Which replace the 10 M rate schedule; is that correct?

A. That's correct.

Q. And then you also refer to offset payments made to rider L and M customers --

A. I believe --

Q. -- at another point in your testimony?

A. I believe that what I said was that rider L and rider M replace 10 M and that the assumption that is imbedded in this case is that the -- that roughly $2 million that the company spent for 10 M is roughly going to be the same amount of money they're going to spend now that they have rider L and rider M.

Q. Okay. And what's the basis for the assumption that the payments to rider L and rider M are $2 million?

A. Well, I think the $2 million is what we knew in the rate design case, EO-96-15, was the money that the company was paying on the 10 M rate schedule, was paying to those customers. We had absolutely no idea what rider L and rider M would cost the company.

Then I still have absolutely no idea, so the assumption I -- that was made in that case and which has been carried over to this case is it's going to be about the same. I don't know that that's true, but I have absolutely no information on what it would be. So I just carried over the assumption we had made before.

Q. Okay. Again, referring to your testimony --

A. Thank you.

Q. -- on pages 26 and 27, you talk about -- and I believe this is in the rate design section of your testimony. You talk about the impact of the rate design on the typical customer.

A. Yes.

Q. What are the characteristics of the typical customer, as you're using it in that context?

A. The -- the way I calculated the typical customer was -- well, actually -- well, back up. The typical customer that I'm using here represents monthly normalized kilowatt hour usage per customer that came from Miss Mantle's weather normalization.

Q. Okay.

A. So I can't tell you what that represents in terms of, you know, like what kind of a house or any of that sort of stuff. All I'm doing is saying that the typical guy has the normalized usage that came out of the weather normalization for each of the -- for the 12 months. And that all I did was then use that typical customer in my comparisons.

Q. Okay. And you're comparing customer -- or average monthly bills across different electric utilities on page 26; is that right?

A. Yes. What I did is -- to get an accurate comparison is I said what would UE's typical customer, based on Miss Mantle's normalized usage per customer for each month, what would that typical customer pay if that customer was billed on the other electric utility's rates. And what that means is you can get an accurate representation of the differences and all of the differences that will be shown are due to differences in rates.

Q. But aren't there differences in the characteristics -- well, aren't there, I guess, inherent differences between the utilities that would make each utility's typical customer have different bills like --

A. Oh, indeed. In fact, if you will see things put out by the Staff comparing, you will see them -- you will see a different kind of analysis than I've done here.

What I've tried to do here is to -- so you can look to see the effect of the rates, I've said what if UE's typical customer was -- was billed on these different rates, so then I've -- then when you compare them, you -- you really are just comparing the differences due to rates rather than the differences due to the other characteristics. And I agree with you. UE's customers have different characteristics in terms of their summer usage versus their winter usage, for example,

Q. And if you had -- I mean, following up on that point, if you had climate differences between the service areas of the utility, if it's a little colder on the western side of the state or the north of the state, that would make a difference in the typical customer's bill, wouldn't it?

A. Oh, certainly. But -- but understand there is no typical customer. And this is simply to give kind of a -- what I call a simple-minded view of how to compare differences. This is the kind of information I would provide for our press release, for example. This -- if you are going to ask me how will this rate design impact somebody, that means a whole lot of things to me that are not conveyed in this particular analysis.

Q. Okay. And would it also be true -- not to beat this to death -- but a utility with a large urban customer base would have different characteristics than one that serves primarily a rural customer base?

A. Yes. In terms of the usage per customer. And, in fact, I just finished a case for the Empire District Electric Company. And the thing that was very unusual in that is that their typical residential customer is as big in the winter in terms of usage as it is in the summer, which mirrors the fact that that is a utility that has a very large winter peak relative to a summer peak. That is not typical for UE, because -- and for obvious reasons. You have a gas company in St. Louis and you don't have a gas company in Joplin.

Q. I thought MGE was in Joplin?

A. Are they? I don't know.

Q. Okay.

A. Anyway, I'm sorry.

Q. Well, and the same thing -- would it also be true that the differences in the overall size of the customer base would be a relevant difference between utilities?

A. Certainly.

Q. And the different -- you know, if you're looking at electric utilities, different kinds of generation would be a relevant difference. UE has a nuclear unit. If you're comparing it to a utility without a nuclear unit, that's a difference?

A. If you're talking about what sort of things would cause rates to be different, yes.

Q. Okay.

A. Obviously generation mix is a big component of that.

Q. And I guess there's any other number of other factors?

A. There's all kinds of factors.

Q. Okay. And I guess one more factor, before I leave this, is also the mix of residential and commercial and industrial customers would be a relevant difference among utilities. Is that fair to say?

