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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

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

DEPOSITION OF PETREE EASTMAN
TAKEN ON BEHALF OF AMERENUE
MARCH 21, 2011

1 STATE OF MISSOURI
2 PUBLIC SERVICE COMMISSION

3
4 In the Matter of Union Electric)
Company, d/b/a AmerenUE's) File No.
5 Tariffs to Increase Its Annual) ER-2011-0028
Revenues for Electric Service.)

6

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8 DEPOSITION OF WITNESS, PETREE

9 EASTMAN, produced, sworn and examined on the 21st
10 day of March, 2011, between the hours of eight
11 o'clock in the forenoon and six o'clock in the
12 afternoon of that day, at the offices of Curtis,
13 Heinz, Garrett & O'Keefe, 130 South Bemiston,
14 Suite 200, St. Louis, Missouri, before Tara
15 Schwake, a Certified Realtime Reporter and Notary
16 Public within and for the State of Illinois,
17 before the Public Service Commission of the State
18 of Missouri, in the matter of Union Electric
19 Company, d/b/a AmerenUE's Tariffs to Increase Its
20 Annual Revenues for Electric Service.

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1 APPEARANCES

2

3 FOR THE MUNICIPAL GROUP:

4 CURTIS, HEINZ, GARRETT & O'KEEFE, P.C.

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8 by: Mr. Leland B. Curtis

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10

11 FOR AMEREN MISSOURI:

12 Ms. Wendy K. Tatro

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14 Union Electric Company

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20

21 ALSO PRESENT:

22 Mr. Phil Difani, Jr.

23 Engineer

24

25

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1 IT IS HEREBY STIPULATED AND AGREED
2 by and between counsel that this deposition may
3 be taken by Tara Schwake, Notary Public and
4 Certified Realtime Reporter, thereafter
5 transcribed into typewriting, with the signature
6 of the witness being expressly reserved.

7 * * * * *

8 (Deposition commenced at 1:21 p.m.)

9 PETREE EASTMAN,

10 Of lawful age, having been produced, sworn, and
11 examined on the part of Ameren Missouri,
12 testified as follows:

13 MS. TATRO: For the record, should
14 we go around the room? Wendy Tatro, attorney on
15 behalf of Ameren Missouri.

16 MR. DIFANI: Phil Difani, engineer,
17 Ameren Missouri.

18 MR. CURTIS: Leland Curtis,
19 attorney representing the Municipal Group.

20 THE WITNESS: Petree Eastman.

21 EXAMINATION

22 QUESTIONS BY MS. TATRO:

23 Q Okay. Ms. Eastman, can you state
24 your business address, please?

25 A 560 Warren Avenue, University City,

1 Missouri, 63130.

2 Q Have you ever been deposed before?

3 A No.

4 Q Okay. Well, just for preliminary
5 matters, if you don't hear a question, if you
6 don't understand a question, please ask me to
7 repeat it or to further explain it.

8 Is there any reason today that you
9 shouldn't be giving a deposition? Not on any
10 medication or anything that would hamper your
11 ability to answer questions?

12 A No.

13 Q Okay. If you want a break during
14 this process, also just speak up, that's fine.
15 Did you bring any documents with you?

16 A I brought -- yes.

17 Q Okay. What did you bring?

18 A I brought my testimony. I brought
19 documents that were provided by Ameren on the
20 cost of service -- the cost of service study
21 backup documentation. I brought tariff sheets
22 from the current -- the tariffs that are
23 currently in place for 5 and 6M and the proposed
24 tariffs, the data requests to the Municipal
25 Group, including the answers.

1 I brought some e-mail
2 correspondence between yourself and Mr. Curtis.
3 I brought excerpts from various officials at
4 Ameren, their testimony, their direct testimony.

5 I brought some worksheets created
6 in analysis of the new 5M rate that was being
7 proposed, and various answers to a few data
8 requests that were answered by Ameren. I don't
9 believe I have all of those, I just have a few
10 selected ones.

11 Q Okay.

12 A I also have files from the previous
13 rate case, I didn't know if those would be
14 relevant, so I have some analysis of city data,
15 the various municipalities that have sent us
16 information, work papers from the previous case
17 of Ameren, analysis -- notes and analysis of how
18 the pole installation charges were distributed,
19 and analysis -- some analysis by Drazen
20 Consulting.

21 And then I have a binder from last
22 year's testimony, Ameren bills, Ameren
23 correspondence, 6 -- 5 and 6M comparison charts,
24 again, existing tariffs, my testimony, Mr.
25 Cooper's surrebuttal and direct testimony.

1 The PSC's class cost of service
2 study, the cities that provided us with current
3 Ameren bills, the revised testimony of Maurice
4 Brewbaker, and a lighting study -- a memorandum
5 from the Public Works Department to Ameren
6 concerning location of lighting.

7 My resume, and just I think all the
8 rest of this is just duplicate, so. I guess I
9 brought the kitchen sink, too.

10 Q That is fine. All right. Let's
11 start by talking about your employment history.
12 You said you have a resume?

13 A Yes.

14 MS. TATRO: Can we mark that as an
15 exhibit?

16 (Exhibit 1 marked for
17 identification by the court reporter.)

18 Q (BY MS. TATRO) By whom are you
19 currently employed?

20 A I am self-employed.

21 Q Okay. When did you become
22 self-employed?

23 A In, technically, September 30th,
24 2010.

25 Q Okay. And what do you do in your

1 self-employment?

2 A I have been providing consulting
3 services to the Municipal Group on this Ameren
4 matter, and I occasionally will paint furniture
5 for fun, for friends.

6 Q Okay.

7 A Completely different.

8 Q Okay. So have you done consultant
9 work on any other matter other than the Ameren
10 Missouri rate case?

11 A I have consulted -- currently you
12 mean?

13 Q Mm-hmm. Since September.

14 A No.

15 Q And where were you employed prior
16 to being self-employed?

17 A City of University City.

18 Q And your title there?

19 A Assistant city manager.

20 Q And tell me briefly what did your
21 job entail?

22 A I reported directly to the city
23 manager, and a large part of my position was to
24 look at various programs and processes that
25 University City conducted or thought about

1 conducting to determine how to do those in the
2 most efficient, cost effective manner and still
3 provide high quality service to our citizens in
4 University City.

5 Q And how long were you employed by
6 University City?

7 A Three years and four or five
8 months.

9 Q And why did you leave?

10 A I was laid off.

11 Q Okay. And where did you work prior
12 to that?

13 A Prior to that, I did work with a
14 homeowners association group out of San Francisco
15 that ran their -- within their boundaries,
16 basically their little city, lots of
17 administrative things related to capital
18 improvements and that sort of thing. I was not
19 paid for that, but I did that for a number years.
20 And prior to that, I was an attorney with
21 Armstrong Teasdale.

22 Q Are you currently a licensed
23 attorney?

24 A Yes, Missouri, California, and
25 Illinois.

1 Q Are you acting as an attorney in
2 this case?

3 A No, I am not.

4 Q Purely as a consultant?

5 A Yes.

6 Q Okay. Now, as the former assistant
7 manager --

8 A City manager.

9 Q Okay. You're familiar with
10 revenues and expenses that a city typically would
11 have?

12 A Sure.

13 Q What would University City's annual
14 budget be?

15 A Oh, gosh. I want to say it was
16 like in the \$28 million range.

17 Q Okay. Any idea how that would
18 compare to the other cities that make up the
19 Municipal Group in this case, like O'Fallon?

20 A It's actually -- it is purely
21 driven by population and commerce that occurs
22 within the boundaries, and whether or not a
23 particular city is a pool or point of sale state
24 -- city in terms of their tax revenues. So it's
25 -- even though it may be a larger city, it may

1 not have as much revenue as, say, even a
2 Brentwood or a Clayton because of the different
3 revenue streams that come in.

4 So when you're talking about size,
5 demographically it's a very large city; it's not
6 a, you know, an expensive city or a city that has
7 a large budget. Considering all the services
8 that they provide. So it's very hard to compare
9 them.

10 Q So do you have any idea what the
11 annual budget for O'Fallon would be?

12 A I have no idea.

13 Q Do you expect it to be more or less
14 than University City?

15 A Quite a bit more, I would imagine.
16 I take that back. With regard to O'Fallon,
17 because they don't have their own fire service, I
18 am not -- I would say I don't know, but I believe
19 that they'd be higher than ours.

20 Q Okay. Creve Coeur?

21 A Creve Coeur, I -- they provide most
22 of their services, so I would imagine that they
23 were similar. Maybe less.

24 Q Okay. Olivette?

25 A Oh, much more. University City,

1 much more.

2 Q Right. As compared to University
3 City?

4 A Yes.

5 Q St. Ann?

6 A Much more.

7 Q Kirkwood?

8 A Probably about the same. Again,
9 that's a -- it's -- gets tricky because it
10 depends on if they have fire and police and
11 whether they have various services, like I know
12 that they have their own electricity company
13 separate. But they also are partly in the Ameren
14 service area, so not sure how that affects their
15 budget.

16 And they -- they provide a certain
17 level of trash collection, but not I think as
18 extensive as University City's, and that plays a
19 large role in that cost determination.

20 Q Okay. Bellefontaine Neighbors?

21 A University City is much larger.

22 Q So that would be smaller you think?

23 A Yes, that would be smaller.

24 Q Florissant?

25 A Florissant, I would say from a

1 budget standpoint, probably similar, maybe even
2 higher.

3 Q Richmond Heights?

4 A From a population standpoint,
5 definitely University City is larger, but I
6 believe that their budget is probably close to
7 what University City's is.

8 Q Twin Oaks?

9 A I do not know Twin Oaks.

10 Q Ballwin?

11 A Ballwin, again, I would just be
12 speculating. I don't know where Ballwin would
13 fall.

14 Q Okay. Brentwood?

15 A Brentwood would be a lot like, I
16 would say, Richmond Heights, and because of their
17 commerce it's very hard for me to say, but I
18 would imagine that they are up there in terms of
19 revenue, but are much smaller in terms of
20 population.

21 Q And you're just not sure --

22 A I'm just not sure because their
23 commercial is completely different.

24 Q Riverview Gardens?

25 A I cannot speculate on that.

1 Q St. John?

2 A I believe they're smaller.

3 Q Sunset Hills?

4 A Smaller.

5 Q For University City, what would be
6 the largest expense?

7 A The largest? Personnel.

8 Q What amount or percentage do you
9 suppose that takes up of the \$28 million budget?

10 A I would say -- and I would include
11 in that fringe benefits and all of that. I would
12 say it's probably in the 70, 75 percent range is
13 my guess. You know, I just don't know. I just
14 don't recall, quite frankly.

15 Q What do you suppose the second
16 largest expense for University City would be?

17 A Maintenance of facilities. Parks.

18 Q Do you have any idea of what
19 percentage that would take up of the \$28 million
20 budget?

21 A I really can't say right now. I
22 don't recall.

23 Q Do you have a feel for what the
24 third largest would be?

25 A No. I really don't.

1 Q Okay. Now, is it true that cities
2 collect a municipal tax on electric revenues?

3 A Yes.

4 Q And who sets that tax rate?

5 A You know, I'm not sure of that. I
6 don't know if that's -- that may be state law
7 because I believe all municipalities do.

