

Exhibit No.:

*Issues: Corporate Allocations, Payroll and
Payroll Taxes, Employee Benefits,
Incentive Compensation,
Miscellaneous Expenses*

Witness: Lisa K. Hanneken

Sponsoring Party: MoPSC Staff

Type of Exhibit: Direct Testimony

Case No: GR-2007-0003

Date Testimony Prepared: December 15, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT TESTIMONY

OF

LISA K. HANNEKEN

**UNION ELECTRIC COMPANY
d/b/a AMERENUE**

CASE NO. GR-2007-0003

*Jefferson City, Missouri
December 2006*

**** Denotes Highly Confidential Information ****

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

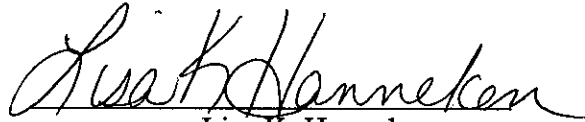
In the Matter on Union Electric d/b/a AmerenUE)
for Authority to File Tariffs Increasing Rates for)
Gas Service Provided to Customers in the)
Company's Missouri Service Area.)

Case No. GR-2007-0003

AFFIDAVIT OF LISA K. HANNEKEN

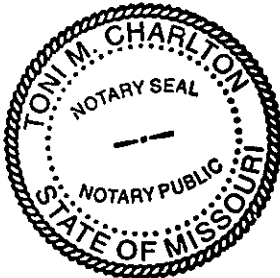
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Lisa K. Hanneken, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 21 pages to be presented in the above case; that the answers in the foregoing Direct Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Lisa K. Hanneken

Subscribed and sworn to before me this 14th day of December 2007





TONI M. CHARLTON
Notary Public - State of Missouri
My Commission Expires December 28, 2008
Cole County
Commission #04474301

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LISA K. HANNEKEN
CASE NO. GR-2007-0003

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DIRECT TESTIMONY

OF

LISA K. HANNEKEN

UNION ELECTRIC COMPANY

d/b/a AMERENUE

CASE NO. GR-2007-0003

Q. Please state your name and business address.

A. Lisa K. Hanneken, 9900 Page Avenue, Ste. 103, Overland, Missouri 63132.

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

A. I am a Utility Regulatory Auditor IV for the Missouri Public Service Commission (Commission).

Q. Please describe your educational background.

A. In July of 2001, I earned a Bachelors degree in Accounting from Webster University in St. Louis. In December of this year, I will complete my Masters of Business Administration with an emphasis in Accounting at Maryville University, St. Louis.

Q. Please describe your work background.

A. In August 1989, I began employment with Rinderer's Union Drug as a pharmacy technician and bookkeeper. Beginning in June of 1997, I was employed by Bucklick Creek, Inc. as the head of accounting and office manager. During 2000, I completed an internship at the Internal Revenue Service (IRS) as an auditor of small corporations and businesses. In September 2001, I commenced employment with the Commission's Staff (Staff).

1 Q. What is the nature of your duties at the Commission?

2 A. I am responsible for assisting in the audits and examinations of the books and
3 records of utility companies operating within the state of Missouri.

4 Q. Have you previously filed testimony before this Commission?

5 A. Yes, please refer to Schedule 1, attached to this direct testimony, for a
6 complete listing of testimony I have filed, including the related case numbers and issues
7 involved.

8 Q. Did you make an examination and analysis of the books and records of Union
9 Electric Company d/b/a AmerenUE (UEC or Company) in regards to matters raised in this
10 case?

11 A. Yes, in conjunction with other members of the Staff. I specifically examined
12 the Company's workpapers and testimony, the Company's response to Staff data requests,
13 minutes of the Board of Director's, portions of the Company's general ledger and trial
14 balances, as well as the Company's Cost Allocation Manual (CAM). I also examined
15 testimony, workpapers and Commission Report And Orders from recent rate proceedings
16 involving the Company.

