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Service Commission

Exhibit No: 099
Witness: Greg Meyer
Sponsoring Party: Union Electric Co.
Type of Exhibit: Deposition
Case No: ER-2007-0002
Date Testimony Prepared: January 11, 2007

Ameren¹⁶ Exhibit No. 99
Date 3-16-07 Case No. ER-2007-
Reporter XF 0002

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

In the Matter of Union Electric)
Company, d/b/a AmerenUE for)
Authority to File Tariffs) Case No. ER-2007-0002
Increasing Rates for Electric)
Service Provided to Customers in)
the Company's Missouri Service) January 11, 2007
Area.) Jefferson City, Mo.

DEPOSITION OF GREG MEYER,

a witness, produced, sworn and examined on the 11th day of
January, 2007, between the hours of 8:00 a.m. and
6:00 p.m. of that day at the offices of AmerenUE,
101 Madison Street, in the City of Jefferson, County of
Cole, State of Missouri, before

KELLENE K. FEDDERSEN, RPR, CSR, CCR
MIDWEST LITIGATION SERVICES
3432 West Truman Boulevard, Suite 207
Jefferson City, MO 65109
(573) 636-7551

and Notary Public within and for the State of Missouri,
commissioned in Cole County, Missouri, in the
above-entitled cause, on the part of Union Electric
Company, d/b/a AmerenUE.

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1 APPEARANCES
 2 FOR UNION ELECTRIC COMPANY, D/B/A AMERENUE:
 3 THOMAS BYRNE
 4 Attorney at Law
 5 Ameren Services Company
 6 P.O. Box 66149
 7 1901 Chouteau Avenue
 8 St. Louis, MO 63103
 9 (314)554-2237
 10 FOR THE COMMERCIAL GROUP (VIA TELEPHONE):
 11 RICK D. CHAMBERLAIN
 12 Attorney at Law
 13 6 NE 63rd Street, suite 400
 14 Oklahoma, OK 73105
 15 (405)848-1014
 16 FOR THE OFFICE OF THE PUBLIC COUNSEL:
 17 LEWIS MILLS
 18 Public Counsel
 19 P.O. Box 2230
 20 200 Madison Street, Suite 650
 21 Jefferson City, MO 65102-2230
 22 (573)751-4857
 23 FOR THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION:
 24 STEVEN DOTTHEIM
 25 Chief Deputy General Counsel
 Missouri Public Service Commission
 P.O. Box 360
 200 Madison Street
 Jefferson City, MO 65102
 (573)751-3234
 ALSO PRESENT: Gary Weiss
 John Cassidy
 Michael Moehn (via telephone)
 Mark Van Trease (via telephone)
 Ryan Kind

1 GREG MEYER, being sworn, testified as follows:
 2 DIRECT EXAMINATION BY MR. BYRNE:
 3 Q. Good morning, Mr. Meyer. My name is Tom
 4 Byrne, and I am an attorney for AmerenUE, and this
 5 morning I am taking your deposition in Missouri Public
 6 Service Commission Case No. ER-2007-0002, which has
 7 been consolidated for hearing purposes with Case
 8 No. GR-2007-0003.
 9 And at the outset or before we start the
 10 deposition, I'd like to ask you if you don't hear any
 11 question that I ask or fully understand it, please ask me
 12 to repeat it or clarify it. Will you do that?
 13 A. Yes.
 14 Q. Okay. And is there any reason that you
 15 know of that you will not be able to answer my questions
 16 today?
 17 A. No.
 18 Q. You're not taking any medication or
 19 anything like that?
 20 A. No.
 21 Q. And there's no other reason that you won't
 22 be able to answer questions today?
 23 A. No.
 24 Q. Okay. And finally, if you need to take a
 25 break during the deposition, will you just let me know and

1 SIGNATURE INSTRUCTIONS:
 2 Presentment waived; signature requested.
 3 EXHIBIT INSTRUCTIONS:
 4 None marked.
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1 we can stop whenever you need to?
 2 A. Sure.
 3 Q. Okay. Can you please state your name?
 4 A. Greg R. Meyer.
 5 Q. And, Mr. Meyer, by whom are you employed?
 6 A. Missouri Public Service Commission.
 7 Q. Okay. And in what capacity are you
 8 employed?
 9 A. Regulatory Auditor 5.
 10 Q. And how long have you been employed at the
 11 Public Service Commission?
 12 A. July 1st, 1979.
 13 Q. And are you the same Greg Meyer that filed
 14 direct testimony on behalf of the Missouri Public Service
 15 Commission Staff in Case No. ER-2007-0002?
 16 A. Yes, I am.
 17 Q. And do you -- my understanding is you have
 18 a couple of corrections you want to make to that direct
 19 testimony; is that correct?
 20 A. Yes.
 21 Q. If you don't mind, just tell me what they
 22 are.
 23 A. Sure. Page 2, line 15, the word of between
 24 return -- return of equity.
 25 MR. CHAMBERLAIN: Tom, this is Rick

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1 Chamberlain. I can hear you fine, but I can't hear the
 2 witness at all. Would it be possible to maybe move the
 3 microphone a little closer to him?
 4 THE WITNESS: I'll speak up. I'm sorry.
 5 MR. CHAMBERLAIN: Thank you.
 6 THE WITNESS: Page 2, line 15, the
 7 statement return of equity should read return on equity,
 8 so the of should be replaced by on.
 9 Page 5, line 6, the word thy between the
 10 words area and are should be they.
 11 Page 8, line 11, the word fund should be
 12 replaced by the word funding.
 13 And finally on page 10, line 10, the
 14 7.7 million should be replaced by 2.7 million. And those
 15 are all the changes I noted at this time.
 16 BY MR. BYRNE:
 17 Q. Okay. And my understanding is in the
 18 Notice of Deposition that was provided, you were asked to
 19 bring some materials with you to the deposition; is that
 20 correct?
 21 A. Yes.
 22 Q. And what have you brought?
 23 A. I brought the accounting schedules, my
 24 testimony, testimony of various Ameren witnesses.
 25 Q. In this case, in ER-2007-0002?

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1 A. Correct. I also brought the accounting
 2 schedules from the gas case, my gas testimony, work papers
 3 or documents for the tree-trimming adjustment area, work
 4 papers and documents for the EEInc issue, and
 5 predominantly the work papers of the company related to
 6 the MISO adjustments.
 7 Q. Okay.
 8 A. And then a general folder that has the
 9 reconciliations that were performed by the Staff, the
 10 proposed procedural schedule. I believe that's it.
 11 Q. Let me ask you about the documents for --
 12 on the -- other than the work papers for the EEInc issue,
 13 what documents do you have, if you wouldn't mind?
 14 A. I have the contract between EEInc and the
 15 sponsoring companies. I have the fuel runs that the Staff
 16 prepared with and without the Joppa unit and the
 17 production cost model. I have the capacity and demand
 18 charges that were incurred -- that were charged to UE
 19 during 2005, and I have a synopsis of the various case
 20 histories of the EEI -- EEInc, I'm sorry, cases that were
 21 filed either before FERC or Missouri Commission.
 22 Q. Okay. And are those -- well, let me ask
 23 you this: What do you have besides work papers on the
 24 tree-trimming adjustment?
 25 A. I believe that's all I have.

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1 Q. Okay. And are those --
 2 A. Well, let me repeat that. I have
 3 supporting documents that would support the work paper
 4 that was provided to the company, but those documents were
 5 referencing the work paper. They're generally DR
 6 responses that were provided to the Staff from the
 7 company.
 8 Q. Okay. Do you think they're all DR
 9 responses?
 10 A. I believe so, specifically 5 and 305.
 11 Q. Okay. And is the material you brought
 12 basically what you relied on to support your testimony at
 13 least in those two areas, the tree trimming and the EEInc?
 14 A. That, and the knowledge I've gained through
 15 meetings with the company over the years in various forms.
 16 Q. Okay. But there's no other documents that
 17 you relied on for either of those pieces of your
 18 testimony?
 19 A. Not that I recall at this time.
 20 Q. Okay. And did you talk to anyone in
 21 preparation for your deposition today?
 22 A. I've had discussions with my attorney.
 23 Q. Anyone other than your attorney?
 24 A. I talked with Mr. Schallenberg within the
 25 presence of my attorney. I believe that's it, except for

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1 just general discussions that you're having a deposition
 2 today, matters related to that.
 3 Q. And what did you talk about with
 4 Mr. Schallenberg?
 5 A. Specifically we discussed the EE -- the
 6 EEInc issue.
 7 Q. What was -- what did you talk about about
 8 that?
 9 A. The approach of the Staff, the decision of
 10 the company to exclude the EEInc cont-- or the EEInc
 11 output and the results of that from the jurisdictional
 12 rates of AmerenUE.
 13 Q. What did Mr. Schallenberg say about that?
 14 A. We're generally in support of each other
 15 that it was an imprudent decision by the company to remove
 16 the EEInc power output from the retail cost of service.
 17 Q. Did Mr. Schallenberg participate in the
 18 decision to make that adjustment in the first instance or
 19 were you just talking to him about it today for the first
 20 time?
 21 A. I think it's -- I think it's been fairly
 22 clear through numerous meetings that the Staff and the
 23 company have had that the Staff has been opposed to the
 24 company's decision to remove the Joppa plant from cost of
 25 service. So I don't think it's been any revelation that

1 all of a sudden he joined into these discussions.

2 Q. But he wasn't -- he wasn't just finding out
3 about it recently, he knew about it from --

4 A. No. The company's been aware of our
5 position for over a year.

6 Q. I mean Mr. Schallenberg is who I'm asking
7 about.

8 A. Mr. Schallenberg was very -- I think hasn't
9 minced any words about his position in these meetings
10 either.

11 Q. Sure. So -- and I guess I'm just trying to
12 figure out what the conversation was about right before
13 the deposition.

14 A. I think I described it.

15 Q. Okay. Let me ask you some questions about
16 EEInc. I assume you're familiar with EEInc?

17 A. Generally.

18 Q. Do you know what EEInc stands for?

19 A. Electric Energy, Incorporated.

20 Q. And do you know, can you briefly describe
21 what Electric Energy Incorporated is?

22 A. It's a -- in my mind, it's a corporation
23 that was formed to construct a power plant to supply
24 energy to the Atomic Energy Commission for the purposes of
25 uranium enrichment in Paducah, Kentucky. I believe the

1 built, do you know?

2 A. I know that the power was supplied to the
3 uranium enrichment facility. I don't know that it was
4 exclusively supplied there.

5 Q. Do you know who the current owners of
6 shares of EEInc are?

7 A. I think it's the five I mentioned earlier,
8 with the exception that Middle South Utilities' shares
9 were transferred to Kentucky Utilities Company, and there
10 has been some transfer of the ownership of Illinois Power
11 and Central Illinois to an affiliate of Ameren. I can't
12 recall the name of it at this point.

13 Q. Okay. Do you know if EEInc has any
14 subsidiary corporations?

15 A. No, I do not.

16 Q. Do you know what assets EEInc owns?

17 A. I'm aware that they have a production
18 plant, transmission lines. Beyond that, no, I don't know.

19 Q. Okay. You don't know -- you don't know --
20 the production plant being the Joppa plant, correct?

21 A. Right.

22 Q. That's what you're referring to. And then
23 transmission lines I guess that take power out of the
24 Joppa plant, is that what you're referring to?

