

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
  
TRANSCRIPT OF PROCEEDINGS  
Evidentiary Hearing  
September 27, 2012  
Jefferson City, Missouri  
Volume 17

In the Matter of Union Electric )  
Company d/b/a Ameren Missouri's )  
Tariffs to Increase Its Annual ) File No. ER-2012-0166  
Revenues for Electric Service )

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

KEVIN D. GUNN, Chairman,  
TERRY M. JARRETT,  
ROBERT S. KENNEY,  
STEPHEN M. STOLL,  
COMMISSIONERS.

REPORTED BY:  
KELLENE K. FEDDERSEN, CSR, RPR, CCR  
MIDWEST LITIGATION SERVICES

1 APPEARANCES:  
2 THOMAS BYRNE, Attorney at Law  
3 WENDY K. TATRO, Attorney at Law  
4 P.O. Box 66149  
5 1901 Chouteau Avenue  
6 St. Louis, MO 63103  
7 (314)554-2237  
8 tbyrne@ameren.com  
9 JAMES B. LOWERY, Attorney at Law  
10 Smith Lewis, LLP  
11 111 South 9th Street, Suite 200  
12 P.O. Box 918  
13 Columbia, MO 65205-0918  
14 (573)443-3141  
15 lowery@smithlewis.com  
16 L. RUSSELL MITTEN, Attorney at Law  
17 Brydon, Swearngen & England, P.C.  
18 312 East Capitol  
19 P.O. Box 456  
20 Jefferson City, MO 65102-0456  
21 (573)635-7166  
22 rmitten@brydonlaw.com  
23 For: Union Electric Company,  
24 d/b/a AmerenUE.  
25  
26 JESSICA L. BLUME, Assistant Attorney General  
27 P.O. Box 899  
28 Supreme Court Building  
29 Jefferson City, MO 65102  
30 (573)751-3321  
31  
32 FOR: Missouri Department of Natural  
33 Resources.  
34 LARRY W. DORITY, Attorney at Law  
35 JAMES FISCHER, Attorney at Law  
36 Fischer & DORITY  
37 101 Madison, Suite 400  
38 Jefferson City, MO 65101  
39 (573)636-6758  
40 jfischerpc@aol.com  
41 FOR: Kansas City Power & Light Company  
42 KCP&L Greater Missouri Operations  
43 Company.

1 DIANA VUYLSTEKE, Attorney at Law  
Bryan Cave, LLP  
2 211 North Broadway, Suite 3600  
St. Louis, MO 63102  
3 (314)259-2543  
Diana.vuylsteke@bryancave.com

4 EDWARD F. DOWNEY, Attorney at Law  
5 Bryan Cave, LLP  
221 Bolivar Street, Suite 101  
6 Jefferson City, MO 65101-1575  
(573)556-6622

7 FOR: Missouri Industrial Energy Consumers.

8 DAVID WOODSMALL, Attorney at Law  
9 807 Winston Court  
Jefferson City, MO 65101  
10 (573)797-0005

11 FOR: Missouri Energy Consumers Group.

12 LISA C. LANGENECKERT, Attorney at Law  
Sandberg Phoenix & von Gontard  
13 600 Washington Avenue - 15th Floor  
St. Louis, MO 63101  
14 (314)446-4238  
llangeneckert@sandbergphoenix.com

15 FOR: Barnes-Jewish Hospital.

16 JOHN COFFMAN, Attorney at Law  
17 871 Tuxedo Boulevard  
St. Louis, MO 63119  
18 (573)424-6779

19 FOR: AARP.  
Consumers Council of Missouri.

20 HENRY B. ROBERTSON, Attorney at Law  
21 Great Rivers Environmental Law Center  
705 Olive Street, Suite 614  
22 St. Louis, MO 63101  
(314)231-4181

23 FOR: Natural Resources Defense Council.  
24 Sierra Club.  
Earth Island Institute  
25 d/b/a Renew Missouri.

1 LEWIS R. MILLS, JR., Public Counsel  
Office of the Public Counsel  
2 P.O. Box 2230  
200 Madison Street, Suite 650  
3 Jefferson City, MO 65102-2230  
(573) 751-4857

4  
FOR: Office of the Public Counsel  
and the Public.

5 KEVIN A. THOMPSON, Chief Staff Counsel  
JENNIFER HERNANDEZ, Senior Counsel  
6 SARAH KLIETHERMES, Senior Counsel  
MEGHAN McCLOWRY, Legal Counsel  
7 AMY MOORE, Legal Counsel

8 Missouri Public Service Commission  
9 P.O. Box 360  
200 Madison Street  
10 Jefferson City, MO 65102  
(573) 751-3234

11  
FOR: Staff of the Missouri Public  
12 Service Commission.

13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 P R O C E E D I N G S

2 (WHEREUPON, the hearing began at 8:32 a.m.)

3 (STAFF EXHIBIT NOS. 200 THROUGH 236 WERE  
4 MARKED FOR IDENTIFICATION.)

5 JUDGE WOODRUFF: Welcome to the evidentiary  
6 hearing concerning Ameren Missouri's request for a rate  
7 increase. This is Case ER-2012-0166. We'll begin today  
8 by taking entries of appearance, beginning with Ameren.

9 MR. BYRNE: Thank you, your Honor. Tom  
10 Byrne and Wendy Tatro appearing on behalf of Ameren  
11 Missouri. Our address is 1901 Chouteau Avenue, St. Louis,  
12 Missouri 63103.

13 MR. LOWERY: Good morning, your Honor. Jim  
14 Lowery, the law firm of Smith Lewis, LLP, P.O. Box 918,  
15 Columbia, Missouri 65205, also appearing on behalf of  
16 Ameren Missouri.

17 MR. MITTEN: Your Honor, Russ Mitten, the  
18 law firm of Brydon, Swearngen & England, P.C., 312 East  
19 Capitol Avenue, Jefferson City, Missouri, also appearing  
20 on behalf of Ameren Missouri.

21 JUDGE WOODRUFF: Thank you. And for Staff.

22 MR. THOMPSON: Thank you, your Honor.  
23 Kevin Thompson, Jennifer Hernandez, Sarah Kliethermes,  
24 Meghan McClowery and Amy Moore for the Staff of the  
25 Missouri Public Service Commission. Our address is

1 Post Office Box 360, Jefferson City, Missouri 65102.

2 Thank you.

3 JUDGE WOODRUFF: Public Counsel.

4 MR. MILLS: Let the record reflect the  
5 appearance of Lewis Mills, Post Office Box 2230,  
6 Jefferson City, Missouri 65102, on behalf of the Office of  
7 the Public Counsel and the public. Thank you.

8 JUDGE WOODRUFF: For the NRDC, Renew  
9 Missouri and Sierra Club.

10 MR. ROBERTSON: Henry Robertson, Great  
11 Rivers Environmental Law Center, 705 Olive Street,  
12 Suite 614, St. Louis, Missouri 63101, appearing for NRDC,  
13 Renew Missouri and the Sierra Club.

14 JUDGE WOODRUFF: For Department of Natural  
15 Resources.

16 MS. BLUME: I'm Jessica Blume for the  
17 Department of Natural Resources, appearing on behalf of  
18 Jennifer Frazier who will handle the remainder of the  
19 hearing but is unable to be here today. Our address is  
20 P.O. Box 899, Jefferson City, Missouri 65102.

21 JUDGE WOODRUFF: For MIEC.

22 MS. VUYLSTEKE: Diana Vuylsteke and Ed  
23 Downey of the law firm Bryan Cave, LLP. Also appearing  
24 will be Carole Iles and Brent Roam of Bryan Cave. The  
25 address is 211 North Broadway, Suite 3600, St. Louis,

1 Missouri 63102, appearing on behalf of the Missouri  
2 Industrial Energy Consumers.

3 JUDGE WOODRUFF: Thank you. Barnes-Jewish  
4 Hospital.

5 MS. LANGENECKERT: Good morning. I'm Lisa  
6 Langeneckert of the law firm of Sandberg, Phoenix &  
7 von Gontard, 600 Washington Avenue, 15th Floor, St. Louis,  
8 Missouri 63101, appearing on behalf of Barnes-Jewish  
9 Hospital.

10 JUDGE WOODRUFF: And for KCPL.

11 MR. DORITY: Thank you, Judge. Larry W.  
12 DORITY and James M. Fischer, Fischer & DORITY, PC,  
13 101 Madison, Suite 400, Jefferson City, Missouri 65101,  
14 appearing on behalf of intervenors Kansas City Power &  
15 Light and KCP&L Greater Missouri Operations Company.

16 JUDGE WOODRUFF: And for MEUA.

17 MR. WOODSMALL: David Woodsmall appearing  
18 on behalf of MECG. I previously entered my written  
19 appearance with the court reporter.

20 JUDGE WOODRUFF: For the record, you might  
21 want to say what MECG is. I'm sorry.

22 MR. WOODSMALL: Midwest Energy Consumers  
23 Group.

24 JUDGE WOODRUFF: MEUA was your last case.

25 MR. WOODSMALL: The predecessor, yes.

1 JUDGE WOODRUFF: I wondered why you looked  
2 confused back there.

3 MR. WOODSMALL: That's often.

4 JUDGE WOODRUFF: AARP and Consumers  
5 Council.

6 MR. COFFMAN: John B. Coffman, 871 Tuxedo  
7 Boulevard, St. Louis, Missouri 63119, appearing on behalf  
8 of AARP as well as the Consumers Council of Missouri.

9 JUDGE WOODRUFF: The other parties are the  
10 Missouri Retailers, and Mr. Schwarz called me yesterday  
11 and indicated he would not be here today. He was excused.  
12 The other party are the unions, and Sherry Schroeder also  
13 contacted me yesterday and indicated she would not be here  
14 and she is also excused from the hearing for the openings.

15 All right. We have a couple matters we  
16 want to take care of, preliminary motions. One was  
17 Staff's motion to declassify a portion of Mr. Cassidy's  
18 surrebuttal, and Ameren filed a response to that  
19 indicating that they had attached a document that was no  
20 longer highly confidential. Is Staff satisfied with that?

21 MR. THOMPSON: Absolutely, your Honor.  
22 Thank you.

23 JUDGE WOODRUFF: Then we won't need to deal  
24 with that motion.

25 The other motion that's before us is a



1 motion for reconsideration that Public Counsel filed very  
2 late yesterday asking for reconsideration of an order that  
3 the Commission issued on Monday. Mr. Mills, do you want  
4 to be heard about that?

5 MR. MILLS: Judge, I think the motion  
6 speaks for itself. It goes to the question of whether or  
7 not the Commission should entertain a new issue that was  
8 introduced for the first time in sur-surrebuttal  
9 testimony, which from my point of view greatly prejudices  
10 the parties, particularly parties like Public Counsel that  
11 don't have the ability to simply call on a stable of  
12 in-house experts or already retained outside experts to  
13 address something like that in the four days that the  
14 Commission allowed between the time it allowed that  
15 testimony and the deadline for testimony, which is  
16 tomorrow.

17 And, of course, that's complicated by the  
18 fact that during those four days we are -- for the last  
19 two days we have been preparing for the hearing. The next  
20 two days, of course, we will be in the hearing.

21 I think a better course of action would be  
22 simply to keep that testimony out and deal with the  
23 question of whether or not we should have a tracker for  
24 transmission costs in some case in which that testimony is  
25 introduced in the company's direct case and the other

1 parties have a sufficient opportunity to respond to it and  
2 the record gets developed about it.

3 JUDGE WOODRUFF: Anybody else wish to  
4 respond to that? We'll let the Staff go first.

5 MR. THOMPSON: Your Honor, Staff has  
6 drafted a written response to Mr. Mills' motion. We  
7 haven't filed it yet because, frankly, we haven't gotten  
8 approval to file it yet.

9 And I didn't bring it with me, but Staff is  
10 opposed to the motion and believes the tracker, the  
11 transmission tracker issue has to be brought up in this  
12 case because the issue of taking the MISO transmission  
13 charges and revenues out of the FAC has to be addressed in  
14 this case. And the transmission tracker idea that has  
15 been proposed by the company is a natural outgrowth of  
16 Staff's urgent request to the Commission to remove those  
17 revenues and charges from the FAC.

18 The issue developed late in the case, and,  
19 frankly, it's because Staff did not know that those MISO  
20 charges and revenues were in the FAC. Staff only knows  
21 those things about the company's operations that the  
22 company tells it. Sometimes we don't ask the right  
23 questions or for other reasons we just don't learn things  
24 as soon as we should or that we hope we would.

25 But once we discovered that these costs

1 were going through the FAC, in particular the construction  
2 costs of the Lutesville transmission line, which is  
3 directly violative of Missouri's anti-CWIP law, then Staff  
4 believed it was essential to remove those charges and  
5 revenues from the FAC.

6 The company, not wanting to lose recovery  
7 of those things, naturally proposed the tracker. And  
8 frankly, Staff could live with the tracker if appropriate  
9 safeguarding conditions are imposed on it, and we'll have  
10 a witness later in this case who will discuss those  
11 things.

12 So that's why we're opposed to Mr. Mills'  
13 motion. The charges, the MISO charges can't be brought up  
14 anywhere but in a general rate case because they're  
15 structural. They have to do with how the FAC is designed  
16 to work. It's not a prudence issue. We're not saying the  
17 charges are imprudent. We're just saying they shouldn't  
18 go through the FAC, at least not until the Commission and  
19 all the parties have had a chance to consider them in a  
20 general rate case.

21 This is where they need to be dealt with,  
22 and that's why we're opposed to Mr. Mills' motion.  
23 Thank you.

24 JUDGE WOODRUFF: For Ameren?

25 MR. LOWERY: Your Honor, we as well are in

1 the process of preparing a written response. We didn't  
2 get this motion until late yesterday, and we haven't  
3 completed that, but let me just follow up on a couple  
4 things Mr. Mills said.

5 I agree with a number of things that -- or  
6 not Mr. Mills. Mr. Thompson said. I agree with a number  
7 of things Mr. Thompson said. I do want to point out that  
8 the fact that these charges have been included in the FAC  
9 is transparently contained in the monthly FAC reports that  
10 we do submit to the Commission and that the Staff gets.

11 And, in fact, Staff's witness on this issue, who I deposed  
12 last week, agreed that, in fact, they are reported there.

13 So I'm not -- I'm not saying that Mr. Mills  
14 was necessarily suggesting that the company was  
15 withholding information in some fashion, but I want to  
16 make it clear that this information has been reported.  
17 And if Staff didn't examine those reports, I can't control  
18 that, the company can't control that, but the information  
19 transparently has been out there.

20 As to the merits of Mr. Mills' motion, the  
21 Commission said it best in its order denying MIEC's motion  
22 to strike and giving an opportunity to provide responsive  
23 testimony. In this regard, meaning the transmission  
24 tracker alternative to removing these charges from the  
25 FAC, the Commission said, it is appropriate responsive

1 testimony and should not be struck.

2           The Commission's already ruled that it was  
3 appropriate, and as Mr. Thompson said, it is appropriate.  
4 It is a natural outgrowth of an issue that really should  
5 have been brought up in direct testimony, should have been  
6 explained in the case of chief of the Staff. And  
7 certainly in MIEC's case, MIEC should have been rebutting  
8 the Staff's -- or the company's case and not waiting 'til  
9 surrebuttal to bring up the issues that it had.

10           The reason we're in this fix, so to speak,  
11 I think as Mr. Mills might characterize it, is because the  
12 issue was not properly brought up in compliance with the  
13 Commission's testimony rules to begin with. The company  
14 has now been given a full and fair opportunity to deal  
15 with it, and other parties have also been given a full and  
16 fair opportunity to deal with it. And for the reasons  
17 that the original motion by MIEC was denied, Mr. Mills'  
18 motion should also be denied.

19           JUDGE WOODRUFF: Any further response? Any  
20 questions from any of the Commissioners?

21           COMMISSIONER KENNEY: I do.

22           JUDGE WOODRUFF: Go ahead.

23           COMMISSIONER KENNEY: So, Mr. Thompson --  
24 I'm sorry. Mr. Lowery. Good morning, everybody. Who was  
25 the witness that was deposed that acknowledged the

1 transmission charges were being run through the FAC and  
2 being reported in the monthly reports?

3 MR. LOWERY: Ms. Mantle acknowledged in her  
4 deposition that that information is, in fact,  
5 transparently contained in the FAC monthly reports.

6 COMMISSIONER KENNEY: And, Mr. Thompson,  
7 how did Staff discover that MISO transmission charges were  
8 being run through the FAC? You said that Staff wasn't  
9 aware of that fact.

10 MR. THOMPSON: In Staff's direct case, in  
11 the revenue requirement report, Ms. Mantle said that we  
12 would do some FAC tariff cleanup because the several FAC  
13 tariffs in the state, which all work more or less the same  
14 way, use different terminology, and that makes it  
15 confusing. And so Staff has embarked on an idea to try to  
16 move all the tariffs to use the same language so that it  
17 would be easier to understand how they work.

18 And part of that was to add a line to the  
19 tariff to the definition of Factor PP, which is purchased  
20 power, saying that only amounts for fuel and purchased  
21 power necessary for buying and selling power, I believe  
22 was the language, would be appropriate to put through the  
23 FAC.

24 When the company then responded with its  
25 rebuttal testimony, the company said, wait a minute, this

1 is going to cause a problem because that means all those  
2 MISO transmission charges that we've been running through  
3 the FAC from the very beginning will have to be excluded.  
4 And Staff's reaction was, what MISO transmission charges  
5 are those?

6 And from there Staff learned what sort of  
7 charges were going through the FAC and determined that  
8 they were not appropriate. We're not saying they're not  
9 appropriate to recover. That's not what we're saying.  
10 We're saying they're not appropriate to recover through  
11 the FAC.

12 And you will recall, I know, that the FAC  
13 is conditioned by a statute. The statute limits it to the  
14 cost of fuel, purchased power and transportation. Now, I  
15 think we can argue all day about whether or not  
16 transportation includes transmission or not, but Staff is  
17 of the view that if the General Assembly meant  
18 transmission, they would have used that word or included  
19 that word. We believe transportation means something with  
20 a wheel on it, like a rail car.

21 COMMISSIONER KENNEY: So this is a question  
22 for Mr. Mills, then. Is the new issue about which OPC is  
23 objecting the alternative proposal to create a tracker?

24 MR. MILLS: Exactly.

25 COMMISSIONER KENNEY: So the new issue

1 isn't the removal from the FAC, the MISO transmission  
2 charges in general?

3 MR. MILLS: No. It's simply the tracker.  
4 It's my opinion -- and Mr. Lowery is right, the Commission  
5 has ruled on this. This is why I asked for  
6 reconsideration. I'm asking the Commission to reconsider  
7 its ruling allowing in that transmission tracker  
8 testimony.

9 COMMISSIONER KENNEY: I mean, if we're  
10 dealing with the issue of removing the MISO transmission  
11 charges from the FAC, don't we necessarily need to agree  
12 with some alternative of what to do with it?

13 MR. MILLS: Frankly, Judge, I would prefer  
14 that because the issue, as Mr. Thompson acknowledges, was  
15 joined late in the case, that we take that issue entirely  
16 out of this case. We can address that question in the  
17 next FAC case in which there are actually charges at  
18 issue.

19 I just -- I don't think that there is going  
20 to be an adequately developed record about a tracker in  
21 this case. Public Counsel's not going to be able to file  
22 testimony. Staff just said they can live with the  
23 tracker. So you're going to get testimony in support of a  
24 tracker and nobody is going to be able to chime in and  
25 tell you the reason why we should not have a tracker.



1 COMMISSIONER KENNEY: But you do agree that  
2 the testimony is sufficiently developed to deal with the  
3 issue about whether transmission charges should be in  
4 definition of Factor PP and included in the FAC at all?