17 **EXECUTIVE SUMMARY**

18 Q. What matters will you address in your direct testimony?

19 A. I am addressing corporate allocations; payroll and related taxes; employee
20 benefits; additional compensation; and other miscellaneous adjustments. Staff is proposing an
21 adjustment to reduce the allocations received from Ameren Services Company (AMS) to
22 reflect an ongoing level of expense. In addition, Staff annualized payroll, payroll taxes and
23 employee benefits to reflect an ongoing level. In regards to additional compensation, Staff has

1 removed some of the incentive payments related directly to earnings per share (EPS), as this
2 expense should be borne by the shareholders who benefit from increased Company earnings.
3 Staff also removed expenses related to a bonus plan, which given the information provided, it
4 is unclear whether this plan actually provides any ratepayer benefit or increased productivity.
5 Additionally, Staff made disallowances of miscellaneous Company costs that provide no
6 direct benefit to the ratepayer.

7 Q. Please list the adjustments you are sponsoring.

8 A. I am sponsoring the following list of adjustments:

<u>Adjustment Area</u>	<u>Adjustment Number(s)</u>
Corporate Allocations	S-12.11
Employee Benefits	S-12.10
Incentive Compensation	P-42.1, R-36.1, S-6.3, S-6.4, S-6.5, S-7.2, S-7.3, S-7.4, S-8.2, S-8.3, S-8.4, S-9.2, S-9.3, S-9.4, S-10.2, S-10.3, S-10.4, S-11.2, S-11.3, S-11.4 S-12.2, S-12.3, S-12.4
Miscellaneous Expense	S-8.7, S-9.8, S-10.5, S-11.5, S-12.12
Payroll	S-6.2, S-7.1, S-8.1, S-9.1, S-10.1, S-11.1, S-12.1
Payroll Taxes	S-15.2, S-15.3, S-15.5

19 **TRAINING AND EXPERIENCE**

20 Q. What knowledge, skill, experience, training or education do you have in these
21 matters?

22 A. Through the accounting classes, training and internships required for my
23 educational degrees, as well as my previous work experience, I have obtained a broad
24 working knowledge of accounting. In addition, I regularly attend continuing professional
25 education seminars and classes. From the review of workpapers and other information from
26 this and previous rate cases, as well as researching the Commission's orders, I have acquired
27 knowledge of my assigned issues related to UEC and other companies. Since joining the

Commission Staff, I have assisted with and directed audits and examinations of the books and records of utility companies operating within the state of Missouri. I have also conducted audits of small water and sewer companies in conjunction with the Commission's small company rate increase procedure. Furthermore, I have received and continue to receive training and guidance from the experienced senior auditors at the Commission.

CORPORATE ALLOCATIONS

Q. Please describe Ameren Services Company (AMS) and its relationship to UEC.

A. AMS is a subsidiary of Ameren Corporation (Ameren) and provides a variety of support services to Ameren and its subsidiaries such as administrative, management, engineering and construction. UEC receives services from AMS and is billed monthly for the services it is provided.

Q. Please explain how the billing to UEC is determined.

A. ** _____

1 _____
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8 _____
9 _____
10 _____
11 _____
12 _____
13 _____
14 _____
15 _____
16 _____ **
17 Q. Does the amount billed to each affiliate company change if a new company
18 initiates billing or if an existing company is no longer billed?
19 A. ** _____
20 _____
21 _____
22 _____

1 _____
2 _____ **

3 Q. During the test year were any companies added or removed from AMS's
4 allocation process?

5 A. ** _____ **

6 Q. What effect did this have on UEC's allocations?

7 A. ** _____

8 _____

9 _____

10 _____ **

11 Q. Were there any companies added to the number receiving AMS services that
12 affected the allocation percentages?

13 A. ** _____

14 _____

15 _____ **

16 Q. Did Staff take this change into account when analyzing the AMS billed
17 amounts for the test year?

18 A. ** _____

19 _____

20 _____

21 _____

22 _____

23 _____

**

PAYROLL

Q. Please explain the different components of Staff's payroll adjustment.

A. Staff annualized payroll to recognize the wage increases for both union and non-union Company employees. Non-union employees can be divided into two parts: management employees, and the Ameren Leadership Team (ALT) which encompasses upper-level managers, directors, and officers.

Q. Please explain the methodology you employed to determine annualized payroll.

A. The Staff's annualization of the Company's actual labor dollars for the test year ending June 30, 2006, reflects the adjustments for any incentive compensation disallowed, the adjustment to the allocation of AMS costs and all incurred wage increases.