25 A. Yes.

1 unit is located in Illinois; Joppa, Illinois. There was
2 originally five sponsoring companies that obtained the
3 stock to support the construction of the unit.

4 Q. Do you know when EEInc was formed?

5 A. I believe it was in the 1950s.

6 Q. And do you know who the initial owners of
7 stock in EEInc were?

8 A. The initial?

9 Q. Yeah.

10 A. Middle South Utilities. I believe Kentucky
11 Utilities, Illinois Power, Central -- AmerenUE or Union
12 Electric at the time, and -- Union Electric Company,
13 Middle South Utilities, Inc, Kentucky Utilities Company,
14 Central Illinois Public Service Company and Illinois Power
15 Company were the five original.

16 Q. Okay. And you talked about it being formed
17 for the purpose of providing power to the Atomic Energy
18 Commission; is that correct?

19 A. That's my belief, yes.

20 Q. Okay. And do you know what the facility
21 was that was being served by it, what the facility did?

22 A. I thought I -- I thought I testified that
23 just previously that it was a uranium enrichment facility.

24 Q. Okay. Yeah, I think you did. And is that
25 generally where the power went when the plant was first

1 Q. And that's all the assets that you know of
2 that EEInc owns?

3 A. That's all I'm aware of at this time.

4 Q. Do you know if any of its subsidiaries own
5 any assets?

6 A. I don't understand your question.

7 Q. Do you know of any assets owned by a
8 subsidiary of EEInc? I just asked you if EEInc owns any
9 Now I'm asking if any subsidiar--

10 A. You previously asked me if I knew of any
11 subsidiaries of EEInc, and I said I didn't.

12 Q. Okay. So should I assume you don't know of
13 any assets owned by any subsidiaries?

14 A. If I don't know of any subsidiaries, I
15 don't know how I can know of any assets.

16 Q. Okay. So then the answer is no?

17 A. Yes.

18 Q. Okay. Let me ask you a little bit about
19 the Joppa plant. I think before you said it is located in
20 Illinois; is that correct?

21 A. Correct.

22 Q. Okay. And do you know how many generating
23 units there are at the Joppa plant?

24 A. I believe six units.

25 Q. And do you know what the total capacity in

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1 megawatts of the Joppa plant is?
 2 A. Approximately 1,100 megawatts.
 3 Q. And do you know the capacity of each of the
 4 six units?
 5 A. From my notes, there's four 156 megawatt
 6 generators and two 230 megawatt generators.
 7 Q. And what fuel is used to generate
 8 electricity at the Joppa plant, fuel or fuels?
 9 A. It's my understanding it's coal.
 10 Q. You mentioned transmission lines. Do you
 11 know how many transmission lines are hooked up to the
 12 Joppa plant?
 13 A. No, I'm not sure. I know there's six
 14 transmission lines that serve the Paducah facility, but
 15 I'm not sure if there's additional transmission lines that
 16 serve the sponsoring companies.
 17 Q. Do you know where the coal comes from
 18 that's used to generate electricity at the Joppa plant?
 19 A. It's my general understanding that it's
 20 Western Coal, but the Staff wasn't able to verify where
 21 the source of the coal was in its audit.
 22 Q. Do you know how the coal gets to the plant?
 23 A. I'm aware it has to be railed to a certain
 24 point, but I'm -- again, we weren't provided information
 25 to -- we sought that information. We couldn't get it.

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1 Q. You don't know who owns the rail lines that
 2 the coal comes in on, I assume?
 3 A. No.
 4 Q. Okay. Do you know where the funds came
 5 from to originally construct the Joppa plant?
 6 A. Through my readings, I understand that the
 7 funds were generated through stock purchases of the five
 8 generating companies.
 9 Q. The five owners?
 10 A. I'm sorry. Five sponsoring companies.
 11 Q. Okay. And do you know how much money it
 12 cost to construct the plant when it was originally built?
 13 A. I don't know.
 14 Q. And do you know -- and AmerenUE was one of
 15 those five original sponsoring companies, correct?
 16 A. At 40 percent, correct.
 17 Q. And do you know if AmerenUE's investment in
 18 the plant was treated above the line or below the line for
 19 ratemaking purposes?
 20 A. Above the line.
 21 Q. So that means -- and that means the -- that
 22 means it was treated as a rate base asset when investment
 23 was made?
 24 A. You can't specifically find the Joppa plant
 25 in the rate base of the Staff -- in prior cost of service

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1 calculations for the Staff's calculation. However, the
 2 cost of service that the Staff put together, based on the
 3 charges that were levied from EEInc to the sponsoring
 4 companies, was identical to the treatment that a -- the
 5 cost of service would be for including Callaway in the
 6 cost of service.
 7 Q. But it's not your testimony, is it, that
 8 the EEInc plant, the Joppa plant was included in
 9 AmerenUE's rate base, is it?
 10 A. It's my testimony that the treatment of
 11 EEInc in cost of service was identical to Callaway being
 12 included in rate base. That's my answer.
 13 Q. Okay. Let me just make sure I get the
 14 answer. I understand -- well, I guess let me ask the
 15 question again, was it included in rate base?
 16 And I mean, I understand you think the
 17 treatment was identical or similar, but to my mind, that's
 18 a specific question. Was it included in rate base or not,
 19 and so I'd like a yes or no to that question, even if you
 20 think -- let me back up.
 21 Let me ask the question. Isn't it true
 22 that it was not included in rate base?
 23 A. It's not a component in rate base.
 24 Q. And it never has been; is that correct?
 25 A. I don't know about never.

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1 Q. You have no reason -- you have no evidence
 2 that it was ever included in rate base, do you?
 3 A. I have no evidence either way.
 4 Q. Okay. And I guess to help me understand
 5 your previous answer, you're saying that -- well, maybe
 6 you could explain it for me. Why do you think it was the
 7 same as if it had been included in rate base?
 8 A. Section 301 of your contract between the
 9 sponsoring companies and EEInc lists the cost components
 10 that the sponsoring companies were to provide as
 11 reimbursement for their portion of the power. One of
 12 those components was depreciation. Another component is
 13 the interest.
 14 Q. The interest on what?
 15 A. Interest charged to -- interest chargeable
 16 to Accounts 427, 430 and 431, which would be the interest
 17 on any notes. The labor, maintenance, materials,
 18 supplies, A&G expenses, all the expenses to run the unit,
 19 the fuel cost to run the unit, the taxes applicable, any
 20 insurance that wasn't solely dedicated to the Department
 21 of Energy and a return on equity of 15 percent. Those
 22 components are identical to including a generating plant
 23 in rate base.
 24 Q. And would it be fair to say those
 25 components comprise, in your opinion, the full cost of

1 generating power at the Joppa plant?
 2 A. I'm not aware of any other expenses that
 3 weren't covered.
 4 Q. And is it your testimony that because the
 5 contract encompassed the full cost of generating power at
 6 the Joppa plant, that's the equivalent to inclusion of the
 7 plant in rate base?
 8 A. Could you repeat the question?
 9 Q. Probably not.
 10 THE REPORTER: "Question: And is it your
 11 testimony that because the contract encompassed the full
 12 cost of generating power at the Joppa plant, that's the
 13 equivalent to inclusion of the plant in rate base?"
 14 THE WITNESS: No, I wouldn't agree with
 15 that statement.
 16 BY MR. BYRNE:
 17 Q. Why do you disagree with that statement?
 18 A. Because the cost to produce power doesn't
 19 necessarily always encompass the return on the plant and
 20 the return of the plant.
 21 Q. So you don't --
 22 A. There's always -- there's some confusion,
 23 and I think that's, at least in my mind, some of the
 24 confusion in this issue is that it's mentioned as a cost
 25 plus. Well, it depends on what you define as cost. When

1 the sponsoring companies.
 2 Q. Well, I'm not asking you what's in the
 3 contract. I'm asking you if, in your opinion, a return on
 4 and of the investment in the Joppa plant is part of the
 5 full cost of producing power at that plant, yes or no?
 6 A. I guess I'm hesitant because you keep
 7 asking me about the cost to produce power, and I'm
 8 hesitant in that to literally look at the cost to produce
 9 a megawatt, whether you believe or people believe that you
 10 have to have a return on and of a power plant, it depends
 11 on -- it depends on the circumstances of which you're
 12 dealing with the power.
 13 Q. Well, perhaps -- I'll tell you what,
 14 perhaps there's a third answer. The question is, is a
 15 return on and of the investment in the power plant part of
 16 the cost -- the full cost of producing power at the Joppa
 17 plant? I guess the choices are, you can either say yes or
 18 no or I don't know. Which answer, which do you believe?
 19 A. A return on and of the cost of Joppa, the
 20 Joppa plant is the full cost recovery of that unit to
 21 produce power.
 22 Q. Okay. To your knowledge, other than the
 23 cost of purchasing power under the power purchase
 24 contracts, has there ever been any investment by AmerenUE
 25 ratepayers in the Joppa plant?

1 we look at this agreement, this cost is a full -- is
 2 equivalent to this unit being placed in rate base and all
 3 the operating expenses to operate the unit.
 4 Q. So is it your testimony that return on and
 5 return of investment in the Joppa plant is not part of the
 6 full cost of producing power at the Joppa plant?
 7 A. I didn't say that. I believe that that is
 8 a component of the cost that you've been required to pay.
 9 When I read Mr. Moehn's testimony, he does not allude to
 10 the fact that those units ever had to pay a return on and
 11 of the Joppa plant.
 12 Q. Let me ask it this way: Would you agree --
 13 let me ask it the other way around. Would you agree that
 14 return on and of the investment in the Joppa plant is part
 15 of the full cost of generating power at that plant?
 16 A. In my opinion, yes, it is, but it
 17 doesn't -- it may differ depending on which witness you
 18 read in the testimony.
 19 Q. I'm just asking you for your opinion.
 20 A. Yes.
 21 Q. So your opinion is part of the full cost of
 22 producing power at the Joppa plant is a return on and of
 23 the investment of the plant; is that correct?
 24 A. That's what -- just so we're clear, that's
 25 what's contained in 301 of the agreement between EEInc and

1 A. Yes.
 2 Q. And what was that investment?
 3 A. Transmission line.
 4 Q. Okay. Tell me about that.
 5 A. It's my understanding there's a
 6 transmission line from the Joppa plant to the Cape
 7 Girardeau area to allow the ability for the power to be
 8 transferred into the UE service territory.
 9 Q. Okay. And is that transmission line in
 10 AmerenUE's rate base?
 11 A. No, I believe it isn't at this point.
 12 Q. Does AmerenUE own that transmission line or
 13 does EEInc or does somebody else?
 14 A. I believe the transmission line was
 15 transferred as a result of the Metro East transfer.
 16 Q. Okay.
 17 A. But the --
 18 Q. So it would --
 19 A. Excuse me.
 20 Q. I'm sorry.
 21 A. But the condition was that no adverse
 22 effects could be transferred because of that transfer,
 23 that AmerenUE still was providing clear path to receive
 24 any energy in any future case involving the company.
 25 Q. So up until the Metro East case, AmerenUE

