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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

IN-CAMERA PROCEEDINGS

Evidentiary Hearing

March 2, 2015

Jefferson City, Missouri

Volume 22

In the Matter of Union )  
Electric Company d/b/a )  
Ameren Missouri's Tariff ) File No. ER-2014-0258  
to Increase Its Revenues )  
for Electric Service )

MORRIS L. WOODRUFF, Presiding,  
CHIEF REGULATORY LAW JUDGE.

ROBERT S. KENNEY, Chairman  
WILLIAM P. KENNEY,  
DANIEL Y. HALL,  
SCOTT T. RUPP,  
COMMISSIONERS.

REPORTED BY:  
KELLENE K. FEDDERSEN, CSR, RPR, CCR NO. 838  
MIDWEST LITIGATION SERVICES

1 JUDGE WOODRUFF: Okay. You can  
2 proceed.

3 MICHAEL GORMAN testified as follows:

4 CROSS-EXAMINATION BY MR. TOMC:

5 Q. As a condition of the merger that was  
6 proposed in Illinois, you recently testified that  
7 the dividends of the acquired utility, of the  
8 utilities proposed to be acquired should be  
9 restricted; is that right?

10 A. The Illinois utility subsidiaries  
11 of -- which was a component of the holding company  
12 to be acquired, I recommended dividend restrictions  
13 tied to them fully funding an accelerated main  
14 replacement program that the utility had committed  
15 to prior to entering into a merger agreement,  
16 acquisition and merger agreement.

17 Q. You are aware, Mr. Gorman, that  
18 Mr. Smith on behalf of your client Noranda has  
19 volunteered to restrict its ability to issue  
20 special dividends as a condition precedent to the  
21 right to receive a lower rate for their service; is  
22 that right?

23 A. Not specifically familiar with that,  
24 but generally I am.

25 Q. In your testimony in Illinois, you

1 have not made any distinction between special and  
2 regular dividends as part of your recommended  
3 restriction; is that correct?

4 A. I did not. The restriction would  
5 relate to any kind of cash movement from the  
6 utility up to the parent company prior to the  
7 accelerated main replacement program being fully  
8 funded.

9 Q. Now, Mr. Gorman, earlier you  
10 indicated that if your analysis was approved in  
11 terms of return on equity --

12 MR. TOMC: I apologize. We can come  
13 out of in-camera.

14 JUDGE WOODRUFF: Okay.

15 (WHEREUPON, the in-camera portion of  
16 Michael Gorman's testimony was concluded.)

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1 DAVID MURRAY testified as follows:

2 CROSS-EXAMINATION BY MR. TOMC:

3 Q. And, in fact, for Ameren Missouri you  
4 believe the current growth rate is probably closer  
5 to 3 percent; is that right?

6 A. I believe that's consistent with  
7 Ameren's own internal sustainable forecast, which  
8 is within their strategic plan. I'm sorry. That  
9 may be confidential. I need to be careful. I  
10 apologize. It's in my testimony.

11 JUDGE WOODRUFF: If it was highly  
12 confidential, we'll have it taken out of the  
13 transcript. Just tell me.

14 MS. TATRO: Yes, please do that.

15 MR. TOMC: Can we go in camera for  
16 just a moment, your Honor?

17 JUDGE WOODRUFF: We can. And I'll  
18 direct the -- before we do that, I'll direct the  
19 court reporter to remove that last statement of the  
20 witness from the public transcript and put it into  
21 the highly confidential portion.

22 MR. TOMC: Now that we're in  
23 camera --

24 JUDGE WOODRUFF: We're in camera.

25 BY MR. TOMC:

1           Q.     Now, Mr. Murray, in evaluating the  
2     cost of equity for Ameren Missouri in this  
3     proceeding and, in fact, in past proceedings, you  
4     have requested from the company and reviewed a  
5     substantial amount of corporate information that is  
6     provided to the Ameren Corporation board of  
7     directors; is that right?

8           A.     Yes.

9           Q.     Okay. Now, the purpose of this case  
10    today is to set rates for Ameren Missouri and not  
11    Ameren Corporation; is that correct?