5 MR. MILLS: I think the Commission could  
6 address that question in this case. I don't think it's  
7 necessary. There are no dollars at stake in this case  
8 having to do with that issue.

9 COMMISSIONER KENNEY: But, I mean, we've  
10 got enough evidence to do it?

11 MR. MILLS: I think you have enough  
12 evidence to deal with that without dealing with the  
13 tracker question, yes.

14 COMMISSIONER KENNEY: I don't have any  
15 other questions.

16 JUDGE WOODRUFF: Mr. Chairman.

17 CHAIRMAN GUNN: The issue of -- Mr. Mills,  
18 the issue was first brought to the attention of Public  
19 Counsel of the MISO transmission cost, not necessarily the  
20 tracker, in rebuttal testimony; is that correct?

21 MR. MILLS: Correct.

22 CHAIRMAN GUNN: I guess I'm just trying to  
23 figure out, similar along the lines to what Commissioner  
24 Kenney said, by taking it out of the case, are we -- are  
25 we essentially ruling on it? I mean, aren't we

1 essentially ruling on the track-- I mean, there has to be  
2 some consideration of alternatives at some point, right?  
3 I mean, if we take it out of the fuel adjustment clause,  
4 then we're kind of left with this open-hanging issue.

5 MR. MILLS: But my point is you don't have  
6 to take it out or leave it in the fuel adjustment clause.  
7 The fuel adjustment clause languages is not -- does not  
8 need to be changed. It's the same language that it has  
9 been for years, and the Commission does not need to  
10 determine in sort of a declaratory way in this case  
11 exactly what that language means. The Staff thinks it  
12 means one thing. The company thinks it means one thing.  
13 That issue will be joined in the next case in which the  
14 FAC costs are sought to be changed.

15 CHAIRMAN GUNN: But aren't there broader  
16 implications for revenue requirement and other things if  
17 you remove it from the FAC and put it somewhere else?

18 MR. MILLS: I don't -- I mean, we can go  
19 through the reconciliation and the parties can correct me  
20 if I'm wrong, but I don't know that there are --

21 CHAIRMAN GUNN: I think there might be some  
22 disagreement on that between other folks.

23 MR. WOODSMALL: Mr. Chairman, if I may jump  
24 in. I think the fallback position if you eliminate the  
25 tracker from this case is they continue to get

1 transmission expenses on a normalized basis in rates. So  
2 it won't affect revenue requirement in this case. What it  
3 does is eliminate the tracker so that they can't carry any  
4 amounts above that into the next case. So this mechanism  
5 will drive rate increases in the next case, but it won't  
6 affect the revenue requirement in this case.

7 MR. LOWERY: Chairman Gunn, there is  
8 another consideration. That's not entirely accurate  
9 because in order to determine what the net base fuel cost  
10 in the FAC is, we have to know how the transmission  
11 charges are being handled or not handled. There are  
12 actually different buckets of these transmission charges  
13 as well. The Staff and MIEC, for example, don't  
14 completely necessarily agree if some were to stay in the  
15 FAC which bucket is which. If we don't resolve this  
16 issue, we can't set the net base fuel cost in this case.

17 Secondly, the consequence of Mr. Mills'  
18 position is, if the Commission were to agree with the  
19 Staff's position that the charges should not be in the  
20 FAC, then the company, as Mr. Woodsmall points out, the  
21 company is faced with uncontrollable mandatory MISO  
22 transmission charges that it must pay in order to gain the  
23 benefits of the MISO market, 95 percent of which flow  
24 through the FAC, that everybody I think would agree are  
25 expected to increase and are increasing, and then the

1 company has no ability to even ask the Commission to  
2 address that problem.

3 And the only reason the issue came up in  
4 the first place the way that it did is because other  
5 parties didn't flesh the issue out in the way that they  
6 should have, and I don't -- I don't think the Commission  
7 has disagreed with that. I think that's why the  
8 Commission denied the motion to strike in the first place.

9 So I can understand why Mr. Mills takes the  
10 position that he does because it leaves the company  
11 essentially exposed, but to say that the record -- that  
12 they don't have a chance to file testimony, I would expect  
13 MIEC is probably going to file testimony on this tomorrow,  
14 for example. I don't know that, and they don't have to  
15 tell me that. That's their strategic issue.

16 But there has been an opportunity to  
17 address this issue, just as much a one as we were given.  
18 Mr. Mills can cross-examine our witnesses. He can  
19 cross-examine Staff's witnesses. So can MIEC and anybody  
20 else that wants to on this issue. But it would be  
21 inappropriate in my view to simply kick the can down the  
22 road.

23 The other point is, when it comes to what  
24 you do about an FAC, we have to do it in a general rate  
25 case. That's the nature of the statute. We can't do it

1 later. We have to do it now. And the issue has properly  
2 now been joined, and there is evidence on the issue, and  
3 there probably will be more, and we would urge the  
4 Commission take it up now. It's a very important issue,  
5 and it's not an issue that's inconsequential, as the  
6 Commission might be aware.

7 CHAIRMAN GUNN: Before you respond to that,  
8 let me ask you a procedural question. Can't we just  
9 really kind of take this with the case? I mean,  
10 ultimately if we make a determination that there isn't a  
11 sufficient record to support a tracker and the record  
12 isn't developed enough to support a tracker and our Report  
13 and Order doesn't rely on an undeveloped record to deal  
14 with a tracker, we can still deal with the fuel adjustment  
15 clause. So we can still make the determination. If we  
16 deny your motion and say we're going to go ahead and  
17 proceed, we can take it at the end of the case depending  
18 on what the Report and Order says.

19 You can ultimately challenge, if we do make  
20 a certain finding, that there wasn't sufficient record,  
21 but I mean, because there -- wouldn't it be better to just  
22 kind of do this now and consider and then potentially in  
23 the Report and Order either not deal with it or take up  
24 your motion at the end after we've seen what's out there?

25 I mean, testimony really is not due until

1 tomorrow, right? So there's still a potential that  
2 certain parties could file testimony on the evidence,  
3 so -- or on that. I'm not saying that you have the  
4 resources to do it, but isn't that something we can take  
5 into account after the -- after the hearing?

6 MR. MILLS: Certainly you can. I'm not  
7 sure that I would agree that it's not violative of my due  
8 process rights, but you can do that.

9 MR. BYRNE: Mr. Chairman, could I add  
10 something? I think part of the problem is if you take --  
11 if you consider taking these costs out of the fuel  
12 adjustment clause, something has to be done with them.  
13 And what Mr. Mills is trying to say is, consider taking it  
14 out of the fuel adjustment clause but don't consider what  
15 should be done with those costs. And we're saying, if  
16 you're going to consider taking them out of the fuel  
17 adjustment clause, you must consider what's to be done  
18 with those costs.

19 MR. MILLS: In fact, that is not what I'm  
20 saying, and I disagree with Mr. Lowery. I think this  
21 category of costs is much like the AEP and Wabash costs.  
22 I think there is a question about whether or not these  
23 kinds of costs properly flow through the fuel adjustment  
24 clause, and I think that question is better and more  
25 appropriately taken up in an FAC case rather than a rate

1 case.

2 In this rate case you're simply talking  
3 about -- you know, as I said, it's like a declaratory  
4 judgment. You are interpreting what the language means  
5 without having the dollars in controversy as you will in  
6 an FAC case.

7 JUDGE WOODRUFF: Mr. Coffman, you wanted to  
8 respond?

9 MR. COFFMAN: Yes. Thank you. I want to  
10 go on record supporting the Public Counsel's motion, and I  
11 want to object to the concept that this is an issue where  
12 certain costs have to be treated by a fuel adjustment  
13 clause or a tracker. Both are extraordinary mechanisms  
14 that my clients believe strongly not favorable to  
15 consumers, and they are not mechanisms that are necessary  
16 in order to recognize even mandatory uncontrollable  
17 transmission charges.

18 These are costs that can be dealt with in  
19 the regular cost of service ratemaking formula when those  
20 costs come up. Granting a fuel adjustment clause or a  
21 tracker is an extraordinary burden and imposition on  
22 consumers generally and are extraordinary. They are not  
23 the only two alternatives in which these costs can be  
24 addressed.

25 CHAIRMAN GUNN: And in a lot of ways that's

1 kind of my point. My point is that we are making a much  
2 broader determination than just whether these MISO costs  
3 are included. We're making a determination whether there  
4 is a fuel adjustment clause, what percentage pass through  
5 that is, whether or not these costs are appropriately  
6 taken up here or somewhere else.

7                   So we have -- so as we're taking into  
8 account all relevant factors, we don't need to make this  
9 decision right now. We can say we're going to hear it,  
10 but ultimately we're going to make the determination, and  
11 I don't know that if I -- I guess I would fundamentally  
12 disagree that said that it was a violation of your due  
13 process rights because, I mean, constrained resources I  
14 don't know is necessarily -- I mean, you might have an  
15 issue with the Legislature doing that, but I don't know  
16 that you haven't had an opportunity to present or an  
17 opportunity to cross-examine or an opportunity to  
18 challenge.

19                   And ultimately if the record is not  
20 developed, then it's on us to make that determination that  
21 the record is not developed and the record is not is --  
22 not fully informed.

23                   So I guess I just feel -- and we're  
24 different in a lot of ways than a court, right. I mean,  
25 in some ways it's better for us to have everything come in



1 and so we can kind of separate the wheat from the chaff as  
2 we go through rather than excluding something and saying,  
3 oh, we're not going to deal with this now, we'll deal with  
4 it in a separate proceeding.

5                   Because we can do that through our process  
6 and say, you know what, at the end of the hearing the  
7 evidence doesn't support what the company or Staff is  
8 trying to say. The evidence may not support a fuel  
9 adjustment clause. The evidence might not support a  
10 tracker. But all of those things we can still talk about  
11 and we can still consider because ultimately our Report  
12 and Order is based upon what the record is and has been  
13 developed.

14                   MR. MILLS: And Mr. Chairman, I don't  
15 disagree with that. My concern is that when you say let  
16 everything in, the problem is you're not letting  
17 everything in. By giving parties the opportunity to file  
18 sur--sur--surrebuttal testimony at the point in the case in  
19 which you did with four days notice prohibits, precludes  
20 parties like AARP, parties like MECG that don't have  
21 outside experts already on contract from filing testimony.  
22 It prohibits parties like Public Counsel that don't have a  
23 stable full of testimony from filing testimony. You're  
24 not letting everything in. You're letting in one side of  
25 testimony.

1 CHAIRMAN GUNN: But you couldn't you  
2 have -- didn't you have the opportunity to do that in  
3 surrebuttal?

4 MR. MILLS: This issue was not brought up  
5 in surrebuttal. The issue about the tracker was not  
6 brought up until sur-surrebuttal, and that's my point.

7 CHAIRMAN GUNN: But you still have 'til  
8 tomorrow to file testimony.

9 MR. MILLS: Yes. That's correct. And as  
10 I've said, I believe that is an impossibility, not only  
11 for me but for a number of parties.

12 JUDGE WOODRUFF: Commissioner Kenney, did  
13 you have something?

14 COMMISSIONER KENNEY: I do. Mr. Lowery,  
15 did you say that this issue needs to be determined in  
16 order to be able to make a determination about net base  
17 fuel costs?

18 MR. LOWERY: Yes. You've got to figure out  
19 whether or not -- whether or not the -- what costs are in  
20 the fuel adjustment clause or not in the fuel adjustment  
21 clause.

22 COMMISSIONER KENNEY: I thought the net  
23 base fuel cost issue was already dealt with.

24 MR. MILLS: I've been informed that it's  
25 been settled.

1 COMMISSIONER KENNEY: That's what I was  
2 informed of yesterday.

3 MR. WOODSMALL: Your Honor, it's not  
4 necessary to determine the net base fuel costs. A  
5 normalized amount of these costs are already in the net  
6 base fuel costs. We know what that's going to be coming  
7 out of this case. What is at issue is whether they will  
8 be able to track against that amount or run any increases  
9 through the fuel adjustment clause.

10 The baseline, though, is set. We've all  
11 agreed on that. It's how -- whether they will and how  
12 they will address any increases over that baseline amount.

13 MR. LOWERY: Your Honor, that's not  
14 entirely accurate because if they're not to remain in the  
15 fuel adjustment clause, then the net base fuel cost number  
16 will change. We know what the -- depending on what you  
17 rule, we can figure out what the number would be, but the  
18 number will have to change if they don't remain in the  
19 fuel adjustment clause as they have been.

20 COMMISSIONER KENNEY: But the number for  
21 the net base fuel cost will change by a number that's  
22 already been determined?

23 MR. LOWERY: It's determinable, I would  
24 say. I would put it that way, yes. It's determinable  
25 based on the company's records.

1 COMMISSIONER KENNEY: Irrespective of what  
2 we decide to do with dealing with this tracker issue or  
3 not?

4 MR. LOWERY: That's true. That is true.

5 COMMISSIONER KENNEY: So the number will  
6 change, but it would change by a determinable number that  
7 we can't determine without any additional evidence  
8 regarding the FAC issue, right, or tracker issue?

9 MR. LOWERY: I think that's true.

10 MR. WOODSMALL: The number just goes from  
11 one pot to the other. It goes from inclusion to the FAC  
12 to inclusion in regular base rates. So they still get the  
13 same amount. It's just that they won't be able to track  
14 or automatically pass through increases.

15 MR. LOWERY: I would also, if I could add,  
16 you're not asking -- you're not being asked to make a  
17 declaratory judgment about what the FAC tariff that's been  
18 in effect since March 1, 2009 'til now, you're not  
19 necessarily making any kind of declaratory judgment about  
20 the transmission costs that have been run through that  
21 FAC. You're being asked to make a prospective change to  
22 the FAC.

23 If parties in a later proceeding involving  
24 those past accumulation periods want to take the position  
25 that charges have gone through the FAC that shouldn't

1 have, then they will be able to do that.

2           The other problem if you don't take up this  
3 tracker issue is -- and you really can't make a  
4 declaratory order, you don't really have the power to make  
5 a declaratory order that will bind the Commission  
6 tomorrow, for example, is then we're sort of in the  
7 situation where we're going forward, you haven't really  
8 dealt with all aspects of this issue.

9           And we would contend, and Staff agrees,  
10 that the tracker is one aspect of this issue where we  
11 don't really know ultimately how these costs ought to be  
12 handled. This is a very important policy issue that has  
13 been properly joined.

14           I'd also point out this: I don't know what  
15 Mr. Mills' office situation is. And as Chairman Gunn  
16 said, that may be an issue for the Legislature. I do know  
17 that, for example, Mr. Kind of his office is very well  
18 versed in these MISO issues, and I don't know necessarily  
19 that he had to go hire a different expert to address these  
20 issues.

21           Maybe they don't have the time to deal with  
22 it, but that is not a due process issue. They have been  
23 given the process that they're due. They may wish to have  
24 more process, but they've been given the process they are  
25 due.

1 COMMISSIONER KENNEY: The MISO transmission  
2 charges have been run through the FAC since its enactment,  
3 since you had it?

4 MR. LOWERY: Yes, they have. And, in fact,  
5 many of these charges existed at the time the FAC was  
6 approved.

7 MR. THOMPSON: If I could, Mr. Chairman? I  
8 am advised that the net base fuel charge figure that is  
9 agreed to at the moment does not include the MISO  
10 transmission charges. If your determination is to take  
11 them out of the FAC and not put them in a tracker, then  
12 those charges would simply be added back into the net base  
13 fuel charge figure.

14 JUDGE WOODRUFF: All right. Well, I think  
15 we're getting pretty far down into the weeds here on this  
16 issue. I'm going to go ahead and make a ruling from the  
17 bench. I have spoken with the Commissioners before the --  
18 or with the individual Commissioners before the hearing,  
19 and I'm going to deny the motion. If any Commissioner  
20 disagrees, now's the time to speak.

21 Okay. Let's go ahead and move to opening  
22 statements, then.

23 MR. LOWERY: Your Honor, there were a  
24 couple of preliminary matters that, if it pleases the  
25 Commission, I'd like to just bring up.

1 JUDGE WOODRUFF: Go right ahead.

2 MR. LOWERY: The reconciliation was filed  
3 late yesterday, and we think there are some mistakes in  
4 it, but we haven't had the opportunity to tie those out  
5 and figure out exactly what those are and discuss those  
6 with the Staff. I just wanted to mention that. We don't  
7 think it fairly presents, not intentionally mistaken, but  
8 we think there are some mistakes. We will be talking to  
9 the Staff about that and would anticipate perhaps a  
10 revised reconciliation will have to be filed.

11 We also have reached a settlement in  
12 principal with the Staff on several issues, and this  
13 affects scheduling perhaps or at least what you might  
14 expect. We need to reduce that to writing, but we expect  
15 that that will be done in fairly short order. And those  
16 issues are advertising and dues and donations, which are  
17 scheduled to be taken up tomorrow; miscellaneous expenses,  
18 the nesting study is what that really dealt with, which  
19 was scheduled to be taken up on the 2nd. Part C and D of  
20 the low income weatherization issue have been resolved.  
21 That was expected to be taken up on 9/4. And the Sioux  
22 construction accounting also on that day has been  
23 resolved. And finally, the Entergy issues, which were  
24 scheduled to be taken up on the 9th, have been  
25 resolved.

1 All of those issues are issues for which  
2 only Staff and company have any testimony or had any  
3 witnesses, and we've resolved those with the Staff and  
4 don't expect those to need to be taken up in the hearing.

5 The last thing I'd like to bring up is, we  
6 filed a Stipulation & Agreement on the Pure Power issue  
7 several days ago. I believe the ten days runs Saturday.  
8 We -- the unions aren't here, so I couldn't ask them, but  
9 everybody else, including Mr. Robertson this morning, has  
10 indicated to us they have no objection to that  
11 stipulation. I would be very surprised if the unions do.

12 We have some contract negotiations that we  
13 need to enter into and complete. So I would just urge the  
14 Commission, if possible, to very quickly, assuming there's  
15 no objection, approve that stipulation so that we can do  
16 that. It has some financial implications for the company.

17 JUDGE WOODRUFF: I was anticipating doing  
18 that at agenda for next week. Is that soon enough?

19 MR. LOWERY: If there has been no  
20 objection, unless we have some reason to believe the  
21 Commission would have a concern, I think that will  
22 suffice.

23 JUDGE WOODRUFF: It's actually seven days  
24 to respond. I believe it has actually run, or will  
25 tomorrow.



1 All right. Ready for opening statements,  
2 then, beginning with Ameren.

3 MR. LOWERY: Good morning again. May it  
4 please the Commission? My name is Jim Lowery, and I along  
5 with Tom Byrne, Wendy Tatro, Russ Mitten and Mike Tripp  
6 represent the company in this case.

7 This case was filed for many of the same  
8 reasons that have necessitated four previous rate cases in  
9 the past approximately five years. First of all, to  
10 rebase the company's net base fuel costs which, despite  
11 the company's efforts, continue to rise mostly because  
12 they reflect the impacts of commodities markets over which  
13 the company essentially doesn't have any control.

14 Secondly, to reflect the substantial  
15 capital investments the company has made in its energy  
16 generation and delivery systems since the last rate case,  
17 about \$700 million since March 2011.

18 Third, to account for lower kilowatt hour  
19 sales, which are driven by several things, including the  
20 continued sluggishness of the economy and customer  
21 conservation efforts.

22 Fourth, to address other higher costs,  
23 things like pension costs, medical costs, labor costs and  
24 other operating costs, many of which are also not within  
25 the company's complete control.

1                   And finally, to reflect for the first in  
2 rates the costs of the largest energy efficiency program  
3 in the state of Missouri, the company's MEEIA programs  
4 which the Commission approved pursuant to a stipulation in  
5 that case that was approved a few months ago.