Q. Please discuss Staff's adjustment related to the change in the corporate allocation percentage.

A. In order to reflect the impact of Staff's adjustment to the corporate allocation percentage discussed previously, Staff removed the amount of labor associated with its adjustment S-12.11 from the test year labor dollars less any incentive compensation. Once all adjustments were made to Company's test year payroll levels, Staff then applied the overall wage increase percentage to determine its payroll annualization adjustment. By doing this Staff calculated an increase on only the labor dollars it believes represent an ongoing level.

Q. How was the wage increase percentage determined?

1 A. The Staff weighted the various union and non-union labor increases that
2 occurred during the test year by the associated amount of payroll for each group to calculate
3 an average wage increase percentage.

4 Since different unions received different wage increases at different effective dates, to
5 properly determine the non-management portion of the wage increase percentage the Staff
6 requested the amount of labor by union in Data Request 355. The Company objected to this
7 request, therefore Staff utilized the information it received in response to Staff Data Request
8 405, which included a listing of the number of employees by labor union, as a basis for
9 separating non-management payroll by union. While this data did not allow Staff to precisely
10 calculate the non-management payroll by union, it was the only information available to make
11 this determination.

12 ** _____
13 _____
14 _____
15 _____ **

16 Regarding the Company's management and ALT employees, Staff was able to obtain
17 the amount of test year labor related to each group. Based on the Staff's calculation of payroll
18 by union and non-management group and the application of the associated wage increase
19 percentages and effective dates, Staff calculated the total weighted average wage increase
20 percentage as 2.80%. This overall wage increase percentage was applied to the allowed test
21 year payroll, as previously determined, to calculate Staff's annualized labor adjustments S-
22 6.2, S-7.1, S-8.1, S-9.1, S-10.1, S-11.1, and S-12.1 in the amount of \$7,746,082; \$7,402,425
23 related to electric and \$343,657 related to gas. These calculations resulted in an annualized

1 and normalized on-going level of labor expense for the Company of \$284,546,659;
2 \$271,922,672 related to electric and \$12,623,987 related to gas.

3 **PAYROLL TAXES**

4 Q. Please explain the Staff's Payroll tax adjustments.

5 A. This adjustment represents the Staff's annualization of Federal Insurance
6 Contributions Act taxes (FICA), State Unemployment Tax (SUTA) and Payroll Earnings Tax
7 (PET).

8 Q. How did Staff annualize the FICA tax for its adjustment S-15.2?

9 A. Staff analyzed the relationship of test year payroll to the amount of test year
10 FICA to develop an overall FICA percentage. The Staff then applied this percentage to the
11 amount of Staff's annualized and normalized payroll to arrive at the annualized amount of
12 FICA tax.

13 Q. How did Staff annualize the level of SUTA?

14 A. In addition to Missouri, the Company is required to make payments to various
15 other States where their employees work. These amounts reflect an on going level of tax and
16 are not an adjusted. In Missouri, the Company is not currently required to pay SUTA.
17 However, because Missouri has received Federal loans, it is requiring Missouri corporations
18 to pay their share of the related interest. Therefore, Staff analyzed the Company's test year
19 SUTA expenses for Missouri to determine an ongoing level.

20 Staff discovered that the Company had not allocated any expense for SUTA to its gas
21 operations, although it did capitalize amounts related to SUTA for both gas and electric. In
22 addition, Staff found an accrual that was made prior to the test year, but was reversed during
23 the test year related to the possible loss of federal credits, which did not take place. Therefore,

1 in addition to reflecting the removal of the accrual reversal in order to normalize the test year,
2 Staff's adjustment S-15.5 utilizes the latest known and measurable interest payment to
3 annualize the Company's SUTA amount. These calculations resulted in the ongoing level of
4 SUTA payments, which Staff then allocated to both the Company's electric and gas
5 operations utilizing the Company's electric/gas ratio.

6 Q. Please explain Staff adjustment S-15.3 related to PET.

7 A. Since Staff did not have an exact amount of employees and salary amounts to
8 calculate the PET, Staff utilized the test year ratio between the amount of payroll and the
9 amount of PET to determine an annualized ongoing level of PET.

10 **EMPLOYEE BENEFITS**

11 Q. Please explain the Staff's adjustment S-12.10 related to employee benefits.

12 A. Staff analyzed the Company's test year records for health, dental, optical,
13 401K matching, and long-term disability. Staff found that while some items such as medical
14 increased during the test year due to new contracts, the Company's 401K matching amounts
15 actually decreased. Based on the most recent data available, Staff annualized the amounts
16 related to these various employee benefits as a basis for its adjustment.