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1 owned it and it was in AmerenUE's rate base; is that
 2 right?
 3 A. That's my understanding.
 4 Q. And then as part of the Metro East case,
 5 that facility was transferred to, I guess, SIPS; is that
 6 true?
 7 A. Along with other transmission lines, that's
 8 correct.
 9 Q. Do you know when that transmission line was
 10 constructed?
 11 A. Not off the top of my head, no.
 12 Q. Other than that, and other than amounts
 13 paid under the current or the power purchase contract that
 14 expired at the end of 2005 and its predecessors, is there
 15 any other AmerenUE ratepayer funds that you know of that
 16 have ever gone into or paid for anything at the Joppa
 17 plant?
 18 A. Except to the extent that it was included
 19 in the cost of service for over 50 years, I'm not aware of
 20 any other.
 21 Q. And when you say it was included in the
 22 cost of service, you mean the amounts paid under the
 23 contracts to purchase power from the Joppa plant?
 24 A. The amounts we described earlier, correct.
 25 Q. Okay. And let me -- we talked a little bit

Page 23

1 about the initial funding of the plant. I mean, would you
 2 agree with me that shareholders rather than ratepayers of
 3 AmerenUE put up the initial money to fund the construction
 4 of the plant?
 5 A. It's my understanding that shareholders
 6 funded the initial investment in Joppa, in EEInc.
 7 Q. Do you believe that the Joppa plant is a
 8 low cost producer of electricity?
 9 A. Yes, I do.
 10 Q. And is it a -- what is it a low cost
 11 producer compared to? What are you comparing it to when
 12 you say it's a low cost producer?
 13 A. In various -- well, in the cases I read
 14 from the history, the synopsis history, it was claimed to
 15 be a low cost generator of electricity. I'm aware that in
 16 the last complaint case, the unit was loaded very high or
 17 was very high in the loading order behind Callaway or
 18 another coal unit. I can't specifically recall the name.
 19 So it's just been my general knowledge through working
 20 with the company that this unit is a low cost provider of
 21 electricity.
 22 Q. And from looking at this loading, I assume
 23 the comparison you're making is to other -- is to not
 24 other but to AmerenUE units?
 25 A. Correct.

Page 24

1 Q. Do you know why the Joppa plant is a low
 2 cost producer of electricity?
 3 A. Are you asking me the specifics of the
 4 operation of the unit?
 5 Q. Yeah, just if you know why it's --
 6 A. No.
 7 Q. -- lower cost than some other units?
 8 A. I don't know.
 9 Q. And I guess the heart of your testimony, as
 10 I understand it, is basically that AmerenUE -- you believe
 11 that AmerenUE and its ratepayers are entitled to
 12 cost-based power from the Joppa plant; is that correct?
 13 A. I believe that AmerenUE should have
 14 continued to include the Joppa unit in its cost of service
 15 for retail rates, the results of those.
 16 Q. Okay. And that's -- your opinion is
 17 notwithstanding the fact that AmerenUE's contract with
 18 EEInc expired by its own terms on December 31st, 2005; is
 19 that correct?
 20 A. I'm aware that the contract expired.
 21 Q. Okay. And you have -- your opinion holds,
 22 notwithstanding the fact that that contract expired; is
 23 that correct?
 24 A. That's correct, because AmerenUE owns
 25 40 percent of EEInc.

Page 25

1 Q. Okay. Did you review the contract between
 2 AmerenUE and EEInc that expired on December 31st, 2005?
 3 A. I reviewed the power supply agreement, if
 4 that's the contract you're talking about.
 5 Q. Yes, that is.
 6 A. Yes.
 7 Q. It runs --
 8 A. Quite voluminous.
 9 Q. Started in 1987 and ran to December 31st,
 10 2005. Is that the contract you reviewed?
 11 A. That's the contract I have. The original
 12 contract was back in the '50s, is my understanding.
 13 Q. Right. I'm just asking for that most
 14 recent one.
 15 A. Yes.
 16 Q. And did you read the whole thing?
 17 A. At one point.
 18 Q. And are you aware there's modifications
 19 that were signed after the base contract?
 20 A. Yes.
 21 Q. Do you know how many modifications there
 22 were?
 23 A. I was provided two.
 24 Q. Do you have those in front of you?
 25 A. 1988, December 5th, 1988 and May 23rd,

1 1991.
 2 Q. Okay. And you read those?
 3 A. Again, a while ago.
 4 Q. Okay.
 5 A. I read the May 23rd, 1991, some sections in
 6 it last night, but --
 7 Q. And under that contract and its
 8 modifications, do you know when AmerenUE was entitled to
 9 get power from the Joppa plant?
 10 A. It was my understanding that it was -- that
 11 there was a schedule that was determined each year based
 12 off the projected take of AE-- of the AEC, and that the
 13 remaining power that was to be generated would be
 14 distributed between the sponsoring companies.
 15 Q. And in your opinion, was AmerenUE entitled
 16 to purchase power from the Joppa plant all year long?
 17 A. It's my understanding that they were --
 18 that they were -- that they agreed to purchase power from
 19 the plant.
 20 Q. They weren't required to?
 21 A. Well, yeah. I suppose when I -- that in
 22 the contract, the excess power was to be purchased by the
 23 sponsoring company at the rates described.
 24 Q. Were they -- were they required to purchase
 25 it or did they just have the opportunity to purchase it?

1 Q. Okay. What was the price of the power
 2 under the contract that we've been talking about?
 3 A. It's contained in -- the price that the
 4 sponsoring company was required to pay is delineated in
 5 3.01.
 6 Q. As I understand your previous testimony,
 7 it's a formula with a bunch of components?
 8 A. I believe there's at least five components.
 9 Q. Okay.
 10 A. Plus a -- excuse me. Plus an excess energy
 11 component.
 12 Q. What was the excess energy component?
 13 A. Fuel plus -- fuel cost times 110 percent.
 14 Q. And what was excess energy under that
 15 contract?
 16 A. It's my understanding it was the energy
 17 that AEC deemed they didn't need.
 18 Q. Okay.
 19 A. Or DOE. I'm sorry.
 20 Q. Did you look at any contracts -- my
 21 understanding is there were similar contracts prior to
 22 1987 between AmerenUE and the other sponsoring parties and
 23 EEInc. Is that your understanding?
 24 A. I know there were contracts. We didn't --
 25 I didn't get those. We don't have those available.

1 A. It was my understanding they were required,
 2 but I believe I read, and I just don't recall, that if
 3 they didn't purchase all theirs, that the other sponsoring
 4 parties could buy it.
 5 Q. And did the sponsoring companies get the
 6 power all year round or just in certain times of the year?
 7 A. It was my understanding that they got it
 8 year round but in different proportions.
 9 Q. Okay. And what were the proportions based
 10 on?
 11 A. What I testified before, what the -- the
 12 first needs of the plant were addressed through what AEC
 13 needed to use.
 14 Q. AEC is the Atomic Energy Commission?
 15 A. Atomic Energy Commission.
 16 Q. Did they change their name at some point to
 17 the Department of Energy?
 18 A. I believe.
 19 Q. Okay. So when we say AEC or the Atomic
 20 Energy Commission, it's the same agency as what is called
 21 DOE or the Department of Energy?
 22 A. Yes.
 23 Q. And they're the ones that are running the
 24 Paducah facility?
 25 A. Yes.

1 Q. You haven't looked at any other contracts
 2 other than the one that began in 1987?
 3 A. No.
 4 Q. Okay. I guess I -- just backing up for a
 5 second, I'd like to try to get a complete understanding of
 6 why you believe that AmerenUE's ratepayers are entitled to
 7 power from the Joppa plant at cost. And I think you've
 8 already talked about how they paid, I guess, what I would
 9 describe as the full cost of the plant operations when
 10 they purchase power. I mean, is it fair to say that's one
 11 reason that you think ratepayers are entitled to power at
 12 cost?
 13 A. You made the assertion earlier that it was
 14 not above the line, and that's what prompted that whole
 15 discussion about the costs and what were included in the
 16 costs. The decision that we're -- we acknowledge, Staff
 17 acknowledges that the contract expired.
 18 The decision that the company made, that UE
 19 made, which is a 40 percent ownership, has a 40 percent
 20 ownership in EEInc, results in approximately \$80 million
 21 increase of cost of service. And given the circumstances
 22 that we believe that this unit has been included in cost
 23 of service for over 50 years, that that is an imprudent
 24 decision at this time for UE to make to increase its cost
 25 by \$80 million to its ratepayers.

1 Q. Okay. And the decision that you're talking
2 about that AmerenUE made is what?

3 A. What transpired after the expiration of the
4 contract in December of 2005.

5 Q. In other words, would the decision that
6 you're talking about be that AmerenUE decided not to
7 extend the contract or enter into any contract for cost-
8 based power from the Joppa plant, is that the decision
9 you're talking about?

10 A. UE made a decision not to retain its
11 40 percent ownership in the Joppa plant to serve retail
12 load.

13 Q. Okay. So I've got, UE made a decision not
14 to -- what you've just said, UE made a decision not to
15 continue, so that's one aspect of it. Another aspect of
16 it is ratepayers paid the cost over 50-plus years; is that
17 correct?

18 A. Well, that's my point to contend against
19 your testimony -- your company's testimony that it was
20 always below the line.

21 Q. Okay. Got it. Are there -- are there any
22 other reasons that you believe, besides those two things
23 that we've just talked about, are there any other reasons
24 that you believe AmerenUE's ratepayers are entitled to
25 power at cost from the Joppa plant?

1 incorporation of EEInc?

2 A. The reason I'm hesi-- I reviewed something
3 months ago, and I don't recall if it was the bylaws or the
4 articles of incorporation.

5 Q. But it was one of those, you think?

6 A. Correct.

7 Q. But probably not both?

8 A. I just don't recall.

9 Q. Okay. Let me ask you about a statement in
10 your direct testimony, if you have it. And I'm on page 7,
11 line -- well, really the sentence starts on line 5, and it
12 says, and I'm quoting, instead power from EEInc -- I'm
13 sorry. Instead, power from the EEInc unit is now being
14 sold to the outside market through an affiliate, and
15 AmerenUE ratepayers no longer receive any benefit from
16 their many years of support of the plant during its high
17 cost stage. Do you see that sentence? I was reading slow
18 for the court reporter.

19 A. Yes.

20 (AN OFF-THE-RECORD DISCUSSION WAS HELD)

21 THE WITNESS: I see the sentence.

22 BY MR. BYRNE:

23 Q. I want to ask you a little bit about that
24 sentence. What -- you were referencing high-cost years.

25 (AN OFF-THE-RECORD DISCUSSION WAS HELD)

1 A. I'm sorry. Could you repeat it again?

2 Q. Are there any other reasons that you
3 believe AmerenUE's ratepayers are entitled to power at
4 cost from the Joppa plant, other than the reasons you've
5 already mentioned, which are, No. 1, AmerenUE made an
6 imprudent decision not to continue to either extend the
7 contract or have a new contract to take power at cost.
8 That's one reason. And the second thing we've talked
9 about is that ratepayers -- the cost of the power was
10 included in AmerenUE's cost of service for 50-plus years.

