

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS

Evidentiary Hearing

May 10, 2011

Jefferson City, Missouri

Volume 29

In the Matter of:
Union Electric Company, d/b/a
AmerenUE's Tariff to Increase) File No. ER-2011-0028
Its Annual Revenue for)
Electric Service.)

MORRIS WOODRUFF, Presiding
CHIEF REGULATORY LAW JUDGE
KEVIN GUNN, Chairman
JEFF DAVIS,
TERRY JARRETT,
ROBERT CLAYTON,
ROBERT KENNEY,
COMMISSIONERS.

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1 JUDGE WOODRUFF: Welcome back for another
2 day of the AmerenUE, Ameren Missouri rate case
3 hearing. Today we're going to be taking up the union
4 issues.

5 Mr. Chairman, you had something you
6 wanted to bring up before we get started.

7 CHAIRMAN GUNN: I do. I just have a
8 quick question for Ameren and I don't know whether
9 Mr. Byrne, Mr. Lowery, or Mr. Mitten are the right
10 persons to ask. It's a quick Taum Sauk issue, and I
11 apologize for not asking this before.

12 But the question is is there any ongoing
13 controversy regarding the insurance payment amount,
14 or has that -- is that over with?

15 MR. BYRNE: Let me -- let me try, Judge,
16 if you --

17 CHAIRMAN GUNN: And if we need to -- if
18 it's privileged information or we need to go in
19 camera, we can do that.

20 MR. BYRNE: No, it's not privileged.
21 The -- there's two separate insurance claims. One is
22 the property insurance claim which was the amount
23 that paid for the rebuilding, and that is a hundred
24 percent settled. So that's a completely resolved
25 claim with nothing outstanding.

1 We also have a liability claim against
2 insurance carriers, and that would be for things
3 like -- like rebuilding Johnson Shut-Ins, paying
4 liability claims to people. That's in litigation
5 basically. But none of those liability dollars are
6 anything we ever will ask for recovery of, so that's
7 completely off the table.

8 CHAIRMAN GUNN: But the three -- the 385
9 out of the 495, that's the property liability, that's
10 over with, that's done, there's no -- there's no
11 more --

12 MR. BYRNE: Yes.

13 CHAIRMAN GUNN: -- controversy?

14 MR. BYRNE: Yes. There's nothing more to
15 be done on that.

16 CHAIRMAN GUNN: Okay. That's all I
17 needed to know. Thank you, appreciate it.

18 COMMISSIONER DAVIS: Judge, along that
19 same vein, could I make an inquiry?

20 JUDGE WOODRUFF: Sure.

21 COMMISSIONER DAVIS: Mr. Thompson, do you
22 think it would be possible to -- to get Mr. Gilbert
23 back here this morning for a -- for a few brief
24 questions?

25 MR. THOMPSON: If he's in the building,

1 we'll get him here, sir.

2 COMMISSIONER DAVIS: Okay. Because I
3 specifically wanted to ask him some questions on
4 depreciation and whole life and what -- what Taum
5 Sauk was on the books for prior to -- prior to the
6 collapse.

7 MR. THOMPSON: Yes, sir.

8 COMMISSIONER DAVIS: Okay, thank you.

9 JUDGE WOODRUFF: Well, then let's get
10 started on the union issues.

11 May the first witness -- well, we'll do
12 mini openings on that first, beginning with the
13 Company.

14 MR. MITTEN: If it please the Commission,
15 this is the third rate case in a row where one or
16 more of the unions representing some of Ameren's
17 employees have come to the Commission and asked you
18 to add dollars to the revenue requirement for
19 additional training and also to limit the Company's
20 use of outside contractors.

21 In each of the past two cases the
22 Commission has added approximately \$3 million to the
23 Company's revenue requirement for additional training
24 for its employees. However, in the report and order
25 in Ameren's last rate case, ER-2010-0036, the

1 Commission, I think wisely, ordered the Company to
2 conduct a study to determine whether or not there are
3 any incremental benefits to customers for the
4 additional monies that have been authorized in the
5 past two cases. That study is due to be completed by
6 the end of 2011, and a report is going to be provided
7 by the Company at that -- at that time.

8 It's the Company's position that the
9 Unions' request for still more training dollars in
10 this case ought to, at a minimum, be deferred until
11 that report is completed and the Commission has an
12 opportunity to determine whether or not there is any
13 incremental benefit to customers from the monies that
14 have been authorized in the past two cases.

15 Now, with respect to the -- the Unions'
16 request for the Commission to limit the Company's use
17 of outside contractors, in each of the Commission's
18 last two reports and orders the Commission has been
19 very clear that it does not have the authority to
20 order the Company to limit the use of outside
21 contractors. The Commission has determined that
22 Missouri law makes the decision whether to use or not
23 use outside contractors a management decision which
24 the Commission's regulatory power does not allow it
25 to encroach upon.

1 We would ask the Commission to reach that
2 same conclusion in this case.

3 Ameren would also be in favor of the
4 Commission reaching a similar conclusion with regard
5 to the Unions' ongoing request for additional
6 training dollars. Again, there is no evidence in
7 this case that the Company is not providing safe and
8 adequate service to its customers. There is no
9 evidence in this case that the Company is not
10 managing its workforce in an appropriate manner, and
11 we don't believe that it's necessary for the
12 Commission to get involved in decisions regarding
13 when training is done and how it's done.

14 In fact there's evidence in this case
15 that Ameren's service indices are trending upward.
16 And that suggests that the Company is doing a very
17 prudent job in managing its capital resources and
18 also its human resources and that there's no need for
19 the Commission to inject itself in that area.

20 But there's another reason why we believe
21 the Commission should decline to adopt the Unions'
22 recommendations in this case, and that's simply
23 because the subjects of those recommendations are
24 covered by collective bargaining agreements in place
25 between the Company and its Unions.

1 Under those agreements the Company has
2 the exclusive authority to determine when to hire new
3 employees and which new employees it should hire.
4 The contracts also give the Company the right to use
5 outside contractors when the Company deems it's
6 appropriate. And those contracts also establish a
7 grievance procedure that allows the Unions to contest
8 Company's actions if the Unions believe those actions
9 are outside the four corners of the collective
10 bargaining agreements.

11 It would be Ameren's preference to see
12 the kinds of issues that the Unions have routinely
13 brought before this Commission resolved through the
14 collective bargaining process and through the
15 grievance procedure that has been established in the
16 collective bargaining agreements.

17 We believe coming to the Commission for
18 relief that it could get through those agreements is,
19 in effect, circumventing those agreements and we
20 don't believe the Commission ought to be part of that
21 exercise.

22 So for all the reasons that I have just
23 mentioned, the Company is asking the Commission to
24 reject the Unions' proposals in this rate case.
25 Thank you.

1 JUDGE WOODRUFF: Opening for the Unions.

2 COMMISSIONER DAVIS: Judge, can I -- can
3 I inquire of Mr. Mitten just for a second?

4 Okay. Mr. Mitten, going back to some of
5 the previous testimony in previous cases, certainly
6 the hiring of outside firms to assist in storm
7 recovery or whatever, certainly, certainly seem
8 prudent to me. But at times we also -- I think I
9 also recall hearing testimony that, you know, you
10 might have a senior lineman retire, someone with 20
11 plus years of experience, and when that person
12 retired, then the decision to replace that person
13 would have to go all the way up to a -- to a vice
14 president. And then once that vice president signed
15 off on it, then you would replace that person, you
16 know, with a -- with, in essence, an apprentice. And
17 to me that didn't seem especially prudent.

18 I mean, how would you respond to that?

19 MR. MITTEN: Well, Commissioner Davis, I
20 can't tell you what the process is for replacing
21 employees. Dave Wakeman who's the company's vice
22 president in charge of service would certainly be
23 able to tell you exactly what that process is.

24 COMMISSIONER DAVIS: And he's first up?

25 MR. MITTEN: He's first up.

1 COMMISSIONER DAVIS: All right. Thank
2 you.

3 JUDGE WOODRUFF: Opening for the Unions.

4 MS. SCHRODER: Thank you. Excuse me.
5 Thank you. May it please the Commission, I'm Sherrie
6 Schroder representing the Unions. The Unions are not
7 here today to substantially -- to request any
8 substantial change to the rate process that's going
9 on or to the rate increase that you would otherwise
10 have issue here.

11 We're here to make sure that there is --
12 that the connection is made, the link between the
13 rate case and the operational needs, the field issues
14 that we think maybe get overlooked sometimes because
15 you hear from the top echelon of management at Ameren
16 and of course you hear from the Staff and the OPC who
17 are looking at big oversight issues, and from the big
18 industrial groups.

19 But the Union presence is the one way
20 that you get to hear about what's going on in the
21 field and how -- the real effects of the rate
22 increase and maybe where they need to be -- where we
23 think they need to be emphasized a little more.

24 And specifically, we want to address the
25 need to keep up with and actually get ahead of the

1 physical infrastructure and employment needs for the
2 future. So that's what Mr. Walter is here to testify
3 about today.

4 I think we've -- we've been very
5 consistent about the fact that we do support a rate
6 increase. There's just so much going on in the -- in
7 the power industry right now and with consumer usage
8 that it is important to increase the rate so that
9 Ameren can keep up with those -- that increasing
10 demand.

11 And as we've emphasized in the past, we
12 have some concerns about the physical infrastructure
13 at Ameren getting old, and we'd like to see a portion
14 of that rate increase directed to that.

15 And also with the employee infrastructure
16 aging out as Commissioner Davis just pointed out and
17 having that addressed proactively enough that you
18 don't replace a senior retiring person with a brand
19 new apprentice, but instead you have somebody who's
20 ready to step into that senior role, so that you
21 don't have a brain lag or any kind of talent lag
22 there.

23 We are not asking the Commission to
24 restrict the use of subcontractors at this -- in this
25 proceeding. What we have asked or what we have

1 pointed out is that there is an excessive reliance on
2 subcontractors in certain situations right now, and
3 that that has cost to the customers. Because that
4 has -- it means that you've got people that are less
5 familiar with the equipment, less familiar with the
6 day-to-day needs of the population; they are
7 sometimes less skilled.

8 And you've also got a situation
9 because -- what our concern is at the moment is that
10 there is not enough internal workforce for the
11 normally sustained workload, and therefore, not only
12 are you relying excessively on subcontractors, but
13 you're relying excessively on overtime, an issue that
14 frankly benefits the membership to some degree
15 because it means that individual people receive a
16 great deal more in income. But it's a problem for
17 the customers because overtime is more expensive than
18 straight time. And it means that you do have a
19 situation then where you have to call in people both
20 on overtime and subcontractors more often than makes
21 sense.

22 So that's one of the reasons that we have
23 suggested that the Commission create a tracker to
24 address the need and the efforts by Ameren to replace
25 its aging workforce.

1 MR. MITTEN: Your Honor, I'm going to
2 object to any reference to the tracker in Counsel's
3 opening statement. I believe the testimony regarding
4 the tracker was struck by order issued yesterday.
5 And I think it's inappropriate to discuss a tracker
6 in her opening statement or any testimony by her
7 witness.

8 MS. SCHRODER: Your Honor, we addressed
9 the tracker in our position statement and we also
10 addressed it in -- we addressed it not by name of
11 tracker, but in -- by calling it reporting
12 requirements in Mr. Walter's direct testimony that
13 was filed in February.

14 JUDGE WOODRUFF: I'll overrule the
15 objection.

16 MS. SCHRODER: Thank you.

17 And we're also suggesting that the
18 Commission establish some reporting requirements
19 about the energy delivery distribution system in
20 general for the same reasons: That it provide useful
21 information about the relative efficiency of using
22 the internal workforce versus contractor labor,
23 hiring and training needs, and physical
24 infrastructure needs.

25 And with regard to Mr. Mitten's request

1 that the Union issues or ruling on the Union issues
2 be deferred until the end of the -- of 2011 when the
3 study on incremental benefits to customers is due
4 out, with all due respect that's a red herring. The
5 Company has total control of when that study is
6 completed and it had total control of when it
7 requested this rate increase. And they chose to
8 request a rate increase before they anticipated
9 getting the study done. This seems to be a delaying
10 tactic by the Company.

11 Another point that Mr. Mitten made that I
12 would like to address is that he indicated the
13 Company is -- that there's no evidence that the
14 Company isn't providing safe and adequate service,
15 and that's correct. I mean, we want to make sure
16 that the Company continues to provide safe and
17 adequate service, and that the things we are talking
18 about will make sure, we believe, will make sure that
19 it does that in the future and it fills any gaps
20 where there might be now.

21 Mr. Mitten indicated that they're
22 actually trending up in service, and as he also
23 pointed out, this is the third time the Union has
24 been here, the third successive rate case. The --
25 and the last two -- actually I think this is the

1 fourth.

2 The -- anyway, the Union has received
3 some -- or as a result of the Union's request, there
4 has been some money specifically put into training
5 and infrastructure and that may perhaps be part of
6 the reason that the Company's service is in fact
7 trending up.

8 That's all I have. Thank you.

9 JUDGE WOODRUFF: Opening for Staff?

10 MR. THOMPSON: Staff has no opening, sir.

11 JUDGE WOODRUFF: All right. Public
12 Counsel?

13 MR. MILLS: None for Public Counsel
14 either.

15 JUDGE WOODRUFF: All right. Before we go
16 on to deal with the Union issues, I notice
17 Mr. Gilbert has arrived in the hearing room.

18 Commissioner Davis, do you want to ask
19 him those questions now so we can get him on his
20 way?

21 COMMISSIONER DAVIS: Mr. Gilbert, are you
22 going to be -- is Mr. Gilbert going to be around all
23 day?

24 MR. GILBERT: Yes.

25 COMMISSIONER DAVIS: All right.

1 MR. THOMPSON: He'll be available
2 whenever you want him.

3 COMMISSIONER DAVIS: Well, then, let's go
4 ahead. If -- I think the Union people are here to
5 adjudicate that issue first. And we can always -- if
6 Mr. Gilbert will bear with us, I mean, he'll be here
7 all day and I don't want him to have to sit down in
8 the hearing room. We can just call him back. I
9 mean, I don't think it's going to take five minutes.

10 MR. THOMPSON: Thank you, Commissioner.

11 COMMISSIONER DAVIS: Thank you.

12 JUDGE WOODRUFF: Mr. Gilbert, you can
13 come back later.

14 MR. GILBERT: Okay. Thanks.

15 JUDGE WOODRUFF: All right. Let's call
16 the first witness on the Union issues. That would be
17 Mr. Wakeman.

18 Good morning, Mr. Wakeman.

19 MR. WAKEMAN: Morning.

20 JUDGE WOODRUFF: I think you have
21 testified earlier in this proceeding.

22 MR. WAKEMAN: I did, that's correct.

23 JUDGE WOODRUFF: And you are still under
24 oath then.

25 MR. WAKEMAN: Okay, thank you.

1 JUDGE WOODRUFF: You may inquire.

2 MR. MITTEN: Your Honor, Mr. Wakeman's
3 testimony has previously been entered into evidence
4 and I would make him available for cross-examination
5 at this time.

6 JUDGE WOODRUFF: All right. Beginning
7 with Public Counsel then for cross?

8 MR. MILLS: No questions.

9 JUDGE WOODRUFF: Questions from Staff?

10 MR. THOMPSON: No questions.

11 JUDGE WOODRUFF: From the Unions?

12 MS. SCHRODER. Yes.

13

14 _____
DAVID WAKEMAN

15 of lawful age, having been previously sworn testified
16 as follows:

17 CROSS-EXAMINATION BY MS. SCHRODER:

18 Q. Good morning, Mr. Wakeman, how are you?

19 A. Good morning.

20 Q. Mr. Wakeman, in your testimony you
21 addressed the fact that the Company had, you said 65
22 apprentice linemen at the time in training. Do you
23 recall that testimony?

24 A. I do.

25 Q. All right. In fact, was that a typo, were

1 there actually only 56 apprentice linemen in
2 training?

3 A. No. It was accurate at the time that I
4 wrote the testimony and filed it.

5 Q. All right. Currently there's only 55; is
6 that right?

7 A. I would say -- I don't know the exact
8 number. We topped out three last week, so there
9 might be 52 to 55 is I think is a fair number.

10 Q. All right.

11 A. It varies on a weekly basis as they -- as
12 they leave the program.

13 Q. Okay. And some people -- you said you
14 topped out three last week which means they
15 graduated; is that correct?

16 A. That's correct, and they became
17 journeymen.

18 Q. All right. But you also have lost 10
19 since your -- 10 or 11 since your testimony, haven't
20 you? You've lost them because they're not going to
21 make the cut?

22 A. There's -- I don't know the exact number.
23 Some have been -- have left the program, that's
24 correct.

25 Q. All right. And the number of

1 apprenticemen, let's say that there's approximately
2 52, I think that's what you just indicated, in the
3 program right now. They're all at different levels;
4 is that correct?

5 A. That is correct.

6 Q. All right. And you don't expect all of
7 those people to make it through the program, do you?

8 A. Well, I hope -- I hope they do, but
9 history would tell you that a few may not make it
10 through the program. But we do a pretty rigid
11 screening process at the beginning and at various
12 stages through the process.

13 So the farther they go, it's more likely
14 they're going to make it. But there's always that
15 chance for either our reasons or their own reasons
16 that they wouldn't make it through the program.

17 Q. All right. And between -- let's see. You
18 filed your testimony on March 25th, 2011, and here it
19 is May 10th. And in addition to the three people
20 that have graduated, you've lost ten people out of
21 that program because they're not going to make it; is
22 that right?

23 A. I don't know about the ten, so I can't
24 speak to that directly. But I think we agree that
25 it's around 52 to 55 is the number right now.

1 Q. All right. You also indicated that that's
2 more than the expected level of retiring linemen, but
3 you didn't indicate what time period you're talking
4 about those linemen retiring.

5 A. Right. Well, what we do is -- you know,
6 and I can tell you that I looked at the retirements
7 for last month and two linemen retired from my
8 organization and so three topped out, so that's a net
9 increase of one journeyman as I see it.

10 So, but I did not give a time frame in my
11 testimony, that's correct.

12 Q. And so that's what I'm asking now. Can
13 you tell me for instance how many linemen you're
14 expecting to retire in the next year?

15 A. Well, what I -- what I can tell you is --
16 it's a very difficult question, and I'll try to
17 answer it the best I can. You know, retirement age
18 and retirement decisions is an individual decision by
19 individual employees.