6                   I mentioned a moment ago that the company  
7 has had four prior rate increases. This would be the  
8 fifth. And those have occurred in June 2007, March 2009,  
9 June 2010, and then in July of last year. Those prior  
10 rate increases have totaled approximately \$600 million, or  
11 about 27 percent of an increase since, I guess, compared  
12 to the pre June 2007 rates. The average increase has been  
13 just under 7 percent.

14                   While the final true-up calculations for  
15 this case aren't done, we expect the company's final  
16 request after we account for the final true-up, revisions  
17 in the case, settlements that have occurred, we expect  
18 that increase request to be between 11 and 12 percent.

19                   And about 60 percent, in fact more than  
20 60 percent of that request consists of two things: The  
21 net base fuel cost rebase, 95 percent of which would have  
22 flown through the fuel adjustment clause anyway, and the  
23 MEEIA program costs for the energy efficiency programs.

24                   Now, no one likes increases in utility  
25 rates, but it's important to maintain one's perspectives

1 about why those increases have been necessary and what  
2 they've been for. So what has the company done with the  
3 funds from those prior rate increases? Since 2007 the  
4 company has invested more than \$3.5 billion in its energy  
5 generation and delivery systems.

6 And what have those investments produced?  
7 What tangible things can we point to? They have produced  
8 an improvement of 27 percent in the company's reliability  
9 since 2006. Coincidentally, they've reduced sulphur  
10 dioxide emissions by 27 percent since 2006.

11 They've allowed the company to keep the  
12 equivalent availability of its generating plants high,  
13 among the best in the industry. In fact, just yesterday  
14 the company's two largest base load plants, the Labadie  
15 and Rush Island plants, received the Electric Utility Cost  
16 Group's Prestigious Top Performer Awards for 2011. Those  
17 awards are given to power plants that demonstrate  
18 excellence relating to operations and maintenance costs  
19 and equivalence forced outage rates; in other words, to  
20 plants that deliver high quality and reliable service at  
21 comparably low cost.

22 Now, what about the company's rates? What  
23 have the company's rates done? Despite those four rate  
24 increases, the company's rates also continue to compare  
25 very favorably to its peers nationally, regionally and in

1 this state, 25 percent below the national average,  
2 17 percent below other Missouri utilities. In fact, the  
3 lowest of all investor-owned utilities in Missouri. And  
4 all of those utilities, as you know, are before the  
5 Commission again for their own rate increases.

6 The bottom line is that the company has  
7 been an excellent steward of the funds provided by the  
8 rate increases this Commission has given it over the last  
9 few years. The company provides an essential service to  
10 its customers, and we expect -- who continue to expect an  
11 ever-increasing level of reliability for the devices they  
12 depend on, their smart phones, tablets, laptops, flat  
13 screens, integrated home security and convenience systems,  
14 the appliances that they have.

15 The company is providing that reliability,  
16 and the company is doing so at a reasonable and -- at  
17 reasonable and comparably very favorable rates. When  
18 storms hit, the company has done an excellent and  
19 aggressive job of responding to those storms. In short,  
20 the company's doing what it should be doing, delivering  
21 very reliable service at comparably low rates.

22 Now, the testimony filed in this case  
23 doesn't really take issue with any of the facts that I  
24 just recited, but when one reads some of it, most notably  
25 from our industrial customers and to some extent from the

1 Staff, one could get the impression that all is well. One  
2 could be misled into thinking that the regulatory compact  
3 has worked just fine, and aside from rebasing the  
4 company's net fuel costs and including the MEEIA costs,  
5 that there's really no need for a rate increase. By the  
6 way, those same industrials can opt out of paying those  
7 MEEIA costs if they choose to. That's their right under  
8 the statute.

9 But while they may be claiming, if not  
10 using these words, essentially claiming that the company  
11 is doing just fine, the facts don't support such a  
12 contention. The facts also don't support the contention  
13 that the status quo is in the best interests of all of the  
14 company's customers.

15 The Commission is charged with setting just  
16 and reasonable rates, and what that means is it's charged  
17 with setting rates that provide the company with a  
18 reasonable opportunity to actually earn a fair return. In  
19 each case this Commission determines what that is.

20 By definition, unless it's because of the  
21 company's improvidence that it's not able to earn that  
22 return, if the company systematically can't earn it, then  
23 there exists an unmistakable problem. And unfortunately,  
24 that unmistakable problem has and continues to exist as  
25 reflected in two charts from company president and CEO

1 Warner Baxter's surrebuttal testimony.

2           The first one, which Mr. Byrne just put on  
3 the easel, shows that on a weather normalized basis, which  
4 is how rates are set and how earnings are judged, the  
5 company has not even one time earned its allowed return in  
6 the last, I guess it's been about five years despite four  
7 separate rate increase.

8           Now, others have claimed that part of the  
9 reason that's happened is because of the Taum Sauk  
10 failure, because of, quote, prudence issue involving AEP  
11 and Wabash. But as the next chart that Mr. Byrne is  
12 putting on the easel shows, which is the third schedule to  
13 Mr. Baxter's surrebuttal, even if you ignore those  
14 impacts, even if you ignore that, the company still has  
15 been unable even one time to earn its allowed return.

16           I would also note that all of the charts  
17 that we've presented, the figures we've presented reflect  
18 the company's absorption of the lost energy and capacity  
19 value of the Taum Sauk plant. So the returns would have  
20 been better had we not absorbed that, but that -- we took  
21 responsibility for that, and so we did absorb.

22           The point is that the data, the actual  
23 information unmistakably shows that despite filing rate  
24 case after rate case after rate case, the regulatory  
25 framework the company operates under continues to fall

1 short of where it needs to be. That is, if the company is  
 2 going to be expected to continue to invest in its system  
 3 as it has, if the company's going to be expected to  
 4 continue to deliver the very high quality and reliable  
 5 service that it has, and if the company is going to meet  
 6 the tremendous challenges that it faces in other areas,  
 7 mandates like renewables, environmental expenditures and  
 8 investments, transmission reliability investments that  
 9 NERC, for example, imposes on it, consistent constructive  
 10 regulatory ratemaking policies are essential if the  
 11 investments and expenditures the company needs to make and  
 12 should be making are going to be made.

13 Unless one were to believe that the very  
 14 hot weather that we've experienced the last couple of  
 15 years has sort of, quote, solved this problem, as the  
 16 other schedules to Mr. Baxter's surrebuttal testimony  
 17 show, even accounting for that hot weather the company has  
 18 only been able to earn its allowed return -- or has not  
 19 earned its allowed return in 53 of the 62 12-month periods  
 20 since June 2007, only 15 percent of the time.

21 If the regulatory compact was working as it  
 22 should, what we should be seeing is those bars above,  
 23 below, above, below, above, below that red allowed return  
 24 line. Then we would have a -- then we would have a system  
 25 that's symmetrical. Then we'd have a system that's

1 balanced.

2 But what's happening is, as the other chart  
3 that Mr. Byrne had up just a moment ago shows, what's  
4 happening is, we file a rate case, the situation improves  
5 a little bit, then starts to degrade. Then we quickly  
6 file another rate case, and it improves and it degrades.  
7 Then we file another rate case. And I don't think that's  
8 the pattern that the Commission really wants to see.

9 In fact, if you -- I don't know if you're  
10 aware of this or not, but Missouri has seen the second  
11 most rate case filings of any state in the Union in the  
12 last three years. I think that that kind of pattern and  
13 that circumstance probably is why the Commission is  
14 looking at rate stabilization mechanisms, first an order  
15 in this case and now in the workshop docket, and the  
16 company will most certainly engage in that discussion and  
17 try to work with the Commission to find constructive  
18 solutions, but those same issues must be addressed now in  
19 this rate case.

20 As the evidence in this case will also  
21 show, the pattern that these charts are showing is simply  
22 unsustainable. It's not in the customers' long-term best  
23 interests. While the company continues to invest in its  
24 system at considerably more than its depreciation expense,  
25 the company has decreased the level of capital



1 expenditures it's making. The company has reduced its  
2 expenditures by hundreds of millions of dollars over just  
3 the last three or four years.

4           The problem that we have for all of us is  
5 that the company's system is aging. Much of it was built  
6 out in the '60s, '70s and '80s when suburban expansion was  
7 occurring and when air conditioning became prevalent. The  
8 average age of the company's base load plants is 45 years,  
9 its coal plants. Callaway is almost 30 years old.  
10 Substantial components of the energy delivery system must  
11 be replaced. Loads are not growing, and they sometimes  
12 might even be going down or not growing very much.

13           What is on the doorstep is a perfect storm  
14 where more investment is needed and where operation and  
15 maintenance costs probably should be going up, but they  
16 are under extreme pressure to be cut or held flat. The  
17 company will meet its service obligation to deliver safe  
18 and adequate service, but absent changes in how the  
19 regulatory compact has been working, the exceptional  
20 reliability the company's been able to achieve, the high  
21 level of performance of its energy delivery and general  
22 systems is not going to be sustainable.

23           Continuing to put one's heads in the sand  
24 by contending that the system is working just fine, which  
25 some of the other testimony in this case strongly suggests

1 if they don't use those words, is shortsighted, it's  
2 unwise and it's not good policy.

3 That's why the Commission is proposing  
4 mechanisms, which are within this commission's authority  
5 to adopt, that will in part address the dilemma that we  
6 are all facing. Among those mechanisms is a two-way storm  
7 restoration cost tracker, which would remove from the  
8 storm response equation the real concern that responding  
9 aggressively and effectively to storms may in the end  
10 actually hurt the company, and plant in service  
11 accounting, which mitigates a substantial disincentive the  
12 company has to invest in good discretionary projects  
13 dealing with this aging system because the historical  
14 approach again hurts the company.

15 Let me reiterate what our witnesses have to  
16 say on that issue. Under the historical approach, the  
17 company incurs substantial losses between rate cases  
18 solely because of investment assets that go into service  
19 to serve customers, because once those assets go into  
20 service, the company isn't compensated at all for the cost  
21 of the capital that it has fronted to put those assets in  
22 service.

23 To make matters worse, the company's bottom  
24 line starts to be immediately impacted by the increased  
25 depreciation expense that was not taken into account in

1 rates on those same assets. Yet those assets are  
2 benefitting customers and at the same time hurting the  
3 company's earnings.

4                   When one looks back at the first schedule  
5 from Mr. Baxter's surrebuttal testimony, what you'll see  
6 is that other factors, cost savings, revenue increases,  
7 are not compensating, they're not offsetting this  
8 permanent loss that the company suffers because of the  
9 investments that it's making.

10                   Consider the problem a utility manager  
11 faced with the understandable need to achieve at or near  
12 the return this Commission has said is fair faces when he  
13 has to decide about investments. If he invests, the  
14 company's bottom line is hurt and its ability to attract  
15 capital, both debt and equity, both of which are needed,  
16 is undermined. If he doesn't invest, he creates more risk  
17 for the company's system.

18                   Plant in service accounting is a step in  
19 the right direction toward helping resolve that difficult  
20 dilemma, and there is nothing about plant in service  
21 accounting that limits or impairs the Commission's ability  
22 in a future rate case when you would actually be asked to  
23 reflect the deferred amounts and accrued amounts in rate  
24 base, to ensure that only dollars associated with  
25 prudently incurred investments are actually included in

1 rate base.

2                   The Commission has been attempting to think  
3 outside the box a bit in talking about low income rates,  
4 talking about rate stabilization that I mentioned a moment  
5 ago, and the company is urging the Commission to step  
6 maybe a little bit outside the box with its plant in  
7 accounting -- plant in service accounting proposal, not  
8 really all that far out of the box, and the storm tracker  
9 as well. Storm trackers are not unheard of at all in this  
10 country, and plant in service accounting is very much akin  
11 to construction accounting that this commission and other  
12 commissions have used.

13                   Now, aside from the two-way storm tracker  
14 and the plant in service accounting proposal, there are  
15 several other issues in this case. I'm only going to  
16 address two of them this morning, and we'll talk about the  
17 others when we get to those issues, and those issues are  
18 return on equity, or ROE, and the fuel adjustment clause.

19                   As is almost always the case, the largest  
20 disputed issue from a dollar perspective is ROE. I spoke  
21 earlier of a reasonable opportunity to earn a fair return,  
22 but what does that mean? What is a fair return? A fair  
23 return is one that is commensurate with the returns on  
24 investments of enterprises having corresponding risk, it's  
25 one that's sufficient to ensure the company's financial

1 integrity, and it's one that's adequate to allow the  
2 company to attract capital on reasonable terms so that it  
3 can continue to meet the service expectations of its  
4 customers.

5 Not only must the return meet those  
6 standards, but the rate order as a whole must be such that  
7 the company actually has a reasonable opportunity to earn  
8 the return. That means that when this Commission sets the  
9 allowed return and makes decisions on other issues in this  
10 case, it needs to be cognizant of the circumstances the  
11 company faces in actually having that reasonable  
12 opportunity to earn.

13 This chart that Mr. Byrne is putting up  
14 depicts the return recommendations from all of the ROE  
15 witnesses in this case and the recommendation from OPC.  
16 Only one of them is within shouting distance of the  
17 national average for integrated electric utilities that  
18 has been being awarded by other state commissions, and  
19 that's the 10.5 return recommended by Ameren Missouri  
20 witness Robert Hevert.

21 The evidence will show that this  
22 recommendation is reasonable based on the fact that the  
23 national average for integrated utilities over the last  
24 year, year and a half is between 10.15 and 10.27 percent.  
25 Mr. Hevert's recommendation is only about 25 to 30 basis

1 points above that.

2                   And keep in mind, for the reasons discussed  
 3 by Mr. Hevert and also by John Reed, a regulatory  
 4 economist with more than 30 years of experience in the  
 5 industry, Ameren Missouri faces regulatory hurdles, some  
 6 of which the commission can't solve, like CWIP, for  
 7 example, but some of which the Commission can, that make  
 8 it harder, as we've seen, for Ameren Missouri to actually  
 9 earn its authorized return. And that's one of the reasons  
 10 that Mr. Hevert's recommendation, even though a little  
 11 higher than those averages, is reasonable and appropriate.

12                   Consider the ROE's recommended by the other  
 13 ROE witnesses in this case. MIEC witness Gorman  
 14 recommends a 9.3 percent ROE. That's well below the  
 15 10th percentile of any other ROE that's been granted in  
 16 the last year, year and a half, and it's almost outside  
 17 the zone of reasonableness that the Commission has  
 18 employed as a reasonableness check on ROEs and as the  
 19 Western District has indicated is an appropriate thing for  
 20 the Commission to do.

21                   Or consider the recommendation of Staff  
 22 witness Murray, just 9 percent. It's essentially  
 23 completely off the chart, and it's completely outside the  
 24 zone of reasonableness. The evidence, in fact, will show  
 25 that Mr. Murray doesn't even expect the Commission to

1 adopt his recommendation. And OPC's arbitrary 8 percent  
2 recommendation is nothing more than unreasonable and  
3 punitive.

4 If the company while drastically cutting  
5 its costs and investment levels can't earn the returns the  
6 Commission said it should have had the opportunity to  
7 earn, it's easy to see what would happen if the Commission  
8 went along with these ultra-low recommendations.

9 Adoption of those recommendations would  
10 mean that the company would have no reasonable choice but  
11 to try to find a way to go further down the unsustainable  
12 path of reducing expenditures at a time when it ought to  
13 be increasing them to deal with its aging infrastructure  
14 and to meet the energy needs and expectations of its  
15 customers.

16 The last issue I want to talk about is the  
17 fuel adjustment clause, which we've talked a little bit  
18 about this morning. There's two issues there, the sharing  
19 percentage issue and the transmission charge issue from  
20 the MISO that we've already spoke about.

21 First the sharing percentage issue. The  
22 Staff is back with the same proposal that the Commission  
23 rejected about a year ago and which was also rejected by  
24 the Commission in the case before that and the case before  
25 that when the FAC was first approved.

1                   That is, the Staff proposes to experiment  
 2 with the company's fuel adjustment clause sharing  
 3 mechanism by changing it from 95/5 percent to 85/15  
 4 percent. And just like last year, the Staff has not a  
 5 shred of evidence that supports the need to change the  
 6 sharing percentage. In fact, in every case, the case  
 7 where the FAC was adopted and since then, someone has  
 8 argued for a greater sharing percentage, and each time the  
 9 Commission has said no.

10                   The reason the Commission has said no is,  
 11 first of all, no one has produced any evidence, and they  
 12 still haven't, that there's actually a need to change it.  
 13 And secondly, more sharing will simply make even more  
 14 unreasonable the company's chance to earn a fair return  
 15 because the company will effectively have disallowed --  
 16 have imposed disallowances of more prudently incurred fuel  
 17 costs.

18                   In the last case, the Commission said that  
 19 adoption of Staff's proposal would have imposed a, quote,  
 20 heavy burden on the company had it been in place because  
 21 it would have cost the company an additional \$22.5 million  
 22 of prudently incurred fuel costs. That number is now  
 23 30 million. The burden has gotten heavier. Yet Staff's  
 24 evidence is as weak as ever, and the company continues to  
 25 struggle to earn its authorized return.



1                   When I stood in this same spot last year on  
2 the same issue, as I said then, there continues to be no  
3 competent and substantial evidence to support a change in  
4 the sharing percentage. As was true in the last case,  
5 Staff witness Lena Mantle's testimony on this issue  
6 remains a meandering collection of thoughts and largely  
7 supposition that she transforms into a recommendation,  
8 although she admits that she doesn't really have any idea  
9 if doing so, if making the change would induce a change in  
10 behavior or if there's a need to induce a change in  
11 behavior. She apparently just wants to find out, at the  
12 expense of the company, \$30 million worth of expense.

13                   The evidence will show that there's been no  
14 proof whatsoever that the company has been imprudent in  
15 how it buys fuel, how it makes off-system sales, how it  
16 operates its generating plants, that the company has made  
17 no changes since it had the FAC in how it goes about any  
18 of those activities, and we have three witnesses that will  
19 testify about that.

20                   The company recognizes, as the Commission  
21 has said, that having a fuel adjustment clause is a  
22 privilege and not a right, and that is incentive enough.

23                   The other main issue, as I mentioned, deals  
24 with MISO transmission charges. Three times the  
25 Commission has approved the company's participation in the

1 MISO, and that participation has been approved because it  
2 has significant benefits for customers, 95 percent of  
3 which flow through to customers, and essentially all of  
4 which come from the transparent energy markets that the  
5 MISO has.

6           But with that MISO participation, to gain  
7 those benefits through the FAC come costs. The simple  
8 truth is that the company must pay MISO transmission  
9 charges, including charges that are based -- calculated  
10 based upon regional transmission projects in part, but  
11 must pay those charges based upon the company's load,  
12 based upon the power it's taking from the MISO, in order  
13 to take power from the MISO, in order to participate in  
14 those markets. The costs are essentially unavoidable.  
15 They are essentially beyond the company's control, in  
16 fact, completely beyond it, and the costs are rising and  
17 expected to rise in the future.

18           Some of these costs were incurred even  
19 before there was an FAC, and the FAC we contend has  
20 provided for their inclusion from the day it was approved.  
21 But now the Staff and MIEC want to change the FAC to  
22 prevent the company from including these costs in the FAC.  
23 At Mr. Haro our witness will testify, that we believe  
24 that's inappropriate. The costs and revenues which are  
25 part and parcel of MISO participation belong in the FAC.

1                   But if for some reason the company were to  
2 determine that the Commission did not agree with that,  
3 then they -- then it is critical that the Commission  
4 implement a transmission cost and revenue tracker so the  
5 company can defer changes in these costs and revenues  
6 between rate cases so that it can be accounted for,  
7 considered in a future rate case, and we would propose at  
8 that time that they be amortized over five years.