A. Oh, yes. And UE has a much larger proportion of very large customers in both an absolute number and in proportion.

Q. Okay. On page 27 of your testimony, I guess beginning on line 4, you refer to some cents per kilowatt hour number that you got out of the FERC Form 1; is that correct?

A. Yes.

Q. And are you aware that -- well, okay. Did you use FERC Form 1 as the source for your cents per kilowatt hour for I think it's commercial and industrial customers; is that right?

A. I believe that it doesn't come directly out of the FERC Form 1, but -- because the FERC Form 1, I believe, represents total company. However, what the Staff gets is the Missouri jurisdictional piece of essentially the FERC Form 1.

Q. Okay. Are you aware whether FERC Form 1 includes gross receipts taxes in that number?

A. No.

Q. Does that mean you're not aware or --

A. I'm not aware.

Q. Okay. So for all you know it does include gross receipts taxes?

A. For all I know, it does.

Q. Okay.

A. I don't know if it does or doesn't.

Q. Okay. For purposes of your testimony here, would you have used the number if it had included gross receipts taxes?

A. If it was the only number available, I may have used it. But I think I probably would have made a caveat that -- in its use to indicate that this is yet another reason why this is kind of a simple-minded exercise.

Q. And what's the problem if it includes gross receipts taxes?

A. The problem with gross receipts taxes is those are -- basically differ from one taxing area to another. And urban areas, in general, tend to have higher gross receipts taxes, I believe, than other areas. Industrial customers tend to be subject to higher gross receipts taxes than residential, so yeah. It can really distort relationships.

Q. Okay. So if you're using this number to compare across utilities, that's what's bad about having gross receipts taxes in it?

A. If indeed it's in the UE number and it's in the other companies' numbers. See, the -- you have asked me do I know that it has gross receipts taxes. I don't know if UE's number does, but I don't know if anybody else's number does either.

Q. But if --

A. So what I'm saying is if you have that some of them have it and some of them don't, then it's even more distorting.

Q. And even if they all have gross receipt taxes, it distorts it because the taxing districts have different rates?

A. Right. But remember the intent of this is simply to give some general feel to decision makers. It's not to say this is the number, but they need to have a feel for, you know, these sort of big overall relationships.

Q. Sure. Well, let me ask you this. Where did you get the number if it didn't -- you said it didn't come directly from FERC Form 1, but you think it's a Missouri piece of the FERC Form 1 number. Where did you get it, if you remember?

A. The energy department has an individual named

Mack McDuffey. And one of Mack's jobs is to keep essentially this kind of information from FERC Form 1 for all of the Missouri utilities. To the extent that the companies file something that's not Missouri jurisdiction, it's Mack's job to rustle up that data and put it in the database.

Q. Do you know how he calculated it? Do you know how he took it -- and as I understand it, AmerenUE's FERC Form 1 number would be combined, Missouri and Illinois operations or system-wide operations. Do you know how he got that system-wide number down to Missouri jurisdictional, what --

A. I believe that the company provided it to him. And then what -- what he -- what he presents is -- in his database is sales, revenue, customer counts. I did the actual computation. And I also think they're by -- commercial separate from industrial separate from residential separate from -- I'm not sure, but he does not calculate the Missouri piece, he does not use an allocation factor. He simply requests that data from Union Electric and Union Electric will supply that.

Q. Okay. And what is the source of your similar information for residential customers? I guess that's a different source; is that correct?

A. Well, residential customers I'm actually using tariffed rates for all the different utilities. I've designed a typical customer, I price them out --

Q. Okay.

A. -- on the various rates so I don't have to deal with that problem of what does this number represent. I know what it represents.

Q. So you take Miss Mantle's -- the number that you get from Miss Mantle for the typical customer and then just price it out based on the rates?

A. That's right.

Q. Okay. And could you have done something similar with commercial and industrial?

A. I would like to come up with something more meaningful. It -- the difficulty is I don't know how to define a typical commercial or a typical industrial customer, but --

Q. Because their usage varies so --

A. Well, I have seen different analyses where you set up -- a typical guy has 500 kw and X load factor. That's another way to go, but again, how do I make that typical for a utility? So the answer is I don't have a typical for them. I think using a typical is probably a better way to go, but I have never discovered how to do that and make it relevant.