20 And so as we've seen in -- in the last
21 year or two, the retirement rate has dropped, just by
22 looking at the number of journeymen linemen and other
23 employees that have elected retirement I expect
24 because of the stock market and 401K's and different
25 things like that. I don't know exactly what their

1 personal reasons are. But there's definitely been a
2 downturn in the number of retirements.

3 So we look at that trend. We look at the
4 average age and try to project how many we think are
5 going to retire. So I don't have a specific number
6 with me today, but as I said in my testimony, the
7 number of apprentice linemen that we have right now
8 I'm very comfortable with.

9 Q. But Mr. Wakeman, you do have statistics on
10 the general number of linemen that retire each year,
11 don't you?

12 A. Yeah, we do. Yes. I don't have them with
13 me today, but we do have those, absolutely.

14 Q. And you would agree with me, wouldn't you,
15 that when you have somebody -- you said three people
16 recently graduated to become -- became journeymen,
17 those are junior journeymen, right?

18 A. Well, they're new top notch journeyman,
19 that's correct.

20 Q. All right. And they don't have anywhere
21 near the wealth of experience that your newly retired
22 linemen had?

23 A. Right, yeah. Experience is obviously
24 gained on the job; however, they're -- they're fully
25 qualified to do all tasks that a journeymen lineman

1 do.

2 Q. But if you have something critical that
3 you need to assign someone to, you're more likely to
4 assign a senior lineman than one of these brand new
5 journeymen, aren't you?

6 A. No, I wouldn't say that. I would say that
7 the expectation is that these employees are fully
8 qualified, fully trained. However, they will gain
9 experience as they move through their work career.

10 Q. All right. And you said that you'd had
11 two linemen retired when you looked last month. What
12 time -- I mean, had they just retired?

13 A. I think that was the report, yes.

14 Q. All right. Do you know how many --

15 A. That's what I recall.

16 Q. Do you know how many linemen you've had
17 retire in the last year?

18 A. I don't have that number off the top of my
19 head, no.

20 Q. And Mr. Wakeman, you've reviewed -- you
21 reviewed Mr. Walter's direct testimony, didn't you?

22 A. I did.

23 Q. And the exhibits that were associated with
24 that?

25 A. Yes.

1 Q. All right. And you specifically reviewed
2 the exhibit that is in evidence as No. 654 which is
3 the average age by classification of the local 1439
4 members; is that correct?

5 A. I remember looking at a document like
6 that, yeah. You'd probably have to show it to me if
7 you want me to say for sure that I read that
8 document.

9 MS. SCHRODER: All right. May I
10 approach, please?

11 JUDGE WOODRUFF: You may.

12 MR. WAKEMAN: Thank you. Yes, I remember
13 this.

14 MS. SCHRODER: All right. Thank you.

15 JUDGE WOODRUFF: Just so the record is
16 clear, 654 has been -- has been marked as an exhibit,
17 has not been offered into evidence at this point.

18 MS. SCHRODER: Okay. Thank you.

19 MR. MITTEN: So the record is clear,
20 could Counsel please identify which part of that
21 exhibit she just handed to the witness.

22 MS. SCHRODER: I handed the witness
23 the -- I think it's five page.

24 BY MS. SCHRODER:

25 Q. Isn't it, Mr. Wakeman, that is -- no, I'm

1 sorry.

2 A. Three pages.

3 Q. Three pages. It has a classification on
4 the left-hand side, average age in the middle, in the
5 middle column per classification.

6 And, Mr. Wakeman, I guess my first
7 question, I want to make sure that you're the right
8 witness for some of these questions.

9 Do you -- are you the person over all of
10 the employees classified, all the employee
11 classifications that are represented by local 1439?

12 A. No, I am not.

13 Q. All right. That's what I thought. Are
14 you the person over the communications technicians?

15 A. No.

16 Q. And are you over the senior automotive
17 mechanics?

18 A. No, I am not.

19 Q. What about the meter repairmen?

20 A. No, not for four-- no.

21 Q. The storage material driver operator?

22 A. No.

23 Q. The stores mechanics?

24 A. No.

25 Q. And probably not the transformer

1 repairmen/painter either, are you?

2 A. That's correct, I am not.

3 Q. All right. Is that Mr. Schepers? Do you
4 know who's --

5 A. Not all of those, but some were.

6 Q. All right. Even though you're not the
7 person in charge of all of the employees represented
8 by this list, would you agree with me that the
9 average age in some of these classifications is
10 rather high? There's a number of these
11 classifications that have average ages over 50.

12 A. I guess I'm not sure what you want me
13 to -- what your question is, I'm sorry. If you could
14 rephrase it.

15 Q. Well, certainly. First of all did you
16 go through, after looking at this list, did you go
17 back and check your records to verify that the Union
18 has -- had correctly put this data down?

19 A. No, I did not. I wasn't surprised by the
20 data though.

21 Q. All right. You're very well aware, aren't
22 you, that in a number of -- a fair number of the
23 classifications that are represented in the Ameren
24 workforce, that the average age of the workforce is
25 50 or more? Would you agree with that?

1 A. Yeah. There's some classifications that
2 that's true.

3 Q. And there's actually quite a few
4 classifications that that's true about, isn't there?

5 A. Would you like me to study the list and
6 answer that?

7 Q. Certainly.

8 A. I mean, I wouldn't want to say that off
9 the cuff. Well, there's certainly some.

10 Q. All right. Did you also review
11 Mr. Walter's Exhibit that has been premarked as 651
12 in this matter? It was the National Commission on
13 Energy Policies Task Force on America's Future Energy
14 Jobs.

15 A. Yes

16 Q. All right. And did you see the
17 conclusions that were reached by this National
18 Commission about the future needs in the power
19 industry?

20 A. Yeah, I read those.

21 Q. All right. And did you recognize that
22 this task force was created not merely or not even
23 predominately from union industry leaders, but -- I
24 mean from union personnel, but largely from industry
25 leaders and academics and people that are very aware

1 of the power needs in the United States?

2 A. You know, I can't speak to their
3 qualifications directly.

4 Q. Did you take issue with their conclusions?

5 A. No, no. I'm comfortable that that's the
6 conclusions they reached. You know, I think we've
7 made significant investments in -- in maintaining our
8 workforce; I think we've done a very good job at
9 that.

10 I think there's an ongoing balance with
11 looking at future workload and what the future holds
12 and making sure you have the right number of
13 employees available. I think we've done that, and I
14 think we'll continue to do that.

15 If you look at linemen, we have 50 or
16 more, more than 50 apprentice linemen. That's a very
17 good number; you know, it approaches 10 percent of
18 our workforce. And I'm very comfortable with that
19 numbers as I mentioned.

20 And I think that, you know, looking at
21 that report or others, yeah, there is a need in the
22 industry to -- to train more people and we're
23 addressing that need.

24 Q. All right. So would you agree that in
25 addition to replacing the retiring linemen, that

1 there's a need to increase your linemen capacity --

2 A. No.

3 Q. -- for the future?

4 A. No. I would not agree with that.

5 Q. So you think all you need to do to meet
6 the new -- the future energy needs is to keep the
7 linemen number the same, approximately the same?

8 A. No. I think what you need to do is you
9 need to study the trends in retirements and workload,
10 where it's located. And you need to -- and we do
11 that on a frequent basis in order to project where we
12 think the future needs of our company will be and the
13 customers with respect to having linemen on the
14 property. And -- and so that's really the balance
15 there.

16 It's not keeping the same number, it's
17 keeping the right number, whether the number in the
18 future is more or less will be determined by a number
19 of factors which it's part of my job and ultimately
20 my job to make sure that we handle that. And I think
21 we've handled it quite well and I'm very comfortable
22 with where we're at right now.

23 Q. Okay. Mr. Wakeman, you're talking in
24 generalizations; I'm asking you for a little more
25 specific information.

1 Would you agree first of all that the
2 future energy needs of the Ameren Missouri territory
3 will be in increase over the -- or that you're
4 expecting an increase over the current needs?

5 A. Are you -- you're talking about energy?

6 Q. Yes.

7 A. Yes, I would think that's true. We would
8 expect some load growth over time, although it's not
9 what it has been in the past. It's fairly flat at
10 this point and maybe even a little -- but I think
11 we'll have some growth over time.

12 Q. And would you agree that you're going to
13 need more linemen to address those needs, whether
14 they're internal workforce linemen or subcontractor
15 linemen as opposed to fewer?

16 A. I would say I don't know the answer to
17 that question because it's something that requires a
18 detailed analysis.

19 What I would tell you right now is the
20 number of linemen I have on the property of
21 journeymen and apprentices I'm very comfortable with.
22 As we continue to analyze this, which again, is part
23 of our responsibility, and we've been doing that, as
24 we continue to analyze it, we'll make that decision
25 on a quarterly basis whether it's appropriate to add

1 people in the future.

2 So I can't really tell you whether I need
3 more or less. What I can tell you is I'm going to
4 continue to watch it and make sure that we're
5 prepared for the future needs of our customers.

6 Q. All right. You had some testimony -- you
7 testified about some of the subcontractors that the
8 Company uses.

9 A. Okay.

10 Q. And you're not the manager who is in
11 charge of subcontracting, are you?

12 A. No, no.

13 Q. Again, that's Don Schepers?

14 A. It's Dave Schepers.

15 Q. Dave Schepers, I'm sorry.

16 A. However, I'm the direct customer of those,
17 so I'm very involved in the situation around using
18 contractors, how many we use, when we use them in
19 some parts of -- of our organization, certainly the
20 linemen that we were talking about.

21 Q. All right. And you specifically addressed
22 some testimony about Utilimap?

23 A. Right.

24 Q. Being locally owned and headquartered in
25 St. Louis.

1 A. Right.

2 Q. But you're aware, aren't you, that there
3 have been so many issues with Utilimap hiring
4 foreigners who don't even speak English, that you've
5 now had to write into the contracts with them that at
6 least one crew member on each crew be English
7 speaking, isn't --

8 A. Yeah. Well, what I would say about that
9 is that about 30 percent of the Utilimap workforce is
10 diverse. Which when you look at that from a
11 perspective of the community we serve, that's an
12 appropriate number.

13 You know, diversity's an important element
14 in out internally hiring and external hiring. And so
15 with a workforce that's 30 percent diverse, I think
16 that's appropriate.

17 And it -- we have had some work that's
18 done by traveling contractors and that's an important
19 element for customers because there's certain times
20 of the year that you can't -- you can't accomplish
21 the work of certain types of inspections, pole
22 inspections when there's frost and the ground's
23 frozen.

24 And so that workforce is able to move in,
25 do a great job for us. And then during those months

1 will work for other individuals.

2 So I think, you know, you gotta -- you
3 gotta look at that and say that -- I think that's a
4 pretty good represented workforce being, you know,
5 that level of diversity.

6 Q. All right. And you're using diverse as
7 though you're talking about just racial diversity
8 within a particular population. But you're actually
9 using the word "diverse" here to mean 30 percent are
10 non-English speaking; is that right?

11 A. No. I'd say 30 percent are women,
12 Hispanic, African American, and other groups. I
13 don't have the complete list, but that's fairly
14 accurate.

15 Q. All right. Was I correct that you had to
16 put into the Utilimap contracts that at least one of
17 the crew members, one of each crew speak English?

18 A. Yes. And we encourage them to learn
19 English, that's exactly right.

20 Q. All right. You also mentioned that the
21 Directional Boring Services group is locally owned
22 and headquartered in St. Louis. And that's ABD,
23 right? I'm sorry, ADB, I keep switching them.

24 A. Right, uh-huh.

25 Q. All right. And I just want to make sure

1 that the Commission fully understands your testimony
2 on this.

3 ADB is located in St. Louis, but that's
4 not -- you're not saying that that's where they're --
5 that they're hiring all their people from Missouri,
6 are you?

7 A. No, no. I wouldn't say that. As a matter
8 of fact, you know, all the members that are in 1439
9 don't live in Missouri. I mean, that's -- you know,
10 it's -- we get as many as we can from Missouri, but
11 you know, it's -- we don't directly dictate where
12 people live.

13 Q. All right. And that's the same -- again,
14 you pointed out over and over for the Commission that
15 various of these companies are headquartered in
16 St. Louis, but in none of these situations did you
17 indicate that they're hiring even a majority of their
18 people from the Missouri area; is that accurate?

19 A. I didn't indicate that, although a number
20 of them, and it could be a majority, I don't have
21 that data here in front of me.

22 Q. All right. You don't know that, do you?

23 A. I don't know right now, no.

24 Q. You also testified discouragingly about
25 the reporting on infrastructure investment, loads on

1 equipment and wires that Mr. Walter suggested in his
2 direct testimony. And you said that that additional
3 reporting was unlikely to provide any benefit for the
4 Company's customers.

5 Isn't it true that Ameren routinely does
6 reporting of that sort on a variety of issues, for
7 instance, the vegetation infrastructure?

8 A. We do reporting on vegetation management
9 program, yes, absolutely.

10 Q. And until you've started that reporting,
11 you don't know whether it's going to benefit the
12 customers, do you?

13 A. You know, I think that the real value of
14 the vegetation management is in the cycles and in
15 the -- in the program itself. The reporting is
16 something that I think benefits the Staff and the
17 Commission. I don't know if the reporting directly
18 benefits the customer. What benefits the customer is
19 the implementation of the program.

20 Q. And the program implementation is shaped
21 by what comes out of those -- that reporting, isn't
22 that right?

23 A. No, no. I don't think so. I think what
24 it's shaped by is the initial rule and our filing
25 around how we were going to implement a program to

1 follow those rules.

2 Q. So when the vegetation tracker was put
3 into effect, that would have been something you would
4 have thought was unnecessary, would you agree?

5 A. No, no. Tracker's something different
6 than reporting. If you want to talk about the
7 tracker, the tracker's specifically a mechanism to
8 determine whether our expenditures are what's the
9 amount that's in base rates. So that's a -- that's a
10 different element than the reporting of the outcome
11 of the program.

12 Q. Okay. But you think the reporting on the
13 outcome of the program is unnecessary?

14 A. I didn't say that, no.

15 Q. Well, I'm asking, is that what you think?

16 A. No, I don't think that.

17 Q. Do you think it provides any direct bene--
18 or any benefit for the Company's customers?

19 A. I think it derides -- I think the program
20 provides benefit and I think that the report provides
21 benefit to the Staff and the Commission.

22 Q. Wouldn't you agree that the kind of
23 reporting that the Union is requesting on
24 infrastructure investment loads and loads on
25 equipment and wires could also benefit the Staff and

1 the Commission?

2 A. I wouldn't really think so, no. And the
3 reason for that is is because we do detailed analysis
4 on the loading of our system, and we manage that
5 quite well. I don't -- I didn't see any testimony
6 in -- that Mr. Walters referenced with respect to
7 problems that occurred with loading of our equipment.

8 Q. Mr. Walter testified specifically about
9 the age of the equipment and that some of the
10 equipment were bearing loads that were far in excess
11 of what the initial loads were -- what the load --
12 I'm sorry, load standards are for that equipment. Do
13 you recall that testimony?

14 A. I do, yeah. And I think in his testimony
15 he says a hundred percent capacity. And I think what
16 you really got to understand is when you load
17 electrical equipment, there's a couple different
18 kinds of loading criteria. There's normal loading
19 and there's emergency loading.

20 And emergency loading is a load that you
21 can -- that's above the normal rating. That
22 equipment is designed and it's done throughout the
23 industry, the equipment can accept a higher level
24 load for a short duration period.

25 So you absolutely want to load equipment

1 past the normal rating at certain times of the year.
2 You wouldn't want to build your system to be able to
3 handle the peak load on a normal basis all the time.
4 So what you can do is you can utilize the emergency
5 rating of equipment that's produced by the
6 manufacturers and so this equipment can be loaded
7 past its normal rating for a certain period of time.

8 And we utilize that and so do all the
9 utilities in the country utilize that aspect of
10 equipment loading.

11 Q. And you indicated earlier that Ameren's
12 already doing certain analysis of their load
13 capacity; is that correct?

14 A. We do. We do load analysis a couple times
15 a year to make sure our circuits are prepared to
16 handle the needs of our customers.

17 Q. Then how much additional cost would it be
18 for the Company to provide that information to the
19 PSC?

20 A. I don't know what the additional cost
21 would be. I think I more reference the additional
22 benefit. I think we've proven over the years that
23 we've managed our load situations quite well.

24 Q. The additional cost would be pretty minor,
25 wouldn't it?

1 A. I don't know what the additional cost
2 would be, and I also don't know what the benefit
3 would be.

4 Q. All right. You also keep -- no, I don't
5 know that this is true.

6 Do you keep statistics right now
7 concerning the efficiency of the internal workforce
8 versus the subcontractors?

9 A. Efficiency. Would you define that for
10 me? I want to make sure I understand what you mean.

11 Q. Do you keep statistics right now that
12 reflect how efficient the internal workforce is in
13 accomplishing the tasks set for them, and do you keep
14 similar statics with regard to your outside
15 contractors?

16 A. We have a number of different scorecard
17 elements that we use for both internal, external
18 workforce. Some of them are based on efficiency,
19 some are based on safety and other elements.

20 Q. So again, if you already have that
21 information, any cost of producing that information
22 to the PSC would be minor, wouldn't it?

23 A. Yeah. Again, I don't know the cost of
24 producing that, and again, I don't know the benefit.

25 Q. Mr. Wakeman, you were asked -- strike

1 that.

2 In Mr. Walter's testimony, he addressed,
3 as we've discussed earlier, some needs to train
4 additional people for particular jobs. Do you recall
5 that?

6 A. I do.

7 Q. And one of those jobs again was linemen.
8 In fact, he specifically talked about overhead
9 linemen at one point. Do you recall that?

10 A. Uh-huh, I do.

11 Q. And you provided a fairly vague disclaimer
12 of that. You didn't provide any data supporting why
13 you felt that he was -- he was wrong on his
14 conclusions other than the fact that you had 65
15 apprentice linemen at that point which we've now
16 established is 52, is 52 at this point.

17 And my question to you is that -- well,
18 first of all, you have at your fingertips the data on
19 how long it takes to train people for these
20 particular positions, isn't that correct?

21 A. Absolutely.

22 Q. All right. And you also have information
23 reflecting -- strike that. Let me back up a moment.

24 Do you have information that reflects the
25 relative efficiency of a junior lineman for instance

1 to a senior lineman?

2 A. You know, I don't think I have that
3 directly. I don't -- I don't know. We do things
4 based on crews and on works headquarters. I don't
5 know of any studies we've done that talk directly
6 about their years of service in that craft.