11 A. Well, again, let me -- just so we're clear,
12 the second point that you make was in response to your
13 witness' testimony that hasn't been -- which you brought
14 up in this deposition, that it hasn't been above the line.

15 The premise of the Staff's testimony today
16 is that when this contract expired, AmerenUE made an
17 imprudent decision to discontinue including its share, 40
18 percent share of the Joppa plant in calculating the
19 jurisdictional retail rates for Missouri.

20 Q. Okay. And I guess my question is -- I
21 understand that, and my question is, are there any other
22 reasons besides that that ratepayers are entitled to
23 at-cost power from the Joppa plant, in your opinion?

24 A. Not that I'm aware of here.

25 Q. Okay. Have you reviewed the articles of

1 BY MR. BYRNE:

2 Q. Do you see that sentence I just read,
3 Mr. Meyer?

4 A. Yes.

5 Q. And I guess my question is, you have -- you
6 talk about during its high cost stage, years of support of
7 the plant during its high cost stage, and I was wondering
8 what years are you talking about when it was in its high
9 cost stage?

10 A. That would be the -- its initial years of
11 operation. If you take a unit and you put it -- and you
12 provide all the costs that are delineated in 301, as the
13 unit continues to perform out into the later years, its
14 costs will go down because you have less of a return to
15 provide on the investment.

16 Q. Is it generally because you're depreciating
17 the initial investment in the plant, is that why it
18 becomes less --

19 A. Right.

20 Q. -- expensive as time goes on?

21 A. Yes. So in this instance, after providing
22 at least in the Staff's view depreciation -- or I'm
23 sorry -- providing cost recovery through depreciation over
24 50 years, this unit has a low net investment of which to
25 provide a return on.

1 Q. So when you're saying its high cost stage,
2 you're not talking about -- you're comparing costs at the
3 beginning of the plant's life to costs later on in its
4 life; is that true?

5 A. Well, it could be currently, now.

6 Q. Or currently. You're not comparing -- in
7 other words, you're not comparing the cost of the Joppa
8 plant -- when you say its high cost stage, you're not
9 comparing the cost to the cost of other plants that were
10 operating at that time; is that correct?

11 A. This statement isn't based off of
12 comparison to other generating units.

13 Q. Okay. So for all you know, during those --
14 during that high cost stage, the Joppa plant could have
15 still been a relatively low cost unit compared to others?

16 A. I don't have -- I don't have a history to
17 know, except for my exposure to the Joppa unit, but -- so
18 I don't know what its costs were prior to when I started
19 looking at it.

20 Q. And let me ask you this: On that theory
21 that the cost becomes lower as the plant continues to
22 operate, wouldn't that depend on what additional
23 investments might have been made at the plant after it was
24 initially constructed?

25 A. That's a factor, but I'm not aware that

1 A. I don't know that. I don't know the answer
2 to that question.

3 Q. Okay.

4 A. I can -- let me back up. I know that a
5 company witness provided a Data Request response that said
6 EEInc never had an operating loss.

7 Q. Okay. That's a little bit of a different
8 question, I guess. I'm asking, to your knowledge, was it
9 ever an uneconomic source of power for AmerenUE or was it
10 ever a, you know, relatively high cost plant for UE, and
11 is it true that you don't know whether it was or not?

12 A. Except for when I testified before, no,
13 that I know that it's been in the lower -- it's been
14 considered lower cost generation. I know that the company
15 has filed in numerous -- in several cases where it's
16 stated that the Joppa unit is a low cost generator which
17 will provide benefits to the utilities.

18 Q. And isn't it -- and those were -- some of
19 those filings were from the very beginning, were they not,
20 from when AmerenUE first got authorization to purchase the
21 stock for the -- for EEInc?

22 A. Without specifically going back and looking
23 at each case, I wouldn't want to testify to the time
24 frame.

25 Q. Let me just ask it this way: Isn't it

1 this plant went through major modifications since I've
2 been involved with it.

3 Q. So to your knowledge, there have been no
4 major investments in the plant since its initial
5 construction?

6 A. I don't know that. I said, but let me
7 repeat, that once you make that major modification, every
8 year thereafter the costs go down.

9 Q. Unless you make an additional major
10 modification, right?

11 A. What has to happen is the net investment of
12 the plant has to continually increase for you to continue
13 to establish higher costs.

14 Q. Okay. Based on the way the price of the
15 power is calculated under Section 301 of the contract; is
16 that right?

17 A. Correct.

18 Q. Okay. And -- but you didn't look at any
19 previous contracts, so you don't know how the price was
20 calculated prior to 1987; is that correct?

21 A. That's correct.

22 Q. And let me ask you this: You may have
23 already answered this, but do you have any reason to
24 believe that the Joppa plant was ever an uneconomic source
25 of power at any point in its life?

1 possible that the Joppa plant has been a low cost producer
2 of power from its inception until now?

3 A. Like I testified just minutes ago, except
4 for when I've been involved in it, I don't know where it
5 fell in the general rating. I know what's been
6 hypothesized. I know what's been presented in front of
7 the Commission. Do I have firsthand knowledge of it? No.

8 Q. You're saying except to the extent that
9 you've looked at it, and I guess would it be fair to say
10 for the periods of time you looked at it, which is much
11 less, of course, than its whole life, but for the periods
12 of time that you looked at it, was it a low cost source of
13 power?

14 A. I've been -- I became aware of this unit in
15 more detail since the complaint of 2002 forward.

16 Q. And was it a low cost source of power since
17 then?

18 A. Yeah. I think I testified to that earlier.

19 Q. Okay. Do you know -- as I understand it,
20 at least in the 1987 contract, depreciation is included as
21 part of a cost component that goes into the price; is that
22 correct?

23 A. Yes, absolutely.

24 Q. And do you know what -- do you know whether
25 the plant and its components were depreciated for purposes

1 of that calculation using straight line depreciation or
2 accelerated depreciation?

3 A. I went through the contract briefly last
4 night to see if I could find a life estimate for that
5 original, and I could not.

6 Q. Okay.

7 A. There is mention of depreciation and the
8 IRS tax guidelines, but I didn't -- I didn't still see a
9 line, a specific life mentioned.

10 Q. So you don't know if it's depreciated
11 straight line or accelerated or some other method?

12 A. No.

13 Q. Okay. Do you believe that AmerenUE
14 ratepayers own EEInc?

15 A. They own -- they don't own EEInc any more
16 than they own Callaway.

17 Q. I guess that's not my question. Do you
18 believe they own EEInc?

19 A. I don't think we've ever asserted that they
20 own it.

21 Q. So is that a no?

22 A. No.

23 Q. Okay. Do you believe AmerenUE owns EEInc?

24 A. AmerenUE owns 40 percent of the stock of
25 EEInc.

1 entitled to share in the profit made by those
2 subsidiaries?

3 A. I can't answer that with the information
4 you've given me.

5 Q. So you don't know or based on --

6 A. I think I just answered your question.

7 Q. Okay. What additional information do you
8 know?

9 A. Well, you didn't tell me if those
10 subsidiaries were providing a service to AmerenUE
11 ratepayers, if that -- if those subsidiaries' investments
12 were included in the cost of service for AmerenUE's
13 ratepayers. There is a lot of assumptions you didn't
14 include in your assumptions. There's a lot of points you
15 didn't include. So I can't give you an answer, given the
16 two assumptions that you gave me.

17 Q. Okay. Well, let me try to be more specific
18 and give you some additional information. Assume that
19 EEInc has a subsidiary and it operates a railroad, and
20 assume the railroad has never had a contract with
21 AmerenUE, so it has no contractual relationship with
22 AmerenUE, and AmerenUE never uses the railroad --

23 MR. VAN TREASE: Tom, this is Mark Van
24 Trease. I'm sorry to interrupt, but you're fading in and
25 out quite a bit, that we can't hear either the questions

1 Q. Okay.

2 A. Has 40 percent ownership in that plant.

3 Q. Do you believe AmerenUE ratepayers own the
4 Joppa plant?

5 A. Didn't you just ask me that question?

6 Q. No. I asked if they own EEInc.

7 A. Do UE ratepayers own the Joppa plant?

8 Q. Yes. That's the question.

9 A. No.

10 Q. And do you believe AmerenUE owns the Joppa
11 plant?

12 A. AmerenUE owns 40 percent of EEInc, which
13 owns the Joppa plant, so they own -- they have a 40
14 percent share in the Joppa plant through stock.

15 Q. Okay. I think previously you testified you
16 were unaware of whether EEInc had any subsidiaries; is
17 that right?

18 A. That's correct.

19 Q. Why don't you assume for me that EEInc does
20 have some subsidiaries, okay? And my question is, if a
21 subsidiary of EEInc -- and I'm talking about a subsidiary
22 that owns assets that are different than the Joppa plant.
23 Okay? So assume there is one or more subsidiaries that
24 own assets other than the Joppa plant, and assume those
25 subsidiaries make a profit. Are AmerenUE's ratepayers

1 or the responses.

2 MR. BYRNE: Okay. I'll try to speak up.

3 Thanks, Mark.

4 MR. VAN TREASE: Thank you, sir.

5 BY MR. BYRNE:

6 Q. Okay. I said assume there's a subsidiary
7 of EEInc that owns a railroad, and assume that subsidiary
8 never has had a contract with AmerenUE but it does
9 railroad business, and assume that it makes a profit at
10 its railroad business. My question is, are AmerenUE
11 ratepayers entitled to all or part of that profit, in your
12 opinion?

13 A. You know, you keep putting out a lot of
14 assumptions, but I don't think you complete the circle. I
15 don't know if the railroad provides the service to EEInc
16 to get the fuel in. I don't know what -- I don't know if
17 the railroad was built exclusively to serve the EEInc
18 investment.

19 I can't answer your question with your
20 limited assumptions. I would have to look on it -- look
21 at it on a case-by-case basis, look at what the
22 circumstances surrounding the subsidiary, what the
23 subsidiary performed, and if the performance of those
24 duties was directly related to EEInc, was a result of
25 EEInc being in business, was supported by the UE

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1 40 percent ownership, if any of the costs were transferred
 2 through affiliates so that transferred into the cost of
 3 service. I just can't sit here with your limited
 4 assumptions and give you an answer.
 5 Q. Okay. Let me try to clarify it even more.
 6 Let's assume it has nothing to do with the Joppa plant,
 7 has nothing to do -- and none of the costs ever went to UE
 8 ratepayers. In that situation it's just completely
 9 divorced from the operation of the Joppa plant and no
 10 costs were ever passed on to UE ratepayers related to that
 11 subsidiary's operation.
 12 Does that give you enough information to
 13 say whether UE's ratepayers would be entitled to a share
 14 of that profit?
 15 A. I just don't know without looking at the
 16 circumstances as they exist within that deal.
 17 Q. And I guess the same -- I have the same
 18 question with respect to a loss, and I guess probably your
 19 answer is the same, but I'll ask it anyway. If a
 20 subsidiary in those circumstances experienced a loss, in
 21 your opinion, would AmerenUE ratepayers be responsible for
 22 sharing that loss?
 23 A. Same answer.
 24 Q. So you're saying they might be, even a --
 25 A. I said I don't know from the previous one.