17 **ADDITIONAL EMPLOYEE COMPENSATION**

18 Q. Please discuss the compensation received by employees in addition to their
19 normal payroll during the test year.

20 A. During the test year the Company had two programs in place for its gas
21 operation employees through which an employee could earn above their normal pay. The two

1 programs were called the Employee Performance Incentive Plan (PIP), and Exceptional
2 Performance Bonus Plan (EBP).

3 Q. Is Staff aware of any other additional compensation plans related to gas
4 operations?

5 A. The Staff is currently unaware of any; however, they have requested this
6 information through Staff Data Request 410. Should the Company provide Staff with any
7 information that indicates the Company has other programs, Staff will analyze the data it
8 receives to determine whether or not an adjustment should be made.

9 Q. Please discuss the terms "business line" and "individual performance," as
10 contained in the descriptions of some of these plans.

11 A. The term "business line" refers to the various functions of the company, such
12 as production and distribution, and functionally related areas such as human resources.
13 "Individual performance" relates to the job performance of each individual employee and is
14 evaluated by the manager of the function to which each individual employee is assigned.

15 Q. Please discuss the Company's EBP.

16 A. The Company's Exceptional Performance Bonus ** _____

17 _____
18 _____
19 _____ **. At the end of the year this account is trued-up to
20 match the accrual with actual pay outs. ** _____

21 _____
22 _____ **

23 Q. What types of activities are considered for this bonus?

1 A. In response to Staff's Data Request 50.1, the Company listed storm or plant
2 outage coverage, work that achieves extraordinary results, or completion of special
3 assignments as the criteria to be awarded a bonus.

4 Q. How did Staff treat EPB?

5 A. The Company has not provided Staff with enough specific information
6 regarding performance measures or detailed award criteria to determine whether this plan
7 actually provides any ratepayer benefit or increased productivity; therefore, in the absence of
8 sufficient information to make this determination, through adjustments S-6.5, S-7.4, S-8.4, S-
9 9.4, S-10.4, S-11.4, and S-12.4, Staff has excluded the EPB awarded in the test year. If the
10 Company is able to provide more detailed information regarding this plan, Staff will review
11 its position considering this information.

12 Q. Please describe the Company's PIP program.

13 A. The Company has three separate incentive plans that are encompassed by PIP:

14 1) ** _____
15 _____
16 _____
17 _____**

18 2) ** _____
19 _____
20 _____
21 _____
22 _____
23 _____**

24 3) ** _____
25 _____
26 _____
27 _____**

**

Q. Please discuss how the AIP incentives are awarded.

A. **

**

Q. What are these KPIs?

A. At this time, Staff has not received specific data from the Company regarding the KPIs related to PIP. Even though Staff understands from conversations with the Company that they include such items as financial goals, safety goals, customer satisfaction goals, etc., Staff does not know specifically what these goals are or how they apply to each business line.

Q. How are the AMIP incentives awarded?

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1 Q. Please describe Ameren's EIP.

2 A. ** _____
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4 _____
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6 _____
7 _____

8 _____ **

9 Q. In past cases, has the Commission set minimum standards for an incentive
10 compensation plan to qualify for inclusion in the cost of service?

11 A. Yes. In its Report And Order in Case Nos. EC-87-114 and EC-87-115, Union
12 Electric Company, the Commission stated:

13 At a minimum, an acceptable management performance plan should
14 contain goals that improve existing performance, and the benefits of the
15 plan should be ascertainable and reasonably related to the plan.
16 (29 Mo. P.S.C. (N.S.) 313, 325.)

17 In several cases, the Commission has indicated that if the incentive plan is based on
18 superior employee performance that enhances ratepayer benefit, such as areas related to safety
19 and O&M expenses, it should be included in Staff's calculations. On the other hand, plans
20 based on financial goals such as earnings per share and net income are aligned with
21 shareholder value enhancement and have no direct correlation with ratepayer benefit. As well,
22 outside influences not under the employees' control could have an impact on the financial
23 goals, such as weather and interest rates.

24 In addition, in the Southwestern Bell Telephone (SWB) Case No. TC-89-14, the
25 Commission agreed with Staff that incentives based on goals related to non-regulated

1 subsidiaries and non-Missouri portions of SWB should not be included in the Staff's amounts
2 stating that "achieving the goals of SBC and unregulated subsidiaries is too remote to be a
3 justifiable cost of service for Missouri ratepayers". 29 Mo.P.S.C. (N.S.) 607, 627 (June 20,
4 1989).