7 Q. All right. But you -- and you certainly
8 have data pertaining to the number of hours it takes
9 to train someone and the management costs to do the
10 training, et cetera, don't you?

11 A. Yeah. And the overall cost to do the
12 training. You know, it's expensive to train the
13 journeymen linemen. It's an investment. And we have
14 to -- we have to manage those investments
15 appropriately. And so that's what I'm doing and what
16 my testimony references.

17 Q. And I hear you say that, but you didn't
18 provide that information to the Commission and you
19 didn't provide it to the Union when we requested it
20 in our data request No. 9 either, did you?

21 A. I --

22 Q. Which was --

23 A. I don't know what data request No. 9 is.

24 MS. SCHRODER: May I approach please?

25 JUDGE WOODRUFF: You may.

1 MS. SCHRODER: And I guess I'll hand this
2 out to everybody. This is not something that I think
3 you already have in front of you. Thank you.

4 MR. MITTEN: Counsel, could you please
5 provide --

6 MS. SCHRODER: Oh, I'm so sorry.

7 MR. MITTEN: Thank you.

8 BY MS. SCHRODER:

9 Q. Mr. Wakeman, union data request No. 9
10 asked for separately by bargain unit classifications
11 for a summary -- summarization of the training
12 provided by Ameren to its employees, including the
13 years of required training to reach journeyman
14 status, current years of additional on the job
15 experience necessary to become a crew lead, the cost
16 of training in terms of staff compensation, training,
17 equipment, and lost time, and the current attrition
18 rate per classification.

19 And Ameren pro-- excuse me. Ameren
20 provided a fairly detailed response to that about one
21 group, which was the local 148 represented employees.
22 But there is -- and then a little bit of information
23 about the local 1455 employees. And a very small
24 amount of -- some information, a small amount of
25 information on attrition pertaining to all the union

1 classifications by union rather than by
2 classification.

3 But there's no information in here
4 concerning the time period required for training any
5 of the 1439 classifications, the IBEW local 1349
6 classifications, of the cost of training in terms of
7 staff compensation for those personnel, of the
8 additional training requirements that might be needed
9 to get those people from journeyman status to crew
10 lead. Why is that?

11 A. I don't know.

12 Q. That's certainly information Ameren has
13 available to it, isn't it?

14 A. Yes.

15 MS. SCHRODER: All right. I have no
16 further questions.

17 JUDGE WOODRUFF: This document that you
18 just handed us, do you wish to mark as an exhibit?

19 MS. SCHRODER: Yes, I'm sorry. Would you
20 please mark that as Union Exhibit 660.

21 JUDGE WOODRUFF: That was -- you
22 previously numbered 660 as Desmond's direct. That
23 was struck, so we'll make it 661.

24 (Exhibit No. 661 was marked for
25 identification.)

1 MS. SCHRODER: Okay. I thought since
2 that was struck -- that's fine.

3 JUDGE WOODRUFF: To avoid any confusion
4 on that.

5 MS. SCHRODER: All right. I appreciate
6 that.

7 The Union would move to admit Union
8 Exhibit 661.

9 JUDGE WOODRUFF: 661 has been offered.
10 Any objections to its receipt? Hearing none, it will
11 be received.

12 MS. SCHRODER: Thank you.

13 JUDGE WOODRUFF: All right. We'll come
14 up to questions from the bench.

15 Mr. Chairman.

16 QUESTIONS BY CHAIRMAN GUNN:

17 Q. Hi.

18 A. Hi.

19 Q. Who's responsible for overseeing the --
20 how the training dollars are used that we've awarded
21 in the last couple cases?

22 A. Primarily Dave Schepers; it's been a
23 combination of himself and me.

24 Q. All right. Do you think that those
25 dollars have been used appropriately so far?

1 A. Yeah, yeah. They've been used like we
2 indicated in the document we filed.

3 Q. An interesting question was brought up
4 about the service indexes that have been increasing.

5 A. Uh-huh.

6 Q. Do you see that as a result of the use of
7 these training dollars either in whole or in part?

8 A. No. You wouldn't expect to see that now.
9 You know, training is something you're investing in
10 for the future and so, you know, you're looking at
11 training people for the next round so to speak.

12 So when you're training somebody and
13 they're -- and they're in their training, they're --
14 they're really, you know, they're not providing --
15 doing some work, but they're not doing the full range
16 of work of a -- of a journeyman.

17 Q. Do you believe that the training dollars
18 that you're spending today will ensure that those
19 service indexes stay high in the future?

20 A. Yeah, yeah. I think continuing to invest
21 in employees now is an important element. That's why
22 we're doing it. When we referenced the linemen and
23 that, you know, that's looking to the future and
24 making sure that the money we're spending now is an
25 investment for the future for our customers.

1 Q. Since the last rate case, have you had a
2 significant change in the number of union employees
3 as opposed to contractors?

4 A. Yes, yeah. But not a big change in union
5 employees. We've had a big change in the numbers of
6 contractors, and it's gone significantly down.

7 You know, and I don't know the number
8 since the last rate case, but I can remember not very
9 many years ago when we had as many as 250 overhead
10 linemen contractors on our property helping us
11 complete projects, and that number is now down to ab
12 out, I think about 20ish. So we have a very small
13 number right now.

14 But I think that's the hard part about
15 when you talk about adding apprentices. You know,
16 you not only have to add the right number, you have
17 to add them in the right location. Because, you
18 know, we have different unions that represent
19 different part of our service territory.

20 The study I've talked about, you look at
21 projections of work load in all the different areas,
22 the number of employees you have, what you're really
23 trying to do is determine what's the right number of
24 employees to have in the future.

25 Q. So let me clarify that. So I asked from

1 the last rate case.

2 A. Uh-huh.

3 Q. So from the last rate case over the last
4 year?

5 A. It's -- it was -- yes, it's gone down
6 considerably in the last year.

7 Q. Just the number of contractors?

8 A. Yeah. You know, well, I don't know the
9 exact number of union employees, but it hasn't been a
10 significant change in my opinion. You know, there's
11 been some retirements, there's been some we've hired
12 so I'd say that's maybe down some, but not -- not
13 like the contractors.

14 Q. So has the work that they perform
15 significantly dropped off?

16 A. The work has changed, yeah. The new
17 business is down and other things like that that are
18 investments for the future has changed with the
19 economy. The load -- the workload has changed,
20 absolutely.

21 Q. So you can -- so have you seen with that
22 reduction in contractors -- and let's call the union
23 employment stable because we'll have fluctuations.

24 A. Right.

25 Q. But it's -- have you seen a significant

1 increase in overtime paid?

2 A. I'd say overtime's down right now. That's
3 kind of cyclic as well. It depends on things.

4 And, you know, as was mentioned in --
5 earlier about overtime, you know, a certain amount of
6 overtime is okay; too much isn't good. And so a
7 certain amount is -- is -- employees like it some.

8 And -- and although overtime hours cost
9 more, you know, it costs a lot of money to train an
10 employee and have the benefits and that. So you've
11 got to weigh that. You know, a certain amount of
12 overtime is the appropriate business decision.

13 So I'd say it's down right now. At
14 certain times of the years it goes up based on
15 workload and different things like that.

16 Q. Overall from the issues that were talked
17 about in the last rate case and this rate case, where
18 is overtime?

19 A. I'd say it's down.

20 Q. Do you know by how much?

21 A. I don't.

22 Q. Who would be the right person to ask that?

23 A. I could get it; I just don't have it, so.

24 Q. Okay.

25 A. I could provide it and -- if that's

1 what -- if that's important.

2 CHAIRMAN GUNN: I don't think I have
3 anything else. Thank you.

4 JUDGE WOODRUFF: Mr. Clayton?

5 COMMISSIONER CLAYTON: No questions.
6 Thank you.

7 JUDGE WOODRUFF: Commissioner Jarrett?

8 COMMISSIONER JARRETT: I don't have any
9 questions. Thanks.

10 JUDGE WOODRUFF: Commissioner Kenney?

11 COMMISSIONER KENNEY: No questions,
12 Mr. Wakeman. Thank you very much.

13 MR. WAKEMAN: Thank you.

14 JUDGE WOODRUFF: All right. Anyone wish
15 to recross based on those questions from the bench?

16 MS. SCHRODER: I do have --

17 JUDGE WOODRUFF: Okay.

18 MS. SCHRODER: Thank you. Is it all
19 right if I do it from here?

20 JUDGE WOODRUFF: You can do it from
21 there, that's fine.

22 MS. SCHRODER: Thank you.

23 RECROSS-EXAMINATION BY MS. SCHRODER:

24 Q. Mr. Wakeman, you testified that the
25 subcontractors, I think the subcontracting of linemen

1 investments in the downtown network system, we
2 brought some contractors in to help us with that
3 work.

4 Q. All right. Would you agree that overall
5 your contractors are not down at Ameren?

6 A. Well, again, you know, if you're talking
7 about overall for the whole company, in Ameren
8 Missouri, I don't know that answer. But I can tell
9 you for sure the classifications we're talking about,
10 that's accurate, what I said.

11 Q. What you said is accurate that they're
12 down or when you put the underground and the heavy
13 personnel against the decrease in linemen, that it's
14 roughly the same?

15 A. Yeah, I don't know exactly how many
16 contractors we have for the underground right now,
17 but that's a different classification, different
18 work, and a different -- almost different subject.
19 Because when you look at different skill sets, those
20 employees are trained specifically for that skill
21 set. So the overhead lineman's one discussion;
22 underground's another discussion.

23 And so if you're talking specifically
24 about underground, again, we've ramped up the
25 investments that we've -- we want to make in the

1 downtown network and underground infrastructure.
2 And -- and some of those projects were outside of the
3 current capabilities of that work group. So we're --
4 we're currently studying how we're going to address
5 in the future. Again, these are investments for the
6 future.

7 MS. SCHRODER: Thank you.

8 JUDGE WOODRUFF: Anything further?

9 MS. SCHRODER: No, I'm sorry. Nothing
10 figure.

11 JUDGE WOODRUFF: Redirect?

12 REDIRECT EXAMINATION BY MR. MITTEN:

13 Q. Mr. Wakeman, Ms. Schroder asked you a
14 number of questions regarding an exhibit from
15 Mr. Walter's direct testimony that showed the average
16 age of employees in various job categories. Do you
17 recall that?

18 A. I do.

19 Q. And I believe it was your testimony that
20 the Company is adequately managing its aging
21 workforce; is that correct?

22 A. That's correct.

23 Q. Explain how you go about managing a
24 workforce whose average age in some categories is in
25 excess of 50 years?

1 A. Well, you continue to invest in -- in
2 training for new employees. And so what we do is we
3 study, we look at the trends. If you want to talk,
4 go back to overhead linemen, we can do that.

5 You know, we're studying the trends of
6 where we think new business going to go and other
7 categories that are going to drive the workload in
8 the future. And it's very important that you don't
9 have too many employees because that's a cost that
10 customers shouldn't have to bear. And so we don't
11 want too many, we want just the right number.

12 And so we're looking at how many we think
13 are going to retire. It's a personal decision; it's
14 not something I can control. But I can -- I can
15 estimate what I think it will be.

16 We have apprentices that are -- that are
17 being trained right now. We haven't had an
18 apprenticeship class recently. We're still looking
19 to study that as we go forward. And when it's
20 appropriate we'll add an apprenticeship class in
21 order to have the right people in the future.

22 But what's most important about the number
23 of employees is -- is the past is interesting and
24 it's good to learn from, but what's most important is
25 what the future's going to hold. And so we have to

1 have the right number going forward as opposed to
2 having the same number all the time.

3 Q. Ms. Schroder also asked you a number of
4 questions about what Ameren's workforce needs were
5 going to be in the future as the demand for
6 electricity increases. Do you recall those
7 questions?

8 A. Yes.

9 Q. Have you read Mr. Walter's direct
10 testimony in this case?

11 A. I have.

12 Q. Do you recall that he mentioned in that
13 direct testimony that Ameren's internal workforce is
14 down by 45 percent compared to the 1990's?

15 A. I don't remember that directly. I have
16 read it though.

17 MR. MITTEN: May I approach the witness
18 for purposes of handing him a document?

19 JUDGE WOODRUFF: Certainly.

20 MR. WAKEMAN: Thank you.

21 BY MR. MITTEN:

22 Q. Mr. Wakeman, I've handed you a copy of
23 Mr. Walter's direct prefiled testimony in this case,
24 and I would ask you to turn to page 5. And if you
25 could begin reading to yourself at line 26 and see if

1 that refreshes your recollection as to what he said
2 in his direct testimony.

3 A. Yes, I do see that now, yes.

4 Q. And did Mr. Walter in fact note that
5 Ameren's internal workforce is down by 45 percent --

6 A. He did.

7 Q. -- since the 1990's?

8 A. Yes.

9 Q. And did he also specifically state that he
10 acknowledges that the performance of the normal and
11 sustained workload of Ameren now requires fewer
12 employees than it did 20 years ago?

13 A. Right. He does, yes.

14 Q. Explain how that can be.

15 A. Yeah.

16 Q. How can -- how can you work with fewer
17 employees as the demand for electric service
18 increases?

19 A. Well, a lot of things. We deal with
20 technology, the use of technology, new equipment. We
21 do things different now than we've done, better work
22 practices.

23 You know, as any company, we're always
24 looking to improve. And so those work practices and
25 technological advances allow us to do more with less

1 individuals.

2 And I think his testimony's right, that
3 our performance is very good. The number of
4 employees from back then is down. And as we were
5 talking about, the number in the future is -- it's
6 our job to make sure we have the right number.

7 Q. Just as the number of employees you needed
8 in the past declined, is it possible that there will
9 be a decline in the number of employees you'll need
10 in the future?

11 A. Absolutely, yeah. And that's why we have
12 to balance how many new trainees we have. We have to
13 have the right number.

14 So we're always looking forward to address
15 what we think the future workload's going to be and
16 making sure we have the right number of employees in
17 the right location in our service territory. And
18 when you have seasonal variations in load, I mean in
19 workload, so you have a peak of work, you can't hire
20 full-time, long term employees to handle that peak.
21 What you want to do is you want to bring in some
22 contractors, they shave off a few of those jobs and
23 then typically they move on.

24 And so that's what we're able to do.
25 We're able to efficiently move contractors around our

1 service territory where it's not efficient to move
2 internal employees around the service territory.

3 Q. If you were to hire internal employees to
4 handle the peak, what would happen to those employees
5 when the peak declined?

6 A. Well, if we didn't have work for them,
7 they'd have to be laid off. And it's a very
8 expensive proposition. As I mentioned, you know, m to
9 train a journeyman lineman's a 30-month process.
10 It's very intensive and it's a huge investment.
11 You're really growing that for the future.

12 So it would -- it's certainly not the
13 appropriate business decision to hire people, invest
14 in them, and then not be able to use them for the
15 long term. And so when we hire somebody, our intent
16 and hope is to keep that person for the long term.

17 Q. Do you still have a copy of what has been
18 marked as Union Exhibit 661?

19 A. Yes.

20 Q. Now, the date on that data request
21 response I believe is December 23rd, 2010; is that
22 correct?

23 A. That's correct.

24 Q. Since the date of that response, are you
25 aware of any complaint by the Union that the Company

1 did not provide the information that had been
2 requested?

3 A. No. This is the first I've heard of this
4 issue.

5 MR. MITTEN: I don't have any further
6 questions.

7 Thank you, your Honor.

8 JUDGE WOODRUFF: Mr. Wakeman, you can
9 step down.

10 MR. WAKEMAN: Okay. Thank you.

11 JUDGE WOODRUFF: We'll move to Mr. Walter
12 then.

13 Please raise your right hand, Mr. Walter,
14 I'll swear you in.

15 (Witness sworn.)

16 JUDGE WOODRUFF: Thank you. You may
17 inquire.

18 MS. SCHRODER: Thank you.

19

20 _____
MICHAEL WALTER

21 of lawful age, having been produced, sworn, and
22 examined testified as follows:

23 DIRECT EXAMINATION BY MS. SCHRODER:

24 Q. Mr. Walter, are you the same Michael
25 Walter who filed direct testimony in this matter

1 that's been marked as Exhibit 650?

2 A. Yes.

3 Q. And are you the same Michael Walter who
4 filed surrebuttal testimony that's been marked in
5 this matter 659?

6 A. Yes.

7 Q. Was the testimony in both of those cases
8 true and accurate to the best of your belief at the
9 time you filed them?

10 A. Yes.

11 Q. Do you have any corrections to either
12 testimony?

13 A. No.

14 MS. SCHRODER: At this point is it
15 appropriate to move for the admission not only of
16 Exhibits 650 and 659, but also of the exhibits to
17 Mr. Walter's testimony?

18 JUDGE WOODRUFF: Which exhibits are you
19 referring to?

20 MS. SCHRODER: I'm sorry?

21 JUDGE WOODRUFF: Which Exhibits --

22 MS. SCHRODER: 651 through 58.

23 JUDGE WOODRUFF: Were those prefiled as
24 part of his testimony?

25 MS. SCHRODER: Yes, yes. As you may

1 recall, I -- when I did the prefiled, premarked
2 exhibits --

3 JUDGE WOODRUFF: You numbered them
4 separately.

5 MS. SCHRODER: -- I separately marked
6 those, yes.

7 JUDGE WOODRUFF: Okay. If they are
8 already in EFIS as part of his testimony, then they
9 don't need to be separately numbered.

10 MS. SCHRODER: All right.

11 JUDGE WOODRUFF: Okay.

12 MR. MITTEN: Your Honor, I want to make
13 sure that the two exhibits that were the subject of
14 our motion to strike, which was granted yesterday,
15 are not being admitted into evidence.

16 JUDGE WOODRUFF: That was 660, and that
17 was struck. That would be Desmond direct.

18 What was the other exhibit?

19 MR. MITTEN: It was the list of specific
20 requests that the Union filed along with Mr. Walter's
21 surrebuttal testimony.

22 JUDGE WOODRUFF: Did you give that a
23 separate number?

24 MS. SCHRODER: No, your Honor, we never
25 did.

1 JUDGE WOODRUFF: Okay. I didn't think
2 so. All right.

3 Well, what's in front of me right now are
4 Exhibits 650 which is Walter's direct and Exhibit 659
5 which is Walter's surrebuttal, including whatever was
6 attached to that unless it's been struck.