9                   Mr. Thompson's already indicated that a  
10 properly designed tracker is not objectionable to the  
11 Staff. In fact, when this issue came up a couple of years  
12 ago in a KCP&L GMO case, the Staff recommended essentially  
13 just such a tracker. What the Staff said was, Staff  
14 recognized that these costs are much less controllable  
15 than most other utility costs and that they are large and  
16 expected to rise substantially.

17                   If these costs are removed from the FAC and  
18 if there is no tracker, the company will bear an even  
19 greater and fundamentally unfair burden caused by MISO  
20 costs that it must incur to gain benefits almost entirely  
21 for the customer, not for itself.

22                   Conversely, such a tracker is not going to  
23 harm customers at all. They would simply be paying the  
24 costs that are necessary to gain the benefits of being in  
25 the MISO market. If these costs are not in the FAC and if

1 they're not tracked, again, the company's going to be put  
2 in the position of having to find a way to cut  
3 expenditures when probably it should be increasing them,  
4 increasing investment and addressing the wave of aging  
5 infrastructure that is coming its way. Such a significant  
6 change would clearly be a step backwards in regulatory and  
7 ratemaking policy in the eyes of the investors that the  
8 company relies upon for capital, both debt and equity.

9           There are a number of other important  
10 issues. As I mentioned, I'm not going to go into those  
11 now. We'll address those later. But for now, I want to  
12 thank you for your attention, and as always, I want to  
13 express that we look forward to developing the record in  
14 this case for you. Thank you.

15           JUDGE WOODRUFF: Questions?

16           CHAIRMAN GUNN: I actually have a couple  
17 questions to start out. I seem to recall in the last case  
18 you presented a chart which showed that in certain months  
19 Ameren actually did earn their authorized ROE. Am I  
20 mistaken? But then you also seem to say that, and just to  
21 be clear, that out of the last 62 months you've been  
22 unable to earn for 53 of those.

23           MR. LOWERY: There are two charts in  
24 Mr. Baxter's testimony that are not weather normalized  
25 that do demonstrate that occasionally the company has been

1 able to earn its authorized return. That's essentially  
2 weather related.

3 CHAIRMAN GUNN: In the last year, how many  
4 months has that been?

5 MR. LOWERY: I think once in the last --  
6 through July of this year, I think there's been one  
7 period.

8 CHAIRMAN GUNN: Do you know what month that  
9 was?

10 MR. LOWERY: I think it was June.

11 CHAIRMAN GUNN: What about do we have  
12 information on July yet?

13 MR. LOWERY: I'm not sure what that  
14 information is. It might be that we also were able to do  
15 it for July. I think that was weather related as well.

16 CHAIRMAN GUNN: Do we know about August?

17 MR. LOWERY: I don't know about August  
18 certainly. Some of our witnesses might, but I don't.  
19 This is Schedule WLB-ES2, I believe it is, shows on a  
20 non-weather-normalized basis the results. There are some.  
21 You can see a few bars.

22 CHAIRMAN GUNN: And I thought you presented  
23 that in the last rate case. I just wanted to make sure I  
24 wasn't going crazy.

25 The second thing is, is that you have had,

1 as you said, four rate increases in the last four years.

2 MR. LOWERY: Five years.

3 CHAIRMAN GUNN: Five years. Isn't the  
4 premise of your argument, though, that the company is  
5 being perfectly managed and perfectly efficient?

6 MR. LOWERY: Well, I don't think any  
7 company is perfectly managed or perfectly efficient, but  
8 the premise of the argument is that, for example, we took  
9 into account the two significant prudence issues that the  
10 Commission ruled against us on. We still did not earn our  
11 authorized return. Beyond that, there haven't been  
12 allegations of imprudence at all. We haven't had prudence  
13 issues in our cases and --

14 CHAIRMAN GUNN: But imprudence doesn't  
15 equal what I'm talking about. You are saying that the  
16 only reason that there is not -- that the regulatory  
17 compact isn't working is because the institutional  
18 structures and because of the decisions of this  
19 Commission.

20 MR. LOWERY: We do believe that's to be the  
21 case.

22 CHAIRMAN GUNN: I just want to be clear.  
23 That is the only reason you're saying is that -- is that  
24 you are not earning your ROE is because of the  
25 institutional implications or barriers and the decisions

1 by this Commission. So then you are assuming perfect  
2 and -- perfectly efficient running of the company.

3 MR. LOWERY: I would amend what you said  
4 just a little bit. No company is perfect. So if the  
5 company was perfect, if there were robots running the  
6 company and they did everything perfectly, could the  
7 results be a little bit better? Sure. I suspect that  
8 they could.

9 But we have a systemic long pattern where  
10 the company has been unable to earn its authorized return  
11 except in very isolated instances driven by the luck of  
12 having some hot weather once in a while. That pattern we  
13 believe is indicative of structural issues, some of which  
14 you can't address, we acknowledge, for example CWIP, but  
15 some of which you can.

16 And so yes, we do believe that it is those  
17 structural issues and decisions the Commission has made --  
18 and we're hoping the Commission may make some different  
19 decisions in this case -- that is the primary driver of  
20 that problem. If it was a blip, we wouldn't be making  
21 that argument, but it's not a blip. It's a longstanding  
22 pattern.

23 CHAIRMAN GUNN: Now, you -- one of the  
24 reasons why -- one of the things you pointed out is that  
25 the average ROEs are higher other places, but you also

1 pointed out that in Missouri we filed more rate cases here  
2 than anybody else over the last three years. Is it  
3 possible that those averages are higher because companies  
4 are earning higher ROEs and they're afraid to come into  
5 their commissions because there might be a recognition  
6 that ROE should be lower?

7 MR. LOWERY: It's possible, but I've looked  
8 at the RRA reports, and perhaps you have, too, the SNL  
9 reports that everybody sort of looks at, and there are  
10 very large numbers of electric rate cases in all of those  
11 years. Missouri's had the most, but other states have had  
12 many, many, many rate cases as well.

13 And I think Mr. Reed, who will testify this  
14 morning, would probably have more of a national  
15 perspective on that. But I think if you look across the  
16 country, you're going to see lots of rate cases in most  
17 jurisdictions.

18 CHAIRMAN GUNN: What was the average ROE  
19 five years ago?

20 MR. LOWERY: I don't know that. I know  
21 from the 0036 case I believe it was 10.36 percent.

22 CHAIRMAN GUNN: So they have declined?

23 MR. LOWERY: They've declined a little bit,  
24 but not very much.

25 CHAIRMAN GUNN: But they have declined?



1 MR. LOWERY: They have.

2 CHAIRMAN GUNN: And you also have another  
3 acknowledgement that the MIEC ROE is within the zone of  
4 reasonableness?

5 MR. LOWERY: I did, because it is, not by  
6 much.

7 CHAIRMAN GUNN: And the Western -- but it  
8 is, and the Western District has essentially taken that as  
9 a jurisdictional issue. I mean, they say if you're within  
10 the zone of reasonableness, we're not even going to look  
11 at it.

12 MR. LOWERY: I think that might be a  
13 fair -- not going to look at it I don't think is fair. It  
14 depends on the evidentiary support and other things. But  
15 for that reason, if there's evidentiary support, then yes,  
16 I think the Western District is going to give a great deal  
17 of deference to the Commission. I would certainly agree  
18 with that.

19 CHAIRMAN GUNN: And I simplified it. I  
20 will admit to that. But essentially they -- and I've  
21 never liked the zone of reasonableness. It's never been  
22 my favorite, because I think the evidence supports what  
23 the evidence supports. So I've never really liked that.  
24 But they have kind of given us a safe harbor with the zone  
25 of reasonableness.

1 MR. LOWERY: Largely, yes. I'm being too  
2 much of a lawyer, I realize.

3 CHAIRMAN GUNN: No. I think that's fair.  
4 I think that's fair. All right. I look forward to the  
5 rest of the case. I don't have any other questions.

6 JUDGE WOODRUFF: Commissioner Kenney?

7 COMMISSIONER KENNEY: Thank you. I just  
8 have a couple of questions, and some of them are similar  
9 to Chairman Gunn's questions. So the plant in service  
10 accounting -- the plant in service accounting would  
11 address loss of cost of capital in between the time the  
12 plant's placed into service and the rate case --

13 MR. LOWERY: Yes.

14 COMMISSIONER KENNEY: -- and increased  
15 depreciation expense?

16 MR. LOWERY: That's correct.

17 COMMISSIONER KENNEY: And as I understand  
18 the last several rate cases, the problem with regulatory  
19 lag is that it results in those losses, the permanent loss  
20 of depreciation expense and cost of capital?

21 MR. LOWERY: That is certainly the primary  
22 driver of the pattern that we're seeing is this  
23 investment. There are some other things. There's some  
24 O&M expenses. This one's definitely number one on the  
25 list by a fairly large measure.

1 COMMISSIONER KENNEY: This may be a bit of  
2 a rhetorical question. You can answer it or not. If you  
3 combine the plant in service accounting with storm tracker  
4 and with FAC and the availability of the environmental  
5 cost recovery mechanism and -- am I missing any?

6 MR. LOWERY: Those would probably be the  
7 ones that might come to mind.

8 COMMISSIONER KENNEY: Would there be  
9 anything else that Ameren would need in order to address  
10 regulatory lag after that?

11 MR. LOWERY: Well, I don't -- I can't say  
12 that we wouldn't, because even with those mechanisms, I  
13 think it's the opinion of our experts that we still face  
14 some hurdles that are greater than average than our peers  
15 do.

16 And let me address the ECRM mechanism a  
17 moment. Because of the way the ECRM mechanism was  
18 structured statutorily and the caps that exist and the way  
19 the Commission's rules came out, the ECRM doesn't help  
20 this problem. That's why you -- that's why we haven't  
21 asked for one, and that's why -- I guess we asked for one  
22 once, but we withdrew the application, and why you don't  
23 see other utilities asking for it. So it really isn't  
24 effective to help us with these problems.

25 As far as the other mechanisms, virtually

1 everyone else already has an FAC. So we're sort of on an  
 2 equal playing field somewhat in that area. Many  
 3 jurisdictions have CWIP. Many other jurisdictions use  
 4 other mechanisms that sort of level this playing field.

5 If you were to -- if you were to include  
 6 the storm cost tracker, even the transmission tracker, if  
 7 those costs don't stay in the FAC, less than 5 percent of  
 8 our non-fuel O&M expenditures would be subject to being  
 9 tracked. More than 95 percent would still be subject to  
 10 the vagaries of what happens between rate cases.

11 So it would help, and I was very careful to  
 12 say, I don't -- I can't tell you it's going to absolutely  
 13 solve this problem, but it would help solve the problem,  
 14 and we're asking the Commission to do what it can within  
 15 its authority.

16 COMMISSIONER KENNEY: So one other question  
 17 is, kind of based upon what you just said, the FAC is what  
 18 everybody else has and so that levels the playing field,  
 19 and then the plant in service accounting would further  
 20 assist in leveling the playing field. Why is the  
 21 comparison to everybody else relevant if the issue is  
 22 dealing with regulatory lag? If really the issue is the  
 23 11-month process that we have here in Missouri according  
 24 to Ameren, what is the relevance of what everybody else  
 25 has?

1 MR. LOWERY: Well, the relevance is, it has  
2 implications for our cost of capital, our ability to  
3 access the capital we need, including equity capital.

4 COMMISSIONER KENNEY: That's because of  
5 what Wall Street says, then, in other words? It's not a  
6 function of our regulatory process because you have an  
7 external third party saying that if you don't have these  
8 mechanisms, then you're not as attractive as other  
9 utilities?

10 MR. LOWERY: I don't think it's because of  
11 what Wall Street says. It's the reality of what the cost  
12 of capital is and where people are going to put their  
13 money. And if Missouri is disadvantaged, then the money  
14 is not going to flow in the same way that it would, and we  
15 depend on this. Whether folks like the fact that Wall  
16 Street has an influence on these things or not, the  
17 reality is that they do.

18 COMMISSIONER KENNEY: Then this brings me  
19 to my next question, because what I think I hear is  
20 that -- I'm going to paraphrase it, and tell me if I'm  
21 correct. The point of these charts is to demonstrate a  
22 pattern of constant earning beneath the authorized ROE?

23 MR. LOWERY: Earnings attrition -- earning  
24 attrition I think may be the term.

25 COMMISSIONER KENNEY: Earnings attrition.

1 Would you also call it under-earnings?

2 MR. LOWERY: Sure.

3 COMMISSIONER KENNEY: And if we use the  
4 phrase under-earnings or earning attrition, implicit in  
5 that phrase is that there's somehow -- anything beneath  
6 the authorized ROE is deficient.

7 MR. LOWERY: In fact, that's not what I  
8 said. What I said was, when we have a systemic problem  
9 that it's for a long period of time below, that is  
10 deficient. If we were under some months and over some  
11 months and under and it was random and it was not  
12 systemic, then we don't -- we don't have to earn our  
13 authorized return every single month, and there's nothing  
14 wrong if we were to earn more than our authorized return  
15 from time to time.

16 COMMISSIONER KENNEY: But it's the  
17 consistent and sustained under-earnings that indicates a  
18 systemic problem?

19 MR. LOWERY: Yes.

20 COMMISSIONER KENNEY: Is it therefore --  
21 and I think this is a legal conclusion and a legal  
22 question. Is it Ameren's assertion that consistent  
23 earnings attrition or under-earnings is equal to a denial  
24 of a reasonable opportunity to earn?

25 MR. LOWERY: I think we have been denied a

1 reasonable opportunity to earn, yes.

2 COMMISSIONER KENNEY: As demonstrated by  
3 consistent earnings attrition?

4 MR. LOWERY: Yes.

5 COMMISSIONER KENNEY: So the denial of a  
6 reasonable opportunity, you've been denied a reasonable  
7 opportunity to earn as evidenced by consistent  
8 under-earnings?

9 MR. LOWERY: Yes.

10 COMMISSIONER KENNEY: Implicit in that --  
11 and maybe you don't agree with me, but implicit in that  
12 then is a right to earn at your authorized ROE?

13 MR. LOWERY: No. I actually respectfully  
14 don't agree with that. It's a right to have a reasonable  
15 opportunity to earn it, and we don't believe we've had a  
16 reasonable opportunity, and we believe the evidence is  
17 indicative of the fact that we've not had a reasonable  
18 opportunity.

19 If we're given a reasonable opportunity and  
20 we squander it because we -- I won't aspire that we have  
21 to be perfect, but because we're extremely imperfect, then  
22 that's a different question.

23 COMMISSIONER KENNEY: So is the evidence of  
24 the lack or denial of a reasonable opportunity more than  
25 just the consistent under-earnings? Is it the absence of

1 these other regulatory mechanisms? I mean, is it your  
2 position then that the current regulatory structure in and  
3 of itself is inherently flawed to the point that it denies  
4 a reasonable opportunity to earn?

5 MR. LOWERY: The current regulatory  
6 structure as it has been employed we believe has denied  
7 that reasonable opportunity. We believe that there are  
8 things the Commission can do that are within its toolbox,  
9 so to speak, that could improve that opportunity, and  
10 that's what we're asking you to do.

11 COMMISSIONER KENNEY: Okay. Thank you.

12 JUDGE WOODRUFF: Thank you. Next up is  
13 Staff. And while Mr. Thompson's coming up, I will mention  
14 that we will be doing mini openings on the individual  
15 issues, as the Commission practice has been in the past.

16 MR. THOMPSON: Thank you, your Honor. May  
17 it please the Commission?

18 We're here today for the opening of the  
19 Ameren Missouri general rate case. The case is just the  
20 first of a series of major electric utility rate cases  
21 that you will hear and determine over the next few months.  
22 This case began on February 3rd, 2012 when Ameren filed  
23 proposed tariff sheets, direct testimony, accounting  
24 schedules and other documents calling for a general rate  
25 increase of approximately \$375.6 million on an annual



1 basis.

2                   Nearly eight months have passed since  
3 February 3rd, and those months have seen a lot of hard  
4 work by Staff, by the intervenors and by the company as  
5 well. Staff has conducted a thorough audit of the  
6 company's books, and based on that audit, Staff's position  
7 is that a rate increase is indeed warranted, but not of  
8 the magnitude requested by the company. It is Staff's  
9 position that a rate increase of \$202 million on an annual  
10 basis is warranted.

11                   This hearing will be about the several  
12 areas where Staff and the other parties do not agree in  
13 whole or in part with the company's rate increase request.  
14 We will present 19 separate issues to you for  
15 determination over these next three weeks. The good news  
16 is that at one time there were as many as 27. They're  
17 still continuing to fall. Five issues were resolved late  
18 last night.

19                   Your decision on these issues will  
20 determine just what kind of rate increase Ameren Missouri  
21 will enjoy. The flip side of that coin, of course, is  
22 what kind of rate increase Ameren Missouri's customers  
23 will have to bear.

24                   Your job as Public Service Commissioners is  
25 to set a just and reasonable rate after consideration of

1 all relevant factors. A just and reasonable rate is one  
2 that is fair, fair to the company, fair to the ratepayers.  
3 It is sufficient to cover the company's prudent operating  
4 and maintenance expenses and to offer a fair opportunity  
5 for the shareholders to earn a reasonable return on their  
6 investment. As we like to say, it's not one penny more  
7 than is necessary to achieve that balance.

8 Today you will hear policy witnesses who  
9 will talk to you about economic and regulatory policy.  
10 There is no decision that is part of today's evidence, but  
11 it is rather part of those all relevant factors that the  
12 parties want you to keep in mind.

13 The company witnesses will tell you that  
14 Ameren needs more money, and that you need to change the  
15 way you do things so that they can have it. They will  
16 tell you that Ameren Missouri has suffered from  
17 significant and chronic under-earnings resulting from  
18 excessive regulatory lag that's inherent in the way  
19 Missouri does utility regulation.

20 Regulatory lag, by the way, as I'm sure you  
21 know, is the length of time it takes for a change in  
22 revenue requirement to be reflected in rates.

23 The company policy witnesses will tell you  
24 that Ameren Missouri has not earned its authorized return  
25 on equity on a weather normalized basis in 53 of the past

1 62 months despite four rate increases. The truth,  
2 however, is that the company's actual earned return on  
3 equity for the 12 months ending June 30th, 2012 was  
4 10.53 percent. 10.53 percent, which is well above Ameren  
5 Missouri's current authorized return on equity, and that  
6 is based on a quarterly surveillance report filed in  
7 August. You'll find it attached to Ameren's response to  
8 Staff's motion to declassify.

9 In the policy area, Staff will present the  
10 testimony of Robin Kliethermes. She will talk about  
11 economic conditions in Ameren Missouri's service area.  
12 Ms. Kliethermes will testify that things are not so good  
13 with many of Ameren Missouri's customers.

14 Since 2007, Ameren Missouri's rates have  
15 increased by 30.09 percent -- that's a higher figure than  
16 Mr. Lowery used -- while wages in its service are have  
17 only increased by 11.09 percent.

18 You will recall that we had a very serious  
19 recession beginning in 2008. Missouri's economic recovery  
20 from that recession has been slow and remains incomplete,  
21 as indeed is true of the nation as a whole. As of March  
22 2012, Missouri was at only 89.7 percent of its  
23 pre-recession level of economic activity compared to  
24 97 percent on the part of the nation as a whole.  
25 Missouri's GDP growth has lagged. Personal and household

1 income are lower in Ameren Missouri's service area than in  
2 the nation generally.

3 The company's witnesses will tell you that  
4 Ameren Missouri's rates are lower than the national  
5 average, and that's true, and that's good news for all  
6 Missourians, at least those who live in Ameren's service  
7 territory.

8 It's also true, however, that 47 percent of  
9 the company's customers receive a weekly wage below the  
10 national average. Over half of Ameren Missouri's  
11 customers enjoy less last personal income than national  
12 average per capita. Unemployment rates are above 2007  
13 pre-recession unemployment rates for all 61 counties in  
14 Ameren Missouri's service territory. Your personal  
15 attendance at the several local public hearings held in  
16 this case has certainly informed you that many consumers  
17 are wildly unhappy at the prospect of a rate increase.