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1 Q. Okay. How long do you believe AmerenUE's
 2 ratepayers are entitled to have power at cost from the
 3 Joppa plant? Is it for the life of the plant or is it for
 4 some period of time that's shorter than the life of the
 5 plant?
 6 A. UE should continue to evaluate the Joppa
 7 unit and the power that it's received from there until
 8 such time as it can demonstrate that it can procure that
 9 power in a more economical way than the Joppa unit.
 10 Q. Okay. So as long as the power is economic,
 11 UE should continue to get the power at cost, right? Is
 12 that what you're saying?
 13 A. I'm saying that UE should continue to
 14 evaluate the inclusion of the Joppa unit, its portion, its
 15 share of the Joppa unit retail cost of service until such
 16 time as it can demonstrate that by -- that there's other
 17 sources of power in the market that would be cheaper than
 18 utilizing the 40 percent share of Joppa.
 19 Q. And then once there are other sources of
 20 power that are cheaper, UE should shift to those other
 21 sources of power, is that correct, to get the lowest cost
 22 for ratepayers?
 23 A. Should continue to perform the study that
 24 will produce the lowest cost generation.
 25 Q. I mean, just to clarify -- you probably

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1 already said this, but once there's a lower cost source of
 2 generation than Joppa, if there ever is, UE should switch
 3 to that lower source of power from the Joppa plant; is
 4 that correct?
 5 A. They should be doing that with any
 6 generating unit.
 7 Q. Sure. But is the answer yes, they should
 8 do it?
 9 A. They should do it, just as they do with any
 10 unit that is currently in their fleet, they should
 11 continue to study Joppa consistent with that.
 12 Q. But I guess I'm having trouble
 13 understanding. Well, just so I understand, they should --
 14 once it becomes uneconomic, AmerenUE should stop buying
 15 power from the Joppa plant and buy from other more
 16 economic sources, right?
 17 A. On power costs?
 18 Q. Yes.
 19 A. Yes. Absolutely. If you found purchased
 20 power out in the market that was cheaper than producing
 21 the Joppa unit, you should buy it. UE should buy it. Be
 22 imprudent not to. Consequently, it would be imprudent to
 23 take the Joppa unit and not include it in the UE
 24 generation when it is low cost to provide.
 25 Q. Okay. Do you believe that AmerenUE has a

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1 unilateral right to demand at-cost power from the Joppa
 2 plant?
 3 A. I believe UE has a 40 percent ownership
 4 share in it and should exercise its 40 percent ownership
 5 to say that it would continue to get that unit's output.
 6 Q. And do you believe AmerenUE's 40 percent
 7 ownership in the stock of EEInc gives it the right to
 8 unilaterally require EEInc to sell it power at cost?
 9 A. Could you repeat it?
 10 Q. Probably not.
 11 MR. BYRNE: Can you read it back?
 12 THE REPORTER: "Question: And do you
 13 believe AmerenUE's 40 percent ownership in the stock of
 14 EEInc gives it the right to unilaterally require EEInc to
 15 sell it power at cost?"
 16 THE WITNESS: I believe its 40 percent
 17 ownership in EEInc should require -- should require UE to
 18 seek its portion of that generation to be included in
 19 Missouri retail rates, correct.
 20 BY MR. BYRNE:
 21 Q. But I'm not sure that's exactly the
 22 question I asked. I guess I would ask, think about the
 23 question if you can answer it yes or no and you can
 24 explain it, but I don't think what you said is exactly the
 25 question I asked. So let me try the question again and

1 see, and the question is, does AmerenUE's 40 percent
2 ownership of the stock of EEInc entitles it to
3 unilaterally require EEInc to sell it power from the Joppa
4 plant at cost?

5 A. I'm not sure.

6 Q. Okay. Is it possible that EEInc might have
7 to agree to sell the power at cost to UE, notwithstanding
8 UE's 40 percent ownership of the stock in EEInc?

9 A. I guess I can't understand the
10 circumstances that EEInc would be opposed to allocating a
11 40 percent ownership to an owner to be handled in the way
12 that best serves that owner. I don't understand that
13 concept, that it would be overridden.

14 Q. Okay.

15 A. Now, we're not -- just so it's clear,
16 we're not trying to dictate how the 60 percent, the
17 owner's 40 percent ownership in EEInc is to be treated.
18 We have no -- you know, you can do what you want with
19 that, or EEInc can do what they want. It's the
20 40 percent that we're focusing on, the 40 percent that's
21 owned by UE. If you want to take the other 60 percent and
22 sell it in the market, do what you want. It's the
23 40 percent that we're interested in. So we're not
24 dictating how EEInc has to handle 100 percent of the Joppa
25 plant. It's only the 40 percent of the UE ownership.

1 THE WITNESS: The shareholders that we're
2 addressing are the same shareholders that we set -- that
3 we develop our returns for, so I believe that there is
4 a -- should be a balance. If you're maximizing profits of
5 EEInc through a 40 percent ownership, which raises cost of
6 service to Missouri retail rates by \$80 million, then I
7 believe you made an imprudent decision.

8 BY MR. BYRNE:

9 Q. So you've got to balance the interests of
10 the shareholders of EEInc in maximizing profit for their
11 benefit, it's EEInc's job to balance that with the
12 interests of the UE ratepayers. Is that the balance
13 you're talking about?

14 A. That's not what I said.

15 Q. What's the balance?

16 A. When you keep saying EEInc shareholders,
17 you keep -- there's trying to be, at least in my mind,
18 some distinction between the UE shareholders and the
19 shareholders of EEInc that are supported by the
20 40 percent ownership, and they're one and the same.

21 Q. What's the balance? You were just talking
22 about striking a balance. What balance are you talking
23 about?

24 A. The balance between the opportunity to earn
25 a fair return and establishing just and reasonable rates.

1 Q. But with respect to that 40 percent, it
2 would be your view that EEInc is obligated to sell that
3 power at cost to AmerenUE?

4 A. I think last time you asked me unilaterally
5 obligated. I said I don't know. I don't know that
6 dropping unilaterally is -- our position is that that
7 40 percent ownership should remain in the calculation and
8 should be dispatched in the calculation of UE's retail
9 rates. Now, if that's a transferred cost, that's -- and
10 that's what you want to classify it as, that's fine.

11 Q. In your opinion, does EEInc have any
12 obligation to maximize profits for its shareholders?

13 MR. DOTTHEIM: I object on the basis if
14 Mr. Byrne is asking for a legal conclusion from Mr. Meyer
15 We're going off into the area of any legal analysis that
16 Mr. Byrne is seeking at this point. I mean, we may have
17 already gone into that area earlier this morning, which I
18 myself will seek to address on -- I don't know, when I
19 have an opportunity to follow up at the very end, but at
20 this point I think I must raise that objection.

21 MR. BYRNE: Okay.

22 THE WITNESS: Can you repeat the question?

23 THE REPORTER: "Question: In your opinion,
24 does EEInc have any obligation to maximize profits for its
25 shareholders?"

1 Q. So that's the balance EEInc has to strike?

2 A. No. That's the -- you keep confusing it.
3 It's the balance that UE as a 40 percent ownership, when
4 they're looking at their retail rates, must balance.

5 Q. Let me ask it another way. Why should
6 EEInc and EEInc's board of directors agree to sell power
7 to AmerenUE at a price less than they could receive from a
8 third party in the marketplace? Why should EEInc and
9 EEInc's board agree to that?

10 A. Because members of EEInc's board,
11 40 percent is the UE-regulated company, and in that
12 regard, given the fact that that unit has been included in
13 cost of service for over 50 years, that unit should
14 continue to be included in the retail calculation. EEInc
15 shareholders are receiving actually a greater return than
16 the traditional units that are included in the cost of
17 service currently.

18 Q. Why is that?

19 A. There's no 15 percent return on equity
20 calculated in any party's proposal for this case, nor has
21 there been, in my mind, even prior to -- since 1987. I
22 can't recall a 15 percent return on equity recommendation
23 proposed by any party.

24 Q. But you're saying --

25 A. It's in this contract.

1 Q. And that's what -- that's what should be
2 included in the price on a going-forward basis, in your
3 opinion, under a cost-based contract between EEInc and
4 AmerenUE?

5 A. It's a fair return. It's greater than a
6 fair return, considering the experts that have been
7 obtained to provide testimony in this case, all testimony,
8 all experts.

9 Q. Do you think Ameren Corporation should tell
10 the directors of EEInc or its employees to enter into a
11 cost-based contract with AmerenUE to continue?

12 A. I believe AmerenUE, as a 40 percent owner
13 in EEInc, should request that their share of the ownership
14 of Joppa be included in UE's Missouri retail rate
15 calculations. What Ameren does with its other
16 40 percent, we have no -- we have no say.

17 Q. What if AmerenUE requested to continue the
18 contract but EEInc decided not to?

19 A. I can't -- I can't fathom that situation.

20 Q. Let me ask you this: If the Joppa plant is
21 sold at a profit, in your opinion, would AmerenUE
22 ratepayers be entitled to a share of the profit from that
23 sale?

24 A. I think generally gains from sale of
25 property have not been included as a component of cost of

1 that we've been talking about.

2 Let's imagine that there are personal
3 injury lawsuits or a series of personal injury lawsuits
4 related to the operation of the Joppa plant and EEInc is
5 sued and loses a judgment for a personal injury claim.
6 Would AmerenUE ratepayers -- in your opinion, ought they
7 to pay for their share of that judgment?

8 MR. DOTTHEIM: Again, I'll raise the
9 objection if Mr. Byrne is asking Mr. Meyer legal
10 conclusions, to form any legal analysis, Mr. Meyer is not
11 an attorney, as indicated by his credentials in his
12 testimony.

13 BY MR. BYRNE:

14 Q. Let me ask you this: Do you think it would
15 be fair for the AmerenUE ratepayers to pay a share of such
16 costs based on the 40 percent ownership?

17 A. I'm not certain that they haven't had to in
18 the past.

19 Q. Okay.

20 A. And I don't -- I don't know. I would have
21 to look again at the circumstances surrounding the
22 personal injury loss and the circumstances surrounding it.
23 So I can't give you a carte blanche no or a carte blanche
24 yes.

25 Q. It may or may not, depending on the

1 service.

2 Q. So they wouldn't be entitled to any of the
3 profit from the sale of the plant?

4 A. That's -- that would be my opinion, yes.

5 Q. And would it be the same, the other side of
6 the coin, if there was a loss on the sale of the Joppa
7 plant, I would assume you wouldn't think the ratepayers
8 should have to make up that loss, would they?

9 A. I don't know what the company would
10 propose.

11 Q. But you wouldn't support the shareholders
12 or ratepayers making up that loss, would you?

13 A. We'd have to look at the circumstances
14 surrounding the sale.

15 Q. Well, under what circumstances would you
16 have the ratepayers pay for the loss on the sale of the
17 plant?

18 A. I don't know, but the range could be huge
19 on it. I'm not going to speculate to the circumstances
20 surrounding that.

21 Q. Let me ask you if certain things went wrong
22 at the Joppa plant -- and I'll give you some specifics.

23 But in general, the category here is, if things go wrong
24 at the Joppa plant, what wrong things do the ratepayers
25 have to pay for? Okay? And it would be the 40 percent

1 circumstances?