8 Q Does it vary from municipality to
9 municipality?

10 A The rate? I believe it's the same.
11 If we're talking about the gross receipts tax.

12 Q Do they -- is that municipal tax
13 collected on more than just electric revenues?
14 Are there other utilities?

15 A There are other utilities.

16 Q What utilities would that be?

17 A Cell phone, gas, I believe,
18 probably water and sewer.

19 Q Okay.

20 A Anything that I think is defined as
21 a utility and that operates within the confines
22 of the boundary.

23 Q And that would be true for all the
24 cities in the Municipal Group?

25 A I -- I believe so, yes.

1 Q You don't know of any reason why it
2 wouldn't be true?

3 A No. I have no reason to believe
4 otherwise.

5 Q Do you know what the municipal tax
6 rate is?

7 A I don't. I could -- I mean, I
8 could look at it, but it would be under the
9 tariff. I mean, in the -- on the bill, on the
10 actual bill would show that.

11 Q Okay. If Ameren Missouri's
12 streetlight rate increases, is it safe to presume
13 that the municipal tax collection is going to
14 increase as well?

15 A I think that's a fair mathematical
16 exercise, yes.

17 Q Do you know how much University
18 City collects in municipal tax? In dollars?

19 A From Ameren?

20 Q Sure. Yeah.

21 A No, I do not know. Well, it would
22 be -- can I refer to my notes? Or --

23 Q If you have it in there, sure.

24 A I think we clarified that it's just
25 Ameren, so it's \$3,400 a month is what we collect

1 -- I'm sorry. What we pay -- I guess I should go
2 back. Could you reask the question?

3 Q I'm trying -- yeah, I think I want
4 more than just what the city pays.

5 A Okay.

6 Q I want to know how much the city
7 ultimately collects from Ameren Missouri.

8 A For all -- all -- I do not know the
9 answer to that.

10 Q Is that anything you looked at at
11 all when you were preparing for your testimony?

12 A No.

13 Q So you didn't do any kind of
14 analysis or comparison?

15 A No.

16 Q So I suppose you wouldn't know that
17 for any of the other cities as well?

18 A No, I would not.

19 Q Okay. What kind of streetlights
20 does Ameren Missouri offer its customers? What
21 type?

22 A What type? Um, I assume that they
23 offer cobra head lights on concrete poles. They
24 offer cobra head lights that come off of existing
25 wood poles that -- that transmit other services,

1 and electricity.

2 In terms of new subdivisions, since
3 I worked in University City and there hasn't been
4 a new subdivision since probably the '50s, I
5 would say that most developers put those in, and
6 what they are, I don't know.

7 But in terms of replacement, it can
8 vary depending on the type, but a lot of the
9 municipal streets, the residential streets have
10 what I call post top where it's just a pole with
11 a post top, doesn't have any lines going to it
12 above ground, so that type of light.

13 That I believe they also will
14 provide super-duper high voltage lighting for
15 like ball fields, I believe that they provide
16 that service to University City at least.
17 Decorative streetlights where needed, although I
18 believe that those are often purchased, you know,
19 not necessarily from Ameren, so.

20 Q As part of your preparation for
21 your testimony, did you do any research into what
22 type of street lighting facilities were available
23 through Ameren Missouri?

24 A Not other than looking at the
25 tariff sheets and seeing what those look like,

1 and looking at -- previously, not in preparation
2 for this testimony, but previously had received a
3 kind of catalog of the light types from Ameren
4 informally.

5 Q Okay.

6 A But I couldn't rattle those off.

7 Q Okay. So if I use the phrase "high
8 pressure sodium light," do you know what that
9 means?

10 A It's a different type of light than
11 a mercury vapor light, it's not an LED light, but
12 other than that, not -- I'm not an engineer or an
13 electrician, so beyond that, I don't know what
14 that -- I -- it's a type of light that I know
15 that we're billed for.

16 Q So Ameren Missouri has the high
17 pressure sodium lights?

18 A Yes.

19 Q To the best of your knowledge, does
20 Ameren have the mercury vapor lights?

21 A Yes.

22 Q And I think you also mentioned LED
23 lights?

24 A Yes. I do not know if Ameren
25 offers LED lights.

1 Q Do you know which of those -- in
2 terms of efficiency, do you know how those would
3 rank? And when I say "efficiency," I mean in
4 electric use only.

5 A Okay. I understand -- this is my
6 understanding, and this is based upon
7 conversations with I believe an engineer from
8 Ameren, is that mercury vapor are actually a much
9 more higher intense energy user, but have much
10 longer lives and don't need to be replaced as
11 often, but that -- and the high pressure sodium
12 use less electricity to put out light, but do
13 need to be replaced more often in terms of the
14 bulb. And that there has been a program at
15 Ameren to replace all the mercury vapor lights
16 with high pressure sodium lights.

17 Q Okay. And how would LED lights
18 compare with that?

19 A LED lights, it's our understanding
20 that they utilize less electricity.

21 Q Do you know anything about their
22 length of life?

23 A No, I do not know the length of
24 life on an LED.

25 Q Do you know anything about what

1 type of light they put off as compared to, let's
2 say, the high pressure sodium light?

3 A I believe it would just depend on,
4 I guess, the voltage. It's a different type of
5 light. It's a much starker light than a high
6 pressure sodium light. I know a lot of people do
7 not like the LEDs in terms of for streetlights.
8 They don't -- it's a much crisper light.

9 Q Okay. Let's talk about the -- your
10 experience at the Commission. What's your
11 experience at testifying in front of the Missouri
12 Public Service Commission?

13 A I just testified at the last rate
14 case for that short half hour.

15 Q And prior to that, you had not
16 testified before the Commission?

17 A No, I had not.

18 Q Okay. Have you ever testified on a
19 class cost of service study issue?

20 A No.

21 Q Have you ever testified about a
22 rate design issue?

23 A No.

24 Q Do you have any training on class
25 cost of service studies?

1 A No.

2 Q Have you ever conducted one?

3 A No.

4 Q Have you ever participated in the
5 conducting of one?

6 A No.

7 Q Do you have any training on rate
8 design methodology?

9 A No.

10 Q Have you ever participated in
11 designing rates?

12 A No.

13 Q Have you looked at the street
14 lighting tariffs of any other utility in
15 Missouri?

16 A No.

17 Q Have you looked at the street
18 lighting tariffs of any other utility whether --
19 even outside of Missouri?

20 A I was given a series of street
21 lighting tariffs by Mr. Drazen, I briefly looked
22 at them, they were different states, and I --
23 quite frankly, it was so long ago, I don't even
24 remember what states I looked at, and didn't look
25 at them very carefully, let's put it that way.

1 Q So you didn't use that in basing
2 any of your testimony?

3 A No. No.

4 Q Do you consider yourself an expert
5 on utility revenue requirement issues?

6 A No.

7 Q How about customer class cost of
8 service studies?

9 A No.

10 Q Rate design?

11 A No.

12 Q Are you an expert on utility
13 tariffs?

14 A No.

15 Q You were hired by the Municipal
16 League? Who is your contract with?

17 A My contract is with the Municipal
18 League.

19 Q Okay. Are you charging an hourly
20 rate?

21 A Yes.

22 Q Is there a cap on the number of
23 hours?

24 A No.

25 Q What's your rate?

1 A One hundred dollars per hour.

2 Q Is there a minimum bill?

3 A No.

4 Q So who actually hired you at the
5 Municipal League?

6 A Tim Fischesser.

7 Q Does he review your testimony prior
8 to you filing it?

9 A No. Well, I don't know the answer
10 to that.

11 Q Did you consult with him about your
12 testimony prior to your filing it?

13 A You mean in relationship to exactly
14 what I was going to say?

15 Q Mm-hmm.

16 A I know that he reviewed it. In
17 terms of discussion, we -- we did discuss via
18 e-mail kind of the thought process behind what
19 would ultimately become my testimony.

20 Q Okay. So he looked at the
21 testimony?

22 A Yes.

23 Q Now, I'm not even going to attempt
24 to say his name, it's Tim F to me, he's not an
25 attorney for them, right?

1 A No.

2 Q Because I would not be asking you
3 about any privileged conversations that you might
4 have with your attorney.

5 A No.

6 Q All right. Did anyone at any of
7 the cities that are also intervenors have input
8 into your testimony?

9 A Yes.

10 Q Which cities?

11 A The City of O'Fallon.

12 Q And who would that be?

13 A Keith Riesberg.

14 Q What's his position?

15 A City manager.

16 Q Any of the other cities offer
17 input?

18 A Not that I recall.

19 Q Did you circulate a copy of the
20 testimony to the other cities for their review?

21 A I believe that the testimony was
22 circulated. I did not do the circulation.

23 Q Okay. Who do you think did the
24 circulation?

25 A Would be Lee Curtis.

1 Q All right. Let's talk about
2 regulatory terms just to make sure we're all on
3 the same page.

4 A Okay.

5 Q Can you define a rate class for me?

6 A I assume a rate class is a bundled
7 group of utility users that have similar
8 characteristics.

9 Q Okay. How many rate classes does
10 Ameren Missouri have?

11 A I believe -- let's see. I want to
12 say there are probably six? Five or six?

13 Q Okay. Can you name them?

14 A Large transmission users, small
15 transmission users, lighting class, residential
16 class, industrial, and that, I think -- I am not
17 sure if industrial falls under large transmission
18 user, so that's where I'm not sure.

19 Q Okay.

20 A I just don't recall. I could look
21 at --

22 Q No, that's okay. I just want to
23 know what your knowledge is. Can you define cost
24 of service for me?

25 A Cost of service in accounting

1 terms, I'm not going to try to do that. My
2 concept of cost of service is the cost of
3 generating and distributing power to customers.

4 Q Okay. Can you define class cost of
5 service?

6 A Every class may have a different
7 level of distribution. In reading others'
8 testimonies, I understand that a large
9 transmission user that might have a -- one
10 factory distribution to that is a different type
11 of cost than a whole network of distribution to,
12 say, all households in the territory for
13 residences.

14 So that's how I understand that
15 there might be differentiation between classes
16 and the actual cost.

17 Q Can you define rate design?

18 A Rate design, I believe, is an
19 attempt to charge a fee, a cost -- I take that
20 back. A fee for providing the service in the
21 particular class and with the characteristics of
22 the class.

23 Q And is the relationship between
24 rate design and the class cost of service and the
25 cost of service?

1 A Now that's an interesting question
2 because I think that that's the most confusing
3 part for me, and I think for others, is that
4 there may be a global cost to providing street
5 lighting, for example, but then when you get to
6 the individual rates for subclasses within a
7 class, how those particular rates are determined,
8 those monthly rates, I have not been able to
9 figure out the link between that and the overall
10 cost. If that makes sense.

11 Q Okay. Have you heard the phrase
12 "coincident peak"?

13 A Yes.

14 Q Can you define it?

15 A No.

16 Q How about non-coincident peak? Can
17 you define it?

18 A No.

19 Q Have you heard the phrase "mass
20 property accounting"?

21 A Yes, I have.

22 Q What does it mean?

23 A It -- in -- and my understanding is
24 very, very limited, is that there are an
25 inventory of items such as poles that are not

1 necessarily billed individually, and that are in
2 a group of poles that are in this bundle. When
3 those poles arrived or left the bundle is really
4 unknown. But the total bundle is there. That's
5 the simplest way I can explain it in my mind.

6 Q Okay. What is rate of return?

7 A I -- I always equate rate of return
8 as being profit.

9 Q Okay.

10 A Some number over the cost of
11 providing the service.

12 Q What does return on equity mean?

13 A I believe return on equity is --
14 relates to shareholders and what their -- what
15 the value of their stock is in relationship to
16 the level of ownership of stock. That's my
17 understanding. I don't know if that's even
18 accurate. That's what I think of it as.