18 Tomorrow you will hear the issue of cash  
19 working capital. This issue is worth \$5.8 million in  
20 revenue requirement terms. Cash working capital is a rate  
21 base issue. It is the amount of cash necessary for the  
22 company to operate and pay its expenses while waiting for  
23 customers to pay their bills.

24 Staff is concerned with only one part of  
25 this issue, and that is the calculation of what's called

1 the collection lag. That is the wait between when you  
2 send the bill and when you get the payment back. Staff's  
3 position is that the appropriate lag is 21.11 days  
4 calculated from what's called the CURST 246 report for the  
5 12 months ending October 31, 2010. Staff's witness on  
6 this topic is Kofi Boateng.

7 On Monday, we'll take up the issue of plant  
8 in service accounting. This is a regulatory innovation  
9 that the company proposes to reduce earnings attrition and  
10 to ameliorate the effects of regulatory lag. Plant in  
11 service accounting would allow the company to accrue a  
12 return on invested capital and to defer depreciation for  
13 non-revenue-producing plant additions in a regulatory  
14 asset during the period between the in-service date and  
15 the date the new asset is added to rate base in a rate  
16 case.

17 Staff opposes the plant in service  
18 accounting proposal because Staff sees it as an  
19 unjustified departure from traditional cost of service  
20 ratemaking principles. Its effect would be to shift a  
21 substantial portion of Ameren Missouri's business risk to  
22 the ratepayers with no corresponding reduction in Ameren  
23 Missouri's authorized return on equity. Staff's witness  
24 on this issue is John Cassidy.

25 Also on Monday you will hear a pair of

1 income tax related issues. Staff's witness again is John  
2 Cassidy. The first of these issues relates to tax  
3 benefits realized by Ameren Corporation on an employee  
4 stock ownership plan, or ESOP. A proportion of the  
5 employees participating in the ESOP are Ameren Missouri  
6 employees. Staff's position is that an equivalent  
7 proportion of the tax benefits should be enjoyed by Ameren  
8 Missouri as an offset to revenue requirement.

9           The second issue is whether accumulated  
10 deferred income tax, ADIT, related to construction work in  
11 progress should be treated as an offset to rate base, that  
12 is as a negative addition to rate base. In the past it  
13 has been so treated, and Staff's position is that that  
14 treatment should continue.

15           Also, you will hear the issue of rate case  
16 expense. Staff's witness Lisa Hanneken will testify that  
17 revenue requirement should include one and a half million  
18 dollars for rate case expense on an 18-month basis. So  
19 that works out to a million dollars per year. This is  
20 based on an analysis of historical data obtained from the  
21 company and the company's own projections as to when it  
22 will file its next rate case.

23           On Tuesday of next week, you'll hear the  
24 issue of property tax refund. Staff witness Erin Carle  
25 will testify that Ameren Missouri won a property tax

1 appeal and was awarded a refund of approximately  
 2 \$2.9 million. It received that money during the test year  
 3 and true-up period for this case. Because ratepayers  
 4 originally paid that money to Ameren, it is Staff's  
 5 position that ratepayers should receive the \$2.9 million  
 6 refund amortized over two years. And I should note that  
 7 this is the resolution contemplated by this Commission in  
 8 Ameren's last rate case, and there is a note to that  
 9 effect in the Report and Order.

10 Also on that day you will hear property tax  
 11 expense. Staff's witness again is Erin Carle. The first  
 12 question is what property tax rate should be used in  
 13 calculating the amount of property tax expense to include  
 14 in revenue requirement. Staff's position is that the  
 15 actual amount of property tax paid in December 2011 is the  
 16 appropriate amount. That amount is \$127.2 million. That  
 17 is the most recent known and measurable figure for this  
 18 expense.

19 The second question under property tax  
 20 concerns property tax expense attributable to the new  
 21 Maryland Heights Renewable Energy Center. Staff's  
 22 position is that no amount should be included in revenue  
 23 requirement for property tax expense attributable to this  
 24 energy center because that tax will not be due until  
 25 December 2013.

1                   Also on Tuesday will be RES costs,  
2 renewable energy standard costs. Staff witnesses Dan Beck  
3 and John Cassidy will testify that the Commission should  
4 order the company to include a base level of costs in  
5 permanent rates in the amount of \$4.7 million, with the  
6 base level to be netted against any future deferred  
7 expenditures that occur beyond the true-up cutoff date in  
8 this case.

9                   As to the amortization of these costs,  
10 Staff recommends the Commission order that they be  
11 amortized over three years. Alternatively, if you give  
12 them rate base treatment, that is if you allow the company  
13 to earn a return on the deferred amount, then Staff  
14 suggests an amortization over six years.

15                   The fuel adjustment clause, we'll take that  
16 up on Wednesday of next week. This is an important issue,  
17 as you've already heard. Staff witness Lena Mantle will  
18 testify that the sharing percentage should be changed from  
19 95 percent and 5 percent to 85 percent and 15 percent for  
20 these reasons:

21                   First, the comparisons of the actual fuel  
22 costs Ameren Missouri did not collect under the 95/5  
23 mechanism with what Ameren Missouri would not have  
24 collected under an 85/15 mechanism suggests that they have  
25 absorbed less than 15.3 million out of their total fuel



1 and purchased power costs of 1.4 billion. That is only  
2 1.1 percent of their net energy costs. Had the sharing  
3 mechanism been instead 85/15, they would have absorbed  
4 less than 45.9 million. That is 3.3 percent of their net  
5 energy costs, and customers would have paid \$30.6 million  
6 less.

7                   The whole point about the sharing mechanism  
8 is something we're all familiar with, the concept of skin  
9 in the game. Skin in the game. If Ameren Missouri has no  
10 skin in the game when it comes to fuel and purchased power  
11 costs, then why, why would they act energetically and  
12 aggressively to be efficient, to capture efficiencies?  
13 Why would they do it? They would have no skin in the  
14 game.

15                   In other words, if they recover 100 percent  
16 of those costs no matter what, then they don't have to  
17 worry about whether they are efficiently seeking the least  
18 cost alternative to obtain what they need because they  
19 know the ratepayers are going to cover it. Ratepayers  
20 will cover that. We don't have to worry. They have to  
21 have, in Staff's opinion, skin in the game, and that's  
22 what the sharing mechanism does.

23                   Why is Staff suggesting the sharing  
24 mechanism should be changed? So that they will have more  
25 skin in the game. We know how it works at 95/5. We have

1 seen that. We know how it would work at 100/zero. So how  
2 would it work at 85/15? We don't know. That hasn't been  
3 tried. I would be a liar if I told you we know how that  
4 would work. But we do know it would increase their skin  
5 in the game, so theoretically, theoretically it would give  
6 them all the more reason to seek efficiencies and to do it  
7 right.

8 We're also going to talk on Wednesday about  
9 changes to the fuel adjustment clause tariff, and boy is  
10 this a hot issue. That's what we were talking about in  
11 part with the transmission tracker motion that was  
12 resolved in the prehearing section of this morning.

13 Staff witness Lena Mantle will testify that  
14 the MISO schedule costs allowed to flow through the FAC  
15 should be specifically listed on the FAC tariff sheets,  
16 specifically listed so everyone knows what's allowed to go  
17 through. There will be no more surprises.

18 She will also testify that the definition  
19 of Factor PP, purchased power, should be modified to state  
20 that only transmission costs incurred for the purchase or  
21 sale of electricity shall be included. That's the  
22 sentence that caused all the uproar.

23 Staff contends that no other transmission  
24 costs or revenues should flow through the FAC unless and  
25 until they have been presented to this Commission at a

1 general rate case, considered by all the stakeholders, and  
2 placed into the FAC by the determination of this  
3 Commission based on evidence. That's how things are  
4 supposed to work. They shouldn't sneak into the FAC.  
5 They shouldn't just be discovered in the FAC. You need to  
6 put them there after a hearing.

7 Ms. Mantle will further testify that Ameren  
8 Missouri should not be permitted to flow these MISO  
9 transmission charges through the FAC, particularly charges  
10 including the cost of building transmission facilities.  
11 By statute amounts flowing through the FAC are limited to  
12 prudently incurred fuel and purchased power costs,  
13 including transportation. Section 386.266.1, Revised  
14 Statutes of Missouri.

15 Staff considers the word transportation to  
16 indicate, for example, the cost of delivering fuel to a  
17 power plant, such as coal arriving in a train. Had the  
18 Legislature meant to include transmission costs, we  
19 believe they would have used the word transmission.

20 Additionally, costs related to  
21 non-operational property of electric corporations is  
22 forbidden by law in Missouri to be charged to ratepayers.  
23 Section 393.135, Revised Statutes of Missouri. Staff's  
24 position is that Ameren Missouri's practice of flowing  
25 construction costs of yet unfinished transmission lines

1 through the FAC is a direct violation of the anti-CWIP  
2 statute.

3 Ms. Mantle will also testify that the MISO  
4 transmission charges and revenues that Staff urges the  
5 Commission to exclude from the FAC should not be deferred  
6 in a transmission cost in revenue tracker unless this  
7 commission imposes carefully crafted conditions designed  
8 to protect ratepayers from potential abuses. Those  
9 conditions would include at the very least detailed  
10 monthly reporting. Staff will file testimony tomorrow  
11 setting out in detail the conditions that Staff believes  
12 would be necessary.

13 And let me say that when I said during the  
14 argument on the motion that Staff could live with the  
15 tracker, I did not mean that Staff wants the tracker. I  
16 did not mean that that's Staff's preferred outcome or  
17 preferred alternative. What I meant was just what I said,  
18 we could live with it if and only if it has the right  
19 conditions to protect ratepayers.

20 What's the big concern about this tracker?  
21 The concern is not the MISO charges and revenues that are  
22 currently known. They are instead increases, future  
23 increases. What happens if those go up between rate  
24 cases? Well, if they're in the FAC, that's okay, because  
25 the increase just flows through to the ratepayers like any

1 other increase in FAC things like the cost of fuel or  
2 purchased power. They just would flow right now. They're  
3 taken care of.

4 If, however, they are in base rates which  
5 are set in stone and only changed in rate cases, well,  
6 then any increase between rate cases is lost to the  
7 company and never recovered. That's the concern here. A  
8 tracker is sort of like an ongoing AAO. It's money the  
9 company might recover, but there's no guaranteed recovery.  
10 It simply segregates that money into a special pot so it  
11 can be considered for recovery at the next rate case.

12 That's -- and if you granted such a  
13 tracker, well, then that would catch any increases between  
14 cases, and that was why the company wants a tracker if you  
15 take it out of the FAC. It's not the known charges. It's  
16 possible increases, and increases are likely on the  
17 horizon of about 18 months from now. About when the next  
18 rate case will come along, MISO charge increases are  
19 expected to become significant.

20 Ms. Mantle will further testify that  
21 hedging gains and losses should be excluded from the FAC  
22 except for hedging gains and losses associated with  
23 mitigating volatility in fuel costs and SO2 and NOX  
24 emission allowances. No other hedging costs or revenues  
25 should flow through the FAC unless and until it's been

1 presented to this Commission at a rate case, fully  
2 litigated and examined by all the parties and the  
3 Commission then makes that decision in consideration of  
4 all the evidence.

5 Finally, she will testify that certain  
6 other changes should be made to the FAC tariff which are  
7 detailed in exemplar tariff sheets attached to her  
8 testimony. There are certain exceptions which are listed  
9 and set out in her testimony that I won't repeat now.

10 On Thursday of next week, you will hear the  
11 low income weatherization issue. Staff witness Henry  
12 Warren will testify that the next evaluation of Ameren  
13 Missouri's low income weatherization program should  
14 continue the effect of weatherization on natural gas usage  
15 as well as electric usage, and the cost of including that  
16 evaluation is not expected to be great.

17 Dr. Warren will also testify that the  
18 timing of any evaluations subsequent to the second  
19 biennial evaluation should be at the discretion of the  
20 company in consultation with the stakeholders but  
21 certainly not less than every five years.

22 On Friday of next week we come to another  
23 very big issue, cost of capital, and you heard Mr. Lowery  
24 talking about cost of capital a few moments ago. This is,  
25 as is usually the case, the largest single issue in terms

1 of dollar amount that you will decide in this case.  
2 Staff's position is worth \$83.1 million on an annual  
3 basis. MIEC's position is worth \$70.4 million on an  
4 annual basis. Public Counsel's position is worth  
5 \$147.3 million on an annual basis. Wow.

6 The rate of return is designed to provide  
7 utility owners with a return on their investment. It's a  
8 return on investment. It's equal to the utility's  
9 weighted average cost of capital, which is calculated by  
10 multiplying each component in the capital structure by its  
11 cost and then just summing the results.

12 While the proportion in cost of most of  
13 these components are a matter of record, the cost of  
14 common equity can only be determined through expert  
15 analysis. Staff's expert financial analyst, David Murray,  
16 has determined Ameren Missouri's cost of common equity by  
17 applying well-respected and widely-used methodologies to  
18 data derived from a carefully assembled group of  
19 comparable proxy companies.

20 Staff has used that estimated cost of  
21 common equity net of any risk adjustments together with  
22 other capital component information as of September 30th,  
23 2011 to calculate Ameren Missouri's fair rate of return.

24 You will recall that the company policy  
25 witnesses will testify that Ameren has chronically failed

1 to earn its authorized return on equity. You heard a lot  
2 about that. You will also recall that Ameren Missouri's  
3 actual earned return on equity for the 12 months ending  
4 June 30th, 2012 was 10.53 percent. That's according to  
5 that quarterly surveillance report that I mentioned a few  
6 moments ago. And that ROE, that return, that's the effect  
7 on a power company of a long hot summer.

8 The evidence will show you that the  
9 national average of awarded ROEs for the first half of  
10 2012 was 10.36 percent. The average for the first three  
11 months of the year was 10.84 percent, and the average for  
12 the second quarter was 9.92 percent. So the trend is  
13 downward, okay, over this year. The first six months of  
14 this year, the trend has been downward. And the  
15 recommendations offered by Mr. Murray and Mr. Gorman in  
16 this case are in line with that falling trend.

17 Mr. Murray will testify that Ameren  
18 Missouri's cost of common equity falls within the range of  
19 8.0 to 9.0 percent, midpoint 8.5 percent, resulting in an  
20 overall rate of return of 6.99 percent to 7.52 percent,  
21 midpoint 7.25 percent. Based on a consideration of all  
22 relevant factors, Mr. Murray will testify that he  
23 recommends the Commission authorize a return on common  
24 equity for Ameren Missouri of 9.0 percent.

25 MIEC witness Michael Gorman will recommend



1 the 9.30 percent, the midpoint of his range of 9.2 to 9.4,  
2 resulting in an overall rate of return of 7.64 percent.

3 Lewis Mills we believe will argue, based on  
4 David Murray's testimony, for a return on common equity  
5 set at 8.0 percent, the low end of Mr. Murray's rates. As  
6 you have just heard, company expert Robert Hevert will  
7 testify that the appropriate figure is 10.5 percent.

8 How is it, you might wonder, that these  
9 experts using the same methods and solving for the same  
10 unknown have produced such a wide range of, frankly,  
11 dissimilar results? The answer lies in the inputs used by  
12 each expert. The analytical methods these experts use are  
13 mathematical models. They are simply equations. And we  
14 all know from high school and college that the results of  
15 any equation depend entirely on the numbers you plug into  
16 it.

17 The Commission has used an analytical tool  
18 dubbed the zone of reasonableness. Over the past several  
19 years, the zone of reasonableness has been used to compare  
20 the recommendations of the experts to the average of  
21 awarded ROEs by other commissions. The term zone of  
22 reasonableness originates in the ratemaking jurist  
23 prudence of the United States Supreme Court. It is after  
24 all the Supreme Court that set the standards that we all  
25 refer to as guiding this ROE estimation process in its

1 Hope and Bluefield decisions.

2 The Supreme Court uses the term zone of  
3 reasonableness, however, to describe a somewhat different  
4 analytical construct than the one this Commission has  
5 applied that term to. As defined by the United States  
6 Supreme Court, the zone of reasonableness is founded on  
7 the Constitution.

8 Ameren Missouri's owners have a  
9 constitutional right to a return on their investment. To  
10 deny them a return is to confiscate their property.  
11 That's unconstitutional. It is not permitted for the  
12 government to take private property without compensation.  
13 They have to be compensated. That compensation is the  
14 return that you allow them.

15 The question is, of course, how much of a  
16 return? How much of a return? In constitutional terms  
17 the question is, where is that point below which is  
18 unlawful and unconstitutional confiscation and at -- and  
19 above which you have an appropriate and acceptable return?  
20 Where is that point, that lowest point?

21 The Supreme Court calls that the lowest  
22 reasonable rate. And in their zone of reasonableness  
23 analysis, the first thing the court looks for is the  
24 lowest reasonable rate. That doesn't mean that's the rate  
25 they're going to wind up with. It's an intermediate step

1 in the process.

2 And I suggest to you it is equivalent to  
3 deciding what is the actual cost of common equity. What  
4 is the actual cost of common equity? That's what the  
5 experts are reporting to you. They're telling you really  
6 two things, what the cost of common equity is and then  
7 their recommendation as to what the return on common  
8 equity should be, two different quantities.

9 We suggest to you that the cost of common  
10 equity is found in the range reported by David Murray,  
11 between 8 percent and 9 percent. That is where the actual  
12 cost of common equity lies. That is where the lowest  
13 reasonable rate is to be found. But his recommendation is  
14 9 percent, the high end, somewhat higher.

15 I suggest to you that on the basis of a  
16 rationally articulated regulatory purpose supported by  
17 evidence, you can set the return on equity above that cost  
18 of common equity where you need it to be. Somewhere  
19 above, somewhere above it again becomes illegal, because  
20 then you're confiscating from the ratepayers. You're  
21 taking more money from them than is reasonable in view of  
22 the service they're getting back for it, and that becomes  
23 confiscation as well.

24 So that's the zone of reasonableness. It's  
25 the zone between confiscation from the company at the

1 bottom and confiscation from the ratepayers at the top.  
2 And those are the two points, I suggest to you, that you  
3 need to define in your decision and then set the return on  
4 equity between based on articulated and appropriate  
5 regulatory purposes.

6 You will also on October 9 hear the issue  
7 of coal inventory, specifically coal in transit. Ameren  
8 Missouri tells us that they own at any moment a  
9 significant amount of coal that is undelivered, that is on  
10 train cars wending their way to Ameren Missouri's  
11 facilities. They contend that rate base has always  
12 included coal in transit.

13 Staff witness Lisa Hanneken will tell you  
14 that, no, that's not the case, we've never included coal  
15 in transmit in Missouri, and that we shouldn't include it  
16 now. Why? Because that coal hasn't been paid for yet.  
17 It does not reflect any investment by the shareholders, so  
18 it doesn't belong in rate base. Until they pay for it,  
19 they may own it, but they have no right to earn a return  
20 on it.

21 You will also hear on October 10 the issue  
22 of severance costs. This is Ameren Missouri's VS11  
23 program where they attempted to achieve greater operating  
24 efficiencies by encouraging employees to voluntarily  
25 separate from the company, and as an enticement these

1 employees were paid severance costs. This issue is worth  
2 8 and a half million dollars.

3 Staff witness Lisa Ferguson will testify  
4 that by the time rates in this case become effective,  
5 Ameren Missouri will have already recovered from savings  
6 on payroll, payroll tax and employee benefits all of its  
7 costs for the VS11 program. Therefore, in Staff's view  
8 there's absolutely no justification for including these  
9 costs in revenue requirement.