7 Any objection to receiving those
8 documents?

9 MR. MITTEN: No objection.

10 JUDGE WOODRUFF: All right. Hearing no
11 objection, 650 and 659 are received.

12 For cross-examination let me begin with
13 Public Counsel.

14 MR. MILLS: No.

15 JUDGE WOODRUFF: Staff?

16 MR. THOMPSON: No questions. Thank you.

17 JUDGE WOODRUFF: Ameren Missouri?

18 CROSS-EXAMINATION BY MR. MITTEN:

19 Q. Mr. Walter, good morning.

20 A. Morning.

21 Q. You were a witness in each of Ameren's
22 last two general rate cases; is that correct?

23 A. That's correct.

24 Q. And the subject of your testimony in each
25 of those cases was very similar to the testimony in

1 this case. In each of those cases you were asking
2 the Commission to increase the revenue requirement to
3 provide some additional dollars for training internal
4 employees; is that correct?

5 A. That's correct.

6 Q. And you were also asking the Commission to
7 limit the Company's use of outside contractors?

8 A. That is not correct.

9 Q. That's not correct?

10 A. I don't believe I requested any limitation
11 to their subcontracting.

12 Q. Did you happen to read either of the last
13 two reports and orders before you filed your
14 testimony in this case?

15 A. Could you explain that for me please?

16 Q. Did you happen to review the Commission --
17 the reports and orders that the Commission issued in
18 its last two rate cases prior to -- prior to filing
19 your testimony in this case?

20 A. I believe I did.

21 MR. MITTEN: Your Honor, may I approach
22 the witness for purpose of handing him a document?

23 JUDGE WOODRUFF: You may.

24 MR. WALTER: Thank you.

25 BY MR. MITTEN:

1 Q. Mr. Walter, I have handed you copies of
2 the Commission's report and order in each of Ameren's
3 last two rate cases. And let me first direct your
4 attention to the report and order in Case No.
5 ER-2008-0318 which was issued on January 27th, 2009.

6 MS. SCHRODER: Your Honor, I would
7 object to this line of questioning. The prior
8 reports are -- I mean, the Commission can take
9 judicial notice of them, but there is nothing in
10 Mr. Walter's direct testimony that relates to the
11 prior reports and so this is not cross that is
12 related to direct testimony.

13 JUDGE WOODRUFF: What is the relevance?

14 MR. MITTEN: The relevance to the cross
15 is I'm attempting to impeach the witness's testimony
16 a moment ago that the Commission -- that the Union
17 did not raise issues regarding the Company's use of
18 outside contractors in each of the Company's last two
19 rate cases.

20 MS. SCHRODER: And, your Honor, if I
21 may --

22 JUDGE WOODRUFF: Sure.

23 MS. SCHRODER: -- that is not what he was
24 asked. He was asked if his testimony this time was
25 the same as in the prior two cases where he raised

1 issues about the subcontractors, and that's where he
2 disagreed.

3 JUDGE WOODRUFF: I'm going to overrule
4 the objection. You can -- you can continue to
5 inquire.

6 BY MR. MITTEN:

7 Q. Mr. Walter, let me ask you to turn to
8 page 113 of the Commission's report and order in Case
9 No. ER-2008-0318.

10 A. Okay.

11 Q. And this is part portion of a section
12 which is entitled, Union Issues; is that correct?
13 Begins on page 109.

14 A. Correct.

15 Q. Is there a highlighted portion on page 113
16 of that order?

17 A. No, there's not.

18 Q. Well, let me direct you to the top of the
19 page. Does the order state, The Commission does not
20 have the authority to dictate to the customer --
21 Company whether it must use its internal workforce
22 rather than outside contractors to perform the work
23 of the Company?

24 A. That's correct.

25 Q. Does that suggest to you that maybe the

1 Union did raise the outside contractor issue in that
2 case?

3 A. I believe we did raise the issue, but we
4 did not ask for them to restrict their use to my
5 knowledge as I recall.

6 Q. Let me ask you now to turn to the
7 Commission's report and order in Case No.
8 ER-2010-0036.

9 A. Okay.

10 Q. And let me ask you to turn to page 71 of
11 that order.

12 A. Okay.

13 Q. Does that order say, The Commission has
14 the authority to regulate AmerenUE, including the
15 authority to ensure that the utility provide safe and
16 adequate service; however, the Commission does not
17 have the authority to manage the Company. And then
18 it goes on to say, Therefore the Commission does not
19 have the authority to dictate to the Company whether
20 it use internal workforce rather than outside
21 contractors to perform the work of the Company?

22 A. It most certainly does.

23 Q. Now, despite the fact in each of the last
24 two rate cases the Commission in its report and order
25 has said it doesn't have the authority to dictate to

1 the Company whether it uses internal workforces or
2 outside contractors, the Union has raised the outside
3 contractor issue yet again in this rate case, is that
4 correct?

5 A. It --

6 MS. SCHRODER: Objection. I'm sorry.

7 Objection, immaterial and misrepresents his
8 testimony.

9 JUDGE WOODRUFF: Overruled.

10 MR. WALTER: Could you repeat the
11 question please?

12 BY MR. MITTEN:

13 Q. Despite the fact that the Commission in
14 its report and order in each of Ameren's last two
15 rate case made clear that it does not have the legal
16 authority to dictate to the Company whether or not it
17 uses internal workforce or outside contractors, the
18 Union has raised again in this rate case the issue of
19 the use of outside contractors?

20 A. I did reference outside contractors in my
21 testimony, yes.

22 Q. And you, in fact, asked the Commission in
23 this case to limit the use of outside contractors?

24 A. I don't believe so.

25 Q. You don't believe so?

1 A. No.

2 Q. Now, in Case No. ER-2008-0318 the
3 Commission added approximately \$3.2 million to the
4 Company's revenue requirement to provide funds for
5 additional training and training-related materials;
6 is that correct?

7 A. Yes.

8 Q. And in Case No. ER-2010-0036 the
9 Commission authorized an additional \$3 million to the
10 revenue requirement to pay for training and training-
11 related materials; is that correct?

12 A. That's correct.

13 Q. So even though in a span of a little over
14 two years the Commission has authorized more than
15 \$6 million in additional training costs, the Union is
16 coming back in this case and asking for still more;
17 is that correct?

18 A. Not necessarily -- not necessarily more.
19 I think it's -- it'll be up to the Commission to
20 determine how they -- how they address our concerns.

21 I can't say that I'm here to say that they
22 should allocate money. If that's what they
23 determine, that's -- that would be their choice.

24 So I'm not going to say that. I just
25 would say that I would -- we're asking that they

1 address these concerns, the two facts, the aging
2 workforce and the aging infrastructure.

3 Q. Is the Union in fact asking the Commission
4 to add or allocate money for training in this rate
5 case?

6 A. Not necessarily.

7 Q. Not necessarily. That's not what your
8 prepared testimony in this case says?

9 A. I think you could probably take it for
10 whatever you want. I -- we're looking for some
11 assistance, some monitoring, some guarantee that as
12 we go forward, just as Mr. Wakeman said, that we look
13 at the aging workforce, we look to the
14 infrastructure, and -- and the Commission to look at
15 what -- what we appear to see I think across the
16 country as budgets running the utilities versus the
17 demand and the needs.

18 Q. Do you have a copy of your direct
19 testimony in front of you?

20 A. Yes, I do.

21 Q. Could you please turn to page 7.
22 Beginning on line 28 does your testimony say, In
23 addition, we ask the Commission to require Ameren to
24 expend a substantial portion of the rate increase on
25 investing and reinvesting in its regular employee

1 base?

2 A. That is correct.

3 Q. So again, it's your testimony that you're
4 not specifically asking the Company to increase or
5 allocate a portion -- or funds for increased training
6 in this case?

7 A. There's a cost to training and whether it
8 is part of this, just the regular rate base or the
9 final decision of the Commission or is it in a
10 special allocation, again, I think it would be up to
11 the Commission. I have no idea how they would review
12 or look at this case on its merits.

13 Q. But again you did ask that the Company
14 expend a substantial portion of the rate increase?

15 A. That's correct. That is correct.

16 Q. Now, in the Commission's report and order
17 in Case No. ER-2010-0036 the Commission ordered the
18 Company to conduct a study to determine whether or
19 not customers were receiving any incremental benefit
20 from the additional training monies that had been
21 authorized in the two previous cases; is that
22 correct?

23 A. I heard that today, but I didn't recollect
24 that, no.

25 Q. You still have a copy of the Commission's

1 report and order in Case No. ER-2010-0036?

2 A. Yes.

3 Q. Could you please turn to page 72 of that
4 order?

5 A. Okay.

6 Q. There's a sentence appearing in the first
7 paragraph on that page, the very last sentence.
8 Could you please read that aloud?

9 A. The first paragraph?

10 Q. The last sentence in the first full
11 paragraph.

12 A. AmerenUE shall assess the incremental
13 value to customers of these additional investments
14 and provide that assessment to the Staff and Public
15 Counsel by December 31st, 2011.

16 Q. That study hasn't been completed, has it?

17 A. I have no idea.

18 Q. But the results of the study are not due
19 before December 31st, 2011; is that correct?

20 A. Apparently, from what it reads, correct.

21 Q. And the line you just read indicated that
22 the Commission wants to see if there is, in fact, any
23 incremental benefits to customers from the additional
24 training monies that were authorized; is that right?

25 A. I think that's fair to say, yes.

1 Q. Now, there currently is in effect a
2 collective bargaining agreement between IBEW local
3 1439 and Ameren; is that correct?

4 A. That's correct.

5 Q. And agreement took effect in -- on July
6 1st, 2007, and runs through the end of June 2012; is
7 that correct?

8 A. That is correct.

9 Q. Now, is there a specific section of that
10 agreement that gives Ameren the exclusive right to
11 determine the number of people it will employ or
12 retain?

13 A. Yes. That is the management's rights
14 clause, and it is part of our agreement.

15 Q. And that was a clause that was freely
16 negotiated between the Union and the Company?

17 A. Most certainty.

18 Q. And that's part of a collective bargaining
19 agreement --

20 A. That's --

21 Q. -- you signed?

22 A. Yes, it is; yes, it is.

23 Q. Yet despite the fact that that's in the
24 collective bargaining agreement, you're here today
25 asking the Commission to intercede and to require the

1 Company to adopt the Unions' proposal as to who the
2 Company ought to hire?

3 A. That's correct.

4 Q. Is that correct?

5 Now, is there also a provision in that
6 collective bargaining agreement that deals with
7 contract work?

8 A. Yes, there is.

9 Q. And that provision gives the Company the
10 right to contract out work whenever it deems
11 appropriate; is that correct?

12 A. We have a dispute over the meaning of
13 that language, but there is a clause that
14 provides them the availability to contract out work,
15 yes.

16 Q. And again, that was freely negotiated
17 between the Union and the Company?

18 A. That's correct.

19 Q. And that's part of the collective
20 bargaining --

21 A. Yes.

22 Q. -- agreement that you signed?

23 A. It is. Yes, it is.

24 Q. And there is a grievance procedure in the
25 collective bargaining agreement between your local

1 and the Company; is that correct?

2 A. That's correct.

3 Q. And that provides a four-step process for
4 resolving grievance?

5 A. Grievances, yes.

6 Q. Three escalating steps within the Company
7 and then if the Union is still dissatisfied, that you
8 have the right to take a matter to binding
9 arbitration; is that correct?

10 A. That's correct.

11 Q. And the Union has, in fact, filed
12 grievances regarding the Company's use of contract
13 labor; is that correct?

14 A. Yes. We have throughout the years, yes.

15 Q. But again, despite the language in the
16 agreement giving the Company the authority to hire
17 outside contractors and despite the fact that there
18 is a grievance procedure prescribed in the collective
19 bargaining agreement, you're here asking the
20 Commission to limit the Company's ability to use
21 outside contractors?

22 A. I think that is incorrect. I'm not asking
23 the Commission to limit the use of outside
24 contractors. And this is not part of the grievance
25 procedure.

1 QUESTIONS BY CHAIRMAN GUNN:

2 Q. Do you -- the \$3 million that was
3 allocated the last time, the training money.

4 A. Uh-huh.

5 Q. Do you agree with Mr. Wakeman that that
6 money's being spent appropriately and in the right
7 areas and providing the training that's needed?

8 A. Yes. I think -- I think it's being spent
9 properly as it was -- as it was intended to, yes.

10 CHAIRMAN GUNN: That's all I have. Thank
11 you very much for your testimony.

12 JUDGE WOODRUFF: Commissioner Clayton?

13 COMMISSIONER CLAYTON: I have no
14 questions. Thank you for coming.

15 MR. WALTER: Thank you.

16 JUDGE WOODRUFF: Commissioner Davis.

17 QUESTIONS BY COMMISSIONER DAVIS:

18 Q. Good morning, Mr. Walter.

19 A. Good morning.

20 Q. Now, I did -- I did look at your
21 testimony, but I don't recall seeing the number in
22 there. How many employees does local IBEW 1439,
23 1455, and I guess I'd throw operating engineers 148
24 in there too, how many employees do you represent
25 collectively?

1 A. At Ameren?

2 Q. At -- yeah, let's just go at Ameren.

3 A. Okay. At Ameren I have approximately
4 900. I would say 1455 has approximately 800; 148,
5 I'm just going to guess at about maybe 1,200. They
6 might have a few more than us. Local 2 is about 300;
7 702, I would say 60. And those are all approximate.

8 Q. Okay. And then I guess my next question
9 is how much overtime does the average lineman work on
10 an annual basis? Like how -- if you had to estimate
11 like in calendar year 2010, how much overtime did the
12 average lineman work would you think?

13 A. Let me first say that that will vary
14 according to the districts and areas that they're in.

15 Q. Okay.

16 A. Some districts just have more overtime.

17 You know, I really can't say what that
18 average is. I think that's difficult for me. I --
19 on Ameren property, I can't -- I really have trouble
20 with that. It's probably though, I'm just going to
21 guess, it's probably around 400 hours. With
22 troublemen right now, could be more than that.

23 Q. Okay. And you've got -- I guess let me
24 just take a step back.

25 You've got trouble -- troublemen,

1 troubleshooters?

2 A. Uh-huh, yes.

3 Q. You've got -- what other -- what other job
4 classifications are you representing, just so -- just
5 so we understand?

6 A. I can -- I can read them off.

7 Q. How many of them -- is it in your
8 testimony?

9 A. There's a lot.

10 Q. Is it in your testimony?

11 A. Yes, it is. It should be one of the
12 exhibits that has the average age.

13 Q. Okay. I'm looking --

14 MS. SCHRODER: That's Exhibit 654.

15 MR. WALTER: 654. Yes, 654.

16 BY COMMISSIONER DAVIS:

17 Q. Okay. I'm sorry.

18 A. That's all right.

19 JUDGE WOODRUFF: That wouldn't be
20 numbered in the exhibit.

21 COMMISSIONER DAVIS: It won't be numbered
22 in the exhibit.

23 MR. WALTER: I do have a copy here if
24 you'd like it.

25 MS. SCHRODER: Mr. Davis, would you like

1 me to approach with an extra copy?

2 COMMISSIONER DAVIS: Yes, if you would,
3 that -- I think that would be helpful. That would
4 help.

5 Okay. All right. Let's -- well, let me
6 just go on.

7 BY COMMISSIONER DAVIS:

8 Q. Mr. Walter, earlier on cross-examination
9 from Mr. Mitten he talked about your collective
10 bargaining agreement with Ameren. When did the
11 raises in that collective bargaining agreement take
12 place?

13 A. They're annually on July 1st.

14 Q. On July 1st. And do you know what the
15 raise is supposed to be this year?

16 A. I'm going to think it's -- I think it's 3
17 percent.

18 Q. It's 3 percent. And do you know -- do you
19 have any idea, like, how much money in terms of what
20 3 percent is? Like a 3 percent increase in terms of
21 the payroll for the employees you represent, do you
22 have any idea what that is to the Company in terms of
23 dollars?

24 A. No. I -- I'd have to think about that for
25 a while, and I don't.

1 Q. Okay. And then it would -- then it's also
2 scheduled there's going to be one July 1 of 2012; is
3 that right, or is that when --

4 A. That's correct.

5 Q. -- the collective bargaining --

6 A. 2011 there will be another one. And then
7 the collective bargaining agreement expires July of
8 2012.

9 Q. Okay. And I -- looking at -- looking at
10 these job classifications, like, how does someone get
11 training to be an underground, you know, systems
12 trainee, leader, utility worker, mechanic, cable
13 splicer? I mean, how does someone get that
14 underground training? Is it on the job?

15 A. Underground, the -- what we call our heavy
16 underground which is not necessarily your
17 residential, more of your industrial, the downtown
18 area.

19 Q. Uh-huh.

20 A. Those individuals go through a -- they
21 start out an entry level job as utility worker.
22 No -- no telling how long they may be there, but once
23 they go from there, they would bid into a training
24 job. I believe it's -- I'm going to say it's about a
25 two-year program to be what is now the underground

1 utility worker. The system -- let's see, we just
2 changed it, that's why I've got to I think where it
3 is.

4 Q. Okay.

5 A. It used to be a cable slicer and
6 construction mechanic, but it's -- I think it's a
7 system journeyman now.

8 Q. Okay. And then let me ask you this:
9 Like, how does it work for the people that work on
10 substations?

11 A. Substations is a -- I think that's a
12 three-year program, apprenticeship training program,
13 a negotiated program.

14 Q. And so you negotiate that program with
15 Ameren, is that how that works?

16 A. Typically that's how that works, yes.

17 Q. Okay. And then in terms of -- of overhead
18 linemen, how does -- how does that work?

19 A. Basically the same. They have a -- they
20 could go into a bank apprentice program where they're
21 basically on the ground, kind of a groundman type
22 situation. Typically they'd be in there for about
23 six months, maybe a year. Most -- probably about six
24 months.

25 And then they would go into the

1 apprenticeship program, the formal program which is
2 30 months. And they would -- as Mr. Wakeman said,
3 they would top out or become a journeyman.

4 Q. Okay. And I guess let me just ask you
5 this: In terms of -- in your opinion, I mean, you're
6 familiar with the job duties that are -- that are
7 being performed by all of -- all of these different
8 job classifications. Where would you say the highest
9 need is currently?

10 A. Right now, today, I would say one of the
11 areas of highest need is our relay technicians.

12 Q. Okay.

13 A. Which was also addressed in the last rate
14 case. I think another need is in our underground.

15 Q. Uh-huh. And I guess -- I guess why is
16 that? Why do you need more system relay
17 technicians? Why do you need more -- I would assume
18 that you're saying that you need more qualified
19 people to work on underground construction cable, et
20 cetera. Why is that?

21 A. For the underground, as Mr. Wakeman said,
22 there's a lot of -- lot of emphasis on the main
23 network system downtown, which will not happen
24 overnight.