19 Q And that's what we're here to find
20 out.

21 A Yeah.

22 Q What's the standard in Missouri for
23 a utility's -- does the utility have the ability
24 to earn, I'll use the word "profit."

25 A Yes.

1 Q Do you know what that standard is?

2 A I do not. I assume it's
3 reasonable. The standard is reasonableness.

4 Q All right. Let's turn to the
5 street lighting tariffs. You're familiar with
6 the street lighting tariffs?

7 A Yes.

8 Q And can you tell me what the
9 classes are and what the difference between them
10 is?

11 A Sure, to the extent that I can.
12 There is 5M class which is the largest class, or
13 subclass, and those are utility owned
14 streetlights for which municipalities pay a rate
15 per fixture and it's multiplied by the number of
16 fixtures, but there is no determination of energy
17 use. It's not metered.

18 They don't -- they might know that
19 on average a 500 high pressure sodium light
20 produces X wattage and that costs whatever, but
21 that any individual light, we won't know what
22 that actual cost is of putting that particular
23 light out there.

24 So the 5M class, you know, is just
25 billed in bulk by light type. And they also have

1 been paying for -- depending on the year in which
2 particular poles are installed, they may have
3 been paying for the pole installation charges on
4 a monthly basis.

5 Then there's the 6M class which has
6 essentially the same exact type of lights, but
7 they own the lights and they pay either for
8 energy only or energy and a certain level of
9 maintenance.

10 I should go back. Under the 5M
11 rate, all maintenance is covered by the utility.
12 And replacement is covered by the utility as part
13 of the rates.

14 Then there's the 7M, and I am not
15 exactly sure what all is involved with the 7M.
16 Didn't look very closely at it because it's a
17 small piece for the municipalities I was looking
18 at.

19 There's 2M and 1M, and I believe
20 that's all metered service, so city like
21 University City that has installed decorative
22 streetlights that are metered, or a light at a
23 particular intersection, streetlight, traffic
24 signal, that will be billed separately, they're
25 under 1 or 2M. I don't know how those were

1 treated in the past beyond that, but those are
2 metered so they know the exact electricity usage
3 of those particular items.

4 Q Okay.

5 A So 1, 2, 5, 6, and 7M.

6 Q All right. You said that you
7 thought the 5M had the largest number of
8 customers.

9 A That's the largest cost under the
10 lighting class. Slash revenue. Largest revenue
11 I should say. Largest revenue relates to 5M.

12 Q Do you know how that compares to
13 the, to use your words, the revenue for 6M?

14 A Yeah, it's infinitely larger. It's
15 -- I would say 80 percent of the lighting class
16 is 5M.

17 Q Okay.

18 A Thereabouts? I haven't calculated
19 the percent, but it's quite large.

20 Q Do you know how the remaining 20
21 percent would be split between 6M, 7M, 1M and 2M?

22 A No.

23 Q It's not something you looked at in
24 preparation for your testimony?

25 A We did look at 6M, we looked at the

1 numbers for 6 and 7M, but, again, they were
2 pretty minor in comparison to -- we didn't look
3 at 1M or 2M. So, for example, of the \$31 million
4 revenue, 5M is 27 million, 6M is 3 million, and
5 7M is only 7,000. So it's pretty minuscule. So
6 I guess my 20 percent number is probably even a
7 little low.

8 Q And what rate does U City pay? I
9 hope you're not offended, everybody calls it U
10 City, University City.

11 A No, that's fine.

12 Q Do you know what rates they pay?

13 A Yes. For the -- based upon the
14 street, depending on the light, the light type.

15 Q Do they have 5M lights?

16 A Yes.

17 Q Do they have 6M lights?

18 A No, they don't have 6M lights.

19 They have a number of 1 and 2M lights, and I
20 believe they may have a 7M light, but the bulk by
21 far is the 5M.

22 Q Do you know for the other cities
23 that are part of the Municipal Group in this case
24 how their lighting --

25 A Completely across the board

1 different. Clayton, for example, I think is all
2 6M.

3 Q Okay. Is Clayton a member of this
4 group?

5 A No.

6 Q Okay. Let's talk about the cities
7 that are members of this group.

8 A I think it's all over the board.
9 When we requested folks' bills, some sent us
10 everything, some sent us just the 5M bill. It
11 comes separately. They don't come like here's
12 all your 5M, here's all your 2M, here's all your
13 1M.

14 Sometimes it does. Creve Coeur,
15 for example, they have one worksheet that shows
16 all of their light types. U City gets literally
17 little cards for 1 and 2M, and then they get a
18 one page bill for the 5M.

19 So it varies by city, and I have --
20 you know, they didn't all provide me with their 1
21 and 2M costs because we were not focusing on
22 that.

23 Q Okay. Well, setting aside 1 and
24 2M, did you do an analysis of all of the cities
25 as to how much they were paying in 5M and how

1 much they were paying in 6M?

2 A The only analysis -- you mean in
3 terms of totals?

4 Q I guess if you did a partial
5 analysis, that would be fine too.

6 A Well, what I did was I looked at
7 each of the 5M bills to assure myself that
8 everybody was being charged the same thing for
9 the same light type. So that analysis did occur.
10 It wasn't a written analysis, it was just a
11 cursory, okay, yes, 9500 HPS enclosed is \$8.59
12 across the board.

13 The 6M lights did not actually do
14 much in the way of analysis of that. In fact,
15 I'm not even certain that I got more than even a
16 handful of 6M bills.

17 Q Okay. And you didn't --

18 A We looked at the 6M tariff, but we
19 didn't look at individual city bills. And we
20 looked at bills across --

21 MR. CURTIS: Excuse me.

22 (Off the record.)

23 Q (BY MS. TATRO) So is it fair to
24 say you didn't do an analysis to determine what
25 type of street lighting each city did, rather,

1 you just looked at the 5M for each city?

2 A Well, no. When we initially
3 contacted cities, and because I am -- was an
4 assistant city manager, I was a member of the St.
5 Louis Area City Manager Association, and we have
6 a list serve. I contacted through the list serve
7 all other city managers and said, "Could you
8 please send me your electric bills?" Some sent
9 me everything, some sent me just the 5M, and so
10 we looked at that.

11 Cities that aren't on your list,
12 many cities provided me with bills that are not
13 on -- are not necessarily named, but are
14 obviously aware of what's going on. And so we
15 looked at 5M when it became pretty clear from
16 what I was receiving that the bulk of the cities
17 were utilizing 5M.

18 Q Okay. How many municipalities are
19 there in Ameren Missouri's service territory?

20 A I have no idea.

21 Q Do you know how many there are in
22 St. Louis County?

23 A I think there's something like
24 ninety-nine or 100 municipalities? Not all of
25 which provide the same type of -- I mean, they

1 all provide varying levels of service from
2 basically just having a mayor to providing every
3 service imaginable.

4 So no, I don't know every -- and
5 not all of them have city managers and not all of
6 them -- not all city managers belong to the
7 organization, not all city managers responded.

8 So, in fact, we had asked I think
9 at one time, "Can you give us the list of the
10 cities, Ameren, that are within your territory,"
11 and we were told, "We're not going to give that
12 information." So no, I don't know all the
13 municipalities that are in Ameren's boundaries.

14 Q Okay. How many cities did you look
15 at in your analysis of 5M rates? Or
16 municipalities?

17 A Yeah, municipalities. Looked at
18 probably twenty cities? And to be clear, they
19 were all on the larger side. We didn't get
20 information from Grantwood Village and, you know,
21 Marlborough and, you know, cities that don't even
22 have city managers per se.

23 So they're -- they're what I would
24 call the more typical city versus a township or a
25 neighborhood. Village.

1 Q So how did it come about that there
2 are, I think, approximately fifteen that are in
3 what we'll call the Municipal Group? How did
4 that fifteen come about?

5 A Well, it started with last year,
6 you know, the inquiry was made about the bills,
7 and I sent out an e-mail to the list serve seeing
8 if people wanted to meet to discuss, you know,
9 possible, you know, what are we going to do, what
10 are our options, what are our experiences, more
11 about -- more about what our experiences are with
12 Ameren, and a number of cities sent
13 representatives or their city managers.

14 Q How many would "a number" be?

15 A There were probably twenty-five
16 folks came out for that meeting. And then from
17 there, we had an information session at a city
18 manager meeting where all of this was gone over,
19 what we were finding, and it then took on a life
20 of its own in terms of deciding to enter the rate
21 case. This was long before we decided to enter
22 the rate case.

23 And it was being faced with the
24 percentage increase that Ameren was proposing.
25 And at that point it was just the four cities,

1 Rock Hill, St. Ann, O'Fallon, and us, University
2 City. I apologize if I keep referring to us, it
3 hasn't really been that long.

4 So from there, the Municipal Group
5 didn't get involved because they have access to
6 more cities than what the city manager
7 organization had, and I think they started
8 spreading information, we had a couple of
9 informational sessions. And contributions were
10 then asked for at that point.

11 The same sort of thing happened
12 this time as well. Where we got another rate
13 case and the Municipal League actually took more
14 of a lead role than us, you know, the individual
15 cities. And so they were contacted by the
16 Municipal League and asked if they would
17 participate.

18 Q And what does it mean to
19 participate?

20 A Either -- well, one is donations to
21 help fund the experts and attorneys and me, I
22 don't know where I fall in that group, to be able
23 to assess -- because of the cost of service study
24 that was ordered, really the goal was to assess
25 what the cost of service study had to say in

1 relationship to the rates that were being
2 proposed.

3 So we were asked -- people were
4 asked to make donations, asked questions, they
5 were given my phone number, some cities called
6 and just asked questions. They were all given
7 the information, and these particular cities that
8 are listed are the ones that said, "Yeah, put our
9 name on the suit."

10 But there are a lot more cities who
11 are very interested in what is going on and are
12 supportive, they've donated, they just aren't
13 named.

14 Q Okay. Who's donated?

15 A Actually, I don't have a list of
16 who's donated. I'm not that -- I'm not privy to
17 that information. That's Municipal League.

18 Q Okay. So Tim F has that
19 information?

20 A Tim F has that information.

21 Q All right. Earlier when we were
22 talking about the different street lighting
23 tariffs and you gave me quite a description of
24 5M, one of the things you talked about were
25 replacement costs, and I was unclear when you

1 talked about 6M and 7M if those same types of
2 services were obtained under those rates as well.
3 So let's talk about that a little bit more.

4 A It's my understanding, and this is
5 based solely on the language in the tariff, not
6 necessarily anyone from Ameren specifically, you
7 know, in terms of a meeting or verbal, was that
8 6M, they owned their own poles.

9 So we're making the assumption, I
10 think correctly, so that if a pole or light fails
11 and it doesn't fall under the maintenance portion
12 of their tariff with their -- for their
13 municipality, then the city would be required or,
14 you know, would make the decision whether to
15 replace the particular pole and light.

16 Q And who would bear that cost, then?

17 A The city.

18 Q What about for 7M?

19 A I don't know the answer to that.
20 Like I said, 7M hasn't even -- I don't believe 7M
21 has ever arisen in the discussion at all.

22 Q So your focus was really 5M in your
23 testimony?

24 A Right.

25 Q For each of the municipalities that

1 are members of the Municipal Group, did you
2 calculate the rate impact upon them of Ameren
3 Missouri's proposed 5M rate?