10 You will also hear on that day three  
11 storm-related issues, the first of which is the storm cost  
12 tracker. You heard Mr. Lowery tell you about the storm  
13 cost tracker. This is something -- a regulatory  
14 innovation that the company has proposed.

15 Staff witness Kofi Boateng will testify  
16 that the Commission should not, should not establish this  
17 two-way storm restoration cost tracker because existing  
18 procedures are adequate for all storm events. There are  
19 two existing procedures. A certain amount of storm  
20 restoration costs are included in rates as a matter of  
21 course, as we say baked into rates, and that's about  
22 \$7 million.

23 If an extraordinary storm event occurs, as  
24 has happened in some years, where Ameren faces costs in  
25 excess of that \$7 million, what the company has done in

1 the past and can do in the future is simply come ask for  
2 an accounting authority order allowing it to defer those  
3 extraordinary costs in a regulatory asset that the  
4 Commission would then take up in the next rate case and  
5 allow them to recover or not as the Commission might  
6 decide based on the evidence. And the reality is, they  
7 have recovered every penny. They have recovered every  
8 penny. So existing procedures we believe are adequate and  
9 sufficient for storm restoration costs.

10 The second storm-related issue is how much  
11 do you put in revenue requirement? I think I already told  
12 you, \$7 million. That is based on a 60-month average.  
13 Again, Kofi Boateng will testify to you about that. If  
14 you do establish the two-way storm cost restoration  
15 tracker, then \$7 million should be the base level.

16 The third storm issue is storm assistance  
17 revenue. As you may know, when there's a large storm  
18 event, utility companies send crews to help each other  
19 out. When Katrina occurred, for example, in Louisiana,  
20 Ameren Missouri sent crews down to Louisiana to help clear  
21 debris and restore power in that area, and that happens  
22 all the time. What happens to the costs of that? Who  
23 bears those costs is the issue here.

24 Staff witness John Cassidy will testify  
25 that storm assistance revenues received from other

1 utilities should be annualized and normalized and included  
2 as an offset in revenue requirement. That is, since this  
3 is money they're earning from another utility company  
4 using the crews and the equipment provided by the  
5 ratepayers, then that money should lower the revenue  
6 requirement that the ratepayers are responsible for  
7 providing. Expenses associated with providing storm  
8 assistance should be addressed the same way.

9                   These storm assistance revenues and  
10 expenses are appropriately accounted for through  
11 traditional annualization and normalization methods and  
12 should not be included in a tracker if you do establish  
13 one.

14                   Mr. Cassidy will also tell you that you  
15 should include \$581,000 of storm assistance revenue in the  
16 cost of service calculation. This is based on a five-year  
17 normalization.

18                   You will hear also on October 10th the  
19 vegetation management and infrastructure inspection  
20 tracker issue. These are trackers that you established  
21 some time ago. Staff witness Roberta Grissum will testify  
22 that the unamortized balance of regulatory asset  
23 associated with this tracker should be amortized over  
24 three years rather than two to avoid overcollection, and  
25 that any unamortized amount should be rolled into the

1 amortization established in this proceeding so that only  
2 one tracker remains.

3                   Finally, the last issue. I'm glad to get  
4 to it. I bet you are, too. This is class cost of service  
5 and rate design. The last day of this hearing, Thursday,  
6 October 11 we will take up this very thorny issue. Staff  
7 witness Mike Scheperle will testify first that generation  
8 fixed costs and non-fuel, non-labor components of  
9 production, operation and maintenance expense should be  
10 allocated among customer classes using the base  
11 intermediate peak allocation factors.

12                   He will also testify that based on his  
13 class cost of service study results, adjustments should be  
14 made on a revenue neutral basis to all classes.

15 The residential class should receive a positive 1 percent  
16 adjustment. The lighting class should receive a positive  
17 3 percent adjustment. The remaining classes, small  
18 general service, large general service, small primary  
19 service, large primary service and large transmission  
20 service, should receive a negative adjustment of  
21 approximately 1 percent.

22                   After these recommended revenue neutral  
23 class shifts are made, any overall change in revenues,  
24 that is the rate increase ordered by the Commission,  
25 should be applied on an equal percentage basis across the



1 board to the adjusted class revenues.

2 Mr. Scheperle will further recommend that  
3 special precautions be taken that no class receive an  
4 overall reduction in its rate revenues while any other  
5 class receives an overall increase.

6 Mr. Scheperle will also testify that the  
7 residential class customer charge should be \$9, and that  
8 the small general service class customer charge, single  
9 phase and three phase, should be increased by a revenue  
10 neutral adjustment of 0.93 percent plus whatever the  
11 system average increase is that's awarded in this case.

12 Finally, Mr. Scheperle will testify that  
13 Staff has no position on the question of whether or not  
14 the Commission should address declining block rates.

15 Thank you very much for your patience and  
16 attention.

17 JUDGE WOODRUFF: Questions?

18 CHAIRMAN GUNN: Can I just ask a couple  
19 questions? So is it Staff's position that there are no  
20 transportation costs for wind, solar, hydro or storage?

21 MR. THOMPSON: If there's no wheels, then  
22 there's no transportation costs I believe is Staff's  
23 position. In other words, we don't believe transmission  
24 is included in the term transportation. Now, if there's  
25 some other way of moving those things around, I haven't

1 talked with my experts about those things, and perhaps I  
2 should.

3 CHAIRMAN GUNN: Since wind and solar can't  
4 be put on anything, the only way to move it from the  
5 source of the generation to somewhere else, let's say it's  
6 to a storage facility, so let's say it's not directly  
7 delivered into the grid, you would say that those costs  
8 are transmission costs, not transportation costs, and  
9 therefore excluded?

10 MR. THOMPSON: Yeah, because how would you  
11 distinguish them from the MISO transmission costs that we  
12 want to exclude?

13 CHAIRMAN GUNN: You couldn't.

14 MR. THOMPSON: You could not. Exactly. If  
15 you allow some in, then you allow them all in.

16 CHAIRMAN GUNN: All right. Staff's  
17 position has changed since the last rate case on the  
18 sharing mechanism, correct?

19 MR. THOMPSON: I think -- I think we came  
20 in with the same 85/15 position, and I think we lost in  
21 that case.

22 CHAIRMAN GUNN: Maybe it was two years ago,  
23 but at one point Staff didn't challenge the 95/5 fuel  
24 adjustment clause. Am I correct on that?

25 MR. LOWERY: Yes, you are.

1 CHAIRMAN GUNN: I think my recollection was  
2 at least maybe the second or the -- there's been so many,  
3 but --

4 MR. THOMPSON: Right.

5 CHAIRMAN GUNN: At one point they thought  
6 5 percent was enough skin in the game in order to do this,  
7 so --

8 MR. THOMPSON: That may very well have been  
9 the decision made at that time in contemplation of a lot  
10 of different things.

11 CHAIRMAN GUNN: All right. And then  
12 finally, could you describe to me what you think the  
13 difference is between what is on that schedule that was  
14 attached to the response to Staff's motion to declassify  
15 which shows that for the 12 months ended June 30th,  
16 2012 -- and I'm going to ask the company this, too, when I  
17 get a chance later on -- the difference between what they  
18 presented in their opening statements and the 10.53 actual  
19 earned return on equity?

20 MR. THOMPSON: I think the difference is  
21 this: What they showed you was a graph showing the value  
22 for each period, for each month. What Staff has presented  
23 to you is a single figure that sums up the result of what  
24 occurred during a 12-month period. And remember, that  
25 figure came from the company.

1 CHAIRMAN GUNN: No. I understand. That's  
2 why I'm trying to figure out what the difference is. I'll  
3 get to you guys when we have a witness on the stand.

4 MR. THOMPSON: You may need a math literate  
5 respondent.

6 CHAIRMAN GUNN: That's why I took the bar  
7 exam. No math on that test. I'll ask the questions of  
8 some of the policy witnesses when we get to the ROE  
9 issues. Thanks, Kevin.

10 MR. THOMPSON: Thank you, Mr. Chairman.

11 JUDGE WOODRUFF: All right. Thank you.  
12 we've been going for almost two hours now, so we need to  
13 take a break before we go on to the next opening  
14 statement. We'll take a break now and come back at 10:45.

15 (A BREAK WAS TAKEN.)

16 JUDGE WOODRUFF: We're back from the break,  
17 and we're ready to proceed with further opening statements  
18 from Public Counsel.

19 MR. MILLS: Thank you. May it please the  
20 Commission? You'll be happy to know that I'll be briefer  
21 than Mr. Thompson was. I plan to reserve some of my  
22 opening statement for the mini openings when we get to  
23 those particular issues.

24 We're here today because Ameren is asking  
25 for, according to the latest reconciliation, a 350 --

1 \$345 million rate increase. As someone who went to all of  
2 the local public hearings in this case, I have to ask,  
3 why? What is going on with this company that it cannot  
4 operate without constant rate increases? And another  
5 question is, what is going on with the regulatory process  
6 in Missouri that it can't seem to protect customers from  
7 these constant rate increases?

8 The answer to the first question is simple.  
9 It's doing it because it can, because it does so  
10 successfully, because every time it comes in for a rate  
11 increase it gets a rate increase.

12 And the answer to the second question is  
13 directly related. The regulatory process is so  
14 overwhelmed that it cannot deal with the constant barrage  
15 of rate increase cases. The people who are supposed to be  
16 investigating rate increase cases, the Staff, the people  
17 that are supposed to be opposing the rate increase cases,  
18 the Public Counsel, are so overwhelmed that they cannot  
19 adequately respond to the rate increase cases along with  
20 all the other duties that are imposed upon us.

21 Now, in this case, the best outcome, the  
22 very best outcome that customers can hope for based on the  
23 record in the case and the reconciliation as filed is  
24 about a \$140 million rate increase. That's working from  
25 the best of Staff's case and the low end of the Staff

1 witness on ROE at 8 percent.

2 Ameren budgeted \$2 million to prosecute  
3 this case. It may spend more. It may spend less. We  
4 won't really know the final figure until all the bills are  
5 in. But we do know that Ameren budgeted \$2 million for  
6 this case.

7 Now, if I had \$2 million to spend on this  
8 case, the range of possible outcomes would be vastly  
9 different. I'm not saying that the outcome would be  
10 different because the outcome, of course, is up to you  
11 guys, but the range would be different because you would  
12 have a much broader range of evidence to look at.

13 If I had money to spend on this case, you  
14 would have evidence that would show you that this company  
15 is failing to implement rigorous productivity enhancing  
16 programs. Look at any competitive company. Competitive  
17 companies year after year after year demand and achieve  
18 2 percent, 4 percent, 5 percent productivity gains for the  
19 same production, and they do it year after year after  
20 year.

21 There is nothing in the regulatory process  
22 in Missouri that encourages or forces that kind of an  
23 outcome on a regulated utility.

24 Now, the way the process is set in  
25 Missouri, it is much, much easier for a company to come in

1 and simply put up charts to show that they are not earning  
2 their authorized rate of return than it is for any other  
3 party to show why they are not earning their authorized  
4 rate of return. It's not -- it's not an issue in this  
5 case whether or not they have earned their rate of return  
6 in the past, and, in fact, it is not an issue in this  
7 case, although it should be, a question of why that is.  
8 And Chairman Gunn got to this, I think, with one of his  
9 questions of Mr. Lowery.

10 The question of whether or not the company  
11 is able to earn its rate of return is a good question.  
12 You constantly hear the companies coming in and saying,  
13 oh, look at this chart. We have been unable to earn our  
14 rate of return.

15 Well, look at it another way.  
16 Under-earning their rate of return also means that they're  
17 overspending so that they can't earn their rate of return.  
18 They're either earning too little or spending too much,  
19 and we don't know based on the record in this case which  
20 of those it is, and it could be a combination of the two.  
21 We simply don't have a record that will allow us to  
22 determine whether or not the company's operating  
23 efficiently, as efficiently as it could.

24 Now, in this case, unlike some of the past  
25 cases, for example, the last case we had the Sioux

1 scrubbers. The customers got something significant for  
2 the rate increase. In this case, we're not. If you went  
3 to the local public hearings, you heard customers say,  
4 we'd be happy to pay if we were getting better service, if  
5 we were getting something different, if we were getting  
6 something better, if we were getting a new power plant,  
7 that would be one thing.

8                   What we're talking about in this case is  
9 something from the company's point of view better than a  
10 10 percent rate -- better than a 10 percent rate increase  
11 for simply increases in the cost of doing business, and  
12 that's not acceptable. The only reason that they can  
13 increase the cost of doing business by 10 percent in a  
14 year's time is because they're a regulated company.  
15 Competitive companies would not be able to get away with  
16 that.

17                   Well, okay. And I have to correct myself.  
18 They are getting something in this case. They're getting  
19 the Maryland Heights plant, but that's a relatively small  
20 portion of the overall increase. And perhaps the service  
21 is a little bit better, but -- because you've looked at  
22 the company's numbers in terms of the overall outage rate,  
23 and it's a little bit better. You need to ask, how much  
24 of that is due to the fact that in recent years we have  
25 not had some of the big storms, and how much of that in



1 any event is from the last increase, is a delta between  
2 the level of service reliability since you last increased  
3 the rates? How much of this 10, 12, 14 percent, whatever  
4 they're asking for now, how much of that is being driven  
5 by the current investments? Very little.

6 Now, another question you need to ask is  
7 whether customers, for the small increment in increased  
8 reliability, are customers desirous of paying a 10 or 12  
9 or 14 percent rate increase for that. I think if you went  
10 to the local public hearings, I think you'll find the  
11 answer is no. Customers do not perceive that the level of  
12 service they're getting is commensurate with the number of  
13 increases they're getting.

14 Now, I know that all of you went to some of  
15 the local public hearings, and some of you went to a lot  
16 of them. All of that testimony's in the record, and I'm  
17 not going to go into it in this opening. I know in some  
18 of the later opening statements you're going to hear more  
19 about it.

20 But a lot of that testimony, as you know,  
21 as it is in many of these cases, is about the customers'  
22 individual experience with economic conditions in Ameren  
23 Missouri service territory.

24 You also have from two experts in this case  
25 similar testimony on a more macro level about economic

1 conditions in Missouri's service territory. The first is  
2 OPC witness Barbara Meisenheimer and then Staff witness  
3 Robin Kliethermes.

4 Now, Ms. Meisenheimer urges you -- and she  
5 will be Public Counsel's witness on the issue we're  
6 hearing today of overall regulatory policy questions. She  
7 urges you to take into account, as you have in the past,  
8 evidence about the value of service, the affordability of  
9 service, rate impacts and rate continuity when you  
10 determine the rate increase in this case.

11 She points out, similar to some of the  
12 things that Mr. -- that Mr. Thompson raised in his opening  
13 statement that Staff witness Kliethermes talks about, the  
14 economic conditions in Missouri are dismal and have been  
15 for some time. In fact, Missouri's RGDP is below its 2007  
16 level. Every county in Ameren Missouri's service  
17 territory experienced an increase in unemployment between  
18 2006 and 2011.

19 In these dismal economic times, the company  
20 has had authorized base rate increases totaling  
21 approximately \$604 million, plus \$235 million additional  
22 increases through the FAC, and it goes on.

23 So as a bottom line, Ms. Meisenheimer in  
24 her testimony and Public Counsel in its position statement  
25 urges the Commission to find appropriate for this company

1 in this case a return on equity that is at the bottom end  
2 of the range that the Commission finds reasonable.

3 And I agree with Mr. Thompson's opening  
4 statement about the constitutional question. The only  
5 question that you need to ask is whether the -- whether  
6 the return on equity you are authorizing for the company  
7 is unduly confiscatory. And I think you will find that  
8 Mr. Murray's testimony is persuasive. Mr. Murray's a  
9 recognized expert in this field, and his testimony is that  
10 a range of returns that goes down to 8 percent is  
11 reasonable and would not be confiscatory to the company.

12 Now, the next issue I want to address in  
13 this case, in this opening statement is rate case expense.  
14 Now, as I said earlier, Ameren Missouri's rate case  
15 expense is budgeted at \$2 million. Just as a point of  
16 reference, that's about three times my annual operating  
17 budget.

18 And that's one of the ways that the  
19 regulatory system is broken, and fortunately, it's one  
20 thing in this case that you can actually take concrete  
21 steps to work on. You can tell the company that it  
22 doesn't get to spend whatever it wants on outside experts  
23 in this case. You can tell the company that it has to  
24 look first to the people that are already on salary, that  
25 are already being paid for by ratepayers.

1                   And once they've done that, you can tell  
2 the company that the shareholders need to bear some of the  
3 cost of pursuing a rate case because the shareholders  
4 benefit at least as much from an increase in rates as  
5 customers do.

6                   Now, the Commission has quite some time ago  
7 docketed a generic rate case expense investigation docket.  
8 That case is apparently not going anywhere. It certainly  
9 has not given any form of relief to customers, and I don't  
10 think that the existence of that case is any reason to  
11 defer a decision on rate case expense in this case.

12                   The Commission should follow the  
13 recommendation of Public Counsel witness Ted Robertson on  
14 rate case expense, and I will talk more about that, of  
15 course, when we get to that particular issue.

16                   Now, the last issue I'm going to address in  
17 this general opening statement is return on equity. We're  
18 going to do mini opening statements on the other issues,  
19 and I will address even return on equity in more detail,  
20 or Christina Baker will, when we get to that issue, but I  
21 want to talk about it briefly this morning.

22                   The Commission in this case is once again  
23 fortunate to have the testimony of a number of experts on  
24 this issue, and they're all, I think -- they all recognize  
25 each other as experts, and the Commission has in the past

1 recognized at least a couple of them as experts in this  
2 state. I don't know that Mr. Hevert has testified in  
3 Missouri before, at least not to my memory. But the  
4 others certainly have been recognized as experts, and  
5 their testimony established a range of reasonable returns  
6 on equity from 8 percent to somewhere well north of  
7 10 percent.

8                   Now, I'm not going to go into detail over  
9 the court case in the last few years. I think  
10 Mr. Thompson did that quite well. But one of the things  
11 that I do want to touch on is the fact that, and this was  
12 brought out again with questions to Mr. Lowery, is that  
13 looking at returns on equity for Ameren Missouri and using  
14 returns on equity for other regulated utilities as a  
15 benchmark is perhaps a flawed tool.

16                   Despite the economic turmoil that this  
17 country and the world has gone through in the last few  
18 years, returns on equity for regulated electric utilities  
19 have gone down only a tiny bit. And to me, that indicates  
20 that that is -- that's a flawed yardstick, that what's  
21 being authorized and what has been authorized in the last  
22 few years for regulated electric utilities is not a return  
23 that is commensurate to the risk that those utilities  
24 face. And that's the standard that you need to use  
25 according to Hope and Bluefield, is to award a return on

1 equity that is commensurate to other enterprises of  
2 similar risk, and there are -- there are other enterprises  
3 of similar risk that are not regulated utilities that are  
4 not getting anywhere near 10 percent. In fact, none of  
5 them are.

6 So I think if you're looking only at what  
7 regulated utilities are earning, then you're not  
8 adequately judging what the utility's actual return should  
9 be.

10 With that, I will -- as I usually do when I  
11 close my opening statements in rate cases, I will remind  
12 the Commission that its principal duty is to serve and  
13 protect ratepayers, and that any benefit given to the  
14 utility is merely incidental, and I'll be happy to take  
15 questions.

16 CHAIRMAN GUNN: I just have a couple.  
17 Would you consider the energy efficiency programs that are  
18 contained in this as significant benefit?

19 MR. MILLS: They are, absolutely.

20 CHAIRMAN GUNN: I just want to -- because  
21 that's been agreed -- that was agreed upon previously.  
22 The positions are all the same in this case. And when you  
23 said nothing significant of value, I wanted to make sure  
24 that you were excluding that.