Q. Okay. It's my understanding from your testimony that you had some problems coping with data or lack thereof from AmerenUE. And I guess the question I have about that issue is if -- and my understanding is you developed sort of a template Schedule 4 attached to your testimony of the kind of Missouri jurisdictional information that you want and need. Is that fair to say?

A. Yes.

Q. If we do that, if we create a schedule like Schedule 4 and provide it to you, have it available to you under the terms that you've asked for, do you believe that will solve the problems you've identified?

A. That will solve one problem that I've identified. It will solve the problem of knowing how the company goes -- the company's process from billing a customer progresses up through the process that ends up with the company's financial records on -- regarding revenues and sales. And that's one problem I've identified is I don't know -- I don't know the steps in that process to the extent that I can follow it through.

But another -- the other problems that I've identified, the major one is -- it will not solve that problem and that's the problem that customers who are billed in a specific month based on that revenue month's rates are not necessarily recorded in that revenue month's reporting.

And this problem is a serious problem for me dealing with rate design, because what that means is I may have data that responds -- that is -- that corresponds to a revenue month where the company supposedly bills all customers on summer rates. And I will have data included in there for customers who were billed on winter rates. And this problem gives me a great deal of heartburn as an analyst.

What I think to be the case, however, is I do think that the company is billing the customers on the correct seasonal rate. I just don't think that they're recording them properly.

Q. Okay. So that's a second problem?

A. Uh-huh.

Q. Okay. So let me just to try to get whatever there is on the table. If we were to do the report in the form of Schedule 4, that would solve one set of problems?

A. Uh-huh.

Q. But then there's this problem you just identified?

A. Uh-huh.

Q. Is that the universe of the problems with the billing data?

A. Solving those two problems would allow -- and the associated after-effects which would be, you know, like re-running the reports that now have those problems built into them -- like, I was thinking, for example, UE does have reports that come out monthly on billing units. They look very nice. I compliment the company on making them look very nice. However, right now since -- since they have this really big problem in it, I can't see if they have other little problems in them.

Q. Okay. But I'm just asking --

A. If --

Q. -- to the extent you've identified problems at this point --

A. Right.

Q. -- it would --

A. Right. The other thing that I think would be more -- that I've kind of identified as a problem is -- that may or may not be taken care of by this is I believe that there potentially is a problem in the data that is being supplied to the corporate planning department for the purposes of calculating unbilled revenue or unbilled sales.

And I -- particularly when it comes to the categories relating to lighting. And I think that needs to be looked at, because to the extent that they are calculating something that goes in the company's financial records and to the extent that I think -- I don't know, but I think they're getting bum data from the billing system, I think that's a problem that needs to be seriously looked at and determined whether or not it is, because that directly impacts the company's financial records.

Q. Okay. So that's a third category. Dare I ask, is that the universe of problems that you've identified at least at this point?

A. I think that's good enough for starters.

Q. Okay. Thanks. I was hoping you were going to say that after I asked about complying with Schedule 4, but better late than never.

You may have answered this before, but who reviewed drafts of your testimony before you filed? Is that like Dr. Proctor and I assume some staff lawyers?

A. I would refer you to Staff's responses to UE's first set of interrogatories. The question -- the relevant question is No. 34. And my response is that for the issues of sales and revenue my testimony was -- was reviewed by Warren Wood, Doyle Gibbs, Lena Mantle, and Denny Frey. And on the issue of rate design, it was reviewed by Warren Wood, James Watkins, Lena Mantle and Keith Krueger.

Q. And I guess excluding communications with your lawyer, which are probably privileged, did any of those people suggest significant substantive changes to your testimony?

A. Mr. Watkins in his -- is always my editor and he's a very good editor, but by the time my testimony is written, we pretty much know what it is we want to say and he helps me make things more understandable.

Q. Okay. And I guess the way you pretty much know what you're going to say is you're meeting with him as you develop your analysis. Is that fair to say?

A. I -- I would describe it as collaborative.

Q. Okay. And was there ever a point in the course of developing your analysis or your testimony where somebody asked you to change the direction of where you were going in some significant way?

A. There was a discussion between Dr. Proctor, Mr. Watkins and myself about whether or not my rate design testimony was even necessary. Mr. Watkins' view was that his testimony on rate design, which outlines Staff's proposal, I would explain it as in words, was sufficient. Dr. Proctor expressed the opinion that that probably was right.

I expressed the opinion that I thought that that was inadequate. And the resolution was if you think it's necessary and you want to do it, go for it. So this was developed because I thought it was important to do.