5 These principles remain reasonable to consider in the current utility environment.

6 Q. What is the Staff's opinion of EPS as a basis for determining incentive
7 compensation?

8 A. EPS is influenced by a myriad of factors completely outside of the control of
9 the company's employees. For example, significantly warmer than normal summer
10 temperatures can drastically increase the level of earnings for an electric company. In
11 addition, other items like reductions in interest rates or tax changes can significantly increase
12 earnings. These increases in earnings do not reflect improved management performance or
13 efficiency that should be rewarded. Therefore, it is entirely inappropriate to pass the costs of
14 such profit-driven awards onto the ratepayers. Additionally, by utilizing the EPS for Ameren
15 Corporation, any changes in EPS caused by another subsidiary could determine whether or
16 not UEC employees will receive an incentive. If for some reason another subsidiary's
17 performance reduces the overall EPS to a level below the threshold, the employees of UEC,
18 even though they meet their goals, would not be awarded an incentive.

19 Q. Do the AIP, AMIP, and EIP meet the criteria for an acceptable incentive plan
20 as described above?

21 A. ** _____
22 _____
23 _____

_____ **

The Staff believes that it is difficult, if not impossible, to ascertain what the impact of any individual's performance was in relation to the level of EPS for any given year. EPS is affected by the efforts of employees not involved in Missouri electric operations. Any benefits from achieving a given level of earnings per share are simply too remote to Missouri ratepayers. Indeed, increased earnings per share, upon which all increases in the level of incentive plan funding are based, may actually cause a reduction in the quality of service to Missouri ratepayers if the Company cuts costs to achieve higher earnings. ** _____

_____ ** The Staff believes that there is insufficient evidence to connect incentive compensation expense for a particular group of employees to a direct benefit to Missouri ratepayers or the Company's overall EPS performance.

Q. Has the Commission provided more recent guidance with regard to using financial performance in awarding incentive compensation packages?

1 A. Yes. In the 2004 Missouri Gas Energy case, GR-2004-0209, the Commission
2 stated:

3 Those financial incentives seek to reward the company's employees for
4 making their best efforts to improve the company's bottom line.
5 Improvements to the company's bottom line chiefly benefit the
6 company's shareholders, not its ratepayers. Indeed, some actions that
7 might benefit a company's bottom line, such as a large rate increase, or
8 the elimination of customer service personnel, might have an adverse
9 effect on ratepayers....the shareholders that benefit from that plan
10 should pay the costs of that plan. 12 Mo.P.S.C.3d 581, 606-07.

11 Given this guidance and using the logic that improvements to Ameren's bottom line chiefly
12 benefit the shareholders, not UEC's ratepayers, the Staff has proposed that all expenses
13 relating to UEC's AIP, AMIP and EIP be borne by the shareholders, rather than UEC's
14 ratepayers.

15 Q. During the test year did the amount of incentive compensation based on EPS
16 exceed normal levels?

17 A. ** _____
18 _____
19 _____
20 _____ **

21 Q. Given this, how did Staff treat the Company's incentive plans?

22 A. First, Staff made an adjustment to normalize the amount of PIP in the test year
23 (S-6.3, S-7.2, S-8.2, S-9.2, S-10.2, S-11.2, S-12.2), then through adjustments S-6.4, S-7.3,
24 S-8.3, S-9.3, S-10.3, S-11.3, S-12.3 Staff removed the remaining amount of the AIP, AMIP,
25 and EIP from the test year expense level ** _____
26 _____ ** which does not meet the criteria set forth by the Commission.

1 Q. How did Staff treat the amounts of these awards that were capitalized for each
2 type of plan?

3 A. Staff made adjustments to remove the amounts related to the Company's AIP,
4 AMIP, and EIP in the plant balances and reserve amounts.

5 Q. How did Staff calculate adjustments P-42.1 and R-36.1 in regards to the
6 capitalized portion of incentive compensation?