25 We do have a lot of contractors which is

1 -- it is really kind of appropriate, if I can say
2 that, because of the -- the big bulge that we have
3 now. Did we -- did we really plan for that? I don't
4 think so. I think we probably should have started
5 training more heavy underground for that. This will
6 go on for a long time.

7 We do have the -- the increase in
8 underground overall. We do have -- we contract out
9 the entire directional boring of our underground
10 system; we don't do any of that, so. And I think
11 there's been some neglect in that underground area
12 for several years.

13 Relay, quite honestly we do not have a
14 staffing level in that relay technician group enough
15 to support our power plants at the present time,
16 which is now being discussed.

17 We also have the regulations that have
18 increased and will continue I think to increase
19 mandated by -- by FERC and other agencies for
20 additional testing and monitoring which is also going
21 to increase that workload, and I don't think there's
22 any argument there.

23 Q. Okay. And, you know, in terms of I guess
24 the heavy underground cable and construction and
25 the -- and the systems relay which I guess you said

1 we had partially addressed last time?

2 A. Correct.

3 Q. So I guess let's focus on heavy
4 underground cable and construction.

5 I mean, you by now are well aware of what
6 this Commission's powers are and are not, correct?

7 A. Correct.

8 Q. So what relief can we grant you in this
9 case?

10 A. I'm going to say that -- that something
11 very similar to what was set out in the last rate
12 case, outside of the fact that the Company is in the
13 process of constructing some additional training --
14 building for training in this area. Outside of the
15 need for a mobile training equipment or mobile
16 training center that they've completed, I think
17 everything else would -- I think is still
18 appropriate.

19 I think in our substation groups we may
20 still be down a little bit. And as we look at the
21 attrition in that substation area, I think by no
22 stretch of the imagination I think we could easily
23 use another apprentice class in there right now this
24 year in the substation group.

25 Honestly I think, you know, it might seem

1 extreme, but we could probably use 12 relay
2 technicians.

3 Q. Okay. And I guess, Mr. Walter, I mean,
4 here's what I'm struggling with. I don't know that
5 this Commission has the authority to say, Ameren,
6 hire 12 system relay technicians, 8 substation
7 electrical mechanics, et cetera. So lawfully I don't
8 know that I have the authority do that. I question
9 whether I would.

10 But in terms of training, you know, I
11 think we would have the authority to, you know, set
12 some money aside for additional training of
13 electrical mechanics, of underground cable and
14 construction workers, et cetera.

15 And I guess, what do you think -- I mean,
16 it looks like they've already got the facilities
17 under construction. I mean, what type of additional
18 money do you think that would cost?

19 A. I am not prepared here to put a figure on
20 money to that. I -- I don't have -- I don't have
21 that ability right here to do that. But I can say
22 that I think there is a -- a need right now, and I
23 think it would be undisputed, that we have a serious
24 need to develop a much better, more intense training
25 program in our heavy underground and -- underground

1 system in general. I think that is certainly in
2 need.

3 Q. Okay. And do you think Mr. Wakeman would
4 be more qualified to talk about that or?

5 A. He might be, yes. That's his -- that's
6 actually his group, yes.

7 Q. That would -- that would be his group.
8 Is there anything else that you wish to
9 add that you think it's important that this
10 Commission know that's relevant to this discussion?

11 A. I think -- I think also, and as I've
12 stated probably, I believe I did in my testimony,
13 that there -- I question the value that we're
14 presently receiving out of the inspection program. I
15 think the vegetation has proven itself to be
16 fantastic.

17 Q. Uh-huh.

18 A. But I'm not -- I'm not so certain that we
19 see the, as I saw in some of the reports, \$8 million
20 projection for the inspections. I don't -- and I can
21 only tell you this as it's presented to me from my --
22 my members in the field. There is question as to
23 what -- what value do we have there.

24 And I also see, which is, I'm going to --
25 I'm going to say is probably outside of your bounds

1 maybe, that as we look at the aging workforce, we
2 have to figure out ways to bring people into the
3 utility industry. And that's another question and
4 that is another issue that presents more of a problem
5 probably to us maybe than to you, but I'm going to --
6 I'm going to present it to you is that the entry
7 level jobs are no longer there to -- to acclimate
8 people into the industry. You just can't go out, as
9 the National Workforce Commission report, you just
10 don't go out and get people and bring them into this,
11 you can't do that. And so we find ourselves locked
12 down with how we -- how we restaff.

13 As well as I think another thing's
14 important is the budget I think dictates the staffing
15 levels versus what the actual needs are.

16 Q. And this is I guess kind of an anecdotal
17 impression, but I mean, my impression is that most
18 people -- well, first of all, utility line work's not
19 sexy, I mean, in terms of people that are graduating
20 from high school and college and -- I mean, when
21 they're looking at careers? I mean, is that a fair
22 assessment.

23 A. Yeah, I -- I don't know. That's hard to
24 say. I think a lot of people look at it and -- and
25 have admiration or desires to be linemen, but quite

1 honestly it's just such a small percentage that ever
2 make it.

3 Q. Well, I mean, I guess my impression and
4 maybe this -- let's see if this is a better way to
5 phrase it then. Most people that want to be linemen
6 or go get employed somewhere along those lines are
7 related to or know someone who is already a lineman.
8 I mean, is that -- is that a fair statement?

9 A. There's probably a good percentage there
10 of success just because you do have that -- you do
11 know what it's about and you get that feel. Because
12 if you don't love line work, you have no business on
13 that pole.

14 Q. Right. I guess getting back to our
15 reliability rules, you said the vegetation management
16 seems to be working?

17 A. I -- I believe it works well.

18 Q. You did not mention like the reliability
19 reporting, the reporting of the worst performing
20 circuits. Do you think -- you think that's having a
21 positive effect or negative or?

22 A. I mean, I really can't speak to that. I
23 don't get much information about that.

24 Q. Okay. You just don't get much
25 information.

1 And let me just probe you a little bit
2 deeper on the inspections. You say the inspections
3 just don't seem to be -- to be yielding much; is
4 that -- and that's your impression from talking to
5 your -- the workers that you represent?

6 A. That's correct.

7 Q. And can you elaborate on that a little
8 more?

9 A. From the field they do not believe that
10 the inspections have reduced outages. They don't --
11 they don't see where that's happening. They do go
12 out on jobs that a pole has been inspected, where
13 something has been reported, and they find much more
14 serious things wrong.

15 And so as those things continue to come
16 in, I question, as they do, are we really getting the
17 best bang for our buck in that area.

18 Q. Okay. But -- okay. Let me just kind of
19 take the devil's advocate position there. And that
20 is, if they're identifying something wrong and then
21 you get out there and find that things are much
22 worse, and you wouldn't have known that but for the,
23 I guess the original report.

24 So I mean, isn't -- and I would hope that
25 when you're fixing something, that you're fixing

1 every-- you know, if you see something worse that's
2 wrong, that you're fixing that too. So I mean,
3 isn't -- isn't that sort of evidence that the
4 inspection program is working, at least to a limited
5 extent?

6 A. I don't know that that's true to fact in
7 the field, that they in fact would at that time fix
8 everything that they see. I don't think that happens
9 every time. Sometimes it may happen, but.

10 Q. Okay. But would they -- would they report
11 it --

12 A. Sure.

13 Q. -- and say, We need to come back out and
14 fix --

15 A. I would certainly hope they would.

16 Q. -- fix this later?

17 A. (Witness nodded head.)

18 COMMISSIONER DAVIS: I don't think I have
19 any further questions for Mr. Walter, but thank you.

20 JUDGE WOODRUFF: Commissioner Jarrett.

21 COMMISSIONER JARRETT: Good morning,
22 Mr. Walter, good to see you again.

23 MR. WALTER: Morning. Thank you.

24 COMMISSIONER JARRETT: I don't have any
25 questions. Thanks for your testimony.

1 MR. WALTER: Thank you.

2 JUDGE WOODRUFF: Commissioner Kenney.

3 QUESTIONS BY COMMISSIONER KENNEY:

4 Q. Good mornings, Mr. Walter, how are you?

5 A. Good morning. I'm fine, thank you.

6 Q. I just have one quick question. There was
7 a reference under questioning from Ameren's attorney
8 about a grievance procedure regarding the use of
9 outside contractors. Do you recall that?

10 A. Yes.

11 Q. And I think the question was whether there
12 was currently a grievance procedure in -- taking
13 place relative to the use of outside contractors; is
14 that right?

15 A. Yeah. There -- there is a pending
16 grievance now about the use of contractors, yes.

17 Q. Are you at liberty to discuss the stage at
18 which that procedure is and when it will be
19 concluded?

20 A. Yeah. I don't mind speaking to that. The
21 grievance that I -- that I'm referring to is --
22 references -- or it involves traffic control and the
23 use of outside contractors to perform traffic
24 control.

25 Q. Okay. So it's a -- it's relative to a

1 specific job classification?

2 A. That's true, yes.

3 Q. Okay. And what's the relief that the
4 Union is seeking?

5 A. That the work be -- well, I'll get a
6 little more detailed.

7 We in fact also filed a board charge
8 which -- which we claimed that the Company was not
9 providing us enough information to determine whether
10 or not the traffic control was indeed being performed
11 most efficiently by using the outside contractors.

12 We have now reached agreement that we will
13 receive that information, highly confidential
14 information. And therefore, we will -- in my opinion
15 and it was the basis of our argument that without
16 that information, we cannot fully administer that
17 language and that means that we don't sit down, both
18 parties sit down and look at it and determine whether
19 or not it is more efficient to perform the traffic
20 control with the internal workforce, which would be
21 our labor positions, versus the cost of having the
22 contractors do that work.

23 So that's a specific grievance that does
24 relate to that provision.

25 Q. And when you say board charge, you mean

1 the National Labor Relations Board.

2 A. Yes.

3 Q. Okay. All right. And so once you see
4 that information, then that will allow you to
5 administer those parts of the collective bargaining
6 agreement that you're referring to?

7 A. Yes. Which may at this point -- and it's
8 scheduled for arbitration, but it may get resolved
9 now prior to going to that limit.

10 Q. Are there any other -- well, let me ask a
11 different question.

12 Have there been any other grievances filed
13 relative to the use of outside contractors?

14 A. Yeah. Throughout the years historically
15 we have had any number of grievances involving
16 contractors.

17 And throughout the years that language has
18 changed to provide more flexibility for the Company.
19 It used to be based on how many overtime hours are
20 worked. After a certain percentage of overtime hours
21 worked, the Company was allowed to contract out that
22 type of work. And there was some language to
23 specialized equipment, large jobs, things of that
24 nature.

25 As time went on though that language

1 through negotiations was -- was changed, again, to
2 provide more flexibility.

3 So, yeah. And I'll -- and I'll back that
4 up to say in the last -- probably in the last five
5 years, our contractor work grievances have almost
6 been eliminated.

7 Q. Okay.

8 A. So.

9 COMMISSIONER KENNEY: All right.

10 Mr. Walter, good to see you again. I don't have --

11 MR. WALTER: Thank you.

12 COMMISSIONER KENNEY: -- any additional
13 questions.

14 JUDGE WOODRUFF: Any recross based on
15 questions from the bench?

16 MR. MITTEN: I have a few questions, your
17 Honor.

18 JUDGE WOODRUFF: Go ahead.

19 RE-CROSS-EXAMINATION BY MR. MITTEN:

20 Q. Mr. Walter, with regard to the discussion
21 you just had with Commissioner Kenney about the NLRB
22 charge, the additional information that the Union
23 sought was to assist it in processing the pending
24 contractoring out grievance; is that correct?

25 A. That's correct.

1 Q. Now, in response to some questions that
2 you got from Commissioner Davis, you indicated that
3 union employees are required to bid into training
4 positions; is that correct?

5 A. There's a seniority system, they bid into
6 them, yes.

7 Q. And the bidding is based on seniority; is
8 that correct?

9 A. That's correct.

10 Q. And I'd like to ask you a question --

11 A. Seniority and qualifications.

12 Q. So the most senior qualified employee is
13 the one that gets the open position; is that correct?

14 A. He gets offered the -- the vacancy, yes.

15 Q. And I'm wondering what effect that has on
16 the aging workforce that we've been discussing this
17 morning. Would it be fair to say that the most
18 senior employees are older than the more junior
19 employees?

20 A. Right now, probably very little difference
21 in the ages of those. When -- as they've been in
22 those training programs, they -- they're very close
23 to probably around late 20's to 30 years old.

24 Q. So you have to wait until you're 30 years
25 old to get into a training program. Is that going to

1 affect the average age of people in a particular job
2 classification?

3 A. I think that right now is more based on
4 the ages as we see them coming in hired. Things have
5 changed throughout the years. It used to be that,
6 yeah, you may be -- you may be in a couple entry
7 level jobs for seven, eight years before you landed a
8 career-type training position.

9 As we've seen in the last few years,
10 they've been coming in within about six months.
11 They've been -- they would get -- like Mr. Wakeman
12 said, we for a while had a -- an ongoing training
13 program with the overhead. And so as they'd come
14 into the janitor group, we'd see them going into
15 there.

16 Now, that has stopped and so now we're
17 seeing where we have entry -- people in entry level
18 jobs who now -- for maybe two, two and a half years
19 and -- and then they'll have the opportunity maybe to
20 go into the stores group or something like that.

21 So I -- it's a roundabout way to answer
22 your question. I'm trying to run it all through my
23 head. Is -- you know, it's -- it's really base-- in
24 diversity the Company will try to hire older
25 individuals as well, so. We recently had somebody

1 around 50 years old who went into the overhead
2 program. So I -- it's kind of hard to judge.

3 Q. So under the collective bargaining
4 agreement you have to really work your way up the
5 ladder in order to qualify for some of these training
6 positions?

7 A. In most cases, yes.

8 Q. If the Union was interested in reducing
9 the average age of some of the positions, for example
10 linemen, would you be in favor of allowing people to
11 be hired in off the street into these training
12 programs as opposed to the seniority based system
13 that currently exists?

14 A. We have that going on now. We've had that
15 for about the last three or four years. The Company
16 has actually in fact hired people into these training
17 positions because we've no longer had anybody in the
18 pool who qualified or who even wanted it quite
19 honestly.

20 Q. Well, if you're --

21 A. Just in the overhead, I'm sorry.

22 Q. I'm sorry. If you were interested in
23 reducing the average age across the board, would the
24 Union be in favor of the allowing the Company to hire
25 people off the street into these training programs

1 instead of the seniority based system that currently
2 exists?

3 A. I wouldn't be in favor when I don't see
4 that it would make -- that would make a difference.

5 Q. But if it would reduce the average age
6 because people hired in off the street were 18, 19,
7 20 years old as opposed to the 30 years that is
8 required -- 30 year olds who have to bid into those
9 jobs right now, would the Union be in favor of that?

10 A. No.

11 MR. MITTEN: I don't have any further
12 questions. Thank you.

13 JUDGE WOODRUFF: Redirect?

14 MS. SCHRODER: Yes, thank you.

15 REDIRECT EXAMINATION BY MS. SCHRODER:

16 Q. Mr. Walters, let's just start where
17 Mr. Mittens left off.

18 With regards to the training requirements
19 again, you said training is set up so that people bid
20 in, and the person, the candidate that's accepted is
21 the most senior skilled employee; is that right?

22 A. The most senior and who has the
23 qualifications.

24 Q. Who has the qualifications.

25 A. They all have various qualifications.

1 Some are Associate's degrees, some are qualified
2 through an evaluation process, certain licensings,
3 certifications, things of that nature.

4 Q. All right. Are a lot of those
5 qualifications thing that you have to have already
6 had some position with Ameren in order to meet the
7 qualifications usually?

8 A. It's a variety. In some cases they do.
9 Some cases they -- as they're in entry level, they go
10 through their ACDC classes, they get that training to
11 qualify for -- to go into the meter lab, the meter
12 shop perhaps or to -- because that is a qualification
13 there.

14 Some of them finish their Associate's
15 degree in certain areas so that they're qualified to
16 go into the relay group or the telecommunications
17 group. And some of them for hired off the street
18 with these qualifications.

19 Q. All right. And in response to questions
20 that Commissioner Davis asked you about the sexiness
21 of these positions and the difficulty you have
22 recruiting people, is the ability to bid into a job
23 based on seniority one of the incentives for taking
24 an entry level position with Ameren?

25 A. It's most certainly is, yeah.

1 Q. All right. And Commissioner Davis asked
2 you some questions about training that I'm not sure
3 you quite understood, or at least maybe I
4 misunderstood what he was asking.

5 Is there a component of the training that
6 is classroom and a component of it that's on the job?

7 A. Yes.

8 Q. All right.

9 A. In most cases.

10 Q. Okay. And that varies, how much of it
11 varies from job to job; is that correct?

12 A. That's correct.

13 Q. Okay. Commissioner Davis asked you some
14 questions about the underground workers. And you
15 talked a little bit about the emphasis currently on
16 the downtown network system, et cetera. Is there
17 going to be or is there now underground work that is
18 part of the sustained normal workload of Ameren?

19 A. Yes.

20 Q. All right. And is that going to continue
21 in the foreseeable future?

22 A. Yes.

23 Q. So if somebody -- if there's an internal
24 workforce of underground workers, they're not going
25 to work their way out of a job just because this

1 downtown networking system or this emphasis is
2 eventually eliminated; is that --

3 A. No. No, they're not.

4 Q. All right. Similarly will there always be
5 a need for a sustained normal workload need for
6 directional boring at Ameren?

7 A. I believe so, certainly.

8 Q. And is that also true with regard to these
9 system relay technicians? Is there -- is the need
10 that you identified about being able to support the
11 power plants and then these FERC and other agency
12 increased requirements that are coming up, are those
13 creating a permanent increase in the sustained normal
14 workload?

15 A. I believe they are, yes.

16 Q. Now, you were asked a lot of questions
17 about subcontracting and whether you're trying to
18 restrict the use of outside contractors through this
19 case. And there were several references in your
20 testimony to outside subcontractors. But what was
21 your purpose of making those references? Were you
22 asking the Commission to restrict subcontracting in
23 this case?

24 A. No. I am not asking them to restrict.
25 It's impossible.

1 Q. Okay.

2 A. Can't do that.

3 Q. Were your references to the outside
4 contractors more about efficiency, safety, and skill?

5 A. That's correct.

6 Q. All right. And specifically, let me refer
7 you to your testimony, Exhibit 650, your direct
8 testimony, page 5, lines 42 through 44. Do you have
9 that in front of you?