4 A Yes, I did.

5 Q Did you do that for any
6 municipalities that aren't part of the Municipal
7 Group?

8 A Are you saying the Municipal Group,
9 you're -- you're making the assumption that only
10 the named cities are in the Municipal Group?

11 Q When I say "Municipal Group," I am
12 talking about the group that has intervened at
13 the Commission and that are listed on the front
14 of your testimony.

15 A Okay. Because my understanding of
16 the designation of the parties is the Municipal
17 Group represents all municipalities, and the
18 municipalities that are listed chose to put their
19 name on the lawsuit independent of the Municipal
20 Group.

21 It's kind of -- it's a kind of a
22 quirky situation is all I can say, because even
23 if Municipal Group were not -- was not involved,
24 these cities would still be named.

25 Q Okay. The Municipal League, are

1 you -- you're familiar with the Municipal League,
2 we've been talking about that?

3 A Yes.

4 Q Do you know if that's incorporated?
5 What kind of legal organization is it?

6 A Well, I'm sure it's a non-profit.

7 MR. CURTIS: If you know.

8 A I don't know. I don't know what
9 their -- what their guidelines are or their
10 charter.

11 Q (BY MS. TATRO) Okay. All right.
12 So you did some calculations of the annual impact
13 of the proposed 5M rate. Can you tell me for
14 each one of the named cities on your testimony
15 whose -- how they're impacted? Whether their
16 rate goes up, down, stays the same? I don't mean
17 rate, I mean their total bill.

18 A Their total bill? Yes. Now, you
19 have to understand that my analysis kind of
20 started before we knew who was going to be named,
21 so some of the folks that are named are not on my
22 analysis.

23 Q Okay. Does that mean there are
24 people that are named on your analysis -- the
25 reverse would also be true?

1 A Yes. In fact, there's quite a few.

2 Q Okay.

3 A Because they sent their bills and
4 we did an analysis of that. So I -- nineteen
5 cities were looked at.

6 MS. TATRO: Can we mark that as an
7 exhibit?

8 THE WITNESS: Sure.

9 (Exhibit 2 marked for
10 identification by the court reporter.)

11 Q (BY MS. TATRO) The ones that are
12 highlighted, does that mean something different
13 than --

14 A I believe the highlighted ones show
15 that their bill would actually go down.

16 Q So O'Fallon, it's an increase?

17 A Increase.

18 Q And University City, it's a
19 decrease?

20 A Yes. And this was kind of a rough
21 analysis so, I mean, I didn't tinker with all the
22 FAC and -- you know, I took just their total bill
23 and started with yearly current bill and monthly
24 bill, and then took out the poles deductions with
25 the adjusted base, and multiplied it by the 22

1 percent increase that's proposed in the tariffs.

2 Q What does the pole deduction mean?

3 A The pole deduction is any charge
4 for standard -- I'm sorry, ornamental poles, wood
5 poles, and I believe there was another type of
6 pole that we saw, steel breakaway poles.

7 Q Okay. So you took the bill, the
8 current annual bill, subtracted out what you --
9 that pole deduction, and then just gave it the 22
10 percent increase?

11 A Yes. Because the 22 percent is on
12 the actual rates, and I realize there are
13 adjustments, you know, we have to pay the
14 municipal tax, but then we get a discount. And
15 so, you know, it's a -- it was meant to be a
16 rough analysis.

17 Q Okay.

18 A And this was to give people an
19 idea, because it became pretty clear that
20 everyone was going to have a different result as
21 a -- based upon the tariff that was being
22 proposed, and we wanted to see where people fell
23 one way or another.

24 Because some cities have lots of
25 poles that they were paying for and some cities

1 had virtually none, and it really -- you could
2 tell by almost the age of the city whether it was
3 going to be a plus or a minus.

4 Q So did you circulate that among the
5 cities?

6 A I sent it to Lee Curtis and I sent
7 it to Tim Fischesser and I sent it to Matt Conley
8 at St. Ann who has also been fairly active, and
9 to Keith Riesberg at O'Fallon. And whether it
10 was sent beyond that, I don't know. I don't
11 recall I should say, I just don't recall. I
12 don't recall sending it to anybody else.

13 Q Look at the bottom of the first
14 page of Exhibit 2, please? Kirkwood.

15 A Yeah, um, I think I was looking at
16 that point at the larger cities. I honestly, I
17 don't recall why I highlighted, how I -- I know
18 the top, the highlighting is the negative, but
19 the bottom, I don't -- it was probably just when
20 I transferred -- when I copied the list, some of
21 the yellow copied and some of it didn't.

22 Q So if we were to highlight in
23 yellow based upon whose bills were going down, it
24 would also be Kirkwood and Fenton? Is that
25 correct? And St. John?

1 A No, that's what I'm saying. When I
2 copied, the yellow copied, but the second part of
3 that analysis is if -- if what we are proposing
4 would take place, and so some people that
5 previously saw an increase would see actually a
6 decrease. So it -- the yellow is meaningless on
7 the second part of that chart.

8 Q Okay.

9 A I would ignore the yellow on the
10 second part of that chart.

11 Q Let's look at O'Fallon because it's
12 the first one listed. Under Ameren Missouri's
13 proposal, they get a 21.75 percent increase?

14 A Right.

15 Q And under your proposal, they get a
16 9.74 percent increase?

17 A Yes.

18 Q University City, 10.72 percent
19 decrease under Ameren Missouri's proposal?

20 A Mm-hmm.

21 Q And 19.72 percent decrease under
22 your proposal?

23 A Yes.

24 Q Why does the decrease increase?

25 A Because -- this is the crux of the

1 whole -- my whole testimony. Is that the
2 magnitude of the increase or decrease depends
3 solely on whether or not the city has currently,
4 or is being currently charged for poles.

5 So if you deduct poles off first
6 and then apply the 9.7 percent increase that was
7 being proposed, then a city like University City
8 not only gets its pole deduction, but isn't being
9 charged 22 percent on its rates, only being
10 charged the 9.7, so its bill will go down even
11 further.

12 A city like O'Fallon who has very
13 few poles that it rents had virtually no
14 deductions under the first analysis, but under
15 the second they're only getting the 9.7 because
16 the poles have been removed. That's where the
17 adjusted base comes in.

18 And that's the -- that is the --
19 this whole chart reflects the difference in how
20 removal of the installation charges can affect
21 cities.

22 Q And when you say "installation
23 charges," you're talking about the pole and span
24 charges?

25 A The pole charges.

1 Q The pole charges. Is that the same
2 thing as the pole deduction that you have listed
3 on the third category, third column there?

4 A Yes. Yes. Yes. Span charges were
5 not at issue as far as we were concerned.

6 Q All right. Now, would it be
7 correct to presume you're familiar with the class
8 cost of service study that was sponsored by Bill
9 Warwick of Ameren Missouri?

10 A Until I was asked the -- the DR
11 about it, I didn't realize that there were two
12 different studies kind of going around. I was
13 given worksheets that were sent via to our
14 counsel, and there was nothing on the worksheets
15 that said, oh, this belonged to Mr. Difani or
16 this belonged to Mr. Warwick and this belonged to
17 Mr. Cooper.

18 I looked just at the testimony
19 related to why -- you know, street lighting, and
20 it was mainly Mr. Cooper and Mr. Difani. I
21 didn't even really look that hard at Mr. Warwick,
22 and I certainly didn't look at anything separate
23 -- that I thought was separate.

24 Q Tell me how you think a class cost
25 of service study would be developed.

1 A Well, I think you have to look at
2 how much it costs to generate energy, how much
3 you have -- how much it costs in -- for the
4 purpose of street lighting.

5 Discount that for the fact that
6 most street lighting is on during non-peak, and
7 is my understanding that the rates are derived in
8 large measure based upon the highest peak so that
9 there is always plenty of electricity even at the
10 highest peak, so there should have been a
11 discount in my mind for off-peak usage.

12 Then the cost to distribute that
13 which would be whatever costs there may be to get
14 it from point A to point B, and that would be
15 through poles or underground, however a
16 particular streetlight would be illuminated.

17 And then there would be, I'm sure,
18 some administration. Obviously, everything --
19 being an administrator, there are always
20 administration costs, and a factor for the
21 eventual replacement of a particular light if it
22 would fail.

23 How that is done in a bulk billing
24 situation, I do not fully understand. I have
25 been assured that the method that was used by

1 Ameren is probably a good method, but I -- I
2 don't know how that would work exactly when it
3 comes to replacement.

4 I think there should be a reduction
5 in the cost if a pole and light is damaged or
6 completely needs to be replaced due to an
7 automobile accident that Ameren is reimbursed
8 for.

9 There -- I think there's some
10 tension between -- on the distribution lines,
11 lines that are going to houses and going to
12 places, and a light is just attached to that
13 particular distribution line, that streetlights
14 should get a discount because it's already going
15 that way. The electricity.

16 And then some reasonable degree of
17 profit. I believe I covered everything.

18 Q Okay. Now, you said you've been
19 assured that Ameren Missouri's method of figuring
20 out these costs was a good method. Who assured
21 you that?

22 A No, I said the method of dealing
23 with the replacement factor for poles was
24 probably a good method.

25 Q And who gave you that assurance?

1 A Drazen consultants.

2 Q Okay. You also said that you
3 didn't realize that Mr. Warwick's testimony had
4 anything to do with the street lighting issue?

5 A No, I just said I didn't realize
6 that there were two different cost of service
7 studies.

8 Q Okay. Since you've realized that
9 Mr. Warwick has a class cost of service study,
10 have you looked at any of it?

11 A No.

12 Q So you haven't looked at any of his
13 work papers?

14 A No.

15 Q As a general rule, are revenues
16 considered when developing a class cost of
17 service study?

18 A Well, I'm assuming that revenue
19 comes in, you know, as a factor. A cost of
20 service study should impact how much revenue
21 should be requested.

22 Q And just to be clear, I am asking
23 about class cost of service study.

24 A Right.

25 Q Does that change your answer? I

1 just want to make sure I didn't misspeak.

2 A No, I don't believe revenue affects
3 the actual class of cost service study.

4 Q Okay. Why not?

5 A Because I think it should be immune
6 from that. The analysis should be a pure what is
7 a cost study.

8 Q Okay. And you say you haven't
9 looked at Mr. Warwick's study. Have you had
10 anyone on behalf Municipal League look at that
11 study?

12 A The Drazen Consulting looked at the
13 work papers that were provided, and to the extent
14 Mr. Warwick's analysis was contained in those
15 work papers, then it was looked at.

16 My analysis and my testimony came
17 from a pure mathematical exercise in looking at
18 the previous tariff compared to the current
19 tariff, had virtually nothing to do with the cost
20 of service study.

21 Q Okay. And the Municipal Group did
22 not have Mr. Drazen or anyone from his company
23 file testimony?

24 A No.

25 Q Would it be correct to presume that

1 you're familiar with the work that was presented
2 by Mr. Difani?

3 A I read a lot of the work papers and
4 charts and analysis, a lot of which I did not
5 necessarily understand, but in terms of verifying
6 the conclusions I reached based upon the tariff
7 comparison, yes.

8 Q Okay. Is there a difference
9 between the class cost of service study that was
10 sponsored by Mr. Warwick and the work that was
11 sponsored by Mr. Difani?

12 A I do not know the difference.

13 Q Did you attend any of the meetings
14 at Ameren Missouri to talk about the street
15 lighting cost of service study prior to the rate
16 case being filed?

17 A No.

18 Q Do you know if there were any
19 meetings held prior to the rate case being filed?

20 A I don't know the timing. I know
21 there have been public meetings, but I don't know
22 if it was before the rate case was filed.

