

DIRECT TESTIMONY

of

LESLIE PUGH

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Reconciliation of revenues collected under Coal Tar riders
with prudent costs associated with coal tar clean up expenditures

Ameren Union Electric Company

Docket No. 03-0167

November 20, 2003

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SCHEDULES

- Schedule 1.01 – Cumulative Status of Recoveries and Costs
- Schedule 1.02 – Adjustment to Costs to Include Philip Environmental Services Corporation Invoice

1 Witness Identification

2 **Q. Please state your name and business address.**

3 A. My name is Leslie Pugh. My business address is 527 East Capitol Avenue,
4 Springfield, Illinois 62701.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am currently employed as an Accountant in the Accounting Department of the
7 Financial Analysis Division of the Illinois Commerce Commission (“ICC” or
8 “Commission”).

9 **Q. Please describe your professional background and affiliations.**

10 A. I earned a Bachelor of Arts degree in Accounting from the University of Illinois at
11 Springfield. I am a Certified Public Accountant, licensed to practice in the State
12 of Illinois. Prior to joining the Staff of the Illinois Commerce Commission (“Staff”),
13 I was engaged in the practice of public accounting.

14 **Q. Have you previously testified before any regulatory bodies?**

15 A. Yes. I have testified on several occasions before the Commission.

16 **Q. What is the purpose of your testimony in this proceeding?**

17 A. The purpose of my testimony is to present the results of my review and to
18 propose an adjustment to Ameren Union Electric Company’s (“AmerenUE” or
19 “Company”) incremental costs as set forth in the Company’s filing, which
20 describes the incremental costs and the recoveries collected under its Riders,

21 Rider E, Gas Environmental Adjustment Clause (“GEAC”), and Rider R, Electric
22 Environmental Adjustment Clause (“EEAC”), for the year ended December 31,
23 2002.

24 Schedule Identification

25 **Q. Are you sponsoring any schedules with your testimony?**

26 A. Yes. I have prepared two schedules that are attached to this testimony:

27 Schedule 1.01 – Cumulative Status of Recoveries and Costs

28 Schedule 1.02 – Adjustment to Costs to Include Philip Environmental Services

29 Corporation Invoice.

30 Incremental Costs

31 **Q. Did you review the incremental costs incurred by AmerenUE under Rider R**
32 **EEAC and Rider E GEAC?**

33 A. Yes. I reviewed the incremental costs incurred by AmerenUE for the year ended
34 December 31, 2002.

35 **Q. According to AmerenUE, what was the total of the incremental costs**
36 **incurred by AmerenUE for the year ended December 31, 2002?**

37 A. AmerenUE’s Exhibit 1.0, Schedule A, shows total incremental costs of \$1,871 for
38 the year ended December 31, 2002.

39 **Q. What is the total amount that AmerenUE should be allowed to recover for**
40 **its incremental costs incurred during the twelve-month period ended**
41 **December 31, 2002?**

42 A. AmerenUE should only be able to recover \$3,357 for costs incurred in 2002. I
43 am proposing an adjustment to include a Philip Environmental Services
44 Corporation invoice to recoverable costs.

45 **Q. Has AmerenUE also included costs for carrying charges in the 2001**
46 **reconciliation period?**

47 A. No. AmerenUE has not included any carrying charges in the 2002 reconciliation
48 period.

49 Adj. to Costs to Include a Philip Environmental Services Corp. Invoice

50 **Q. Are you proposing any adjustments to the Company's 2002 total**
51 **incremental costs?**

52 A. Yes. The adjustment of \$1,486 reflected on Schedule 1.02, line 5, column B,
53 includes an invoice to Philip Environmental Services Corporation. The invoice
54 paid to Philip Environmental Services Corporation was recorded to a Missouri
55 Gas business division in error. The Company will reclassify the payment to be
56 included in the Alton costs.

57 Prudence Review

58 **Q. Did you review the prudence of the incremental costs incurred by**
59 **AmerenUE during the year ended December 31, 2002?**

60 A. Yes, I did. In the Order on Rehearing for Docket No. 90-0127, the Commission
61 adopted four standards to review the prudence of expenditures for environmental
62 activities.¹ The Commission affirmed these same four standards in the Order for
63 Docket Nos. 91-0080 through 91-0095 (Consolidated).² I based my evaluation of
64 the Company's incremental costs for environmental activities on the following
65 four standards:

- 66 1) reasonable and appropriate business standards,
- 67 2) the requirements of other relevant state and/or federal authorities,
- 68 3) minimization of costs to ratepayers, consistent with safety, reliability, and
69 quality assurance, and
- 70 4) facts and knowledge the Company knew or reasonably should have
71 known at the time the expenditures were made.

72 **Q. As a result of your review, did you discover any incremental costs that**
73 **were incurred by AmerenUE during the year ended December 31, 2002, that**
74 **did not meet the previously listed standards of prudence?**

75 A. No. Other than the one adjustment I am proposing, no other costs have come to
76 my attention to indicate that any of the remaining incremental costs incurred by
77 AmerenUE during the year ended December 31, 2002, do not meet the four
78 previously listed standards of prudence.

¹Order on Rehearing, Docket No. 90-0127, Central Illinois Light Company, August 2, 1991, pages 25 and 26.