Q. Okay. "This" being the rate design?

A. The rate design testimony that you have here.

Q. When did you have -- when did you have that meeting relative to when your testimony was filed, do you remember?

A. Shortly before testimony was filed.

Q. Okay. And I assume by that time you had developed a lot of your analysis and maybe even your testimony on the other portion, the sales and revenues portion --

A. Yes.

Q. -- of your testimony?

A. And I had two attorneys assigned to me. One for sales and revenue, which was Mr. Frey, and one -- a different attorney for rate design. So the sales and revenue testimony had been -- gone to the attorney, gone to Mr. Gibbs, gone to the case coordinator, who was Miss Mantle, and all the appropriate people, you know, in what I would say was the usual timely review manner.

It was simply -- my rate design testimony was done fairly late in the game and that's why it's -- well, and went through a different attorney and that's why you'll see the list of who reviewed it to be somewhat different.

Q. Okay. Let me ask you, in general, did you have any difficulties -- and maybe it's related to this rate design testimony, but let me ask it more generally.

In general, did you have any difficulties meeting the time constraints of this case?

A. Yes.

Q. What were those difficulties?
A. Well, one was the difficulty of us not deciding definitively what the scope of the rate design testimony was going to be until very late in the game.
Another difficulty was in the middle of working on this case, I basically had other cases I had to work on. And I had to drop this case for a number of months before I could pick it back up again to finish the work.
Q. Let me try to get a feel for it, because I really -- when would you have started working on this case and then when would you have dropped it and picked it back up again if you -- just, in general, if you remember?
A. I -- I don't remember. The general flow of this case was that I put in my data requests, there was a long period of time before I started getting data, which is not unusual given the kind of data that I request.
I worked on the case for a series of months, long past the time that everybody else thought that I should have it done, dropped it when I absolutely positively had to work on something else.
And at that point Mr. Gibbs had been freed up -- his time had been freed up from another case and so he kind of did his thing and looked at my stuff in that couple months that I was working on something else. And then towards the very end, I did enough to finish this. I won't

say that I ever got freed up enough to devote a lot of time to this, but --

Q. What was --

A. -- it was stop and start.

Q. Okay. When you say there was a several-month period where you couldn't work on it, do you remember when that several-month period was? Was it like in the beginning of 2001 or end of 2000 or --

A. What I -- what I can tell you is while I don't remember when it was, I know that the Empire District Electric case was the -- the major problem that I was dealing with. And I suppose that if it's required, I can go back and look at that schedule and kind of figure out when that was. But I -- but I will tell you that in that particular case, I believe I filed something like five pieces of testimony. So the period of time when I wasn't working on the UE case was -- was lengthy.

Q. Yeah. And then that case ended up going to hearing, didn't it or did it?

A. We had two stipulations, we had a hearing, we had -- you name it, we had it in that case, we had a true-up. I mean, it was a lengthy, complicated case. And my part in that case lasted practically -- well, actually it lasted all the way through the tariff filing. So my participation, while it was stop and go, was fairly extensive.

Q. And I guess the Empire case had to take priority because it was ahead in the schedule; is that right?

A. That's correct.

Q. And I guess when you were working on the testimony, the five pieces of testimony when you were at the hearing, when you were working on the tariff sheets, you pretty much had to exclusively devote yourself to that case?

A. That -- well, you never have the luxury of exclusively devoting yourself to the case. Because at the same time I believe that's when I was dealing with reviewing UtiliCorp's sample design for their load research project for Missouri Public Service. I don't know if that was at the same time that I was looking at UtiliCorp's decision not to invest in an AMR system for meter reading. There was a number of other smaller things that were going on at the same time that I was involved in.

Q. So you were busy is basically it?

A. Yeah.

Q. Okay. And I guess the Staff some-- you know, someone on the Staff decided that all the testimony was going to be filed on July 2nd; is that right?

A. Well, I -- I think that the Commission decided that when they gave the Staff authorization to file.

Q. Okay. But, I mean, I guess that authorization, but they didn't require them to file?

A. That's right. The marching orders that came down from whomever makes these decisions was we will file on July 1st -- or 2nd, I guess it was, because of the holiday.

Q. Yeah. And who did you hear those orders from? Would that have been Dr. Proctor probably?

A. Oh, probably.

Q. Okay.

A. Or probably more likely Ms. Mantle, because she's the case coordinator. In our cases, case coordinators tend to be the folks who, you know, keep the folks who are working on the case informed of what's going on.