23 Q Do you know who, if anyone, would
24 have attended them on behalf of any of the
25 cities?

1 A I do not know who may have
2 attended.

3 Q Did you have any -- do you know if
4 Tim F attended any of these meetings?

5 A I do not know if Tim did.

6 Q Do you know if your attorney
7 attended any of these meetings?

8 A I do not know if my attorney did.

9 Q Did you have a conversation with --
10 and I'm not asking for privileged information,
11 but did you have a conversation with either your
12 attorney or Tim F to find out if anyone had
13 attended these meetings?

14 A No.

15 Q How do you know about these
16 meetings?

17 A I believe I saw them in the local
18 press.

19 Q Okay. And what kind of meetings
20 were these?

21 A I assume that they were just public
22 hearings where community members, residents --

23 MR. CURTIS: Can we have a break
24 here? Because I think we have had a confusion
25 here.

1 THE WITNESS: Maybe there is
2 confusion.

3 MS. TATRO: We can go off the
4 record for a moment.

5 (Off the record.)

6 Q (BY MS. TATRO) Back on the record.

7 A We need to go back and strike
8 everything related to that. There were meetings
9 between Ameren and various municipal
10 representatives including the Municipal Group and
11 attorneys to talk about the class of cost of
12 study. Class cost of study. Yes. I believe
13 there was one meeting down at Ameren's offices.

14 Q Did you attend that meeting?

15 A I did attend that meeting.

16 Q Okay. Do you know when that
17 meeting was?

18 A I want to say it was in the fall,
19 late fall maybe.

20 Q Okay.

21 A I mean, I --

22 Q I'm sorry.

23 A I just don't recall. I know it was
24 after I was laid off.

25 Q Who else attended on behalf of the

1 Municipal Group?

2 A I think Mr. Drazen did, I believe
3 Tim Fischesser did, Lee, I believe you were there
4 via phone. Matt Conley from St. Ann was there,
5 and I think John Mulligan from University City
6 was there.

7 Q Were there any other parties
8 represented? Parties that are parties to this
9 rate case.

10 A Versus Ameren officials?

11 Q Yes.

12 A I believe the PSC staff was on the
13 phone, and maybe Office of Public Counsel. I
14 think that's who was on the phone. Yeah.

15 Q And what was the topic of
16 discussion?

17 A The topic of discussion was -- it
18 was -- it -- I went in thinking the discussion
19 was let's discuss how to go about doing this
20 class cost study, things that we're going to want
21 to know. But it was more a primer on how Ameren
22 was going about its class cost study, and there
23 was a lot of dialogue about assumptions that were
24 being made at that time. And it -- a lot of the
25 dialogue revolved around the poles.

1 Q Was there a -- you said it revolved
2 around how Ameren Missouri intended to do the
3 study. Was there a document provided to you
4 prior to the meeting?

5 A Not prior -- not that I'm aware of
6 prior to the -- you know, there were documents,
7 and I -- there may have been one other meeting
8 that I don't believe I attended.

9 And there was -- so there were
10 documents, and I don't know if I got them, again,
11 there, or that was forwarded to me previously,
12 but there was like a Power Point, you know, look
13 up here, it's still in front of you kind of
14 thing.

15 Q Was that Power Point at the meeting
16 you attended?

17 A Yes, it was, but there were other
18 documents that I think were previously handed out
19 to whoever was attending that meeting. For some
20 reason I was not there, and I don't recall why.

21 Q So you think there might have been
22 a meeting prior to the one you attended?

23 A Yes. That sort of laid out how the
24 study was going to go.

25 Q Okay. Was there any correspondence

1 in between the meetings between the Municipal
2 Group and Ameren Missouri or e-mails or --

3 A I believe that Mr. Fischesser did
4 send the letter asking a lot of questions.

5 Q Have you seen that letter?

6 A I did see the letter.

7 Q Okay. Was there a response, or is
8 that what was discussed at the second meeting?

9 A There were responses. That -- as
10 far as I know, that particular letter and those
11 responses were not necessarily discussed, oh,
12 let's talk about your letter. Some of the
13 subject that was in the letter I'm sure was
14 discussed, but I don't know -- you know, it
15 wasn't a point by point kind of let's go through
16 your letter thing.

17 Q And did you provide comment at the
18 meeting you attended?

19 A Yes.

20 Q Okay. Did you make suggestions to
21 change how the study was done?

22 A To the study itself? Um, we -- we
23 talked about the pole charges, but I don't recall
24 there was -- no, there wasn't a -- it wasn't a
25 what are your ideas, Municipal Group? No, there

1 was none of that going on. It was mainly an
2 Ameren presentation followed by inquiries by us.

3 Q Okay.

4 A And I think Office of Public -- I
5 think they asked questions too.

6 Q Okay. Was Mark Drazen the only one
7 from Drazen that attended?

8 A I believe so, yes.

9 Q And did you have discussions about
10 that -- did you have discussions about the
11 conversation -- I asked you this before, but I'm
12 afraid it got caught up in this confusion about
13 the public hearing.

14 So did you have discussions with
15 Mark Drazen or Tim F or non-privileged
16 discussions with your attorney prior to filing
17 testimony about those meetings?

18 A Yes. We did discuss one issue in
19 particular. The only issue that came up in
20 particular that followed that meeting was
21 comments by -- I don't know who it was, I believe
22 it was an engineer who claimed that on
23 streetlights that were on wood poles, that there
24 were no other facilities on those poles besides
25 Ameren streetlights.

1 And it was a little bit of a heated
2 discussion because that was exactly the opposite
3 of what we found in University City. So that
4 became an issue. Prior to my testimony, another
5 inventory of our streetlights was done to look at
6 all the wood poles to confirm my belief about
7 what was on those poles.

8 Q And who did that inventory?

9 A Jenny Wendt [phonetic].

10 Q Of University City?

11 A Of University City.

12 Q And what position does she hold?

13 A She was actually a part-time
14 employee hired to inventory all of University
15 City's lights as a part of the economic stimulus
16 plan that the federal government was putting out.

17 Q Okay.

18 A So she -- she had already done the
19 inventory, but at the time we did not really have
20 a -- at the time that she had done the inventory,
21 the initial inventory, the issue of the wood
22 poles was really not at the forefront, so she did
23 not in the original inventory discuss the type of
24 pole that any particular light was on.

25 Q So you had her go back and add that

1 to her original survey information?

2 A She went back and surveyed. I
3 don't know that she added it to the original
4 survey, but she did go back and look at every
5 pole.

6 Q Okay.

7 A And that was the only thing that
8 was discussed after that.

9 Q Okay.

10 A Amongst us.

11 Q And in that second meeting that you
12 attended, Mark Drazen was there?

13 A Yes.

14 Q Did Mark Drazen attend the first
15 meeting? Do you know?

16 A I believe not, no.

17 Q All right. I think we've cleared
18 up the meeting confusion. You're familiar that
19 Ameren Missouri has a customer charge?

20 A No.

21 Q Do you get electric service from
22 Ameren Missouri?

23 A Yes.

24 Q Do you know as a residential
25 customer, you pay a customer charge?

1 A You mean like a separate line item
2 on my bill?

3 Q That each month you pay a certain
4 amount just to have service.

5 A Oh, just to be a member, so to
6 speak?

7 Q I'm not sure what you're a member
8 of, but okay.

9 A A membership fee?

10 Q You're a member of my customer
11 class, okay.

12 A No, not particularly, I did not
13 know that there was a specific fee just to be a
14 member or a customer of Ameren's.

15 Q Just for the record, I'm not
16 agreeing that's what it's for.

17 A Okay. You said customer service,
18 so.

19 Q Let's presume for a moment there's
20 a customer charge.

21 A Okay.

22 Q If the Commission decided it no
23 longer wanted the customer charge, didn't think
24 it was appropriate any longer, how would that
25 impact rates?

1 A I assume it would reduce your
2 revenue.

3 Q Okay. And what does that mean?

4 A It just means that you'll take in
5 less money. It won't necessarily mean that you
6 have increased costs.

7 Q Do you think it would be offset
8 somewhere else?

9 A Probably.

10 Q How would that happen?

11 A It would be added somewhere in some
12 other line item.

13 Q Okay.

14 A Maybe under administration, O and
15 M, profit. It would come up.

16 Q Okay. Let's talk about
17 specifically some areas in your testimony, do you
18 have that with you?

19 A Mm-hmm.

20 Q Let's start on page 2.

21 A Sure.

22 Q Lines 3 and 4, you see where it
23 says, "The impact of the rate design on municipal
24 street lighting customers is fundamentally unfair
25 and unreasonable."

1 A Yes.

2 Q Do you see that?

3 A Mm-hmm.

4 Q I want you to list for me every
5 element that you think is fundamentally unfair
6 and unreasonable.

7 A The -- that the rates for 5M
8 customers are being proposed to be increased by
9 22 percent, and that 22 percent is a result of
10 elimination of pole charges for cities that have
11 poles installed prior to 1988.

12 And so the rates had gone up, the
13 individual line item rates, 1 through 12, on a 5M
14 bill have gone up 22 percent to make up for the
15 loss of the revenue received for pole charges.
16 That is the sole basis for that statement in my
17 testimony.

18 Q Okay. So I don't have to ask you
19 if there's any other. Line 15, you talk about
20 hidden charges. Tell me exactly what charges you
21 believe are hidden.

22 A The pole installation charges.

23 Q And is that the same thing as when
24 Ameren Missouri's testimony refers to pole and
25 span charges?

1 A Yes. Those are the same charges.

2 Q Any other charge?

3 A No.

4 Q That's it. Okay. Line 4. No, I'm
5 sorry, page 4. Page 4, lines 2 and 3. And here
6 I believe you're talking about the last rate
7 case?

8 A Mm-hmm.

9 Q And you say, "Contend after
10 twenty-two years of paying these charges, at
11 least, the cost of any pole installations were
12 paid in full." Do you see that?

13 A Yes.

14 Q Now, would you agree that if a pole
15 is damaged by a storm or an automobile accident,
16 it would have to be replaced?

17 A Not necessarily, no.

18 Q It's possible that it would have to
19 be replaced?

20 A Yes.

21 Q And that certainly could have
22 happened to some of the poles installed prior to
23 1988. Right?

24 A Possibly.

25 Q Have you ever rented a residence?

1 A Yes.

2 Q How long did you rent?

3 A Fifteen years.

4 Q And would you agree with me that a
5 typical mortgage might be thirty years?

6 A Yes.

7 Q Do you think you have half
8 ownership of that residence at the end of your
9 fifteen years of renting it?

10 A No.

11 Q If you owned a rental and you had a
12 renter who rented from you thirty years, would
13 you then have to give ownership of that home over
14 to that individual?

15 A No.

16 Q Why not?

17 A Because I own the property and you
18 are just a renter.

19 Q Okay. She's very succinct.

20 A That's not what we're doing here,
21 but -- but when it comes to a home, yes.

22 Q Okay. Tell me why it's different
23 than what we're doing here.

24 A Well, I think that's pretty easy.
25 These charges that are pole charges -- first of

1 all, rent is never mentioned in the tariff.

2 That's the first thing.

3 Second of all, if rent was being
4 charged on all of the poles, why only wood poles
5 would we be charged rent on? Why not charge us
6 rent on all poles? Why just wood poles? Why
7 just ornamental poles? Why not just steel
8 breakaway poles? Why aren't the post tops and
9 all the other poles of which there are thousands,
10 we aren't paying, quote, rent via the pole
11 charge?