7 A. Since the Staff does not believe the cost of these plans should be borne by
8 ratepayers, no amount of compensation from these plans should be recognized in rates by
9 including the capitalized amount in the Company's plant accounts. Therefore Staff removed
10 the incentive compensation that was capitalized from 2002 to the end of June 2006 from its
11 plant in service. Since Staff was unable to allocate the total amount to specific plants
12 accounts, Staff applied a composite depreciation rate, based on the Company's current rates,
13 to calculate the total amount of related accumulated depreciation in the plant reserve. A
14 composite rate based on the Staff's proposed depreciation rates was used to remove the
15 annualized depreciation expense related to this disallowance.

16 Q. Why did you only consider amounts capitalized since January 1, 2002?

17 A. Staff requested all available historical data from the Company and was
18 provided with information from this time period. Staff would have analyzed any prior data
19 had it been made available to them.

20 **MISCELLANEOUS EXPENSE ADJUSTMENTS**

21 Q. Please explain your adjustments S-8.7, S-9.8, S-10.5, S-11.5, and S-12.12
22 regarding miscellaneous expenses.

1 A. After analyzing several of the Company's accounts, Staff has removed
2 \$471,026 (\$450,771 electric, \$20,255 gas) of expense related to various miscellaneous items.
3 This amount includes items such as \$251,615 related to Christmas decorations for the Ameren
4 building, \$29,476 for an ALT Christmas party at the Marriott, as well as amounts for
5 entertainers, wine and gifts, sporting events, toy trucks for Chamber of Commerce fundraising
6 auctions, promotional giveaways and other items.

7 Q. Why did Staff remove the above items?

8 A. Staff has removed these items because the expenses do not provide any benefit
9 to the ratepayer. For example, if AMS wishes to provide the Ameren Leadership Team with a
10 \$50,000 Christmas party, \$29,000 of which was paid for by UEC, this expense should be
11 borne by the shareholders not the ratepayers, as the ratepayer does not benefit by it.

12 Q. Were there other items included in the miscellaneous adjustment?

13 A. Yes, also included in this amount was \$36,000 related to a regulatory attorney
14 and \$29,303 related to a former employee hired for legal assistance.

15 Q. Please discuss the adjustment related to these amounts.

16 A. Regarding these individuals, Staff has not been provided currently or in past
17 cases with any supporting data that indicates what additional benefit these individuals supply
18 to the ratepayers. While hiring former employees to provide services to a company is common
19 practice, in some arenas it is also common to see past employees hired as consultants simply
20 as a gesture of gratitude for past service. In the Company's most recent electric case involving
21 rates (Case No. EC-2002-01) Staff requested information regarding the regulatory attorney;
22 the Company responded to part of the question by saying the Company did not keep specific

1 records related to the services provided and objected to producing any documentation of items
2 worked on by the regulatory attorney.

3 The Staff has requested the Company provide some type of data to show the necessity
4 of retaining these consultants. Staff feels that the Company currently has several employees
5 with varying degrees of experience and expertise to perform these services. The Staff will
6 reconsider these items at such time additional data is provided by the Company.

7 Q. Does this conclude your testimony in this case?

8 A. Yes, it does.

CASE PROCEEDING PARTICIPATION

LISA K. HANNEKEN

PARTICIPATION		TESTIMONY
COMPANY	CASE NO.	ISSUES
Laclede Gas Company	GR-2002-356	<u>Direct</u> - Cash Working Capital, Rate Case Exp./PSC Assessment, Advertising, Misc. Expense
Missouri American Water Company	WR-2003-0500	<u>Direct</u> – Rate Base and Related Expenses, AFUDC, Dues and Donations, Waste Disposal Expense, Storage Tank Lease Expense, Deferred Maintenance Expense, Transportation Expense, Insurance Other Than Group, Cost of Depreciation Study Expense
Missouri American Water Company	WR-2003-0500	<u>Surrebuttal</u> – AFUDC, Dues and Donations, St. Joseph Waste Disposal Expense, Transportation Expense, Property Taxes
Fidelity Telephone Company	IR-2004-0272	<u>Direct</u> - Rate Base and Related Expenses; Insurance Other Than Group; Miscellaneous Other Taxes
Atmos Energy Corporation	GR-2006-0387	<u>Direct</u> – Corporate Allocations and Expenses, Payroll and Payroll Taxes, PSC Assessment, Taxes Other, Legal Fees

HANNEKEN SCHEDULE 2

DEEMED

HIGHLY CONFIDENTIAL

IN ITS ENTIRETY