2 A. Correct.

3 Q. How about if there are significant
4 capital costs or expenses that are incurred at the Joppa
5 plant, if they have to put scrubbers or environmental
6 remediation-type capital investments into the Joppa plant,
7 do you believe that AmerenUE's ratepayers should be on the
8 hook for their share of the costs, you know, the
9 40 percent that we've been talking about share of the cost
10 of those kind of items?

11 A. It was in the past contract. It was a
12 component of the past contract. Now, you know, you keep
13 throwing out scenarios of future events, but it's
14 incumbent upon UE as the 40 percent ownership to continue
15 to evaluate, as they should do with their own generating
16 units, to figure out what time that generating unit is no
17 longer an economical source of power.

18 Q. Okay. That probably answers the whole
19 series of questions. Would it be fair to say once it
20 becomes economic -- uneconomic for whatever reason, that's
21 when AmerenUE should look for another source of power?

22 A. As you would do with any of your units or
23 should do with any of your units.

24 Q. Well, how do we do that with the Callaway
25 plant, for example? Imagine the Callaway plant became

1 uneconomic. How do we move to another source of power?
 2 A. Well, you're going to face that situation
 3 in the next several years on your environmental upgrades
 4 to your coal generating units, and I would hope that
 5 you're evaluating the costs to retrofit your units for
 6 environmental concerns versus new construction, new
 7 generation or sources of power outside of your generating.
 8 That would be something I would think would be a normal
 9 business for your company.

10 You just spent several hundreds of millions
 11 of dollars at Callaway to exchange the steam generators,
 12 but yet you haven't committed to whether you want to
 13 extend the life. I would think those would be -- those
 14 should have been an integral part of that decision.

15 Q. Let me look at your testimony again on page
 16 3, line 14 is where I'm looking. And I guess the sentence
 17 starts on line 12. It says, and I quote, the EEInc unit
 18 was originally owned by several sponsoring utility
 19 companies that, among other things, purchased power from
 20 the unit in exchange for certain financing assistance.
 21 And I'd like if you can for you to explain to me what you
 22 mean by that.

23 A. What's confusing?

24 Q. Well, what sort of financing assistance are
 25 you talking about?

1 investment is getting purchased power from the unit?

2 A. I recall, and I don't know where, in what
 3 document, that in exchange for the financing assistance
 4 that we described earlier, that the sponsoring companies
 5 were entitled to receive power from the Joppa unit.

6 Q. Do you think that's in a contract
 7 somewhere?

8 A. I don't know in what document I saw it, but
 9 I've seen that verbiage.

10 Q. Okay. Let me ask you one more bad scenario
 11 out of Joppa. It's a little different than the power
 12 becoming uneconomic, which was the other one. This is a
 13 bad scenario where there's a, you know, a catastrophic
 14 failure at the plant. You know, the plant blows up or
 15 something that bad happens out at the plant. And so it's
 16 not really a case necessarily of the cost of the power
 17 becoming uneconomic, like the scenarios we talked about.

18 But in your opinion, would AmerenUE
 19 ratepayers -- you know, the plant's not producing power
 20 anymore. It's blown up. Would AmerenUE ratepayers be
 21 responsible for paying a share of the cost of that
 22 catastrophic failure of the plant?

23 A. Well, ultimately that would be the decision
 24 of the company whether to seek recovery.

25 Q. Which company are you talking about?

1 A. I believe you came -- I believe the
 2 company's requested through financing cases in the early
 3 '50s with the Missouri Commission.

4 Q. And I mean, I think those cases in the
 5 early '50s, maybe you know something I don't know, but I
 6 think those were the cases where we got authorization to
 7 buy the stock. There were two of them, one the original
 8 set of stock, and then a later one, other stock. I don't
 9 think those were financing cases, or am I wrong?

10 A. When I mentioned financing, I didn't mean
 11 debt. I mean the stock that you referred to.

12 Q. Okay. So you're talking about the cases
 13 where AmerenUE got the authority from the Commission to
 14 put up the money to initially construct the plant and buy
 15 the stock of EEInc; is that right?

16 A. Correct.

17 Q. And that was -- the money that was
 18 initially put up was shareholder money; is that correct?

19 A. I think we talked about that earlier.

20 Q. So that's a yes?

21 A. Yes.

22 Q. And is there a -- do you know of any -- I
 23 guess what's troubling me is the exchange word here. Do
 24 you know of any contract that lays out the idea that
 25 there's an exchange, you know, the quid pro quo for this

1 A. AmerenUE. I would assume that, in your
 2 example, that there is still some type of contract or -- I
 3 mean, if it is as it exists today, where the AmerenUE
 4 customers get no benefit, you know, as you're proposing,
 5 then I would hope that you would not come back and seek
 6 recovery from a catastrophic loss at Joppa through retail
 7 rates.

8 If there is a similar contract that existed
 9 that expired December 31, 2005, where the jurisdictional
 10 retail customers were still receiving benefits from Joppa,
 11 then that would be a decision that AmerenUE would have to
 12 make of whether to seek recovery of a catastrophic rate.

13 Q. You would be in favor of the ratepayers
 14 paying for that catastrophic loss under those
 15 circumstances?

16 A. I think as I described before in your other
 17 scenarios, I'd have to look at the circumstances
 18 surrounding what it is. So I can't give you an answer
 19 today without actually having all the documentation and
 20 all the scenarios in front of me.

21 Q. Okay. Might a factor in your consideration
 22 be how long the contract was that AmerenUE was operating
 23 under? In other words, that it was operating under a
 24 one-year contract, would that be -- would it be less
 25 likely for the ratepayers to have to pay those kind of

1 costs than if they have a 20-year contract or a 50-year
 2 contract?
 3 A. Well, now you've entered into another
 4 scenario which you hadn't entered in before, and that is
 5 that there's already a contract in place, and what we
 6 would look at when that contract was negotiated is, you
 7 know, the exact same kind of things that you're putting
 8 into your scenario and whether those would be -- whether
 9 they would be prudent for UE to enter into that type of
 10 contract for -- in consideration of what the ratepayer
 11 would have to pay.

12 So I can't -- you keep adding on scenarios,
 13 and I guess what I keep trying to tell you is I've got to
 14 see it all in front of me at one time. And you put
 15 circumstances on that would preclude or precede that
 16 scenario from happening, so I don't know.

17 Q. The bottom line, not to paraphrase you, but
 18 it just depends on the situation?

19 A. Right. I mean, you'd have to look at the
 20 contract that was negotiated, and at the time of the
 21 negotiations, were the parties alerted that these could be
 22 problems, numerous things.

23 Q. Under at least some scenarios that you can
 24 imagine, the ratepayers shouldn't have to pay those costs;
 25 is that true?

1 Joppa plant increases the amount of power that AmerenUE
 2 has to sell, you know, off-system sales, and since it's
 3 low cost power, the margin on the off-system sales offsets
 4 the other costs? Isn't that basically why it's -- how the
 5 \$80 million comes to be?

6 A. Predominantly. It does replace some --
 7 predominantly replaces base load generation, which is
 8 generally made available to make more off-system sales.
 9 That's the overriding factor.

10 Q. So the lower cost Joppa plant power goes to
 11 serve base load or goes to serve the customers, and then
 12 that, in turn, frees up an equivalent amount of other
 13 generation, and that other generation is sold in the
 14 off-system markets?

15 A. The way we modeled the Joppa unit, our
 16 production cost model was zero cost. So it was dispatched
 17 either before or right after Callaway, and then there was
 18 a manual adjustment to include the demand charges and the
 19 energy charges that UE were billed in 2005 --

20 Q. Okay.

21 A. -- for that power.

22 That's the best basis we had to estimate
 23 the cost, the fuel costs and the demand charges for Joppa.

24 Q. And then those other units --

25 A. Were then --

1 A. And there's probably just as much of a
 2 likelihood -- I just don't know that the Staff would come
 3 through with a loss and say in order because of the length
 4 of the contract and the benefit we receive in the future
 5 we want to cover that type of loss. I mean, you can't get
 6 an answer from me without me seeing all the fields.

7 Q. And it's complicated, it would depend on a
 8 variety of factors?

9 A. Absolutely.

10 Q. Fair enough. Okay. Let me talk about
 11 something other than -- do you want to take a break?

12 A. Yeah.

13 (A BREAK WAS TAKEN.)

14 BY MR. BYRNE:

15 Q. Just a little more on EEInc and then I'll
 16 be done with EEInc. One question I have is, do you know
 17 what the dollar impact of the EEInc issue is on the
 18 Staff's case?

19 A. As I've said before, I think it's
 20 approximately \$80 million.

21 Q. \$80 million a year in revenue requirement?

22 A. Annual, right.

23 Q. Okay. And isn't that basically because
 24 the -- maybe I'm oversimplifying. Tell me if I am. Isn't
 25 that basically because the power from EEInc or from the

1 Q. -- were bumped up to off-system sales,
 2 and the change in off-system sales margins is about
 3 \$80 million?

4 A. Well, there's -- that's why I said
 5 predominantly, because there is some savings, there is
 6 additional savings in the base load fuel cost.

7 Q. Okay.

8 A. But predominantly it's -- you've got
 9 increased off-system sales.

10 Q. So would it be fair to say that at least --
 11 it's indirect, but predominantly the additional power that
 12 we're getting from the Joppa plant is being modeled to be
 13 sold in the off-system market?

14 A. I don't think I'd agree with that.

15 Q. Okay.

16 A. I'd say that actually the Joppa unit as
 17 it's -- as it's modeled is -- and I don't have the
 18 specifics. I don't go in -- I didn't go in and look and
 19 see where Joppa was serving or what it was serving each
 20 hour. But the way it was modeled, I would believe that
 21 Joppa would be serving native load -- predominantly
 22 serving native load, UE native load, which when it's
 23 inserted to do that frees up your other coal-generating
 24 units, and the cost to produce power by those units is
 25 less than the fuel -- than the interchange price that's

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1 out there, and therefore, those units are being sold in
 2 the market at a greater level than they would be if the
 3 Joppa power -- the Joppa output was not.
 4 Q. Okay. And so -- and again, maybe I'm
 5 oversimplifying, but at the end of the day, does the
 6 \$80 million or most of the \$80 million end up as
 7 additional off-system sales margins?
 8 A. Yes, I just -- I mean, I agree with that.
 9 I mean, predominantly that's the change. I just didn't
 10 want to leave -- to let you or lead you to believe that
 11 it's because the Joppa unit is used to make off-system
 12 sales. The way it's modeled, it's probably not. It's
 13 probably the Joppa unit is used to serve native load, and
 14 the Lavaties, the Meramecs and the Sioux plants are now
 15 available to sell the energy.
 16 Q. They're freed up. When they otherwise
 17 would have been used to serve native load, now they're
 18 freed up for off-system sales?
 19 A. Right.
 20 Q. Okay. Got it. And it's your
 21 understanding, is it not, that right now, today, no power
 22 from the Joppa plant is physically going to AmerenUE's
 23 system; is that correct?
 24 A. I don't know that --
 25 Q. Okay.