12 Two -- or three, I should say, for
13 the folks that paid for pole installation up
14 front post 1988, they got a sum certain charge.
15 It was -- it was a very discrete number. Three
16 thousand, 2,000, 1,000, whatever it was, it was a
17 discrete number, and at the end of it, they paid
18 for it. The wood poles that are pre-'88 are the
19 exact same poles, they're just continuing to be
20 charged even though there was a distinct cost
21 involved in installation.

22 So for those three reasons, this is
23 not a rent situation. In terms of replacement
24 and rent, as far as I'm concerned, replacement is
25 a part of the rate, not part of the pole charge,

1 because, again, why would you only charge us for
2 some? Why not charge us for all?

3 Replacement doesn't come into
4 effect in my view of any of the pole charges for
5 pre-'88 poles. Those costs, replacement costs
6 and -- and whatever comes along with ownership,
7 fixing the sink, whatever, is in the actual rate,
8 not within the pole charges.

9 Q Okay. And upon what do you base
10 your opinion that replacement is part of the rate
11 and not part of the pole charge?

12 A Because it was -- it was in the
13 cost of service study.

14 Q Okay. When you say, "cost of
15 service study," what are you talking about?

16 A I'm talking about the worksheets
17 that were provided to support the cost of service
18 shows us that -- what the different replacement
19 costs were on every type of pole and light
20 fixture.

21 Q Can you tell me exactly where -- is
22 that part of someone's worksheets or workpapers?

23 A I believe that that came from -- it
24 didn't come from us, it came from all the
25 worksheets that were provided to us, and I assume

1 they may have been Mr. Difani's. I really don't
2 know whose those were.

3 Q But that's the piece of paper
4 you're referring to?

5 A That's in part the piece of paper
6 I'm referring to.

7 MS. TATRO: Let's make this an
8 exhibit just because it doesn't seem to have any
9 identifying --

10 THE WITNESS: No, I know.

11 MS. TATRO: Let's just make this an
12 exhibit and then we won't have to worry about
13 trying to track it down.

14 THE WITNESS: And I am -- I'm
15 sorry.

16 (Exhibit 3 marked for
17 identification by the court reporter.)

18 Q (BY MS. TATRO) Okay. Go ahead.

19 A I also inquired very specifically
20 with our experts at Drazen Consulting, is
21 replacement cost in the rate, and I was told yes,
22 it was in the rate. And I am talking about the
23 monthly rate by fixture and fixture type, not
24 under the pole charges.

25 And for the third, it's not

1 contained in the tariff. It doesn't say that
2 these charges relate to replacement.

3 Q Any other reason?

4 A Nope.

5 Q Okay. Now, your recommendation is
6 to subtract that cost. Correct?

7 A Yeah, to actually do -- right.
8 Actually take the pole -- the pre-1988
9 installation charges, have been paid ongoing
10 since 1988 and earlier, off of the total off of
11 each of the bills, have that come out, and then
12 have the rate increase applied.

13 Q And your reasoning for that
14 recommendation is what?

15 A The reasoning for that
16 recommendation is that after twenty-two plus
17 years, we have more than sufficiently paid for
18 the installation of poles that occurred prior to
19 1988.

20 Second, that the way that Ameren
21 has made their proposal is that cities that don't
22 -- that prepaid have like post '88 poles, those
23 cities are being asked to bear that -- the burden
24 of those charges. And that's fundamentally
25 unfair. They've already paid the installation

1 for their poles, and they should not have to pay
2 for the installation of other cities' pre-1988
3 poles.

4 Q Okay. Anything else you want to
5 add to that discussion, or do we have it all?

6 A I think that's --

7 Q I want to make sure I understand
8 completely your position.

9 MR. CURTIS: Other than what may be
10 contained in your testimony.

11 A Yeah, other than what's already in
12 my testimony, yes.

13 Q (BY MS. TATRO) Okay. You want to
14 turn to page 13, please? Lines 10 through 12,
15 Municipal Group still has clarifying questions
16 pending. Do you see where that is?

17 A Yes.

18 Q And isn't it true at the time of
19 your testimony, there were no pending questions
20 from the Municipal Group to Ameren Missouri?

21 A I'm sorry?

22 Q Isn't it true that at the time of
23 your testimony, there were no pending questions?

24 A No, there were -- there were no
25 formal questions sent to Ameren.

1 Q Okay. What does clarifying
2 questions mean, then?

3 A To me. We had clarifying
4 questions, and whether those were to be answered
5 by Ameren or our experts who had Ameren's work
6 papers, we still had questions at the time that
7 this testimony was due.

8 Q So you still didn't understand --

9 A There were a number of outstanding
10 items that we still needed -- we felt we needed
11 answers on.

12 Q This statement is not intended to
13 say Ameren Missouri hadn't answered a question
14 that you asked?

15 A No. No. That is not -- no. And
16 as far as I'm concerned, Ameren has answered all
17 questions that have been provided to them thus
18 far.

19 Q Okay.

20 A That was probably inartfully
21 worded, so.

22 Q Okay. Let's go back to page 12.
23 Sorry to skip around on you. At line 2 you talk
24 about how the Commission could bifurcate
25 municipals from the lighting class. You

1 mentioned dusk to dawn, private residential and
2 commercial lighting. Do you see that?

3 A Yes.

4 Q How many classes are you
5 recommending the Commission create?

6 A It could be two. It can be
7 basically taking municipal customers out of the
8 existing lighting class and having their own
9 class, and that would be solely for the purpose
10 of dealing with potential increases and potential
11 discounts that might be advantageous to both
12 parties.

13 Q Tell me how city lighting is
14 different than private residential lighting. In
15 terms of the electric need.

16 A City lighting is lighting that
17 through whatever political process may have been
18 employed, was determined by cities either via
19 their political process or their own internal
20 processes, what they believe is necessary to
21 light right-of-ways.

22 Private residential lighting is
23 above and beyond that insofar as a resident may
24 want additional lighting and wants to put in a
25 dusk to dawn light or some sort of light near

1 their home for safety or for whatever reason they
2 determine. It's an option.

3 A city like University City, for
4 example, has a lot of private subdivisions, and
5 although almost I believe all the private
6 subdivisions have lighting that's paid for by the
7 city, in most communities that's not the case.

8 And those decisions are made by
9 private residences and their homes associations
10 or their local municipalities, do you want
11 lights, do I want lights, and that need may not
12 be based upon any political process or process
13 that was determined from safety or otherwise.
14 So it's an add-on as far as we are concerned.

15 Q Let's talk about the physical
16 lights themselves.

17 A Okay.

18 Q Are they different style lights
19 than what street lighting would be?

20 A We were not able to secure any
21 lighting bills, 5M lighting bills from private
22 residential customers. So I -- I am assuming
23 that it could very well be the same as dusk to
24 dawn, or it might not be. I don't know that.

25 Q Okay. So you don't know if there

1 are --

2 A We know that the class includes
3 those descriptions. How many and what that
4 entails, I don't know, but they are 5M customers
5 so I assume they had the list of lights that are
6 -- they could possibly have, I suppose.

7 Q All right. Do you know the hours
8 -- you refer to them as dusk till dawn lights.
9 City lights typically come on at dusk and turn
10 back off at dawn?

11 A Right.

12 Q Do you think private lighting does
13 the same thing?

14 A I don't know.

15 Q Okay. Do you know if commercial
16 lighting does the same thing?

17 A I don't know that either.

18 Q Okay.

19 A I mean, I have seen -- gone to
20 parking lots of Target and Wal-Mart, sometimes
21 lights are on in the middle of the day. It
22 depends on the particular customer. Is it
23 generally this way or generally that way? I
24 don't know.

25 Q Did you do any type of study to

1 determine that?

2 A No.

3 Q Did you ask any data requests about
4 that issue?

5 A No.

6 Q Did you ask Mr. Drazen to do any
7 work on that issue?

8 A No. Mr. Drazen did comment and he
9 was the one that alerted us to the magnitude of
10 the 5M lighting class, subclass, in how many --
11 or how many customers were in that class which
12 alerted us that it wasn't just municipalities.

13 We had always made the assumption
14 that the lighting class were cities and
15 streetlights. But when we found out there were
16 55,000 customers in the class, we have a lot of
17 municipalities, 55,000 we don't have, so we knew
18 there was something else going on.

19 And I think he did some digging and
20 figured out it was commercial customers for their
21 parking lots and private, you know, residential,
22 my neighbor had a dusk to dawn light in her back
23 yard, you know, and was billed for that.

24 That type of thing was going on,
25 and we didn't realize they were part of the

1 lighting class necessarily. I don't know where
2 we thought they were, but never gave it a thought
3 prior to that.

4 Q Okay. Page 7. Going backwards.
5 And here on page 7 you kind of start a discussion
6 that goes on for several pages about the impact
7 of the proposed rates on University City versus
8 O'Fallon.

9 A Mm-hmm.

10 Q Okay? I know you told me Exhibit 2
11 was something that had been shared with at least
12 some of the cities.

13 A Mm-hmm.

14 Q Was there any other analysis done
15 about the impact of Ameren Missouri's proposal
16 that was shared with any -- that was shared with
17 the group, the cities that are members of the
18 Municipal Group?

19 A No. No.

20 Q All right. Line 14, you have
21 multiply by 1.225.

22 A Mm-hmm.

23 Q How did you calculate -- that's
24 essentially a 22.5 percent increase, right?

25 A Yes.

1 Q How did you get to 22.5 percent?

2 A You know, that was -- there was
3 some confusion over whether the increase was 22
4 percent or 22.5 percent, and that may just be an
5 error. It may just need to be 1.22. And I'm not
6 sure where that confusion was, but there is some
7 confusion about whether the increase on the rates
8 in the tariff went up 22 or 22.5 percent.

9 Q And you don't know where you would
10 have got the 22.5 percent number?

11 A Yeah, I just don't recall. I don't
12 recall.

13 Q All right. Let's --

14 A So that number should be adjusted,
15 and I guess we could do a redaction -- or, you
16 know, an adjustment to that. But the concept is
17 right, it's just that particular percent is off.

18 Q Okay.

19 A And I think those charges may also
20 -- I may have been a little bit more critical of
21 the analysis given all the other deductions and
22 additions that were going on, so this is --
23 aren't necessarily numbers that match identically
24 to those in the other exhibit.

25 Q Okay. So basically what you did,

1 if I can paraphrase, is you took the current
2 lighting charge, subtracted the pole installation
3 charge, and you multiplied it times the 1.225,
4 now you would multiply it times the 1.22?

5 A Yeah. And I think the 22 percent
6 is the correct number, yes.

7 Q And then you would get a slightly
8 different number?

9 A Right. Right.

10 Q Page 10. On lines 1 and 2, again,
11 you talk about requesting the Commission remove
12 that pre-1988 pole and installation revenue
13 request.

14 A Mm-hmm.

15 Q When Mr. Warwick does the class
16 cost of service study for street lighting, do you
17 know if he considers revenues?

18 A No, I don't.

19 Q Do you know if Mr. Difani in his
20 study considered revenues?

21 A I don't believe so, but I don't
22 recall if he did or did not.

23 Q Okay. I want to move where we talk
24 about franchises, starts on page 11.

25 A Mm-hmm.

1 Q Franchise agreements, you're
2 familiar with franchise agreements?

3 A Basically, yeah.

4 Q Did you deal with them in your work
5 when you were at University City?

6 A Not too much, but I know the --
7 understand the -- I think the basic concept.

8 Q Okay. Are -- how are they
9 typically -- how do they typically come into
10 existence?

11 A I believe that they are -- the
12 cities, you know, are contacted by whatever
13 group, and I -- University City has franchise
14 with Charter for cable and Ameren for electricity
15 and -- but I don't know who instigates that, how
16 it's regulated. It's my understanding it's for
17 the exclusive right to provide service within the
18 confines of the city boundaries.