12          A.     Yes.

13                 MR. TOMC: You know, at this point,  
14    your Honor, I asked to go in-camera, but I think we  
15    can -- now that we've clarified what Mr. Hevert --  
16    what Mr. Murray's looked at, we can exit in-camera.

17                         (WHEREUPON, the in-camera portion of  
18    David Murray's testimony was concluded.)

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| <p><b>A</b></p> <p><b>ability</b> 1260:19</p> <p><b>accelerated</b><br/>1260:13 1261:7</p> <p><b>acquired</b> 1260:7<br/>1260:8,12</p> <p><b>acquisition</b><br/>1260:16</p> <p><b>agreement</b><br/>1260:15,16</p> <p><b>Ameren</b> 1259:13<br/>1353:3 1354:2<br/>1354:6,10,11</p> <p><b>Ameren's</b> 1353:7</p> <p><b>amount</b> 1354:5</p> <p><b>analysis</b> 1261:10</p> <p><b>apologize</b><br/>1261:12<br/>1353:10</p> <p><b>approved</b><br/>1261:10</p> <p><b>asked</b> 1354:14</p> <p><b>aware</b> 1260:17</p> <hr/> <p><b>B</b></p> <p><b>behalf</b> 1260:18</p> <p><b>believe</b> 1353:4,6</p> <p><b>board</b> 1354:6</p> <hr/> <p><b>C</b></p> <p><b>camera</b> 1353:15<br/>1353:23,24</p> <p><b>careful</b> 1353:9</p> <p><b>case</b> 1354:9</p> <p><b>cash</b> 1261:5</p> <p><b>CCR</b> 1259:24</p> <p><b>Chairman</b><br/>1259:19</p> <p><b>CHIEF</b> 1259:17</p> <p><b>City</b> 1259:9</p> <p><b>clarified</b> 1354:15</p> <p><b>client</b> 1260:18</p> <p><b>closer</b> 1353:4</p> <p><b>come</b> 1261:12</p> <p><b>COMMISSION</b><br/>1259:2</p> <p><b>COMMISSIO...</b></p> | <p>1259:21</p> <p><b>committed</b><br/>1260:14</p> <p><b>company</b><br/>1259:12<br/>1260:11 1261:6<br/>1354:4</p> <p><b>component</b><br/>1260:11</p> <p><b>concluded</b><br/>1261:16<br/>1354:18</p> <p><b>condition</b> 1260:5<br/>1260:20</p> <p><b>confidential</b><br/>1353:9,12,21</p> <p><b>consistent</b> 1353:6</p> <p><b>corporate</b> 1354:5</p> <p><b>Corporation</b><br/>1354:6,11</p> <p><b>correct</b> 1261:3<br/>1354:11</p> <p><b>cost</b> 1354:2</p> <p><b>court</b> 1353:19</p> <p><b>CROSS-EXA...</b><br/>1260:4 1353:2</p> <p><b>CSR</b> 1259:24</p> <p><b>current</b> 1353:4</p> <hr/> <p><b>D</b></p> <p><b>DANIEL</b><br/>1259:20</p> <p><b>David</b> 1353:1<br/>1354:18</p> <p><b>direct</b> 1353:18,18</p> <p><b>directors</b> 1354:7</p> <p><b>distinction</b><br/>1261:1</p> <p><b>dividend</b> 1260:12</p> <p><b>dividends</b> 1260:7<br/>1260:20 1261:2</p> <p><b>d/b/a</b> 1259:12</p> <hr/> <p><b>E</b></p> <p><b>earlier</b> 1261:9</p> <p><b>Electric</b> 1259:12<br/>1259:14</p> | <p><b>entering</b> 1260:15</p> <p><b>equity</b> 1261:11<br/>1354:2</p> <p><b>ER-2014-0258</b><br/>1259:13</p> <p><b>evaluating</b><br/>1354:1</p> <p><b>Evidentiary</b><br/>1259:7</p> <p><b>exit</b> 1354:16</p> <hr/> <p><b>F</b></p> <p><b>fact</b> 