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1 A. -- for two reasons. First of all, you
 2 can't trace the output of a generator to a system, to a
 3 customer. And second of all, I don't know that UE has not
 4 purchased or been a purchaser of generation from the U --
 5 from the configuration you now have.
 6 Q. Okay. But if AmerenUE did purchase power
 7 now from the Joppa plant, isn't it true that under the
 8 Commission's affiliate transactions rules, it would be
 9 required to purchase that power at the lower of market or
 10 fully allocated cost?
 11 A. Well, I would assume that if UE's
 12 purchasing power from whatever, the subsidiary that's set
 13 up that owns -- that dispatches the generation, that it
 14 can demonstrate that the purchase price of that power is
 15 less than what it would produce by its own generator,
 16 similar to what you would do if you bought from KCPL.
 17 Q. But under the affiliate transactions rules,
 18 is that the standard or is it the Joppa plant's cost of
 19 producing power?
 20 A. You're probably correct. I would probably
 21 say that's correct.
 22 Q. So if AmerenUE is purchasing from the Joppa
 23 plant, it's got to purchase at the lower of the cost of
 24 the Joppa plant producing the power or market?
 25 A. Right. I agree.

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1 Q. Okay.
 2 A. As I understand it exists today.
 3 Q. Okay. But there's nothing in the Missouri
 4 affiliate transaction rules that requires AmerenUE to
 5 purchase power from the Joppa plant, is there?
 6 A. Not that I'm aware of.
 7 Q. And there's nothing that requires any
 8 utility to purchase anything from any affiliate, is there?
 9 A. I don't know that there's a specific
 10 requirement. I would argue that if the standard that you
 11 just stated could be met, I would be concerned why it
 12 wasn't purchased, why it wasn't -- why you did not have
 13 transactions with the affiliate.
 14 Q. Okay. Okay. Now, I think I really am done
 15 with the EEInc part of the deposition. Let me ask you
 16 about tree trimming. My understanding is your
 17 recommendation is we ought to be allowed \$45 million
 18 annually for tree trimming; is that right?
 19 A. 45 million specifically to trim trees,
 20 2.7 for storm restoration, so 47.
 21 Q. Is the 2.7 tree trimming during storm
 22 restoration or just --
 23 A. It's what you've listed as storm
 24 restoration expenses in you Data Request, I believe it's
 25 305.

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1 Q. Okay. And that's -- is that -- things in
 2 addition to tree trimming included in storm restoration?
 3 A. The reason I'm hesitant is in storm
 4 restoration, I believe there's also trimming of trees.
 5 Q. Right. That's a component?
 6 A. Right.
 7 Q. Maybe even a big component of it, but there
 8 would be other things in there, too?
 9 A. So you get 45 million plus you get storm
 10 restoration costs, which could include trimming trees, of
 11 2.7.
 12 Q. Got you. And my understanding is our
 13 budget for tree trimming and our recent expenditures for
 14 tree trimming have been on the order of \$30 million a
 15 year, is that right, up to now?
 16 A. In the test year, I believe you spent
 17 approximately 33.8 million for tree trimming.
 18 Q. So you're giving us some more, I guess,
 19 pursuant to our request to try to enhance our tree
 20 trimming from what we've done in the past; is that right?
 21 A. Consistent with Mr. Zoeller's testimony.
 22 Q. And let me ask you how you're getting --
 23 I'm having a little trouble with how you get to the
 24 45 million. Can you tell me how you -- there's a little
 25 computation in there. Can you walk me through it so I

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1 understand it?

2 MR. DOTTHEIM: Off the record.

3 (AN OFF-THE-RECORD DISCUSSION WAS HELD)

4 BY MR. BYRNE:

5 Q. Can you walk me through the --

6 A. Sure.

7 Q. -- \$45 million calculation?

8 A. In the test year, the company expended

9 \$33,826,500 of tree-trimming expense, and the source for

10 that is Data Request 85. For purposes of our rate case,

11 the Staff increased tree-trimming expense \$7,010,000. It

12 was an adjustment in the cost of service, and I can give

13 you that number, if you'd like. Do you need that number?

14 Q. Isn't it \$7,010,000?

15 A. No. The adjustment number.

16 Q. No. That's okay.

17 A. Then as a -- that does not get you to

18 45 million, but the Staff is aware that as of 12/31/07,

19 the merger savings or the merger cost associated with the

20 merger of AmerenUE and AmerenCIPS will expire, which in

21 the Staff's calculation was worth \$4,164,900. If you sum

22 those three numbers together you'll get \$45,001,400.

23 That's the level.

24 Q. You're giving us an extra \$1,400?

25 A. That's right. Then we also included

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1 2,754,380 of storm restoration costs.

2 Q. And that was the largest storm within the

3 test year; is that right?

4 A. Correct.

5 Q. And there were a couple of storms in the

6 test year?

7 A. I think there was six.

8 Q. Six. And this is the biggest one of the

9 six?

10 A. Uh-huh.

11 Q. And the other five you took out?

12 A. Right. We made adjustment to eliminate

13 \$4,450,292 for the other storm restoration.

14 Q. And I guess the thought is, it's normal --

15 it's not normal to have six storms in a year, and so the

16 one big storm is the more normal?

17 A. Well, it was through the meeting that the

18 Staff and the company had subsequent to the -- I believe

19 it was September 29th testimony filing of the company

20 where we discussed with Mr. Zoeller and other members of

21 the company the company's proposal. And in that meeting

22 at least I gleaned that the occurrence of the other

23 storms, we wouldn't totally eliminate them, but that

24 hopefully by increasing the tree-trimming funding to

25 45 million annually, that some of those would be reduced

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1 or eliminated.

2 So the Staff then reconvened, discussed and

3 decided one solution to this would be to allow an

4 allowance of 2.7 million, which was the largest storm out,

5 that can be -- that can be expended either through three

6 minor storms or one major storm, however it works.

7 Q. Okay. And let me talk to you, the one sort

8 of odd component is the expiration of the merger cost

9 amortization, and I guess one question I have is, how do

10 you know -- how do you know that's in our cost of service

11 now?

12 I guess let's go back and let me ask it

13 this way. Let's start with the merger -- let's start with

14 the Order where the Commission ordered the amortization of

15 the merger costs. I guess that was in the Order where

16 they approved the CIPS merger; is that true?

17 A. I believe it's EM-96-149.

18 Q. And that would have been ten years ago,

19 back in 1996?

20 A. Effective January 1, 1998.

21 Q. And in that Order, they ordered a ten-year

22 amortization of costs, I guess; is that right?

23 A. Merger costs.

24 Q. Okay. But did they -- but that Order would

25 not have changed AmerenUE's rates, would it have?

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1 A. It's -- it's considered -- I would consider

2 it a component or an expense of Ameren's rates. I'm

3 having difficulty because I -- current rates can cover

4 that amortization expense.

5 Q. Okay. I mean, we started amortizing it,

6 and do you know when the amortization started? Was it

7 January 1st, '98 that we started amortizing?

8 A. Yes.

9 Q. Okay. So we certainly started amortizing,

10 so from an accounting standpoint and from a standpoint of

11 incurring that or amortizing that cost, we started doing

12 it, but our rates didn't change then to reflect an

13 additional cost; is that correct?

14 A. Well, the rates would have been sufficient

15 at that time to recover those costs. I would argue that

16 you have received ratemaking treatment for those costs.

17 Q. Okay. And then -- I guess was 1999 still

18 part of our EARP? Was that the tail end of our EARP?

19 A. No. You still had at least -- well, no.

20 You got a three-year extension of the EARP out of the '96

21 case, 96-149.

22 Q. So I mean, would it be true that one way we

23 did recover those costs is through the calculations in the

24 EARP? Would that amortization have been included as part

25 of the costs when the sharing percentages were calculated

1 under the EARP?
 2 A. Absolutely. In fact, they were an issue.
 3 Q. Okay. And then we had after the expiration
 4 of the EARP, the next rate case was in 2002, EC-2002-1,
 5 right?
 6 A. Right.
 7 Q. And that case, as I understand it, was a
 8 black box settlement; is that right?
 9 A. There was no -- I don't know. I can't
 10 recall that there was a finding for these costs, if that's
 11 your question.
 12 Q. Okay. But it was a cost that we were
 13 incurring at that time, we would have incurred it during
 14 the test year?
 15 A. In both company and the Staff's cost of
 16 service calculations.
 17 Q. Okay. And then that brings us up to today,
 18 and there hasn't been any other changes to our rates until
 19 now, this rate case?
 20 A. And it's a component of both the company's
 21 and the Staff's cost of service.
 22 Q. Okay. And the ten-year period expires
 23 December 31st, 2007, right?
 24 A. Yes.
 25 Q. Let me ask you this: My understanding from

1 don't fully recognize the full 7.5 million until you and I
 2 have worked a full 12 months.
 3 Q. Okay. What if he could? What if he could?
 4 What if he could spend \$7.5 million just over the second
 5 half of 2007?
 6 A. That's not what he's led me to believe.
 7 Q. But what if he could? Then wouldn't that
 8 be at an annual rate of \$15 million?
 9 A. If he could spend -- let me see if I
 10 understand your question. If he could spend \$7.5 million
 11 more over 30 --
 12 Q. Over 30, in the second half of 2007, after
 13 the rates that result from this case go into effect,
 14 wouldn't that be on an annualized basis getting up to the
 15 full \$15 million per year, that in calendar year 2008 he'd
 16 spend the whole \$15 million, if he's got a whole year?
 17 A. I think I agree with that, and I think
 18 we've accounted for that.
 19 Q. And I'll accept the part where the
 20 amortization kicks in on -- you know what I mean, that's
 21 kind of matching the January 1st, 2008, the end of the
 22 amortization and CIPS merger costs?
 23 A. But just so we're cheer here, until the end
 24 of -- the way Mr. Zoeller, when he met with us, described
 25 it, my understanding is, until the end of 2008 would you

1 Ron Zoeller's testimony is he can increase his
 2 tree-trimming costs or his tree-trimming expenditures by
 3 \$7,500,000 in 2007?
 4 A. The beginning.
 5 Q. What do you mean, the beginning?
 6 A. Currently, I believe that Mr. Zoeller has
 7 enough tree-trimming crews or will in the very near future
 8 to support a \$37.5 tree-trimming fund or budget.
 9 Q. And let me ask you this: If he was to
 10 spend the incremental \$7.5 million in the second half of
 11 2007, wouldn't that equate to an annual expenditure of an
 12 additional 15 million for the whole year because he's
 13 evenly got -- it's 7.5 million only over half of a year?
 14 Do you see what I'm saying at all?
 15 A. No. I don't know how you take 7.5 million
 16 and inflate it to 15, but that may be just me.
 17 Q. If he spends an incremental \$7.5 million
 18 over the second half of 2007 -- okay. Are you following
 19 me there?
 20 A. But he can't.
 21 Q. Why can't he?
 22 A. He can't reach \$7.5 million until the end
 23 of a 12-month period once he's got those crews available.
 24 In other words, if I -- if you and I are additional
 25 tree-trimming crews and we equate to \$7.5 million, you