19 Q Okay. Is that usually done as a,
20 if you know, as a contractual agreement, as an
21 ordinance, how does that --

22 A I'm sure it's both. I'm sure that
23 if it's contractual, it would have had to be
24 approved by ordinance.

25 Q Are you familiar with Missouri law

1 regarding franchise agreements?

2 A No.

3 Q Did you look at any Missouri law on
4 franchise agreements as part of this?

5 A No. No. The law -- we -- the law
6 that was discussed in the testimony was provided
7 by counsel.

8 Q And that would be the reference you
9 have on page 12, 71.250?

10 A Yes, mm-hmm.

11 Q Did you read that law or did you --
12 when you said the reference was provided by
13 counsel, did he literally provide you with a
14 citation, or did you read the statute?

15 A Well, I read this language, yes.

16 Q Which language?

17 A The language that's paraphrased in
18 lines 11 through 19.

19 Q Okay.

20 A Oh, I -- I'm sorry, I take that
21 back. This is in the tariff, 71.250, I -- I did
22 review, but very, very cursory analysis of that.
23 I'm sorry.

24 Q So you couldn't tell me what it
25 says?

1 A No. I couldn't tell you the
2 specifics of it at this point, no.

3 Q You don't know if it contains a
4 maximum or a minimum number of years?

5 A I believe there's a minimum.

6 Q Okay. Do you know anything else
7 about that?

8 A No.

9 Q Okay. Let's talk about the tariff
10 that you're citing here. I'm presuming you're
11 familiar with the tariff?

12 A Mm-hmm.

13 Q You've read this tariff?

14 A Mm-hmm.

15 Q You're more familiar with the
16 tariff than you are the statute?

17 A Yes.

18 Q Which classes are eligible -- we're
19 talking about the discount, correct?

20 A Yes.

21 Q Which classes are eligible for the
22 discount?

23 A I assume it's those municipalities
24 that have, and in fact, contracted for and have
25 had an ordinance enacted entering into the

1 franchise with the utility.

2 Q So the 10 percent discount,
3 presuming they meet the two requirements that you
4 just stated?

5 A Right.

6 Q 5M eligible for the discount?

7 A Yes.

8 Q 6M eligible for the discount?

9 A Yes. 6M is eligible for the
10 discount.

11 Q 7M?

12 A Don't know about 7M. I believe --

13 Q 1M, 2M --

14 A -- I believe so. 1M and 2M, I'm
15 not sure.

16 Q Okay. Do you know how much money
17 University City has saved on their street
18 lighting bill because of this discount on an
19 annual basis?

20 A It's about 10 percent, so, of the
21 640,000, you know, it's \$64,000 on the 5M.
22 Thereabouts.

23 Q Did you do any analysis of, um, the
24 Municipal Group as a whole as to what it had
25 saved?

1 A No. No.

2 Q Do you know how many members of the
3 Municipal Group are eligible for this discount?

4 A I don't know. I do understand that
5 not all of them have -- have the discount. I
6 cannot tell you who that is, but I do -- I am
7 aware that there are some that do not have it.

8 Q And that's not something you looked
9 at as part of your testimony?

10 A No.

11 Q Now, does the tariff itself
12 prohibit franchise agreements of less than twenty
13 years?

14 A No.

15 Q Okay. On line 8, still page 12, on
16 line 8 it says, "A five year minimum term is
17 reasonable and permitted by statute."

18 A Mm-hmm.

19 Q Tell me why you believe -- what's
20 the basis for this recommendation?

21 A I think because of the constantly
22 expansion of technology that are -- technologies
23 that are out there, locking into AmerenUE for
24 twenty years, given its source of power for the
25 most part, I think is not as palatable to cities

1 now with technology changing and cities wanting
2 to become more environmentally conscious.

3 If new technologies come about by
4 other companies faster and better than Ameren, I
5 think they don't want to be locked into Ameren
6 for twenty years. And so it's -- the world is
7 changing much too quickly and there are lots of
8 issues related to green technology that I think
9 they are starting to think about in a very
10 serious way.

11 Q Are you talking about new
12 technology -- I just want to clarify what you're
13 talking about. Are you talking about new
14 technology in terms of lighting technology, or
15 are you talking about in terms of generation
16 technology?

17 A Generation technology. And
18 lighting, and also the type of fixtures and that
19 sort of thing as well.

20 Q Let's talk about the generation.

21 A Okay.

22 Q Is it your opinion that cities are
23 looking for -- to generate electricity themselves
24 through green sources?

25 A That, or acquire green -- generate

1 electricity through green resources, not
2 necessarily go into business themselves, no.

3 Q They want to contract --

4 A They may want to contract with
5 other companies.

6 Q For provision of electrical
7 service?

8 A Yes.

9 Q Is that allowed under Missouri law?

10 A You know, I'm not -- I am not sure
11 about that. There's been discussions -- I have
12 not done the legal research to know yea or nay on
13 that question, but there has been some discussion
14 about how we pretty much are, and I don't mean
15 this derogatorily, but stuck with Ameren.

16 Q Just like we're stuck with you as a
17 customer?

18 A Exactly. You get to charge us for
19 being a customer. And so I, I think, I get the
20 impression that we don't have a lot of choices.

21 Q Okay. Any other reason that's the
22 basis for this recommendation? Five years
23 instead of twenty?

24 A No, I think that's the main reason
25 is just they would, like I said, like to have the

1 option down the road if new technologies are out
2 there that are greener, then, you know, that's
3 what they would -- they might want to prefer.

4 Q The tariff doesn't prohibit them
5 from entering into a five year franchise
6 agreement. Correct?

7 A No, no, it doesn't.

8 Q All right. Staying on page 12, on
9 line 4, you say, "The Commission could increase
10 the percentage discount to cities that agree to a
11 franchise for a term of years."

12 A Mm-hmm.

13 Q What increase -- do you make -- do
14 you have a recommendation on what that discount
15 level should be?

16 A My recommendation I think for
17 locking in, certainly if it were twenty years
18 would be upwards of 20 percent. Lower than that,
19 I couldn't say. We did not discuss, and there
20 was no collective discussion about what
21 percentage that should be.

22 I know that that -- a lot of cities
23 would like to see even more of a discount because
24 of their dire financial situations, but a
25 specific number has never been discussed.

1 Q And you didn't do any kind of
2 analysis?

3 A No.

4 Q Do you know how the original 10
5 percent discount was arrived at?

6 A I don't know how the original 10
7 percent discount was arrived at.

8 Q Okay.

9 A It may have been through a rate
10 discussion just like this one.

11 Q Okay. So is -- a moment ago you
12 mentioned that some of the cities would like a
13 larger increase because of dire economic
14 conditions, I think is what you said?

15 A Mm-hmm.

16 Q Is that a consideration the
17 Commission should take into account when it's
18 setting rates?

19 A I believe so, yes.

20 Q Okay. And why is that?

21 A I think just like for residential
22 customers, that there are moral imperatives that
23 come into effect when it comes to this particular
24 type of electricity use, street lighting.

25 Cities, unlike even residences,

1 don't have options when it comes to street
2 lighting. They can't turn off their lights, they
3 can't, you know, turn them off after so many
4 hours or reduce a thermostat or even change out a
5 light bulb for more efficient light bulb. They
6 don't have any choice.

7 We -- and for political reasons,
8 it's virtually impossible to ask residents to pay
9 for street lighting at this time. I know that
10 firsthand because we did in University City
11 attempt to -- sent one letter asking -- or
12 explaining the situation with the street lighting
13 and the huge cost it was to the city to private
14 subdivisions, and suggested that maybe in the
15 future there might be a time when we ask you to
16 contribute toward your street lighting, and 400
17 people showed up at our city council meeting to
18 object.

19 So the city is in a difficult
20 position because a lot of people relate street
21 lighting to safety. Whether that's true or not,
22 the perception is there. And so cities like
23 University City that are faced with budget --
24 very serious budget issues, and all cities are
25 faced with them, but some more than others, you

1 know, are going to have to cut staff,
2 firefighters, police, assistant city managers,
3 whomever, you know, to keep the lights on. And
4 they are providing less service because of it.

5 So there is a moral imperative
6 there that, just like residential households, you
7 know, there may be others within the Ameren
8 territory that may have better means to support
9 the revenue needs of Ameren.

10 Q So free electricity for city
11 streetlights would meet that moral imperative,
12 right?

13 A Well, if you want to give it to us
14 for free, I'm sure that they would take it, but I
15 don't think they don't expect to pay anything.
16 They just -- they need some help.

17 Q How does the Commission know where
18 to draw the line?

19 A I think it draws the line every
20 day. Lines are drawn by the Commission, have
21 been drawing lines in the rate cases for years on
22 residential customers. I think they just have to
23 make the best judgment they can make as human
24 beings. There's not a mathematical formula, if
25 that's what you're asking.

1 Q What would you -- where would you
2 recommend for the Commission to draw that line?

3 A I would say --

4 Q Or balance that interest?

5 A Yeah, balance that interest. I
6 would say that because street lighting affects
7 virtually every person, not just -- not cities,
8 the entities, it's persons who live and need
9 streetlights, or believe that they need
10 streetlights, I think it's fair to say that it's
11 okay to pass that burden on to others when
12 everybody gets the benefits of streetlights. We
13 all get the benefits of streetlights.

14 Q Do rural customers get the benefits
15 of streetlights?

16 A Yes, we do. We have quite a few
17 rural customers that have supported us in this,
18 yes. They walk downtown, their little towns,
19 they have streetlights. Do they have crime in
20 the same levels as an urban center? No. So I
21 don't know that they're necessarily comparable.
22 But to the extent that every city in Missouri is
23 safe is a benefit to every city in Missouri.

24 Q Are you familiar with the
25 Commission's -- what factors the Commission

1 considers when it sets a revenue requirement for
2 utility?

3 A Mm-hmm.

4 Q What's that formula?

5 A I don't know the specific formula.

6 Q Tell me generally.

7 A I think they look at return on
8 investment and return on equity, and I believe
9 that they also take into consideration moral
10 issues. Like -- just like this one.

11 Q Okay. Can you give me an example
12 of other moral issues the Commission has taken
13 into account?

14 A I think that's why they have not
15 been charging residents fully for the cost of
16 providing service to residences.

17 Q Okay. Any others?

18 A Not that I'm aware of.

19 Q Page 12, line 21, you say, "Ameren
20 has no plans to convert or retrofit its
21 streetlights to more efficient fixtures or
22 bulbs." What kind of streetlights, fixtures, or
23 bulbs are you referring to as more efficient?

24 A There are new technologies out
25 there, I believe LED is one, I believe that there

1 are others, but I don't know the specifics. And
2 I don't -- I know that the costs for retrofiting
3 is quite high. You can't just -- it's not like a
4 household where you instead of putting in your
5 incandescent light, you put in a CFL.

6 It's -- at least that's not my
7 understanding. If that were -- if that were the
8 case, we wouldn't be here because that's -- was
9 the start of the whole inquiry process is that
10 Ameren told us it was much too expensive to do.