25 MR. MILLS: I was excluding that. I do

1 believe that is a value, and that is a fairly significant  
2 part of the rate increase.

3 CHAIRMAN GUNN: And I apologize for not  
4 knowing this, but just briefly on the rate case expense,  
5 are there specific disallowances that are proposed by OPC  
6 or is it more of an approach to controlling rate case  
7 expense?

8 MR. MILLS: It's sort of a combination of  
9 both. There are specific disallowances, and then once  
10 disallowances are made, then the remaining amount we  
11 propose be split between ratepayers and shareholders.

12 CHAIRMAN GUNN: Some sort of sharing  
13 mechanism --

14 MR. MILLS: Correct.

15 CHAIRMAN GUNN: -- once disallowances are  
16 made?

17 MR. MILLS: Correct.

18 CHAIRMAN GUNN: I just want to get your  
19 opinion. It seems to me that using proxy groups for ROE  
20 kind of creates a feedback loop --

21 MR. MILLS: Exactly.

22 CHAIRMAN GUNN: -- that keeps ROEs stable.  
23 So you're not -- because you're continually using other  
24 companies to determine what the ROE is, you're using the  
25 same numbers to create a new number, and then once that

1 number is used it goes back into a proxy group to be used  
2 for others. So you get this kind of -- and it's -- and  
3 we've had a range between 10 and 11 recently, but then it  
4 appears to still be the range, but it is -- it does kind  
5 of create -- it's kind of a self-fulfilling prophecy.

6 MR. MILLS: That's exactly right. That's  
7 why it never dropped when the rest of the economy and the  
8 rest of the world tanked because it's a self-fulfilling  
9 loop.

10 CHAIRMAN GUNN: I don't have anything  
11 further. Thanks.

12 JUDGE WOODRUFF: All right. Thank you,  
13 Mr. -- I'm sorry. Commissioner Kenney.

14 COMMISSIONER KENNEY: Thank you, Mr. Mills.  
15 I want to ask you about the -- you said that had OPC had  
16 the budget, we would hear evidence that the company was  
17 failing to implement rigorous productivity gains.

18 MR. MILLS: Yes.

19 COMMISSIONER KENNEY: In what form would  
20 that evidence have been?

21 MR. MILLS: I think if I had \$2 million to  
22 try this case, I would have hired several productivity  
23 experts to talk about what normal non-regulated  
24 competitive industries do in terms of wringing more  
25 productivity out of their businesses. And I think the



1 fact that you're not seeing the company talk about those  
2 kinds of programs means that they're not there, and if  
3 they are there, they are certainly not there to the extent  
4 they are in competitive industries.

5 COMMISSIONER KENNEY: And then you said --  
6 well, this is, I guess, corollary to the question about  
7 productivity gains. Is it the company's burden to  
8 demonstrate that it's operating perfectly or even at  
9 maximum efficiency or merely to demonstrate that they're  
10 not behaving imprudently?

11 MR. MILLS: According to the law in  
12 Missouri, some other entity -- I mean, their costs are  
13 generally presumed to be prudent, and some other entity  
14 bears the burden of raising a serious doubt about that  
15 presumption of prudence.

16 COMMISSIONER KENNEY: So Mr. Robertson's  
17 going to testify about rate case expense. Generally  
18 speaking, is there legal support for the idea of dividing  
19 rate case expense evenly between ratepayers and  
20 shareholders?

21 MR. MILLS: There is. Yes, there are cases  
22 I believe that support the Commission's allocation of the  
23 cost of advertising, for example, between ratepayers and  
24 shareholders. Some of it benefits shareholders more than  
25 ratepayers and ratepayers don't pay for that. No one

1 argues that those aren't prudent expenses, but there is no  
2 benefit to ratepayers for them, and so the ratepayers  
3 don't pay them.

4 COMMISSIONER KENNEY: So the argument is  
5 based upon the general notions of regulation that those  
6 costs that benefit the ratepayers should be borne by the  
7 ratepayers?

8 MR. MILLS: And there are cases that talk  
9 about prudence in much broader terms than simply you made  
10 the wrong decision at the wrong time, that it talks about  
11 the question of benefits to ratepayers.

12 COMMISSIONER KENNEY: But it's not  
13 necessarily an issue of prudence. I mean, it's really  
14 that those costs that help and benefit the shareholders  
15 should be borne by the shareholders?

16 MR. MILLS: Well, that portion of our  
17 position not a question of prudence, but the other  
18 question is a question of prudence. We argue that it's  
19 imprudent that they spent all of this ratepayer money on  
20 outside experts when they didn't need to.

21 COMMISSIONER KENNEY: And in that regard,  
22 you argue for complete disallowances?

23 MR. MILLS: Correct.

24 COMMISSIONER KENNEY: And the balance is  
25 divided equally between shareholders and ratepayers based

1 upon those economic and regulatory principles?

2 MR. MILLS: Correct.

3 COMMISSIONER KENNEY: And this is just a  
4 follow-up to Chairman Gunn asked about using other proxy  
5 groups. Other proxy groups of regulated utilities creates  
6 this --

7 MR. MILLS: Feedback loop.

8 COMMISSIONER KENNEY: -- this  
9 self-fulfilling prophecy. It would be permissible, then,  
10 though, to broaden the proxy group to enterprises of  
11 similar risk. How would one determine -- I mean, if we  
12 just said enterprises of similar risk, we could ultimately  
13 end up with an unwieldy proxy group or just proxy groups  
14 that are so subjective depending upon the expert that's  
15 conducting the analysis. Would that not lead to a bad  
16 result as well?

17 MR. MILLS: Well, I think in any event  
18 you'll have to rely on the expert's expertise and the  
19 expert's credibility and, you know, just as though now you  
20 have to sort of weed out the experts who are plugging in  
21 unrealistic growth estimates, you know, if you took a  
22 broader group, you would have to look at the way that the  
23 expert chose those groups. You'd have to look at the  
24 betas of the groups. There are fairly standard ways of  
25 judging the risk of an enterprise, and I don't think that

1 would be an issue. If you have one expert who seems to  
2 find a dozen enterprises that all have similar betas but  
3 all have really, really high returns and someone else who  
4 finds all really, really low ones, then you simply have to  
5 judge among those experts the same way you do when you  
6 judge among experts now when they talk about growth rates.

7 COMMISSIONER KENNEY: That's all I have.  
8 Thank you.

9 JUDGE WOODRUFF: Commissioner Jarrett.

10 COMMISSIONER JARRETT: Just a couple of  
11 questions, Mr. Mills. Isn't it true that the Legislature  
12 sets your budget --

13 MR. MILLS: Yes.

14 COMMISSIONER JARRETT: -- for the year?

15 MR. MILLS: Uh-huh.

16 COMMISSIONER JARRETT: And while many of us  
17 or most of us might agree that you should have a bigger  
18 budget, it is ultimately the Legislature that decides what  
19 your budget should be?

20 MR. MILLS: It is, and I'm certainly not  
21 here today asking you-all to increase my budget. What I'm  
22 expressing to you is that, you know, your role is partly  
23 as an adjudicator, but it's also partly as a public policy  
24 setter, and so you need to take into account the state of  
25 the record, how it was developed when you make your --

1 when you make your decisions in this case in order to  
2 arrive at the appropriate public interest, which is your  
3 ultimate destination.

4 COMMISSIONER JARRETT: And ultimately isn't  
5 it the company's burden of proof to prove that they  
6 deserve a rate increase?

7 MR. MILLS: Yes.

8 COMMISSIONER JARRETT: And wouldn't that --  
9 wouldn't that mean that they should be given a little more  
10 leeway since they have the burden of proof to pick who  
11 they want and how they present their rate case?

12 MR. MILLS: Well, they have the burden of  
13 proof, but they also have the benefit of the presumption  
14 of prudence. So to my mind, those -- those really cancel  
15 each other out. They have a burden of proof, but they  
16 have the benefit of the presumption. So I don't think  
17 that their task is really any more difficult than the  
18 other parties' task.

19 COMMISSIONER JARRETT: Yeah, but the rate  
20 increase really isn't a prudence issue. It's proving a  
21 need for a rate increase as far as their costs and so  
22 forth.

23 MR. MILLS: But it -- in many respects,  
24 it's based on the judgments about the prudence of  
25 individual decisions as we go along.

1 COMMISSIONER JARRETT: And if there's a  
2 prudence issue, there's mechanisms for you and for the  
3 Staff and for other parties to file complaints --

4 MR. MILLS: Yes.

5 COMMISSIONER JARRETT: -- if there's  
6 imprudence?

7 The other issue that both Chairman Gunn and  
8 Commissioner Kenney talked about was the proxy groups. Do  
9 you know, did Mr. Murray use any companies outside of  
10 electric utilities in determining his ROE?

11 MR. MILLS: I don't believe any of the  
12 experts in the case did.

13 COMMISSIONER JARRETT: Mr. Gorman didn't  
14 either. So is this something we should consider since  
15 none of the witnesses --

16 MR. MILLS: I think --

17 COMMISSIONER JARRETT: Since all the  
18 witnesses used electric as proxy groups, isn't that  
19 outside the record for us to consider what other companies  
20 do?

21 MR. MILLS: Well, the record certainly  
22 isn't closed yet. In fact, it's hardly even opened yet,  
23 and I think you may find witnesses who will explain to you  
24 that companies that are of similar risk that are outside  
25 the regulated world are getting lower returns than the

1 return that this company is asking for.

2 COMMISSIONER JARRETT: Are you aware of any  
3 states' regulatory commissions that consider --

4 MR. MILLS: I have not looked at that. I'm  
5 not aware of any as I stand here today.

6 COMMISSIONER JARRETT: Thank you,  
7 Mr. Mills.

8 JUDGE WOODRUFF: Thank you, Mr. Mills.  
9 Opening for MIEC.

10 MS. VUYLSTEKE: I hope the Commission can  
11 see my exhibit. May it please the Commission?

12 Once again, for the fifth time in five  
13 years, Ameren's rate request is inflated to the greatest  
14 possible extent, and as this exhibit shows from Maurice  
15 Brubaker's direct testimony on revenue requirement --  
16 excuse me, his rebuttal testimony -- yes, it's his direct  
17 testimony on revenue requirement, Ameren's rate filing far  
18 exceeds the amount as has been determined reasonable by  
19 the Commission and as the evidence shows.

20 In the present case, the evidence shows  
21 that Ameren overstates its revenue requirement by  
22 \$170 million or 45 percent. Ameren testifies in this case  
23 that it believes that Missouri regulatory procedures are  
24 not balanced. Ameren's testimony looks at earnings from  
25 2007 forward considering several, quote/unquote, unusual

1 events, including mostly Taum Sauk and the fuel adjustment  
2 imprudence disallowance, and concludes that Ameren has  
3 only earned its authorized return on equity 15 percent of  
4 the time during that time period.

5 But Ameren's evidence fails to take into  
6 account that the United States is experiencing the  
7 greatest economic crisis since the Great Depression.  
8 Ameren does not measure the impact of this crisis on its  
9 earnings in its ROE.

10 Ameren tells investors, however, that its  
11 Missouri electric service regulatory framework has  
12 improved in recent years. How has it improved? It has  
13 improved through myriad regulatory advantages that Ameren  
14 has pressed this Commission to gain despite the depressed  
15 economy. These new advantages include since 2006 a fuel  
16 adjustment surcharge, an environmental cost recovery  
17 surcharge, a renewable energy surcharge, a special cost  
18 recovery for energy efficiency and a vegetation management  
19 tracker.

20 Now, in the present case, Ameren asks you  
21 to consider additional, quote/unquote, regulatory  
22 improvements. These include plant in service accounting,  
23 and this is a form of plant in service accounting that is  
24 not adopted or given such broad scope in any other state  
25 in the United States, a storm tracker. It is asking also



1 for now suddenly in this case a transmission cost tracker,  
2 which I would urge the Commission is a monumental decision  
3 about making a regulatory policy with trackers. I think  
4 we already have more regulatory improvements than  
5 ratepayers can stand.

6 Ameren argues that these new features are  
7 needed because it faces unacceptable regulatory risk and  
8 regulatory lag that it claims has caused it to under-earn,  
9 to earn less than its authorized return. It argues for  
10 this new open-ended regulatory asset, plant in service  
11 accounting. Ameren fails to show financial need for this  
12 proposal, nor does Ameren show financial need for any of  
13 its -- for its proposed transmission tracker or any of the  
14 other piecemeal single issue ratemaking mechanisms that it  
15 presents in this case.

16 And while Ameren asks the Commission to  
17 choose to look only at the period from 2007 to the present  
18 in determining its under-earnings, the Commission should  
19 also consider that Ameren consistently and very  
20 significantly over-earned during the period from 1996 to  
21 2006. And I would like to present an exhibit from  
22 Mr. Mike Gorman's testimony to demonstrate this.

23 The evidence shows that the Missouri rate  
24 process when viewed in its totality, even without the  
25 special advantages of the tracker, bestows -- and the

1 surcharge, bestows many regulatory benefits and advantages  
2 to Ameren which it sees the opportunity to take advantage  
3 of to develop very strong earnings and a recent history,  
4 relatively recent history of significant overearnings.  
5 Ameren readily avails itself of opportunities to retain  
6 the benefits of savings due to regulatory lag.

7                   It seems from Ameren's testimony that it  
8 views authorized return as a guarantee, and I think that  
9 the questions that Commissioner Kenney has asked in  
10 particular get to the heart of the question of whether  
11 Ameren believes that this regulatory process can ever work  
12 as traditional regulation.

13                   We don't believe that the authorized return  
14 is a guarantee. Ameren has at times earned more and at  
15 times earned less than its authorized return. There is no  
16 evidence to suggest and it is not the law that Ameren must  
17 earn its authorized return. There is no evidence to  
18 suggest that Ameren has been unable to provide safe,  
19 reliable and adequate service.

20                   The single largest issue in this case is,  
21 of course, return on equity, and the evidence shows that  
22 Ameren's authorized return is significantly higher than  
23 comparable utilities and should be reduced by the MIEC  
24 witness Mike Gorman's testimony to a range of 9.2 to  
25 9.4 percent. But other issues in this case, including

1 Ameren's proposed plant in service accounting and, very  
2 importantly, the new transmission tracker it proposes  
3 require the Commission to make a very crucial decision  
4 about its own rules and its own authority and its own  
5 discretion in what the rate case process is going to be.

6           The Commission has to decide if it will  
7 continue to be a true guardian of the public interest.  
8 The Commission was established and conceived to protect  
9 consumers by using its judgment and its discretion to  
10 decide on just and reasonable rates, to decide on those  
11 rates, not to simply approve costs. The Commission is not  
12 a tracker approver. It is not a true-up supervisor.

13           The Commission's decisions can't always be  
14 predicted with certainty, but the Commission's discretion  
15 has been one of Missouri's greatest strengths. The  
16 ability of the Commission to exercise its judgment over  
17 all costs in the time that they're incurred and to  
18 consider all relevant factors is essential to the public  
19 interest.

20           The Commission -- the MIEC urges the  
21 Commission to draw the line at the continued expansion of  
22 trackers and surcharges, especially for such large costs  
23 as transmission costs.

24           The Commission recognized in recent orders,  
25 including in its 2010 rate order and its 2008 Ameren rate

1 order, the dangers of trackers. In its 2010 order the  
2 Commission stated, trackers should be used sparingly  
3 because they tend to limit a utility's incentive to  
4 prudently manage its costs. In its 2008 order the  
5 Commission said, the Commission does not intend to allow  
6 the overuse of tracking mechanisms in this case or in  
7 future rate cases.

8                   The so-called regulatory improvements that  
9 Ameren seeks will ultimately improve the Commission out of  
10 its job. Under this vision, the Commission would merely  
11 determine whether the utility has calculated its costs  
12 correctly for numerous isolated cost categories sought by  
13 the utility. The Commission should reject this path and  
14 preserve its ability and that of future commissions to  
15 protect the public interest.

16                   I would note that with regard to the energy  
17 efficiency statute, the MIEC will show that the revenue --  
18 in the revenue allocation process, that it is imperative  
19 to assign energy efficiency costs by customer class in  
20 order to preserve the statutory opt out for all eligible  
21 customers.

22                   Since 2000 Missouri has lost a third of its  
23 manufacturing jobs, and the unemployment rate in St. Louis  
24 is 7.2 percent. Ameren can and will request additional  
25 rate increases if those are needed. But if jobs leave

1 Missouri, the economic harm will be permanent. Those jobs  
2 will almost certainly never return. We trust that the  
3 Commission will keep the economic hardships in Missouri in  
4 mind as it weighs the evidence in this case. Thank you.

5 JUDGE WOODRUFF: Thank you. Questions?

6 CHAIRMAN GUNN: I just have a quick one.  
7 The plant in service accounting, you said it hasn't been  
8 implemented anywhere else?

9 MS. VUYLSTEKE: Not in the form or allowing  
10 such broad deferrals as it does in Ameren's proposal.

11 CHAIRMAN GUNN: And that's my question. So  
12 there aren't uniform standards for what plant in service  
13 accounting means? It's an art as much as it is a science  
14 in what could be considered plant in service?

15 MS. VUYLSTEKE: I would ask that the  
16 Commission -- we have a policy witness on that very topic,  
17 Mr. Mike Brosch, and so I would -- I would hate to opine  
18 on that issue, but I believe that there is discretion and  
19 it's not a defined.

20 CHAIRMAN GUNN: Thank you. That's all I  
21 have.

22 JUDGE WOODRUFF: Commissioner Jarrett?

23 COMMISSIONER JARRETT: I had one question.  
24 What is MIEC's position on the increase? They do admit  
25 Ameren is entitled to some rate increase in this case,

1 correct?

2 MS. VUYLSTEKE: That's correct. Most of --  
3 well, I won't say. It's roughly, I think it's half or so  
4 is the fuel cost and the MEEIA cost.

5 COMMISSIONER JARRETT: Okay. Thank you.

6 JUDGE WOODRUFF: Commissioner Kenney.

7 COMMISSIONER KENNEY: Ms. Vuylsteke, I want  
8 to ask a question about specifically the transmission,  
9 MISO transmission costs in the tracker. And I think -- my  
10 question is, and it's a legal question, the MISO  
11 transmission costs that Ameren pays are charged to it by  
12 MISO, correct?

13 MS. VUYLSTEKE: I believe so, yes.

14 COMMISSIONER KENNEY: And it's as a result  
15 of a FERC-approved tariff?

16 MS. VUYLSTEKE: I believe so.

17 COMMISSIONER KENNEY: To what extent do we  
18 even have the ability to reject those? These are dollar  
19 for dollar pass throughs if we adopt the tracker proposal,  
20 and they're costs over which arguably Ameren has no  
21 control, at least to the extent once FERC approves the  
22 tariff and MISO charges those charges to Ameren. How are  
23 consumers harmed if you're tracking through a tracker  
24 costs over which the utility has no control and arguably  
25 over which supremacy clause would prevent us from -- and

1 the filed rate doctrine prevents us from disallowing?

2 MS. VUYLSTEKE: Commissioner Kenney, the  
3 legal issue with the tracker is not the costs themselves,  
4 but the fact that they're being taken out of context of  
5 every other cost that would balance them, declining costs,  
6 increasing costs, and the tracker allows the utility to  
7 recover costs from a year in which there is no rate case.  
8 They're carrying costs from year to year to year, and in  
9 any one year they might have had countervailing costs.  
10 They might have had rate -- cost decreases that would  
11 balance out that tracked cost.

12 So inherently in a tracker you're allowing  
13 the utility to recover one item of cost to the exclusion  
14 of considering other countervailing cost decreases. So  
15 the more you allow in through a tracker, the greater those  
16 distortions can become. If a utility's filing a rate case  
17 every year -- I'm sorry. Go ahead.