10 A. Yes, I do.

11 Q. Okay. And there you mention that the
12 standards set out by Ameren to its internal workforce
13 far exceeds that of any other entity or workforce.
14 And then you attach some exhibits. What was -- what
15 was your point here?

16 A. My point is that the internal workforce
17 does -- is held to some very high standards. And
18 even in the qualifications, our -- the internal
19 workforce at Ameren it takes a lot more to qualify
20 for a job inside the utility than it does outside; in
21 most cases, much, much greater qualifications.

22 Q. All right.

23 A. And the training programs I think are
24 probably the best. We have excellent training
25 programs. And there's areas certainly where we need

1 to improve, but when we put together a good training
2 program, it -- it's a good program and we're held to
3 high standards. And there's nothing at all to be
4 ashamed of there.

5 Q. All right. And is that also the point
6 of your testimony on page 6, lines 10 and 11 and 42
7 and 43?

8 A. Page 6, 10 and 11?

9 Q. Yes.

10 A. Is that correct? Yeah. I -- the
11 reference to subcontracting and the -- what I say is
12 references additional levels of -- of management that
13 are required to oversee the contractors.

14 Q. All right.

15 A. I think that's a difficult task.

16 Q. Okay. And Mr. Mitten asked you some
17 questions about the \$6 million in additional training
18 costs that have come out of the last two rate cases
19 as a result of the Union testimony. Has any of that
20 money gone directly to the Union?

21 A. No.

22 Q. All right. And in both of those cases did
23 the Union start that rate case?

24 A. No.

25 Q. Okay. And has Ameren requested and been

1 granted substantial rate increase that far exceeds
2 what the Union obtained for Ameren to train people?

3 A. No. Oh, it far exceeded it, yeah, oh
4 certainly. By leaps, yeah.

5 Q. Okay. And I want to direct your attention
6 for a moment to the testimony that you gave about the
7 inspection program and your concerns about the value
8 and whether things were being missed.

9 You said that some of your members have
10 reported that when they've gotten out in the field to
11 poles that were inspected, they found unreported
12 problems on poles that had been inspected; is that
13 correct?

14 A. That's correct.

15 Q. Have they found problems on poles that
16 passed inspection?

17 A. Yes.

18 Q. Okay. And one further thing, you've been
19 asked -- you were asked several questions by
20 Mr. Mitten and others about overhead linemen
21 specifically. Is overhead linemen the category that
22 you're most concerned about today?

23 A. No, it's really not.

24 Q. All right. And I noticed that in your
25 direct testimony, you mentioned relay technicians and

1 fleet mechanics, and that was just at page 4 of your
2 testimony. And -- strike that.

3 I have nothing further.

4 JUDGE WOODRUFF: All right. Then,
5 Mr. Walter, you can step down.

6 MR. WALTER: Okay. Thank you.

7 JUDGE WOODRUFF: And I believe that
8 concludes the Union issues.

9 COMMISSIONER DAVIS: Judge, can we see if
10 Mr. Wakeman, who's sitting out there, if he can come
11 back for a few minutes.

12 JUDGE WOODRUFF: Certainly.

13 Mr. Wakeman.

14 All right. Mr. Wakeman's back on the
15 stand if you have some questions.

16

17 _____
DAVID WAKEMAN

18 testified as follows:

19 QUESTIONS BY COMMISSIONER DAVIS:

20 Q. Good morning, Mr. Wakeman.

21 A. Good morning.

22 Q. I promise we'll have you out of here in
23 time for lunch.

24 A. Okay.

25 Q. Just going back to I guess Mr. Mitten was

1 asking Mr. Walter some questions about the collective
2 bargaining agreement, and I asked Mr. Walter, he
3 didn't seem to know but he thought you might.

4 When the employees that are all subject to
5 collective bargaining agreements get a pay raise --
6 and if this is highly confidential, tell me and we
7 can go in camera. And you're looking at Mr. Mitten.

8 MR. BYRNE: So far it's not, Judge, or
9 your Honor.

10 BY COMMISSIONER DAVIS:

11 Q. Okay. So July 1, your collective
12 bargaining employees get a pay raise, and I'm just
13 going to say all of them that are getting a pay raise
14 on July 1, do you know what kind of cost increase
15 that's going to be for Ameren roughly?

16 A. Yeah, I don't know for all of them. After
17 you asked that question, I tried to run some numbers
18 on my calculator back there and I'd say for the 1439
19 group, it's probably in million and a half I would
20 guess dollars for that. That would be my -- that
21 would be my estimate. I could get you that number.

22 Q. Okay. I mean, and that's just for 1439?

23 A. Yeah. For those 900 employees, roughly
24 900. I think it's slightly under that.

25 Q. So, I mean, you've got at least another

1 couple of thousand out there?

2 A. Yeah. I'd say we probably have, pushing
3 3,000 bargain unit employees, I think.

4 Q. Three thousand bargaining unit
5 employees --

6 A. I think that's about right.

7 Q. -- with a 3 percent pay raise, so, you
8 know, roughly four a and half, five million?

9 A. Okay. That's --

10 Q. I mean, does --

11 A. Sounds like it could be in the
12 neighborhood, yeah.

13 Q. That would be a reasonable back of the
14 envelope --

15 A. Yeah.

16 Q. -- calculation?

17 A. I think so. Say around four maybe.

18 Q. Okay.

19 A. Somewhere in there.

20 Q. Okay.

21 A. That would be my --

22 Q. Four.

23 A. Yeah.

24 Q. Okay.

25 A. I mean, I don't actually know the number.

1 I could get it. But if we went through the math,
2 we'd probably get around there.

3 Q. All right. Now, Mr. Walter talked about
4 that, you know, you've already got some training
5 programs underway and I guess you've got the
6 facilities and everything. Is it your position here
7 that you don't want any more money for any training
8 purposes?

9 A. Well, I think what's -- if you talk about
10 training directly, I think what we have to manage
11 over the long term is the number of employees.

12 And so if we had money for training and we
13 were going to -- you know, like heavy underground,
14 we're currently in negotiations with the Union to
15 structure heavy underground apprentice program. So
16 if there was additional dollars for that
17 specifically, that would be of a benefit.

18 I think the concern I have is the issue
19 around number of employees and making sure I have the
20 flexibility of my management team to make the right
21 decisions going forward and have the correct number
22 of employees to serve customers in the future.

23 Q. Okay. So what do you think a reasonable
24 cost is for heavy underground cable and construction
25 training program?

1 A. Yeah. I think if we -- we had been
2 considering about nine people in that program, so --
3 to run through there. So if you talk about probably
4 a two and a half year program, it would probably be,
5 you know, back of the envelope again because I didn't
6 come up here with these numbers, but I would say it,
7 you know, it would be maybe one and a quarter million
8 dollars a year. So you could have probably about 11
9 dedicated employees to that. Then you've got
10 equipment and other training needs. That would be
11 quick best guesstimate.

12 Q. Okay. So one and a quarter million
13 dollars would get roughly -- I don't know if you use
14 this term at Ameren, but we use the term here called
15 FTE, full --

16 A. Yes.

17 Q. -- time employment.

18 A. Right. Exactly, right.

19 Q. Okay. So one and a quarter million a year
20 would get you 11 FTE employees, and that would get
21 you equipment?

22 A. Yeah, that would get us some equipment.
23 You'd probably need some capital, so that would be
24 the -- the mostly O&M component of the expense
25 portion. And then we'd need some equipment for

1 them.

2 And it would be nine journeyman and then
3 you'd have a couple trainers. You know, you have a
4 supervisor and a trainer that has to be in there.

5 Q. All right. You've already got the
6 classroom space wherever you're going to have the
7 classroom space?

8 A. Yeah, I think we're good there.

9 Q. And everything. And so would you be
10 supportive of that?

11 A. Sure. In that guise, yes.

12 COMMISSIONER DAVIS: Okay. I don't have
13 any further questions, Judge.

14 JUDGE WOODRUFF: All right. Any recross
15 based on those questions from the bench?

16 Any redirect?

17 All right. Mr. Wakeman, you can step
18 down.

19 MR. WAKEMAN: Thank you.

20 JUDGE WOODRUFF: And I believe that the
21 concludes the Union issues portion of the hearing.

22 We want to bring Mr. Gilbert back I
23 believe, if someone wants to go get him.

24 While we're waiting for that, I do want
25 to deal with what -- the remaining issue that we do

1 have on rate design and class cost of service. When
2 we took that up on Friday, it was indicated that the
3 parties would be filing a stipulation and agreement.

4 Mr. Mills, I believe you're the only
5 party to that that's here today. Can you give us any
6 updates on what's going on?

7 MR. MILLS: I think there's some draft
8 language circulating, Judge. I know that some of the
9 parties are still discussing with other parties,
10 trying to get more people on board. It's my
11 anticipation that something will be filed sometime
12 tomorrow.

13 JUDGE WOODRUFF: Okay. Well, at the
14 moment we are scheduled to have hearing time on
15 Thursday, so you can pass the word to everyone else
16 who -- anyone else who's listening that we will
17 indeed start the hearing on Thursday unless something
18 is filed sooner to make that go away.

19 MR. MILLS: Okay.

20 JUDGE WOODRUFF: So. Word to the wise I
21 guess.

22 MR. LOWERY: Your Honor, could I address
23 a couple of process --

24 JUDGE WOODRUFF: Sure.

25 MR. LOWERY: -- or sort of clean up items

1 perhaps?

2 I don't know how -- I don't know if we're
3 going to be here Thursday or not, but --

4 JUDGE WOODRUFF: Right.

5 MR. LOWERY: -- assuming perhaps that
6 we're not going to be here Thursday.

7 We had been requested by last Friday to
8 provide some information regarding the savings
9 related to the Stebbins Tile that had been put in,
10 and we filed that in EFIS on Friday afternoon. And I
11 offered it into evidence at that time.

12 We also indicated that the folks who
13 prepared that information could be made available for
14 questions if folks desired that. And we filed their
15 affidavits today, just -- I don't know if people are
16 going to want that or not.

17 But I guess I wanted to renew that offer,
18 that evidence, and find out whether or not -- whether
19 or not folks had questions for them. And if so, how
20 logistically we're going to deal with that. That was
21 the first thing I wanted to bring up.

22 JUDGE WOODRUFF: All right.

23 MR. LOWERY: That was Exhibit 155.

24 JUDGE WOODRUFF: And that would be on the
25 fuel adjustment clause issue?

1 MR. LOWERY: No. It arose from the
2 Sue --

3 JUDGE WOODRUFF: Sue Struckers (ph.),
4 okay. Trying to remember --

5 COMMISSIONER KENNEY: I didn't -- I'm
6 sorry, was that a -- you said that was an exhibit
7 regarding the Stebbins tiles?

8 MR. LOWERY: Yes. Yes, Commissioner
9 Kenney, that we were asked to provide information --
10 information about what the savings or the financial
11 impact was of being able to put in the Stebbins tile
12 instead of plate glass lining that we were able to do
13 because of the construction slow down that took
14 place. And we were ordered to provide that by Friday
15 of last week. And so we did so and there are --

16 COMMISSIONER KENNEY: Okay.

17 MR. LOWERY: There are two pieces of
18 that. One piece is an engineering analysis that
19 essentially says, This is what it would have cost and
20 that type of thing. And the other piece is because
21 we would have had to take the plant down for
22 approximately an additional 157 days beyond a normal
23 outage, there was an impact to the revenue
24 requirement, but essentially lost energy, lost
25 production of that plant for that additional,

1 whatever that is, five months or so.

2 And so they are -- we submitted that on
3 Friday. And I'm -- as I indicated in the filing we
4 made on Friday, if people have questions about those
5 two individuals who did that work, we can -- we can
6 make them available.

7 COMMISSIONER KENNEY: I don't have any
8 questions. I was the one that was most interested in
9 that, but I don't know if anybody else does.

10 JUDGE WOODRUFF: I believe that was Staff
11 was the opposing party on that issue.

12 Mr. Thompson, do you know if Staff has a
13 position on that yet?

14 MR. THOMPSON: Staff is still reviewing
15 that issue and we have some information that we need
16 to get from the Company before we're able to make up
17 our minds about it.

18 JUDGE WOODRUFF: All right. That's fair
19 enough.

20 COMMISSIONER KENNEY: I'm sorry. One
21 more question. Has this been offered into evidence
22 yet?

23 JUDGE WOODRUFF: It was just offered, and
24 Staff just indicated they wanted more time to review
25 it. It just came in late on Friday.

1 COMMISSIONER KENNEY: All right. I'm
2 sorry. Thank you.

3 JUDGE WOODRUFF: I'll defer ruling on it
4 until Staff's had an opportunity. If Staff can
5 give -- let me know by Thursday morning.

6 MR. THOMPSON: Will do, Judge.

7 JUDGE WOODRUFF: All right.

8 MR. LOWERY: Your Honor, a couple other
9 clean-up items. We had offered Exhibits 160 and
10 161 HC relating to higher fuel costs. I believe that
11 was in response to a request perhaps from
12 Commissioner Davis; one of the commissioners, I don't
13 recall.

14 COMMISSIONER DAVIS: That's correct.

15 MR. LOWERY: And at the time we marked
16 and offered those. At that time I know Mr. Mills at
17 least indicated he wanted to take a look at it and
18 you had reserved ruling.

19 But again, I guess I would ask about
20 cleaning up the record on that as well.

21 JUDGE WOODRUFF: Right. Mr. Mills?

22 MR. MILLS: Which exhibit was that?

23 JUDGE WOODRUFF: That is 160 and 161. It
24 was about increased coal cost for January 1, 2011,
25 and January 1 of 2012.

1 COMMISSIONER DAVIS: Two one-page
2 documents provided, I can't think of the witness's
3 name right now.

4 MR. LOWERY: Well, Mr. Finnell --

5 COMMISSIONER DAVIS: Tim Finnell.

6 MR. LOWERY: He prepared them and we
7 submitted an affidavit as part of that exhibit and
8 that was provided last Wednesday I believe.

9 MR. MILLS: And I don't have any
10 objection to those two.

11 JUDGE WOODRUFF: All right. Then 160 and
12 161 are received.

13 MR. LOWERY: And then -- and then, your
14 Honor, one more clean-up item and I believe this was
15 also requested by commissioners, requested basically
16 just actual data of what was Taum Sauk generation in
17 that first annual period since it's been back in
18 operation versus prefailure of the old reservoir, and
19 I have that information. And this would be -- I
20 think you reserved Exhibit 162.

21 JUDGE WOODRUFF: That would be correct.

22 MR. LOWERY: I would provide that and
23 offer that into the record, and I have copies for
24 everybody.

25 JUDGE WOODRUFF: Okay. Is this highly

1 confidential?

2 MR. LOWERY: It is not. It's actual
3 historical generation statics, so it's not highly
4 confidential.

5 JUDGE WOODRUFF: And I have on my notes
6 here this is prepared by Mr. Harrow.

7 MR. LOWERY: That's correct.

8 JUDGE WOODRUFF: Okay.

9 MR. LOWERY: Mr. Harrow had committed to
10 get this information and he has done so.

11 JUDGE WOODRUFF: 162 has been offered.

12 Any objections to its receipt?

13 MR. THOMPSON: No objection.

14 JUDGE WOODRUFF: Hearing none, it will be
15 received.

16 MR. LOWERY: And then lastly, your Honor,
17 and I don't have these, but we -- I think we can
18 certainly commit to have them by Thursday morning.
19 Mr. Rigg had promised some information, I think to
20 Commissioner Kenney. And it is on its way.

21 JUDGE WOODRUFF: All right.

22 MR. LOWERY: And we will -- we will
23 intend to provide that by Thursday morning. And if
24 we don't have a hearing, I guess we can provide it
25 using the internet and deal with it in that way.

1 JUDGE WOODRUFF: And I actually have two
2 exhibits reserved for Mr. Rigg, 163 and 164.

3 MR. LOWERY: That's correct. That's what
4 I -- that's what I had understood.

5 JUDGE WOODRUFF: Okay.

6 MR. LOWERY: And I said lastly, but one
7 other thing, your Honor. We have three stipulations
8 that have been filed and this would apply not just to
9 the Company, but we have the testimony of ten
10 witnesses who, because those issues have been
11 resolved and they're uncontested, we would intend to
12 offer their testimony. I'm sure other folks are in
13 the same position, so that testimony's part of the
14 record in support of those stipulations. I don't
15 know how you want to handle that.

16 JUDGE WOODRUFF: I assume that -- is that
17 addressed in the stipulations?

18 MR. LOWERY: It's not specifically
19 addressed, no. We didn't specifically address it. I
20 think our practice has been, amongst the parties, is
21 to just put all -- put all those testimonies in in
22 support of the stipulations.

23 JUDGE WOODRUFF: That has been the past
24 practice. We can go ahead and do that for Ameren now
25 and we'll deal with the others later.

1 I believe.

2 JUDGE WOODRUFF: Okay.

3 MR. LOWERY: Your Honor, we had --
4 that's correct. Ms. Lobb reminds me that Mr. Warwick
5 is a witness on Thursday so that's why we hadn't had
6 those on the list.

7 JUDGE WOODRUFF: Okay.

8 MR. LOWERY: Or maybe a witness on
9 Thursday. I suppose we can wait till -- take him up
10 then or -- to see what happens with the rate design.

11 JUDGE WOODRUFF: Okay. All right. So
12 127, 128, 138, 139, 140, 141, 142, 143, 144, 145,
13 146, 147, 148, and 150 have been offered. Any there
14 any objections to those, receipt of those?

15 Hearing no objections, they will be
16 received.

17 Okay.

18 MR. BYRNE: Your Honor, one last issue if
19 I might.

20 Sorry to hold you up, Mr. Gilbert.

21 MR. GILBERT: That's all right.

22 MR. BYRNE: Exhibit 158 was -- which has
23 not been accepted yet was the notification that the
24 Company provided to the agencies related to Taum Sauk
25 and the handouts from those meetings. Mr. Baxter

1 attended all three of those meetings, so we have --
2 we have an affidavit of his that goes with those
3 saying, This is the notice that was provided, these
4 were the handouts that were at these meetings and
5 that these meetings were actually held. So I guess
6 what I'd like to do is substitute the same things
7 that are already in 158 but with Mr. Baxter's
8 affidavit verifying the accuracy of those materials.

9 JUDGE WOODRUFF: All right.

10 MR. BYRNE: And then if there -- this
11 issue came up after Mr. Baxter left the witness
12 stand, but if there are questions, we would offer to
13 bring Mr. Baxter back to answer questions.