1 see a tree-trimming budget of \$45 million.
 2 Q. Right.
 3 A. So this, we'll give you beginning in
 4 January 1, 2008.
 5 Q. Okay. I think I see what you're saying.
 6 A. Yeah. I think we've matched what you --
 7 I've matched your budgeted levels that you want to
 8 achieve.
 9 Q. Okay.
 10 A. If anything, I believe I've been
 11 conservative and given you money earlier than when you can
 12 theoretically spend it, but I -- it's real -- it's real --
 13 there's probably some regulatory lag there, but I honestly
 14 have not sat down and looked at the months. It's merely a
 15 matter of months.
 16 Q. Okay. I think I understand. Let me ask
 17 you the question that I don't think you necessarily
 18 provided testimony on, but I bet you know something about
 19 it, and that just is rate case expense.
 20 A. Yes.
 21 Q. Would we -- in this rate case, is the
 22 Staff -- I mean, obviously it's got to be a reasonable
 23 amount for rate case expense, and I know you reserve the
 24 right to look at the amount of it, but are you proposing
 25 to -- are you proposing to amortize the rate case expense

1 over -- what period of time are you proposing to amortize
 2 the rate case expense over, three years or --
 3 A. I believe we have approximately 6 to
 4 \$700,000 built into the case. We historically do not set
 5 up amortizations of rate case expenses because of the
 6 uncertainty of the frequency of appearing, so what we do
 7 is we normalize rate case expense. If we set up an
 8 amortization and you come in earlier or you decide to file
 9 earlier than the amortization, we believe there's an
 10 obligation -- some believe there's an obligation to
 11 continue to fulfill that amortization.
 12 Q. Okay.
 13 A. And likewise, if there is a -- an extended
 14 period of time where the amortization expires, then it
 15 creates some type of cash flow.
 16 Q. How do you guys calculate the normalized
 17 level?
 18 A. Well, we look at what you've spent and
 19 we'll determine what we believe to be the period between
 20 when you will file, and some of those will be dependent.
 21 Obviously in this case, with the company pursuing a fuel
 22 adjustment clause, that sets up a pretty definite period
 23 that you've got to stay out or you can't go out beyond
 24 four years.
 25 Q. So if we get a fuel adjustment clause,

1 service will be included in rate base?
 2 A. Right.
 3 Q. So the storm-related -- but really both
 4 storms, the July storm and the ice storm to the extent
 5 there's capital items in service?
 6 A. We will not propose to disallow those.
 7 However, if there is now true-up testimony that says in
 8 addition to the 45 million, and in your case all the storm
 9 costs that were incurred in the test year, we want
 10 recognition of the July and the December. I don't know
 11 what our position would be. I can tell you that I don't
 12 think you should assume that it's going to get five years.
 13 Q. And I really shouldn't assume it's going to
 14 get four years?
 15 A. If you can't assume you're going to get
 16 five years, I would say it's safe you may not assume four.
 17 Q. And I guess --
 18 A. Because I was -- I honestly was led to
 19 believe through that meeting that that was the purpose of
 20 Mr. Zoeller's testimony in September.
 21 Q. And to my -- one thing is the meeting that
 22 you're talking about occurred after the July storm but
 23 before the ice storm?
 24 A. October 20.
 25 MR. BYRNE: So -- okay. That, I think,

1 we're going to be obligated to file a rate case every four
 2 years, and so maybe four years is the right period of time
 3 to consider in normalizing rate case expense?
 4 A. Correct.
 5 Q. And I guess the reason I ask that is, you
 6 know, another issue in this case, and it's an issue we
 7 list as one of the true-up issues, is storm costs. And I
 8 know traditionally the Staff and other parties have -- I
 9 guess they've actually amortized storm costs and usually
 10 it's a five-year period; is that correct?
 11 A. The Staff has historically treated events,
 12 ice storms, et cetera, over five years.
 13 Q. And --
 14 A. But it's my understanding that when
 15 Mr. Zoeller filed his testimony, that in exchange for
 16 seeking -- maybe I'm incorrect, but in exchange for
 17 seeking the \$15 million additional funding, he was going
 18 to forego asking for treatment of the July storms. You
 19 get every -- for every one of those six storms and the
 20 July storm, there's substantial capital money that will be
 21 included in the rate base.
 22 Q. Right. As I understand it, and just
 23 because of the fortuity of having a rate case pending, our
 24 capital expenditures will be up to January 1 -- up to the
 25 January 1 cutoff any capital expenditures that are in

1 answers my question. I don't think I have any other
 2 questions. Thank you, Mr. Meyer.
 3 MR. MILLS: I don't plan to ask any
 4 questions.
 5 CROSS-EXAMINATION BY MR. DOTTHEIM:
 6 Q. Mr. Meyer, Mr. Byrne asked you a question
 7 about how coal gets to the Joppa plant, and if I
 8 understand you correctly, you said that the Staff sought
 9 information regarding that matter but couldn't get it.
 10 Did I understand that correctly?
 11 A. Correct.
 12 Q. What did you mean by the Staff sought
 13 information about that matter but couldn't get it?
 14 A. We asked during the audit for the invoices
 15 and the fuel costs consistent with the 2007 fuel prices
 16 that the company requested inclusion of in their rate
 17 case, that would include the rail and the actual coal
 18 expense for the Joppa unit. We were denied those
 19 documents.
 20 Q. And can you identify on what basis the
 21 Staff was denied those documents?
 22 A. I believe that the response that we were
 23 given is UE no longer has control of that information.
 24 Q. Was there other information regarding Joppa
 25 that the Staff sought but was denied?

1 A. I believe the Staff tried to get the fuel
2 prices that were in effect for 2005 and instead were told
3 that all that would be provided would be the bills that
4 AmerenUE paid during 2005.

5 Q. Was there certain information that the
6 Staff did not even seek to acquire because of objections
7 raised to Staff's Data Requests regarding EEInc or Joppa?

8 A. But we -- the Staff didn't pursue to get
9 the information equivalent to what was -- what would be
10 used to run the production cost model because of the
11 resistance that we had -- that the Staff had experienced
12 in the two areas that I described earlier.

13 Q. Mr. Meyer, you're not an attorney, are you?

14 A. No.

15 Q. And the questions that Mr. Byrne has asked
16 you throughout this morning in the deposition, you were
17 not seeking to provide a legal analysis, were you?

18 A. Absolutely not.

19 Q. You were providing responses from a
20 ratemaking principle basis?

21 A. Correct.

22 Q. Mr. Byrne asked you questions regarding the
23 various positions of the Staff regarding EEInc, the Joppa
24 plant. You weren't seeking to provide any legal arguments
25 that the Staff might offer in this case regarding EEInc or

1 CERTIFICATE OF REPORTER

2 STATE OF MISSOURI)
) ss.

3 COUNTY OF COLE)

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

18
19 KELLENE K. FEDDERSEN, RPR, CSR, CCR
20 Notary Public, State of Missouri
21 (Commissioned in Cole County)
22 My commission expires 3/28/09.

1 the Joppa plant, were you?

2 A. No.

3 Q. Mr. Byrne asked you some questions on gains
4 on sale. Can you identify what has traditionally been the
5 Staff's position on gains on sale?

6 A. Gains on sale of land is the one that I
7 recall specifically, and those gains have not been allowed
8 to be included in a cost of service calculation.

9 Q. Well, when you say has not been allowed to
10 be included in the cost of service calculation, could you
11 explain what you mean by that?

12 A. The gain is not -- is not included as a
13 component in the Staff's cost of service.

14 Q. Do you know in general whether the Staff
15 has had a different position than the Commission has taken
16 on gains on sale?

17 A. I don't know that we've -- that we've
18 challenged that decision in the recent past. I'm not
19 aware.

20 MR. DOTTHEIM: That's all I've got. Thank

21 you.

22 (PRESENTMENT WAIVED; SIGNATURE REQUESTED)

1 SIGNATURE PAGE

2 STATE OF MISSOURI)
) ss.

3 COUNTY OF COLE)

4
5 I, Greg Meyer, do hereby certify:
6 That I have read the foregoing deposition;
7 That I have made such changes in form and/or
8 substance to the deposition as might be necessary to
9 render the same true and correct;
10 That having made such changes thereon, I hereby
11 subscribe my name to the deposition.

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

14 Executed the ___ day of _____, 2007, at

15
16
17
18 GREG MEYER

19 Notary Public:

20 My commission expires:

21
22 KF/Greg Meyer

23 Re: AmerenUE

1 ERRATA SHEET

2 Witness: Greg Meyer
3 In Re: AmerenUE

4 Upon reading the deposition and before subscribing
5 thereto, the deponent indicated the following changes
6 should be made:

7 Page Line Should read:
8 Reason assigned for change:
9 Page Line Should read:
10 Reason assigned for change:

11 Page Line Should read:
12 Reason assigned for change:
13 Page Line Should read:
14 Reason assigned for change:

15 Page Line Should read:
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27 Reason assigned for change:
28 Page Line Should read:
29 Reason assigned for change:

30 Reporter: Kellene K. Feddersen, RPR, CSR, CCR

1 Midwest Litigation Services
2 3432 West Truman Boulevard, Suite 207
3 Jefferson City, MO 65109
4 Phone (573)636-7551 * Fax (573)636-9055
5 January 14, 2007
6 Steven Dotheim
7 Chief Deputy General Counsel
8 Missouri Public Service Commission
9 P.O. Box 360
10 200 Madison Street
11 Jefferson City, MO 65102

12 In Re: AmerenUE

13 Dear Mr. Dotheim:

14 Please find enclosed your copy of the deposition of Greg
15 Meyer taken on January 11, 2007, in the above-referenced
16 case. Also enclosed is the original signature page and
17 errata sheet.

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

22 Please return the errata sheet and notarized signature
23 page to Mr. Byrne for filing prior to trial date.

24 Thank you for your attention to this matter.

25 Sincerely,

Kellene K. Feddersen, RPR, CSR, CCR

Enclosure

cc: Thomas Byrne
Rick Chamberlain


ERRATA SHEET

Deposition of: Greg Meyer

Case Caption: ER-2007-0002

Date Taken: January 11, 2007

Page	Line	Correction	Reason
8	10	Number "5" should be "85"	Typo
22	5	"SIPS" should be "CIPS"	Typo
38	9	"Line" should be "life"	Typo
59	6	"fields" should be "facts"	Typo
54	7	"generating" should be "generation"	Typo
61	25	Delete "than the fuel"	Error
62	3	Add word "available" to the end of the sentence	Clarification
62	14	"Lavaties" should be "Labadies"	Typo
63	4	Delete "from the u ____."	Correction
65-end		Global change "Zoeller" to "Zdellar"	Typo
68	4	Delete word "out"	Correction
72	23	"cheer" should be "clear"	Typo
78	2	"2005" should be "2006"	Typo



Signature

SIGNATURE PAGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, Greg Meyer, do hereby certify:

That I have read the foregoing deposition;

That I have made such changes in form and/or substance to the deposition as might be necessary to render the same true and correct;

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

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

Executed the 8th day of March, 2007, at
The Missouri Public Service Commission

Greg R. Meyer

Greg R. Meyer

Notary Public:

Ashley M. Harrison

My commission expires:

August 31st, 2010



ASHLEY M. HARRISON
My Commission Expires
August 31, 2010
Cole County
Commission #06809978