²Order, Docket Nos. 91-0080 through 91-0095 (Consolidated), Central Illinois Light Company et al, September 30, 1992, pages 78 through 81.

79 **Q. Has AmerenUE prepared any additional information pertaining to the**
80 **prudence of its Environmental Activities?**

81 A. Yes. In response to Staff Data Requests SDR-001 through SDR-022,
82 AmerenUE provided additional information on prudence. AmerenUE should
83 enter its responses to SDR-001 through SDR-022 into the evidentiary record in
84 this proceeding.

85 Recoveries

86 **Q. During the year ended December 31, 2002, what was the total amount**
87 **collected or refunded through AmerenUE Riders?**

88 A. AmerenUE had total collections from ratepayers of \$36,992 through its Riders
89 during the year ended December 31, 2002.

90 **Q. Did AmerenUE collect its recoveries in accordance with the terms of its**
91 **Riders?**

92 A. Yes.

93 **Q. What is the total cumulative amount of recoveries collected by AmerenUE**
94 **since the inception of Riders EEAC and GEAC?**

95 A. AmerenUE has collected a total of \$518,254 as presented on Company Exhibit
96 1.0, Schedule A.

97 Conclusion

98 **Q. In conclusion, what is your recommendation?**

99 A. I recommend that the Commission accept the reconciliation of revenues collected
100 under the Coal Tar Riders' factors with the actual cost of coal tar clean up
101 expenditures as presented on ICC Staff Exhibit 1.00, Schedule 1.01, Cumulative
102 Status of Recoveries and Costs reflecting an over recovery of \$34,851.

103 **Q. Does this question end your prepared direct testimony?**

104 A. Yes.

Ameren Union Electric Company
 Cumulative Status of Recoveries and Costs
 For the Year Ended December 31, 2002

Line No	Description (A)	Cumulative Totals Per Order Docket No. 02-0171 (B)	2002 Actuals Per UE (C)	Cumulative Totals Per UE (Col B+Col C) (D)	Staff Adjustment (E)	Cumulative Totals Per Staff (Col D+Col E) (F)
1	EEAC/GEAC Recoveries	\$ 481,262 (1)	\$ 36,992 (1)	\$ 518,254	\$ -	\$ 518,254
2	Insurance Recoveries	-	-	-	-	-
3	Total Revenues	\$ 481,262 (3)	\$ 36,992 (2)	\$ 518,254	\$ -	\$ 518,254
4	Total Costs	480,046 (3)	1,871 (2)	481,917	1,486 (4)	483,403
5	Over (Under) Recovery	\$ 1,216 (3)	\$ 35,121 (5)	\$ 36,337	\$ (1,486) (5)	\$ 34,851

- (1) Source: UE Annual Report, Exhibit 1.0, Schedule A.
- (2) Source: Sum of Line 1 and line 2.
- (3) Source: Prior year Order, Docket No. 02-0171.
- (4) Source: ICC Staff Exhibit 1.00, Schedule 1.02, line 5, column B.
- (5) Source: Line 3 less line 4.

Ameren Union Electric Company
 Adjustment to Costs to Include Philip Environmental Services Corp. Invoice
 For the Year Ended December 31, 2002

<u>Line No</u>	<u>Description</u> (A)	<u>Amount</u> (B)	
1	Costs per Staff	\$ 1,871	(1)
2	Plus Philip Environmental Services Corp. Invoice	<u>1,486</u>	(2)
3	Total Costs per Staff	\$ 3,357	(3)
4	Costs per Company	<u>1,871</u>	(1)
5	Adjustment	<u>\$ 1,486</u>	(4)

(1) Source: Company Exhibit 1.0, Schedule A.
 (2) Source: UE DR LAP-040 response.
 (3) Source: Line 1 plus line 2.
 (4) Source: Line 3 less line 4.

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

ILLINOIS COMMERCE COMMISSION	:	
On Its Own Motion	:	
-vs-	:	
UNION ELECTRIC COMPANY	:	
	:	03-0167
Reconciliation of revenues collected under Coal Tar	:	
Riders with prudent costs associated with coal tar	:	
Clean up expenditures.	:	

NOTICE OF FILING

TO ATTACHED SERVICE LIST:

YOU ARE HEREBY NOTIFIED that we have, on this 20th day of November 2003 forwarded to the Chief Clerk of the Illinois Commerce Commission for filing in the above-captioned docket, the Direct Testimony of the Illinois Commerce Commission Staff Witness Leslie Pugh of the Financial Analysis Division, Accounting Department, a copy of which is hereby served upon you.

Scott A. Struck
Supervisor
Accounting Department
527 East Capitol Avenue
Springfield, IL 62701

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT copies of the foregoing Notice, together with the documents referred to therein, were served upon the parties on the attached Service List, by messenger, electronic mail, facsimile and/or first-class mail, proper postage prepaid from Springfield, Illinois, on this 20th day of November 2003.

Scott A. Struck
Supervisor
Accounting Department

UNION ELECTRIC COMPANY
Docket No. 03-0167
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ILLINOIS COMMERCE COMMISSION

John D. Albers, Administrative Law Judge
Leslie Pugh, Accounting Department
Scott Struck, Accounting Department