14 JUDGE WOODRUFF: All right. So this
15 would be the new 158.

16 MR. BYRNE: Yes. This will be a
17 substitute for 158.

18 JUDGE WOODRUFF: I also show that as
19 being proprietary. No, I'm sorry, never mind. I was
20 looking at the wrong one.

21 All right. A substituted 158 has been
22 offered. Are there any objections to its receipt?
23 Mr. Mills?

24 MR. MILLS: Well, judge, I may have.
25 It's got a significant -- well, actually the last two

1 sheets really have nothing to do with Taum Sauk, and
2 so I wondered that about the original 158 and they
3 seem to be here as well. I'm not sure why they are
4 attached to this exhibit. Certainly nothing in
5 the -- in the cover letter seems to indicate that
6 there are any attachments having do with what we
7 affectionately call AmerenUE's scary train wreck
8 slide or the very last slide.

9 MR. BYRNE: Mr. Mills is correct. I
10 mean, those -- those slides really don't have
11 anything to do with Taum Sauk. We provided them
12 because they were handouts in the meetings and in an
13 effort to be complete. But I don't -- it doesn't --
14 I don't care if those go into the record or not. You
15 know, they're not germane to Taum Sauk.

16 MR. MILLS: I certainly would have an
17 issue with them going into the record under this
18 guise, I mean, I think --

19 JUDGE WOODRUFF: You want to remove the
20 last two pages?

21 MR. BYRNE: We'd be happy to withdraw the
22 last two pages.

23 COMMISSIONER KENNEY: I'm sorry, I
24 couldn't hear everything you were saying. Were you
25 talking about the notice regarding the consent

1 judgement and the relevance of those last two pages?

2 JUDGE WOODRUFF: Yes.

3 MR. MILLS: Yes.

4 JUDGE WOODRUFF: And specifically the two
5 pages that are a possible time line for environmental
6 regulatory requirements re the utility industry which
7 Mr. Mills referred to as the scary train wreck. And
8 then the final one is potential technical solutions
9 to comply with environmental regulations.

10 COMMISSIONER KENNEY: And the argument is
11 that they weren't relevant, but I guess my question
12 is were they actually included in the handout that
13 was given to the three people that are on the
14 letter?

15 MR. BYRNE: Yes, Commissioner, they
16 were.

17 COMMISSIONER KENNEY: Okay. Along with
18 the picture of the rebuild objectives and features?

19 MR. BYRNE: Yes, Commissioner.

20 COMMISSIONER KENNEY: The two pictures of
21 the reservoirs?

22 MR. BYRNE: That's correct.

23 JUDGE WOODRUFF: All right. The Company
24 has asked to remove those last two documents and
25 we'll do that.

1 With that revision then, are there any
2 objections to the receipt of the revised 158?

3 MR. MILLS: No.

4 JUDGE WOODRUFF: Hearing no objection,
5 158 as revised will be received.

6 MR. LOWERY: Your Honor, I just want to
7 make sure, a moment ago did you go ahead and admit
8 129? I'm not sure I heard you tick that one off, but
9 you may have -- ticked it off in your list.

10 JUDGE WOODRUFF: If I didn't, 129 is
11 admitted.

12 MR. LOWERY: Thank you.

13 JUDGE WOODRUFF: I'm just going through
14 the list here. 169 I show reserved until complete.
15 It was a DO response to Staff 22.

16 MR. LOWERY: Okay.

17 JUDGE WOODRUFF: I have a remark that
18 corrected copy to be provided by UE. Was that the
19 one where we had only partial, every other page was
20 printed?

21 MR. LOWERY: Oh, we had -- we took care
22 of that. And we actually in the interim went back,
23 we -- it was single sided I think; it needed to be
24 double sided. I'm pretty sure that we brought and
25 gave you the complete document that afternoon.

1 be received.

2 And then Sheperly rebuttal or direct,
3 rebuttal, and surrebuttal, that all still up for
4 class cost service; is that right?

5 MR. THOMPSON: That's correct.

6 JUDGE WOODRUFF: Okay. Well, since
7 Mr. Gilbert is on the stand right now, let's go ahead
8 and deal with him and then we can clear up any other
9 matters that may be out there.

10 Commissioner.

11

GUY GILBERT

12

13 of lawful age, having been produced, sworn, and
14 testified as follows:

15 QUESTIONS BY COMMISSIONER DAVIS:

16 Q. Good afternoon, Mr. Gilbert.

17 A. Good afternoon, Commissioner.

18 Q. I apologize, I did not mean to catch you
19 flatfooted this morning, but it occurred to me over
20 the weekend that you are our resident depreciation
21 expert, are you not?

22 A. I am.

23 Q. And I was recalling your testimony here in
24 the previous case on the whole life versus Mast
25 Property accounting approach on the -- on the various

1 coal plants.

2 A. Yes.

3 Q. Have you done like a whole life -- I mean,
4 how -- I guess what has been the apprec-- or what has
5 been the depreciation accounting on Taum Sauk? I
6 assume there was whole life depreciation accounting
7 on Taum Sauk?

8 A. Yes. The depreciation -- to give you a
9 bit of the history, from '37 until '63, 1963, all of
10 AmerenUE's assets had a 3 percent depreciation rate.
11 With Taum Sauk being placed into rate base, they were
12 given a separate set of accounts which in aggregate
13 yield I believe a 1.39 percent depreciation rate.

14 Q. Okay. And so an aggregate 1.39 percent
15 depreciation rate is at 60 years, is at 70 years, and
16 I'm --

17 A. I would approximate it --

18 Q. I didn't bring my calculator today,
19 Mr. Gilbert.

20 A. Yes, sir. I would approximate it at 60
21 years. As far as what amount of net salvage was in
22 there or how that was arrived at, in my quick review
23 of the record, I haven't been able to discern that.

24 Q. Okay. And when was Taum Sauk constructed
25 again?

1 A. It went into service in '63, 1963 I
2 believe. It had about a three-year construction
3 period.

4 Q. Okay. So it went into service in '63.

5 A. Beginning August 27th, 1963 is when the
6 composite annual rate of 1.39 percent was to go into
7 effect.

8 Q. Okay. So was it -- was it operating
9 before then or?

10 A. I couldn't answer with certainty.

11 Q. Okay. So it went into rates August 27th,
12 1963?

13 A. Yes, sir.

14 Q. Okay. And I guess -- so today is May 9th,
15 2011, correct?

16 A. Tenth.

17 Q. Tenth. May 10th, I'm sorry, May 10th,
18 2011. So roughly we are looking at a period of, I'm
19 going to say 47 and two-thirds years; is that
20 correct?

21 A. Forty-eight is what I --

22 Q. Okay. I mean, 48 to the time this
23 rating -- this rate case is --

24 A. Yes.

25 Q. -- is over.

1 So I mean, if we're just -- I mean, if
2 we're just looking this -- at this based on, you
3 know, kind of a -- the whole life approach, I mean,
4 technically there would be 12 years of Taum Sauk's
5 useful life left, you know, according to that -- to
6 that old -- or to the -- to the previous accounting
7 approach?

8 A. With the original rates that were signed.
9 Now, subsequently over time the rates were bumped up
10 some to a bit over 2 percent.

11 Q. Okay. So they --

12 A. Other rate cases.

13 Q. Okay. So they had been bumped up a
14 little, so maybe the -- it had actually decreased a
15 little bit, the 60-year life expectancy had decreased
16 a little or?

17 A. Actually it probably would have
18 increased --

19 Q. It would have --

20 A. -- some.

21 Q. It would have increased some because of
22 those improvements?

23 A. Yes, sir.

24 Q. Enhancements that --

25 A. The generator, the turbine generator set

1 upgrades that took place in I believe '99.

2 Q. Okay.

3 A. That Mr. Burk testified to.

4 Q. Okay. And so -- and those are -- those
5 are still there operating --

6 A. Oh, yes.

7 Q. -- today, right?

8 So I mean, would -- I mean, would you say
9 that Taum Sauk had, you know, or I mean, if -- if
10 Taum Sauk were not rebuilt and if Taum -- if the Taum
11 Sauk collapse had never occurred, I mean, do you
12 think it would be a reasonable estimate to say that
13 20 percent of the Taum Sauk's useful life was still
14 there?

15 A. At least.

16 Q. Okay.

17 A. I would think, right. But the turbine
18 generator set upgrades were a significant
19 reinvestment in that facility along with the rubber
20 liner.

21 Q. Okay. And the turbine set is still there
22 and it's used and useful?

23 A. Yes.

24 Q. But obviously the rubber liner had to be
25 replaced or --

1 A. That was a latter addition in 2004.

2 Q. Okay. And so help me understand what a
3 latter addition is because that's not a term I'm
4 familiar with.

5 A. A later addition. It was added to the
6 plant. They had an issue with some leakage from the
7 upper reservoir so they basically put like a rubber
8 swimming pool liner in it if you will to hopefully
9 minimize that leakage, which it did.

10 Q. Okay. I mean, so -- I guess let me ask
11 you this: I mean, when -- what would your estimate
12 be for the -- for the useful life of the original I
13 guess dam walls as you would call it?

14 A. It's really hard to come up, you know,
15 with a number on that. I mean, they're -- they're
16 pretty much static physical structures that, you
17 know, lacking some sort of, you know, event,
18 probably, you know, just the life of the rubber liner
19 probably gave it 15 or 20 years based upon that.

20 Q. Okay. So I mean, would you say another 40
21 years?

22 A. Oh, I think there we get into the issue of
23 the FERC relicensing and what they would have caused
24 them to do. I mean, Dr. Rizzo, you know, testified
25 that it would have taken a substantial amount of

1 rebuild; others may contend that it would have simply
2 required something of a derate to bring the water
3 down below the level of the parapet wall. So it
4 would depend pretty much on what Ameren wanted do
5 with it at that point as far as operation.

6 Q. So in your opinion -- and you are an
7 engineer, are you not?

8 A. I am.

9 Q. Okay. In your opinion they would have
10 either had to do a substantial rebuild as Dr. Rizzo
11 would have testified or they would have had to lower
12 the water level further?

13 A. I believe that's the case, yes.

14 Q. So I mean, are those the only options or
15 do you think there was any other option?

16 A. There would be, you know, economics to
17 weigh against that. I think for the interim,
18 especially given the current state of the economy to
19 probably just derate the unit and wait for an
20 off-system market to come back or -- or negative load
21 would then determine whether or not you wanted to
22 take some sort an action to rehabilitate the
23 structure.

24 Q. Okay. I guess let me ask this question
25 then. We're assuming that the useful life of the new

1 Taum Sauk is 80 years, correct?

2 A. Yes.

3 Q. And if we're going to assume that because
4 of the liner, the old Taum Sauk would have had a
5 useful life of approximately 40 years, you know, and
6 wanted to make an adjustment for that, how would you
7 recommend doing that, or would you recommend doing
8 that or not doing that or?

9 A. I think 40 years is a bit long because
10 I -- I -- I'd have to rereview it, but I don't
11 believe the liner was -- would be rated for much over
12 20.

13 Q. Okay. Okay. So let's assume, if we were
14 going to -- I mean, do you think it would be
15 appropriate to, you know, prorate the -- the amount
16 that -- that Ameren is requesting to be depreciated
17 out over the next 80 years by roughly 25 percent
18 because we think that the original Taum Sauk might
19 have had a life span of another 20 years?

20 A. That's not been my testimony, but that
21 would certainly be an option.

22 If I may, I've got some figures here on
23 Taum Sauk that I was able to put together. And
24 basically in December 31st, 2008, as part of our
25 study in the ER-2010-0036 rate case, the value of

1 Taum Sauk was \$79.8 million. And the adjusted book
2 reserve balance as of December 31st, 2008, was
3 \$20,275,000. The theoretical reserve showed that it
4 probably should have been some \$35 million. So, you
5 know, there was \$45 million worth of investment
6 there.

7 Q. Okay. So you're saying that as of
8 December 31st, 2008, you would -- you would have
9 valued Taum Sauk at roughly 45 million?

10 A. Yes.

11 Q. And what value would you -- would you
12 place on it now?

13 A. Four hundred -- oh, Taum Sauk?

14 Q. Yes.

15 A. Now, those numbers would be in the latest
16 EFIS run. There's been a lot of enhancements done
17 since then.

18 Q. Right.

19 A. But just -- just in my mind growing those
20 numbers, at this point I would say probably about 625
21 million.

22 Q. Okay. So six hundred and twenty --

23 A. Five million.

24 Q. -- five million, okay.

25 And if we're going on assume that they got

1 400 million from insurance?

2 A. Yes.

3 Q. Let's -- I mean, that's ballpark. Then
4 that would make it, you know, roughly 225 million and
5 they're only here asking for 90.

6 A. Yes.

7 Q. Or 89.

8 A. Well, yeah, 89.

9 Q. Eighty -- 89 million. So that would be --
10 I'm going to say, what, about 40 percent of that
11 number? Is that --

12 A. That's --

13 Q. -- 90 -- 90 over 225, is that about right
14 roughly?

15 A. Yeah, that's 20 percent.

16 COMMISSIONER DAVIS: Okay.

17 All right. Judge, I don't have any
18 further questions.

19 Mr. Gilbert, I appreciate your time.
20 Some of these other parties might have some questions
21 in response. But thank you for your work, I
22 appreciate it.

23 MR. GILBERT: Thank you.

24 JUDGE WOODRUFF: Commissioner Kenney, do
25 you have something?

1 COMMISSIONER KENNEY: Yes, please.

2 QUESTIONS BY COMMISSIONER KENNEY:

3 Q. Mr. Gilbert, how are you?

4 A. Fine, thank you.

5 Q. You just used the word "enhancements" and
6 so my curiosity was piqued. Was the baseline against
7 which you're measuring when you're referring to
8 enhancements, is it 1963 technology or the 2006
9 technology when the rebuild began or 2007, whatever
10 year it was.

11 A. Well, I would term it as being after the
12 last upgrades in 2004 with the rubber liner. And so
13 any -- anything they did to improve or enhance that
14 investment, you know, subsequent that point in time I
15 would turn an investment or an enhancement, excuse
16 me.

17 Q. So the base-- so anything that was done
18 after -- well, the accident occurred in '05?

19 A. Yes, sir.

20 Q. Right?

21 A. December 14th.

22 Q. And then there were -- there were
23 improvements or there was upgrades done in '04?

24 A. Yes, sir, the rubber liner.

25 Q. Well, so then I'll ask my question again.

1 Is it compared to the 1963 technology or some post-
2 2005 technology?

3 A. Well, there were -- the structure was
4 completed in -- in 1963. In 1986 they added a
5 seepage collection system which was a substantial
6 investment.

7 I believe in '99 is when they -- they
8 replaced the turbine generators, which was a
9 substantial upgrade.

10 And then another moderate upgrade, kind of
11 like the seepage collection system would have been
12 the rubber liner in 2004 which involved updated
13 instrumentation for the upper reservoir.

14 So if you draw a line at that point, I
15 mean, you know, it's kind of like adding memory to
16 your computer or something like that. You had the
17 system in place that you did in 2005, and then what
18 it was replaced with, other than just being able to
19 be structured to impound water, was essentially an
20 entirely different technology, if you will,
21 subsequent to 2005 event.

22 COMMISSIONER KENNEY: Okay. Thank you.

23 JUDGE WOODRUFF: Anyone wish to recross
24 based on those questions from the bench?

25 MR. BYRNE: Yes, your Honor. What's the

1 right order though?

2 JUDGE WOODRUFF: Public Counsel go first
3 if they want.

4 MR. MILLS: Actually I think I'm more
5 adverse to Staff than the Company is on this one.

6 JUDGE WOODRUFF: All right.

7 MR. MILLS: I think the Company would go
8 first.

9 JUDGE WOODRUFF: Company first then.

10 MR. BYRNE: I agree with Mr. Mills.

11 RECROSS-EXAMINATION BY MR. BYRNE:

12 Q. Mr. Gilbert, Commission Davis asked you
13 some questions about how long the upper reservoir
14 might last in the absence of the breach. Do you
15 recall those questions?

16 A. I do.

17 Q. Dr. Rizzo testified earlier in this case,
18 and did you hear Dr. Rizzo testify?

19 A. I did.

20 Q. Okay. And Dr. Rizzo testified that there
21 was a PFMA inspection which is -- do you know what
22 that stands for?

23 A. Plan Failure Mode Analysis or something in
24 that category.

25 Q. And it was scheduled for the plant for

1 2008 as I understand it.

2 A. I believe that's correct.

3 Q. Is that correct?

4 And as I understand, that's a more robust
5 inspection than the FERC had had previously; is that
6 correct?

7 A. It is. It's -- I remember reviewing the
8 PFMA document that the Fed put out, and I think it
9 was April of 2006, and it was 80 -- 80-plus pages if
10 I recall, a thick document.

11 Q. And Dr. Rizzo testified that if the PFMA
12 had been performed in 2008, it would have revealed
13 substantial structural problems with the upper
14 reservoir.

15 Do you have any reason to disagree with
16 Dr. Rizzo's testimony on that point?

17 A. No.

18 Q. Okay. And in particular, I'm not sure if
19 I remember all of the things Dr. Rizzo testified they
20 would have found, but at least a couple of them were,
21 the PFMA would have revealed that the -- that the old
22 upper reservoir did not meet current seismic
23 standards.

24 Do you have any reason to disagree his
25 testimony on that?

1 A. I'd agree with that statement.

2 Q. Okay. And the other thing he testified
3 was that, you know, if a PFMA inspection had been
4 performed in 2008, there would have -- it would
5 have -- the problems with -- with the fines in the --
6 within -- inside the rock-filled concrete-face dam
7 would have been revealed, they would have done
8 borings, and they would have under-- you know, they
9 would have come to understand that there were fines
10 and vegetation and soil and stuff mixed in with the
11 rocks in the rock-filled dam.

12 Do you have any reason to disagree that
13 they would have found that?

14 A. No.

15 Q. Okay. And then Dr. Rizzo also said, you
16 know, having found that, having found -- there may
17 have been other ones that he said, but having found
18 the structural problems with the dam and the PFMA,
19 the FERC would have required one of two things. He
20 basically said it would have required to either shut
21 down the dam at whatever cost that would be or you'd
22 have to substantially rebuild the dam.

23 Do you have any reason to disagree that
24 testimony?

25 MR. MILLS: I object. This calls for

1 speculation. It's -- you're asking this witness to
2 speculate on whether he agrees with Dr. Rizzo's
3 speculation. And besides that, it's beyond the scope
4 of questions from the bench.