11 Q So when you say "more efficient" --

12 A Energy efficiency.

13 Q -- you're talking about energy
14 efficiency?

15 A Es. And less cost because of less
16 energy being used.

17 Q On the energy side.

18 A Yes.

19 Q Do you know what the cost of LED,
20 how it compares to traditional lighting?
21 Streetlight?

22 A No, I don't. We have gotten
23 pricing on LEDs and it's quite expensive.

24 Q I think we discussed earlier, does
25 it provide the same type of light as a mercury

1 vapor, or --

2 A It provides -- it provides adequate
3 light for pedestrians primarily. It is not liked
4 as much as incandescent. I think we're all in
5 agreement that nobody likes fluorescent better
6 than incandescent. So yeah, I -- it provides the
7 same level -- the areas that need to be lit can
8 be lit with LED.

9 Q You said that you had been told it
10 was more expensive. Other than the cost of the
11 LED itself, are there other costs associated --

12 A I think there are costs in actually
13 retrofitting the fixture. That's -- that's the
14 main problem. Because I do believe the light
15 bulbs themselves have gone down in price, but,
16 you know, I don't know for street lighting if
17 that's true even.

18 Q Would the utility be able to
19 maintain the same spacing of the lighting
20 fixtures?

21 A I believe so, yes.

22 Q Okay.

23 A But, again, that -- we've not ever
24 gotten that far.

25 Q And you didn't do any kind of

1 analysis for purposes of this testimony to see
2 what that would be?

3 A No. No. I mean, we have talked
4 about it. We have talked about the nature of the
5 light, and people think that it's not as -- some
6 people think it's not as light, but it -- you
7 know, people that do this for a living say it's
8 just as good a light. But what that technology
9 is and scientifically, I -- that's not my
10 expertise.

11 Q Did you do any type of study to see
12 what the payoff would be? Do you know what I
13 mean when I say "payoff"?

14 A Yeah. Cost prohibitive because of
15 the low cost of energy.

16 Q Okay.

17 A I mean, we were looking at lights
18 that were \$700 apiece to put in, and when you
19 have an energy cost of \$1.35 a month, the payback
20 is infinite. So it was not ever going to be cost
21 prohibitive. I mean, it was never going to be
22 cost effective. You would never save enough on
23 the energy portion.

24 Q Are you asking the Commission to
25 order Ameren Missouri to convert its lights?

1 A No.

2 Q So that sentence doesn't have --
3 you're not asking the Commission to take action
4 on that sentence other than you are applying it
5 to the twenty year contract?

6 A The franchise issue. The twenty
7 year contract. Exactly. I mean, if there comes
8 a day when it's extremely cheap to replace that,
9 then I think, you know, it may be a different --
10 whole different game, but right now it's just --
11 the math doesn't work, and everybody knows the
12 math doesn't work.

13 Q Okay. Now, in your direct
14 testimony is there any recommendation you've made
15 to the Commission that we haven't walked through?

16 A We've covered franchise, percentage
17 discount, the method of removing pole charges.
18 No, I think that pretty much -- that pretty much
19 covers it.

20 Q All right. At the beginning when
21 you talked about documents you brought with you,
22 you mentioned some that I'd like to discuss. You
23 say you brought worksheets created for the new 5M
24 rate?

25 A That's that.

1 Q I believe that's this?

2 A Yes.

3 Q You said you had notes and analysis
4 on how pole changes occurred?

5 A Oh, just literally scratch sheets
6 of, gee, if we do this and that, I mean, it's not
7 anything --

8 Q When were those prepared? Were
9 they prepared by you?

10 A Yeah.

11 Q And when were they prepared?

12 A Sometime between the time we got
13 the tariffs and today. Or -- and -- and the
14 testimony.

15 Q So they're part of your -- the
16 analysis you did in preparing for your testimony?

17 A No. They were just -- that was the
18 analysis I did in -- I mean, it -- the analysis
19 that was done was done to prepare the case -- my
20 testimony in the case that we thought should be
21 made.

22 Q Okay. Do you have those notes with
23 you?

24 A I mean, literally they look like
25 this.

1 Q That's all right.

2 A I mean, I don't even know what they
3 say anymore.

4 Q This is them?

5 A That's part of them. The effect is
6 basically just chicken scratch, working out
7 numbers given what we had learned.

8 MR. CURTIS: While we're waiting,
9 before I copy these exhibits, can we let the
10 record reflect that Exhibit 1, which is Ms.
11 Eastman's resume, is four pages; and Exhibit 2,
12 the schedule, is two pages; and Exhibit 3, I
13 think I count six pages, although there's nothing
14 on the sixth page, but we'll go ahead and copy
15 it.

16 THE WITNESS: Literally chicken
17 scratch. Lots of drawings of poles.

18 Q (BY MS. TATRO) All right. You
19 also mentioned you had some work that Drazen had
20 done?

21 A Mm-hmm.

22 Q Can we look at that, please? I
23 think we'll make that an exhibit.

24 (Exhibit 4 marked for
25 identification by the court reporter.)

1 MS. TATRO: The record can reflect
2 for Mr. Curtis, this one's three pages.

3 A Here, this --

4 Q (BY MS. TATRO) Is that part of it?

5 A No, it was a completely separate
6 time and --

7 Q Is this also from Drazen?

8 A That is also from Drazen.

9 MS. TATRO: Can we mark that as a
10 separate exhibit, please? And it is two pages.

11 (Exhibit 5 marked for
12 identification by the court reporter.)

13 Q (BY MS. TATRO) Okay. Anything
14 else?

15 A No.

16 Q You also mentioned a memo from
17 University City Public Works Department to Ameren
18 Missouri?

19 A Here.

20 Q So this was an e-mail from Ameren
21 to the city?

22 A Yeah. This -- this was twofold
23 here. I'm not sure that they actually relate to
24 the same subject. I think the e-mail itself
25 relates to we had -- prior to the last rate case,

1 wanted to know how much it cost to actually
2 install a wood pole so that we would have a sense
3 of whether or not after twenty-two years we had
4 probably paid for the poles, and that e-mail
5 relates to that.

6 That second page is a demonstration
7 that Ameren, in fact, did have everything mapped
8 in terms of locations of streetlights after they
9 told us, one, they did not have it; and two, even
10 if they did, it would be a national security
11 question to give it to us. And they had freely
12 given it to us on that occasion.

13 Q Okay.

14 A I'm sure the two there in my --
15 sorry.

16 (Exhibit 6 marked for
17 identification by the court reporter.)

18 Q (BY MS. TATRO) You had described
19 it as a memo from U City Public Works?

20 A Maria Tappia [phonetic] is the U
21 City public works person.

22 Q These are what you were referring
23 to?

24 A Both of those were received by her
25 because they occasionally will get a call from a

1 citizen that says so and so pole or light is out,
2 and they communicate about where it is, what
3 number it is, and they got a map of that.

4 And, you know, like I said, we had
5 been asking for mapping data for a long time, so
6 that showed that it was -- actually existed.

7 Q Now, you're familiar with the
8 partial settlement in the last rate case that
9 dealt with the municipal issues. Correct?

10 A No.

11 Q Okay.

12 A I knew there was a partial
13 settlement amongst other parties, but there was
14 no settlement with regard to the Municipal Group
15 as far as I was aware.

16 MS. TATRO: Let's take a short
17 break for just a second.

18 (Off the record.)

19 MS. TATRO: I don't think I have
20 any more questions.

21 MR. CURTIS: Good. You're
22 finished.

23 THE REPORTER: What would you like
24 to do about signature?

25 MS. TATRO: Do you want her to

1 review it and make changes?

2 MR. CURTIS: Up to you.

3 THE WITNESS: Yeah, I'd like to
4 review it.

5 MS. TATRO: They'll send you an
6 errata sheet with it, and you fill it out and
7 send it to us and keep it with it. Then if you
8 don't -- typically what happens is if you don't
9 sign it before we go to hearing, we treat it as
10 if it's signed.

11 THE REPORTER: What format would
12 you like your transcript in?

13 MS. TATRO: I think they normally
14 send me the full and the four. I think the
15 E-tran doesn't go through our -- I think we block
16 you. And send it to Amanda.

17 MR. CURTIS: E-mail is fine.

18 (Wherein, the taking of the instant
19 deposition ceased at 3:21 p.m.)

20 (Deposition to be read and signed
21 by the witness.)

22

23

24

25

1 CERTIFICATE OF REPORTER

2

3 I, TARA SCHWAKE, a Registered
4 Professional Reporter and Notary Public within
5 and for the State of Illinois, do hereby certify
6 that the witness whose testimony appears in the
7 foregoing deposition was duly sworn by me; that
8 the testimony of said witness was taken by me to
9 the best of my ability and thereafter reduced to
10 typewriting under my direction; that I am neither
11 counsel for, related to, nor employed by any of
12 the parties to the action in which this
13 deposition was taken, and further that I am not a
14 relative or employee of any attorney or counsel
15 employed by the parties thereto, nor financially
16 or otherwise interested in the outcome of the
17 action.

18

19

20

21 _____
Notary Public in and for

22 The State of Illinois

23

24

25

1 Midwest Litigation Services
2 711 North 11th Street
3 St. Louis, Missouri 63101
4 Phone (314) 644-2191 * Fax (314) 644-1334

5 March 22, 2011
6 Curtis, Heinz, Garrett & O'Keefe
7 Attn: Mr. Leland B. Curtis
8 130 South Bemiston, Suite 200
9 St. Louis, Missouri 63105

10 In Re: UE's Tariffs to Increase Annual Revenues

11 Dear Mr. Curtis:

12 Please find enclosed your copy of the deposition
13 of PETREE EASTMAN, taken on March 21, 2011, in
14 the above-referenced case. Also enclosed is the
15 original signature page and errata sheets.

16 Please have the witness read your copy of the
17 transcript, indicate any changes and/or
18 corrections desired on the errata sheets, and
19 sign the signature page before a notary public.

20 Please return the errata sheets and notarized
21 signature page to Ms. Wendy Tatro for filing
22 prior to trial date.

23 Thank you for your attention to this matter.

24 Sincerely,

25 Tara Schwake, CRR, RPR, CSR

Enclosures

cc: Ms. Wendy Tatro

1 STATE OF _____)

2 COUNTY OF _____)

3 I, PETREE EASTMAN, do hereby certify:

4 That I have read the foregoing deposition;

5 That I have made such changes in form

6 and/or substance to the within deposition as

7 might be necessary to render the same true and

8 correct;

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

11 I declare under penalty of perjury that
12 the foregoing is true and correct.

13 Executed this _____ day of _____,
14 2011, at _____.

15

16

17 Notary Public

18 My commission expires: _____

19

20

21

PETREE EASTMAN

22

23 TRS/PETREE EASTMAN, 3/21/11

24 UE'S TARIFFS TO INCREASE ANNUAL REVENUES

25

1 WITNESS ERRATA SHEET

2 Witness Name: PETREE EASTMAN

3 Case Name: UE'S TARIFFS TO INCREASE REVENUES

4 Date Taken: 3/21/11

5

6 Page #_____ Line #_____

7 Should read: _____

8 Reason for change: _____

9

10 Page #_____ Line #_____

11 Should read: _____

12 Reason for change: _____

13

14 Page #_____ Line #_____

15 Should read: _____

16 Reason for change: _____

17

18 Page #_____ Line #_____

19 Should read: _____

20 Reason for change: _____

21

22 Page #_____ Line #_____

23 Should read: _____

24 Reason for change: _____

25 Witness signature: _____