Q. Might you have done additional analysis in this case if you'd had more time?

A. I might have done additional analysis on the UE data. Not necessarily for this case, but as I understood it, some folks in the rate engineering department were looking at the possibility of getting a different type of data to be used for regulatory purposes for analysis.

And I suspect that if I would have had the time, I would have spent more time trying to help them figure out what data that they really needed.

My recollection is that I was consulted about what data they were going to ask for. I got one -- I think was diverted in my time that I -- the time I did spend on this case by trying to figure out what the heck was going on. And I also had to spend a lot of time on the phone with a member of the rate engineering part-- department who bless his -- bless his heart spent an enormous amount of time trying to track down answers for me on what data existed, where it was, how to get it, all these kind of things.

Because as far as I am aware, from the new system, which isn't quite so new now, this is the first time this data has been actually used for regulatory purposes.

Q. And would that have been Mr. Kovach?

A. That -- that would have been an individual named James Pozo (phonetic spelling) who works for Mr. Kovach.

Q. Okay. Okay. I understand all that. But let me ask the question again. And I appreciate all the reasons that you've given for the time constraints, but what I'm asking is, due to all of those factors that you've explained, was there more difficulty in meeting the filing deadline in this case, I guess? And really what I'm saying, was there significantly more difficulty meeting the filing deadline in this case than there is in a typical case in which you file testimony?

A. No.

Q. Okay. I just think I have one other couple of

I got two test runs of data from their new data dump. I looked at -- I think I reviewed one of those, sent back some suggestions that -- that resulted in modifications being made, but I never got around to reviewing the modification -- you know, the new data with the modifications to see if there was further things.

That's what I would have spent my time doing, because I would have -- because I thought that that probably had a bigger long-term benefit.

Q. Okay. Let me ask you this. In general, I get the impression from your answers that you were significantly more rushed or had significantly more trouble meeting the time constraints in this case than you do in a typical case. Is that fair to say?

A. Anymore, we're always constrained. I would say what constrained me here was the -- all the extra time that was -- that was required to figure out how to get a starting point in terms of sales and revenues for this case, because I got data sets from -- from the billing folks, I got data sets from the folks who do the forecasting, I got data sets from the rate engineering departments. I spent a bunch of time trying to compare them, figuring out do any of these numbers make sense.

Q. Sure.

A. So I probably had enough time. It simply I questions, and that is did -- and I guess I would exclude lawyers from this, because I think your conversations with lawyers are privileged. But did you talk to anybody in advance of this deposition about the deposition?

A. Yes. Yesterday evening I went to what was called deposition preparation. And the individuals there were Steve Dottheim, Lena Mantle, Mr. Frey. And they kind of took me through some of the typical questions that would be asked and some of the -- the -- what I call the housekeeping things regarding, you know, where you have to sit, who will be there, do you have to answer the question, what the attorneys will do, stuff like that.

Q. And was that helpful?

A. Yes.

MR. BYRNE: Okay. I don't think I have anything more, but let me just have a second.

Okay. That's all the questions I have. Thank you very much, Ms. Pyatte.

THE COURT REPORTER: Signature?

MR. FREY: No. We're not waiving.

(PRESENTMENT WAIVED; SIGNATURE REQUESTED.)

JANICE PYATTE

subscribed and sworn to before me this day of , 2001.

Notary Public in and for County State of Missouri

C E R T I F I C A T E

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, Tracy L. Thorpe Cave, Certified Shorthand Reporter with the firm of Associated Court Reporters, Inc., do hereby certify that pursuant to agreement there came before me,

JANICE PYATTE,

at the offices of Public Service Commission, in the City of Jefferson, County of Cole, State of Missouri, on the 28th day of November, 2001, who was first duly sworn to testify to the whole truth of her knowledge concerning the matter in controversy aforesaid; that she was examined and her examination was then and there written in machine shorthand by me and afterwards typed under my supervision, and is fully and correctly set forth in the foregoing 73 pages; and the witness and counsel waived presentment of this deposition to the witness, by me, and that the signature may be acknowledged by another notary public, and the deposition is now herewith returned.

I further certify that I am neither attorney or counsel for, nor related to, nor employed by, any of the parties to this action in which this deposition is taken; and 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.

Given at my office in the City of Jefferson, State of Missouri, this 1st day of December, 2001.

Tracy L Cave

TRACY L. THORPE CAVE
Certified Shorthand Reporter

COSTS: (Court costs computed based on payment within 30 days.)

TRACY L. THORPE
Notary Public - Notary Seal
STATE OF MISSOURI
County of Boone
My Commission Expires Dec. 16, 2001