5 MR. BYRNE: It's not beyond the scope of
6 questions from the bench. He was asked by
7 Commissioner Davis how long the old facility would
8 last and he's an engineer that's capable of giving an
9 opinion.

10 JUDGE WOODRUFF: Overrule the objection.

11 MR. GILBERT: I guess I have my own
12 speculation that Ameren could have required --
13 applied for a variance or grandfathering in. I
14 really -- it's hard telling where things might have
15 gone at that point.

16 BY MR. BYRNE:

17 Q. Okay. Do you have any evidence that the
18 FERC would grant a variance?

19 A. No, I don't.

20 MR. BYRNE: Okay. Thank you, Mr. Gilbert.

21 JUDGE WOODRUFF: All right. Public
22 Counsel?

23 RECROSS-EXAMINATION BY MR. MILLS:

24 Q. Really just very briefly.

25 Mr. Gilbert, one of the first questions

1 Commissioner Davis asked you was about the original
2 depreciation rate for Taum Sauk, and you said it
3 was 1.39?

4 A. Yes.

5 Q. In order to get the expected life inherent
6 in that number, you would divide .0139 by 1; is that
7 correct?

8 A. No, it would be the reciprocal of that.

9 Q. I'm sorry, 1 divided by .0139.

10 A. Right. And that would be negating any
11 consideration of a net salvage value.

12 Q. Okay. So if -- and the record will
13 reflect this, but if I were to represent to you that
14 that calculation yields 71.9 years, it's your
15 testimony that it would actually be greater than that
16 because there is some net salvage value that is
17 inherent in that number or it would be less than that
18 because of the net salvage?

19 A. I would have to do a calculation, but
20 I'm -- I'm thinking, you know, I take the 1.39 and
21 multiply it by 60 and that gives me 60 and then .4
22 which would be what, another -- so we're looking at
23 more like 84, not 71 or.

24 MR. MILLS: Judge, may I approach and hand
25 the witness a calculator?

1 JUDGE WOODRUFF: Certainly.

2 BY MR. MILLS:

3 Q. You can do it that way or that way.

4 A. Okay.

5 Q. That way is simpler.

6 A. Okay. I get 71.9.

7 Q. Okay. And was your testimony that because
8 of net salvage, that the actual expected life is
9 greater than that or less than that?

10 A. I'm sorry. Could you ask me the question
11 again?

12 Q. And I may have misunderstood your answer.

13 A. Sure.

14 Q. I think you said that you can't simply do
15 the calculation of 1 over .0139 to get the expected
16 life because you have to take into account net
17 salvage?

18 A. Correct.

19 Q. And which way would net salvage push
20 that? Would it make -- would it make the expected
21 life greater or less than the 71.9?

22 A. If the net salvage acts to reduce, is a
23 positive number and it acts to reduce the amount of
24 money that needs to be collected, it would lower the
25 depreciation rate. But if there's going to be a cost

1 of removal and it's going to require additional
2 dollars be recovered, that's going to increase the
3 depreciation rate.

4 Q. Okay. So, and what would -- what would
5 the assumption have been for a facility like Taum
6 Sauk?

7 MR. BYRNE: Object, calls for
8 speculation.

9 MR. MILLS: It's a depreciation
10 calculation. Not calculation, but it's implicit in
11 how you do depreciation for facilities like this.

12 MR. BYRNE: If the witness knows the fact,
13 I guess he can say he knows, but if he doesn't, he
14 shouldn't speculate.

15 JUDGE WOODRUFF: I don't think he's
16 asking him to speculate and I'll overrule the
17 objection.

18 BY MR. MILLS:

19 Q. Would the expectation at the time a
20 facility like Taum Sauk was originally built be that
21 net salvage at the end would be positive or
22 negative?

23 A. I really can't answer that because that
24 kind of predates the environmental requirements, so I
25 don't -- I just don't know.

1 Q. Okay. You mentioned the fines in the --
2 in the rock wall.

3 A. I've heard it spoken of. I don't know
4 that I mentioned it, but sure.

5 Q. Do you know whether the fines were there
6 from the time of the original construction?

7 A. Oh, I believe they were.

8 Q. Okay. And who was in charge of the
9 original construction?

10 A. There was a vice president that worked for
11 Ameren that authored a number of articles, and I
12 believe his name was Gabbert or something like that.
13 I don't have -- I didn't bring those notes with me.

14 Q. But it was the Union Electric Company that
15 was in charge of building Taum Sauk, was it not?

16 A. Yeah. They -- they contracted it and they
17 had a vice president who oversaw it and wrote a
18 number of articles.

19 MR. MILLS: That's all I have. Thank you.

20 CHAIRMAN GUNN: Can I --

21 JUDGE WOODRUFF: I was going to go to
22 redirect first.

23 MR. THOMPSON: I have some redirect.

24 JUDGE WOODRUFF: Go ahead.

25 CHAIRMAN GUNN: Go ahead.

1 REDIRECT EXAMINATION BY MR. THOMPSON:

2 Q. Okay. Mr. Gilbert, I'm little bit math
3 challenged. I want you to help me out here. I think
4 you said that Taum Sauk went into rates towards the
5 end of August of 1963?

6 A. I believe that's what the order states,
7 yes.

8 Q. Okay. And if you know, at that time what
9 was the useful life rated as?

10 A. I -- I would have presumed 40 years based
11 upon the FERC licensure.

12 Q. So it was licensed for 40 years?

13 A. Well, originally it was a contested case
14 that went all the way to the Federal Supreme Court as
15 to whether or not the FERC had jurisdiction. So it
16 wasn't until the culmination of that proceeding that
17 I think an actual life based upon licensure came into
18 place.

19 Q. Okay. Well, I think you said that between
20 1937 and 1963 Ameren had a 3 percent depreciation
21 rate; is that correct?

22 A. That's correct.

23 Q. Okay. And Taum Sauk when it was built and
24 went into rates had a 1.39 percent depreciation rate?

25 A. Yes.

1 Q. Okay. And Mr. Mills had you work with the
2 calculator and we figured out that that was roughly
3 72 years; is that correct?

4 A. That's what I got, yeah.

5 Q. And you concluded that you didn't know if
6 net salvage was going to be positive or negative,
7 correct?

8 A. That's correct.

9 Q. All right. So what is 72 years from 1963,
10 can you tell me that?

11 A. 2035.

12 Q. Okay. And I think you said that the liner
13 was installed in 2004?

14 A. Yes.

15 Q. And that that wouldn't be rated much over
16 20 years?

17 A. That's correct.

18 Q. So in fact that didn't add anything to the
19 useful life, did it?

20 A. Not based upon the example just presented
21 to me, no.

22 Q. Okay. Now, the new construction, what is
23 the useful life of that?

24 A. For -- for the purposes of this case it's
25 80 years. But from a structural standpoint I think

1 that's something that will be far into the future.

2 Q. Okay. So Taum Sauk doesn't consistent
3 simply of the upper reservoir, right?

4 A. No, sir.

5 Q. There's also a lower reservoir?

6 A. That's correct.

7 Q. Also there's also a turbine house with
8 turbines?

9 A. Yes.

10 Q. Okay. And the turbine house, the turbines
11 that are presently there I think you said were
12 installed in 1999?

13 A. Yes.

14 Q. And what's their useful life?

15 A. It depends upon the, you know, the
16 operation and the maintenance, but from what we've
17 seen with some of the coal-fired plants, and that's
18 probably a little heavier duty, at least 60 years.

19 Q. Okay. And in terms of depreciation, are
20 they being depreciated at that rate, if you know?

21 A. As of the last rate case, they received a
22 life span remaining life rate, so it's a little less
23 straightforward to back into it. But it looks like a
24 32- to 39-year life on a remaining life basis.

25 Q. So that's what's remaining?

1 A. Yeah.

2 Q. Okay. What about the lower reservoir?

3 A. Oh, actually I kind of aggregated them all
4 there. Let me revisit this.

5 They're not segregated. The depreciation
6 rate doesn't make a distinction between the upper and
7 the lower reservoirs.

8 Q. Okay. And then you testified that you
9 would value Taum Sauk today at approximately \$625
10 million; is that correct?

11 A. Yes. Based upon the additions and then
12 what's on the books.

13 Q. Does that include the turbine house and
14 turbine set and the lower reservoir?

15 A. Yes.

16 MR. THOMPSON: Okay. No further
17 questions. Thank you.

18 JUDGE WOODRUFF: Thank you.

19 QUESTIONS BY CHAIRMAN GUNN:

20 Q. I apologize for this. I'm just trying to
21 wrap my head around a question that I've had and
22 apologize to everybody for revisiting this, but.

23 So that -- I want to take a step kind of
24 before the depreciation. So the depreciation is
25 depreciation off a certain value that was given to it

1 in 1963 when it went into a rates originally,
2 correct?

3 A. Plus additions. On a moving forward
4 basis, yeah.

5 Q. On a moving forward basis. Now, my
6 question is is that valuation was made based upon an
7 assumption that the dam was constructed the way that
8 it was supposed to be constructed, correct?

9 A. No. It was based upon what it actually
10 cost to build it.

11 Q. Correct. But everyone assumed that at the
12 time that the cost got you a dam different than what
13 they actually got for that cost, correct?

14 A. I don't have my direct report in front of
15 me, but the vice -- I did a review, I called the
16 Secretary of State and got a series of articles that
17 were produced at the time. And rock-filled and
18 earth-filled dams are both mentioned in the articles,
19 so.

20 Q. The dam was constructed was supposed to be
21 constructed with rock fill, correct?

22 A. That's what it appears.

23 Q. But it was not constructed that way,
24 correct?

25 A. Correct.

1 Q. So the value was assigned to it based on a
2 rock-filled constructed dam, the actual cost of
3 building a rock-filled dam?

4 A. I don't know those details. I mean, for
5 depreciation, it's what the billings were. Now, if
6 they changed --

7 Q. The billings were for a rock-filled
8 constructed dam.

9 A. Initially, that's -- that's --

10 Q. Plus additions?

11 A. Uh-huh.

12 Q. But that's not what happened, right?

13 A. Apparently not.

14 Q. Okay. And I don't even know if it's
15 possible to do or we should do it or not, but that's
16 just one of the things that I've been trying to wrap
17 my head around is that your -- your valuation today
18 of Taum -- what Taum Sauk cost, the \$625 million is
19 based upon what exists up there today?

20 A. The dollars spent.

21 Q. Right.

22 A. Which represents what's up there
23 supposedly.

24 Q. But if you -- if you -- and that's what
25 would have been done back in 1963. But from the

1 surface what you actually got was much different than
2 what everyone thought they were getting in 1963.
3 That's part of what Dr. Rizzo was testifying to.
4 They thought that they were getting a rock-filled dam
5 that was going to last however long the useful life
6 of that dam was supposed to last.

7 A. Based upon my review of the documents,
8 there's the possibility that Ameren's institutional
9 memory may have been lost regarding what actually
10 took place.

11 Q. There may not -- there may not be an
12 answer to this, but it seems to me that there were --
13 that for whatever reason the dollars that were paid,
14 and maybe -- maybe that's -- maybe the difference was
15 is that you could only get a non -- you know, a
16 nonrock-filled dam for the amount of money that was
17 paid. Because if you had actually paid for what you
18 were expected to get, you would have paid a lot more,
19 and maybe that's part of the issue and maybe there's
20 no way of determining what that value should have
21 been.

22 But it seems to me that the value of the
23 asset was substantially less because it wasn't what
24 they contracted for or what was presented to the --
25 to -- as what the asset actually was. Which it

1 didn't -- we didn't realize it until 2005 because we
2 didn't open up. And we would have realized it in
3 2008 under the PFMA analysis, but we didn't until the
4 collapse happened. That's when we got to open it up
5 and see what was actually inside the dam, right?

6 A. Well, I did a fairly extensive review from
7 the original geologic exploration which took place
8 through the construction. And again, that's just by
9 reading, you know, articles and papers from the
10 time.

11 But the geologic characterization that was
12 done initially prior to construction was -- was
13 minimal at best. They began to construct the
14 facility the way they had planned. But when they got
15 to the northeast end, it appeared that they had a
16 shortage of rock material with which to -- I'm sorry,
17 northwest. The northwest end, that they appeared to
18 have a shortage of the rock material with which they
19 had planned to construct it.

20 And again, that's because there was very
21 little characterization. I think there was one hole
22 drilled in that area. So they didn't really realize
23 they didn't have the amount of rock they expected.

24 Q. When it was known that they didn't have
25 the amount of rock?

1 dragged this on way too long and made everybody
2 angry, but I appreciate your indulgence. Thanks very
3 much.

4 MR. GILBERT: You're welcome.

5 JUDGE WOODRUFF: Any further recross?

6 MR. BYRNE: Yes.

7 JUDGE WOODRUFF: Go ahead.

8 FURTHER RECROSS-EXAMINATION BY MR. BYRNE:

9 Q. Just a couple questions.

10 Mr. Gilbert, Chairman Gunn was asking you
11 about people not getting the value of what they
12 expected. Do you recall that --

13 A. Yes.

14 Q. -- line of questions?

15 And I guess my questions for you is are
16 rates set on the value of assets or is it based on
17 the cost of the assets?

18 A. Depreciation rates?

19 Q. Sure.

20 A. Yes.

21 Q. Yes what?

22 A. Oh, I'm sorry.

23 Q. There's two choices.

24 A. Yeah. They are based upon the cost of the
25 assets, not the value of the asset.

1 Q. And I think Chairman Gunn was getting to
2 this in some of his questions, but if it had cost --
3 if it had cost more to build the dam the -- where the
4 fines were out of the rock, would those costs have
5 increased the depreciation rates?

6 A. Yes.

7 Q. Okay. And --

8 A. Or depreciation accruals, I'm sorry.

9 Q. Okay. The amount being accrued?

10 A. (Witness nodded head.)

11 Q. That would ultimately reflect in
12 customers' rates; is --

13 A. Yes.

14 Q. -- that correct?

15 A. Correct.

16 Q. And in terms of you talked about the fines
17 issue, but in terms of getting what people expected,
18 was there -- what about the seismic issue, was
19 there -- was there a -- I mean as I understand it,
20 the current -- the upper reservoir was not built to
21 modern seismic standards; is that correct?

22 A. Yes.

23 Q. But was there any expectation that -- at
24 the time that it was built that modern seismic
25 standards would be met?

1 A. I don't think so.

2 MR. BYRNE: Okay. That's all I have.

3 Thank you, Mr. Gilbert.

4 JUDGE WOODRUFF: Public Counsel?

5 MR. MILLS: Just a few.

6 FURTHER RE-CROSS-EXAMINATION BY MR. MILLS:

7 Q. Mr. Gilbert, this goes back to the
8 question that Commissioner Gunn was asking you. Do
9 you have an opinion as to whether or not the amounts
10 that UE paid for the construction in 1963 should have
11 gotten them a rock-filled dam.

12 A. I -- I don't have any opinion on that.

13 Q. Okay.

14 A. I don't have any knowledge to --

15 Q. So you don't know whether they paid for a
16 rock-filled dam and got an earth-filled dam?

17 A. I do not.

18 Q. Or conversely they paid for an earth-
19 filled dam and got what they paid for?

20 A. That's correct.

21 Q. Okay. Now, I think you mentioned that the
22 overtopping occurred in a particular area for a
23 longer period of time than where it actually
24 collapsed?

25 A. Well, I -- it -- it appears that would

1 have been the case because it was at a lower
2 elevation prior to failure than the area that
3 failed.

4 Q. Okay. And do you have any -- do you have
5 an opinion about how -- for how long it overtopped at
6 those other areas before the failure?

7 A. Not really. I haven't done an analysis
8 other than the low point would spill over before the
9 higher point.

10 MR. MILLS: That's all I have. Thank you.

11 JUDGE WOODRUFF: Redirect.

12 MR. THOMPSON: No redirect, thank you.

13 JUDGE WOODRUFF: Mr. Gilbert, you can
14 step down.

15 MR. GILBERT: Thank you.

16 JUDGE WOODRUFF: All right. That
17 concludes that portion.

18 The only other thing we have to take care
19 of, and this will be real quick for the benefit of
20 the court reporter, we have -- I think we had some
21 testimony from Public Counsel that you wanted to
22 offer.

23 MR. MILLS: Yes. I think the testimony
24 of Mr. Robertson all deals with issues that are
25 raised in the stipulations and agreements so I'd like

1 to offer at this point.

2 JUDGE WOODRUFF: That would be 307.

3 307's been offered. Any objections to its receipt?

4 Hearing none, it will be received.

5 You also have Mr. Kinds' direct on class
6 cost service and we'll defer ruling on that until we
7 see --

8 MR. MILLS: And Ms. Mizenheimers (ph.),
9 yeah. And those both relate to rate design and class
10 cost of service.

11 JUDGE WOODRUFF: Actually I have
12 Mizenheimer direct and rebuttal, surrebuttal
13 already --

14 MR. MILLS: They've already been
15 admitted, okay.

16 JUDGE WOODRUFF: They've been admitted.

17 So, all right.

18 MR. MILLS: Thank you.

19 JUDGE WOODRUFF: At this point then we
20 will adjourn until Thursday at 8:30 unless further
21 order of the Commission.

22 COMMISSIONER DAVIS: I mean, Judge, I
23 just wanted to express my appreciation of
24 Mr. Gilbert. I know he wasn't prepared to testify
25 again today. I know he hopefully -- he's already ran

1 out of the room and can't blame him for that, but
2 with Mr. Rackers and Mr. Thompson here, you know, I
3 just wanted to say that I appreciate, because he had
4 no prior notice or anything that he was going to get
5 called back today, so. And I know we asked him some
6 difficult questions, so I do appreciate his efforts.

7 JUDGE WOODRUFF: Thank you. And we're
8 adjourned until Thursday.

9 (Off the record.)

10 (Ameren Exhibit No. 158 was marked for
11 identification.)

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1 CERTIFICATE

2 I, Shelley L. Mayer, a Certified Court Reporter,
3 CCR No. 679, the officer before whom the foregoing
4 hearing was taken, do hereby certify that the
5 testimony which appears in the foregoing hearing was
6 taken by me to the best of my ability and thereafter
7 reduced to typewriting under my direction; that I am
8 neither counsel for, related to, nor employed by any
9 of the parties to the action in which this hearing
10 was taken, and further, that I am not a relative or
11 employee of any attorney or counsel employed by the
12 parties thereto, nor financially or otherwise
13 interested in the outcome of the action.

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17 Shelley L. Mayer, CCR
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