1353:3<br/>1354:3</p> <p><b>familiar</b> 1260:23</p> <p><b>FEDDERSEN</b><br/>1259:24</p> <p><b>File</b> 1259:13</p> <p><b>follows</b> 1260:3<br/>1353:1</p> <p><b>forecast</b> 1353:7</p> <p><b>fully</b> 1260:13<br/>1261:7</p> <p><b>funded</b> 1261:8</p> <p><b>funding</b> 1260:13</p> <hr/> <p><b>G</b></p> <p><b>generally</b><br/>1260:24</p> <p><b>go</b> 1353:15<br/>1354:14</p> <p><b>Gorman</b> 1260:3<br/>1260:17 1261:9</p> <p><b>Gorman's</b><br/>1261:16</p> <p><b>growth</b> 1353:4</p> <hr/> <p><b>H</b></p> <p><b>HALL</b> 1259:20</p> <p><b>Hearing</b> 1259:7</p> <p><b>Hevert</b> 1354:15</p> <p><b>highly</b> 1353:11<br/>1353:21</p> <p><b>holding</b> 1260:11</p> <p><b>Honor</b> 1353:16<br/>1354:14</p> <hr/> <p><b>I</b></p> | <p><b>Illinois</b> 1260:6,10<br/>1260:25</p> <p><b>Increase</b> 1259:13</p> <p><b>indicated</b><br/>1261:10</p> <p><b>information</b><br/>1354:5</p> <p><b>internal</b> 1353:7</p> <p><b>in-camera</b><br/>1259:6 1261:13<br/>1261:15<br/>1354:14,16,17</p> <p><b>issue</b> 1260:19</p> <hr/> <p><b>J</b></p> <p><b>Jefferson</b> 1259:9</p> <p><b>JUDGE</b> 1259:17<br/>1260:1 1261:14<br/>1353:11,17,24</p> <hr/> <p><b>K</b></p> <p><b>K</b> 1259:24</p> <p><b>KELLENE</b><br/>1259:24</p> <p><b>KENNEY</b><br/>1259:19,19</p> <p><b>kind</b> 1261:5</p> <p><b>know</b> 1354:13</p> <hr/> <p><b>L</b></p> <p><b>L</b> 1259:17</p> <p><b>LAW</b> 1259:17</p> <p><b>LITIGATION</b><br/>1259:24</p> <p><b>looked</b> 1354:16</p> <p><b>lower</b> 1260:21</p> <hr/> <p><b>M</b></p> <p><b>main</b> 1260:13<br/>1261:7</p> <p><b>March</b> 1259:8</p> <p><b>Matter</b> 1259:12</p> <p><b>merger</b> 1260:5<br/>1260:15,16</p> <p><b>Michael</b> 1260:3<br/>1261:16</p> <p><b>MIDWEST</b><br/>1259:24</p> | <p><b>Missouri</b> 1259:1<br/>1259:9 1353:3<br/>1354:2,10</p> <p><b>Missouri's</b><br/>1259:13</p> <p><b>moment</b> 1353:16</p> <p><b>MORRIS</b><br/>1259:17</p> <p><b>movement</b><br/>1261:5</p> <p><b>Murray</b> 1353:1<br/>1354:1</p> <p><b>Murray's</b><br/>1354:16,18</p> <hr/> <p><b>N</b></p> <p><b>need</b> 1353:9</p> <p><b>Noranda</b><br/>1260:18</p> <hr/> <p><b>O</b></p> <p><b>Okay</b> 1260:1<br/>1261:14 1354:9</p> <hr/> <p><b>P</b></p> <p><b>P</b> 1259:19</p> <p><b>parent</b> 1261:6</p> <p><b>part</b> 1261:2</p> <p><b>percent</b> 1353:5</p> <p><b>plan</b> 1353:8</p> <p><b>please</b> 1353:14</p> <p><b>point</b> 1354:13</p> <p><b>portion</b> 1261:15<br/>1353:21<br/>1354:17</p> <p><b>precedent</b><br/>1260:20</p> <p><b>Presiding</b><br/>1259:17</p> <p><b>prior</b> 1260:15<br/>1261:6</p> <p><b>probably</b> 1353:4</p> <p><b>proceed</b> 1260:2</p> <p><b>proceeding</b><br/>1354:3</p> <p><b>proceedings</b><br/>1259:6 1354:3</p> |
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