18 COMMISSIONER KENNEY: No. No.

19 MS. VUYLSTEKE: However long you allow them  
20 to continue the tracker, the harm is even greater. It's  
21 never, I think, a good way to set rates. It's unlawful.  
22 We think it violates the Missouri Supreme Court decision  
23 against single-issue ratemaking. But the real harm, as  
24 you said, they're entitled to recover the costs anyway.  
25 There may be many costs that it could recover, but if you

1 look at them in isolation, and that's I think where  
2 ratemaking could be headed if Ameren's proposals are  
3 adopted. For every large cost, for every increasing cost,  
4 there's a tracker or surcharge, and that's good to reduce  
5 the risk for the utility, but it greatly increases the  
6 risk for the consumer, and that's the problem we see.

7 COMMISSIONER KENNEY: And I think you  
8 answered my question by referring to the single-issue  
9 ratemaking issue. So MIEC's legal position then is that  
10 trackers period are illegal?

11 MS. VUYLSTEKE: That's correct.

12 COMMISSIONER KENNEY: All right. Thank  
13 you.

14 JUDGE WOODRUFF: Thank you, Ms. Vuylsteke.  
15 Barnes-Jewish?

16 MS. LANGENECKERT: We have no opening  
17 statement.

18 JUDGE WOODRUFF: NRDC?

19 MR. ROBERTSON: May it please the  
20 Commission? I can be brief because I have a limited  
21 number of issues in this case.

22 We ask the Commission not to allow Ameren  
23 to increase its customer charges on the residential and  
24 small general service classes. This would send the wrong  
25 message contrary to the MEEIA policy of encouraging energy



1 efficiency. If customers participating in an efficiency  
2 program may have to pay off a higher level of fixed costs  
3 before they can start paying down their contribution to  
4 the energy efficiency measure, then their payback period  
5 is lengthened. That's a disincentive to efficiency.

6 Furthermore, the company's rate stability  
7 is not affected because they are protected from the  
8 throughput disincentive through the net shared benefits  
9 mechanism under MEEIA.

10 Second, we have noticed that Ameren has  
11 declining block rates for winter use in the residential  
12 and SGS classes. This is another departure from state  
13 policy to incentivize energy efficiency, because above a  
14 block of say 1000 or 750 kilowatt hours, customers who use  
15 more than that are paying less for each additional  
16 kilowatt hour.

17 This is an issue that I've heard mooted  
18 various times in various commission meetings, and so we're  
19 asking the Commission to open a workshop docket to  
20 consider this and other rate design practices that should  
21 be brought into line with new realities.

22 Third, I have noted in a data request  
23 response an item for Meramec environmental study, and the  
24 company has now admitted to me in the course of discovery  
25 that this item should not have been included in revenue

1 requirement. I noticed another item in that data request  
2 response, which is a baseline mercury testing project for  
3 Meramec, and this is related to retrofitting the plant for  
4 utility max rule, which would -- I guess Meramec would  
5 have to be in compliance with 2015. We do not believe  
6 that Meramec should be retrofitted. It is too old. It  
7 should be retired, and -- well, that's all I have. Are  
8 there any questions I can answer?

9 JUDGE WOODRUFF: Questions?

10 COMMISSIONER KENNEY: What should Meramec  
11 be replaced with, then?

12 MR. ROBERTSON: In Ameren's 2011 IRP, they  
13 said if they did wrap DSM, they they're now committed to  
14 doing, they could retire Meramec. So DSM can replace  
15 Meramec, and I would add renewables as well.

16 COMMISSIONER KENNEY: Thanks,  
17 Mr. Robertson.

18 JUDGE WOODRUFF: Thank you, sir. AARP/  
19 Consumers Council?

20 MR. COFFMAN: Good morning. May it please  
21 the Commission? I'm here today speaking for AARP and the  
22 Consumers Council and hopefully for many thousands of  
23 ordinary folks who are frustrated with this process and  
24 who would probably agree with me that the regulatory  
25 compact is broken or at least seriously out of whack,

1 seriously out of whack since 2008 when the economy  
2 collapsed and left many people worrying about whether they  
3 will be able to find a job, whether they will be able to  
4 keep their job, and the act of sitting down to pay the  
5 bills at the kitchen table every month is a very painful,  
6 sometimes life and death situation. And I just want to  
7 remind you that every penny that you can keep rates from  
8 rising will be appreciated by those folks.

9           Since we'll get a chance for mini openings  
10 later, I just want to focus on the two biggest issues in  
11 this case, obviously return on equity and the -- and then  
12 the fuel adjustment clause. Maybe I would group together  
13 all the various surcharges and trackers that seem to be  
14 constantly proposed and foisted upon consumers.

15           Every one of these surcharges and trackers  
16 puts consumers at a disadvantage and chip away at the  
17 inherent idea of a cost of service ratemaking. Every  
18 single one of these single issue or piecemealed out  
19 trackers undermine the idea that we are granting an  
20 opportunity to earn a profit for a company and giving them  
21 the opportunity to manage that risk.

22           The fuel adjustment clause currently  
23 alleviates the risk of a very large part of their  
24 business. The fuel and purchased power costs, at least  
25 95 percent of that, the risk in volatility of those costs

1 is now borne by consumers. All of that uncertainty is no  
2 longer a worry, except for maybe 5 percent skin in the  
3 game that they now have. And for many, many years the  
4 company bore 100 percent until the law was changed  
5 allowing the fuel adjustment clause and consumers, of  
6 course, had to pay an amount in the rates reflecting a  
7 return on equity, but the utility had the opportunity to  
8 manage that, and that incentive was recognized even by  
9 past executives in this company as being a very strong  
10 incentive to urge more cost efficient contracts, and the  
11 incentive was a very positive cost efficiency motivation.

12 So I won't -- most of you have heard these  
13 arguments 100 times perhaps, but we don't favor the fuel  
14 adjustment clause because it reduces the incentive to be  
15 cost efficient with fuel. If despite the fact ironically  
16 that it creates more cases and there's constant prudence  
17 reviews and true-ups, there is less scrutiny.

18 I would suggest that the fact that we are  
19 only finding out late in this case that certain MISO costs  
20 have been slipped in the fuel adjustment cause is evidence  
21 the process may not be able to scrutinize things well  
22 enough, that and the fact that we have had rare  
23 adjustments to the prudence of these fuel and purchased  
24 power costs.

25 Obviously my clients don't have the

1 resources to intervene in every one of those cases. We  
2 prefer the costs to be set at a reasonable level going  
3 forward. But assuming that you will continue, as you have  
4 the last few cases, in granting not -- this is not a right  
5 that they have, but the privilege of a fuel adjustment  
6 clause under the law, which you have the right to approve,  
7 reject or modify, we would urge that you bring the sharing  
8 of the risk more to an equitable level. The Staff is  
9 asking that for an 85/15.

10 In our minds, if you're going to have a  
11 fuel adjustment clause, it should be -- you're wanting to  
12 share this risk, it should be closer to 50/50. So we  
13 would urge that the current fuel adjustment clause  
14 mechanism be modified to a 50/50 sharing of risk between  
15 the utility, which has some control, and we expect that  
16 the evidence will show in this case, as it has in the  
17 past, that the utility has some control over its fuel and  
18 purchased power costs, not all, and consumers who have  
19 zero control over those costs.

20 I am very grateful to Mr. Thompson for his  
21 exposition on constitutional law, Hope and Bluefield. I  
22 agree with his explanation, and I am also thankful that  
23 others have brought up what I see as a real fatal flaw in  
24 return on equities approved by a majority of jurisdictions  
25 in this country since 2008.

1 I believe that this feedback loop, this  
2 circular aspect of looking over at everyone else's  
3 approved ROEs has prevented these numbers from coming into  
4 line with the economic realities of the last few years.  
5 Those numbers should be much lower, but there seems to be  
6 a drag by the aspect of using proxies and what other  
7 utilities are in other states and they look back at you.  
8 In my mind, it's similar to the way that some executive  
9 compensation is kept at such a high level by surveying  
10 what every other company does.

11 We have seen in recent years, I think, two  
12 or three years too late, some dropping of the ROEs  
13 overall, but I -- I would urge you not to use the zone of  
14 reasonableness in the way that it has been used sometimes  
15 in this state, and that is to look at other approved  
16 returns. Rather, to focus on commensurate risk, and for  
17 every special privilege, special mechanism that a utility  
18 is granted, we would urge you to recognize that that  
19 lowers the risk even further. Sadly, we don't often see  
20 that fuel adjustment clause or trackers have a  
21 corresponding reduction in the return on equity.

22 We would simply urge you to focus on the  
23 evidence in this case, which we think is fairly solid for  
24 an 8 percent return, and to recognize that under the law  
25 you have the authority to approve nothing greater than

1 what is con -- confiscatory to the company.

2 There's much more I could talk about, but I  
3 think maybe it would be best if I just shut up and would  
4 let you hear from the folks who spoke at the public  
5 hearing, and I have just some short -- just a couple  
6 minutes in a video of folks who have spoke at the public  
7 hearing.

8 I know that you have all gone to these  
9 public hearings, and I want to thank you. My clients are  
10 very grateful that this Commission more than any other  
11 Commission I'm aware of has provided great opportunities  
12 for the public to come out and give their opinion about  
13 what is just and reasonable and not just opportunities for  
14 public hearings in almost every part of the service  
15 territory but also other means to do so.

16 And I know that you-all have the  
17 transcripts and you've read them or will be reading them,  
18 but I think it would be helpful to be reminded of voices  
19 and the faces of the folks who will be having to pay any  
20 rate increase that comes out of this case.

21 (Video excerpts from local public hearings  
22 were played.)

23 MR. COFFMAN: Thank you. We hope that you  
24 take those comments which are now in the record into  
25 account in determining what the reasonable return is, and

1 we think that they are relevant to affordability and  
2 reasonableness.

3 And on rate design, I do want to mention  
4 that we are in agreement with NRDC and OPC about keeping  
5 the customer charge low. We think that is very important.  
6 We'd like to retain the current \$8 of customer charge.  
7 That helps with affordability and low usage customers.  
8 I'm open to questions.

9 JUDGE WOODRUFF: Any questions? Thank you.  
10 MEGG?

11 MR. WOODSMALL: Whenever I use a computer,  
12 it's always trying, so I'm glad that worked. Good  
13 morning. My name is David Woodsmall, and I represent the  
14 Midwest Energy Consumers Group.

15 One of the benefits of going later in the  
16 day is I get to hear what everybody else says, so it gives  
17 me the opportunity to respond to some things, but it will  
18 also inevitably lead to me repeating some things. So I  
19 hope you bear with me.

20 First off, I want to address some of the  
21 things that Mr. Lowery said. Mr. Lowery tries to point  
22 out that the Missouri system is broke. He says that  
23 Missouri has had more rate cases than many other states,  
24 and naturally then the Missouri system must be broke. I  
25 think the rate cases are a function of the fact that you



1 have more electric utilities.

2                   Look around you. Kansas has two. Iowa has  
3 two. Arkansas has two. Oklahoma has two. Just by the  
4 number of utilities, you're going to have twice as many  
5 rate cases. So don't look at rate cases as a signal that  
6 the process is broken.

7                   He also tries to say that because they  
8 haven't earned their authorized rate of return, that the  
9 system is broke. I think you see here that Ameren simply  
10 wants to take a short-term view of the system. They want  
11 to say in the last couple years they haven't earned their  
12 authorized return and, therefore, something is broke.  
13 Over the long term you can see that the system worked.  
14 The system worked to their benefit. Let's see how the  
15 system helped others.

16                   Southwestern Bell was a Missouri utility, a  
17 Missouri utility stationed -- or headquartered in  
18 St. Louis. They bought Ameritech. They bought Bell  
19 South. They bought AT&T. They've taken over the world,  
20 but they started as a Missouri utility working under  
21 Missouri regulation.

22                   Ameren itself, a Missouri utility, bought  
23 Illinois Power, bought SIPCO, bought SILCO. The other  
24 companies didn't buy it. It went out, based upon Missouri  
25 regulation, and was able to thrive. KCPL has brought

1 Aquila. Look long-term. The system works. Taking a  
2 short-term view will lead to you breaking things that  
3 aren't broken.

4 Mr. Lowery talks about the need for this  
5 rate case being driven by fuel, labor, energy efficiency  
6 and lower customer usage. Interesting, none of those  
7 things are issues in this case. All of those have been  
8 settled.

9 So why are we here? Because Ameren wants  
10 to reduce risk. We talked about that some this morning  
11 with Mr. Mills' motion, and that is the entire point of my  
12 opening statement, reducing risk. So let's get on with my  
13 opening statement.

14 First off, I want to put this case into  
15 context. First thing I want you to do is understand how  
16 Ameren's rates have increased recently and compare that to  
17 the economic conditions for the service area. Next thing  
18 I want to do is I'd like you to understand the dynamics of  
19 utility ratemaking, specifically the risk and  
20 opportunities for Ameren under ratemaking. Finally, I'd  
21 like you to understand that this case is not driven about  
22 the rates arising from the case. Rather, this case is  
23 largely driven by Ameren's attempts to shift risk to  
24 ratepayers while simultaneously keeping all the  
25 opportunities for increased profits.

1                   On this slide you can see the timing and  
 2 magnitude of Ameren's last four rate increases. You can  
 3 see that the increases have become routine, and from a  
 4 customer perspective, the size of those increases have  
 5 been disconcerting. In three straight years Ameren has  
 6 had rate increases that exceeded 7 percent.

7                   Now, for the fourth year in a row, Ameren  
 8 is seeking another increase. This increase is larger than  
 9 the previous increases. Based upon its current case,  
 10 Ameren is seeking an increase of 13.39 percent. In  
 11 contrast, Staff is recommending an increase of  
 12 7.83 percent.

13                   While Ameren has been receiving these  
 14 regular rate increases, average weekly wages have only  
 15 increased by 11.1 percent. Similarly, the CPI has  
 16 increased by only 11.6 percent. Even if the Commission  
 17 accepts the Staff's position on every issue, Ameren's  
 18 rates will have increased 40.27 percent over the same  
 19 period. Worse still, this does not include the rate  
 20 increases that have been allowed to automatically flow  
 21 through through the FAC. Graphically, this is what you're  
 22 looking at. Rates have skyrocketed.

23                   Why do I look back on the past? Why are  
 24 these past rate increases relevant to today? I mention  
 25 these past increases because Ameren's cases are no longer

1 simply about rates. Many of these issues that you will  
2 discuss concern mechanisms that Ameren is requesting that  
3 will lead to even more frequent or larger increases in the  
4 future.

5                   This is not unique to Ameren. Each one of  
6 your regulated utilities are following the same script.  
7 Whenever a utility files a rate case, you can bet it's  
8 simply about more than just the rates increasing. It is  
9 about mechanisms. Every time a utility files a rate case,  
10 I want you to ask yourself, what do they want now?  
11 Because the mechanisms you approve today will drive the  
12 rate increases you have to give tomorrow.

13                   Utilities can manipulate -- what are the  
14 dynamics of ratemaking in Missouri? In general, Missouri  
15 ratemaking is about a risk reward system for the utility.  
16 Here's a quote from a 1979 Missouri Supreme Court case.  
17 As you can see, it references the risk that utilities take  
18 that rates will be inadequate. On the other hand, it  
19 provides an opportunity that rates will be excessive.  
20 Under either scenario, it's the utility, not the consumer,  
21 that is supposed to assume the risk in opportunity.

22                   Utilities can manipulate the ratemaking  
23 dynamic to cause certain windfall profits. The utility  
24 may conveniently time a debt refinancing. Ameren has done  
25 this just recently. Immediately following the end of the

1 true-up in this case, Ameren announced and scheduled a  
2 debt refinancing. This leads to lower expenses  
3 immediately, and Ameren will get to keep the entirety of  
4 the savings associated with this refinancing.

5 Similarly, the utility may conveniently  
6 time an employee severance. This leads to lower payroll  
7 costs and will immediately increase profits. Also the  
8 utility can benefit from warm weather and higher sales, or  
9 the utility can receive a windfall through greater  
10 participation in the wholesale market.

11 While the utility would have you believe  
12 that this opportunity for windfall profits does not  
13 routinely occur, Ameren's current situation proves this  
14 wrong. For the 12 months ending June 30th, 2012, Ameren  
15 earned a 10.53 percent return on equity. This is above  
16 their authorized return, but given the dynamic in  
17 Missouri, Ameren gets to keep the entirety of these  
18 profits, and worse still, despite these windfall profits,  
19 Ameren gets to request a 13.39 percent rate increase.

20 While Ameren is permitted to keep any  
21 windfall profits, the dynamics in Missouri ratemaking also  
22 states that they are supposed to accept the risk that  
23 current rates are not sufficient. Therefore, if they  
24 cannot control expenses or if there is a cool summer, the  
25 utility must assume this risk and wait until another rate

1 case is complete before increasing rates.

2 Bottom line, utilities love the opportunity  
3 for windfall profits, but utilities hate the risk of  
4 inadequate rates. So if you were a utility, what do you  
5 do? You obviously want to minimize your risk of  
6 inadequate rates while inflating your opportunity for  
7 windfall profits.

8 How do you do this? You do this by  
9 contriving mechanisms that will reduce risk and shift that  
10 risk to ratepayers. You've probably heard of several of  
11 these already. You've heard them talked about today.  
12 They are called AAOs, adjustment mechanisms, trackers and  
13 accounting authorization.

14 Let's talk about them. What are AAOs? In  
15 order to understand AAOs, you must understand test year  
16 ratemaking. In Missouri you set rates by looking at a  
17 historical period. The historical period is called the  
18 test year. You look at every aspect of the utility, you  
19 look at capital investment, expenses, depreciation, fuel,  
20 revenues, cost of capital, everything. Under the test  
21 year concept you typically don't consider items that  
22 appear prior to the test year or after the test year. You  
23 use the test year to maintain the proper relationship  
24 between investment, revenue and expenses.

25 What does an AAO do? An AAO is a mechanism

1 that is designed to allow the utility to defeat the notion  
2 of test year ratemaking. An AAO allows the utility to  
3 capture an expense that would be out of the test year,  
4 defer it, and bring it into the test year in the next case  
5 for recovery.

6 This is great for the utility. The utility  
7 can continue to overearn and simply hold that expense for  
8 recovery from ratepayers later. As you can see, the  
9 utility no longer accepts the risk of this particular  
10 expense. Instead, the utility can continue to overearn,  
11 and the expense has been pulled into the next year for  
12 recovery from ratepayers.

13 What's the next mechanism? That's the  
14 adjustment clause. Under an adjustment mechanism, a  
15 utility is not required to wait until its next rate case  
16 to recover an expense. Instead, the utility is allowed to  
17 immediately increase rates to reflect that increased  
18 expense. So while the utility may otherwise be  
19 overearning, they are still allowed to increase rates to  
20 reflect an increase in one single expense item.

21 For Ameren, they have an adjustment  
22 mechanism for fuel costs. These costs represent  
23 approximate 50 percent of Ameren's total O&M costs. So  
24 the risk of an increase in fuel cost has now been entirely  
25 shifted to the ratepayers. Ameren no longer has any

1 interest in minimizing these costs because they are  
2 simply a pass through.

3           The next mechanism designed to reduce  
4 utility risk is a tracker mechanism. Under a tracker, a  
5 baseline amount of an expense is built into rates. If the  
6 expense increases, the utility is allowed to collect that  
7 difference in the next case. Again, you can see that  
8 there's no consideration as to whether other expenses have  
9 decreased to compensate for this increased expense. In  
10 fact, the utility may be overearning, but still is allowed  
11 to track a single expense item.

12           For instance, a utility may refinance their  
13 debt and cause a situation in which they are immediately  
14 overearning. Despite their overearnings, the utility is  
15 permitted to track the single expense, pull them into the  
16 next rate case and recover them.

17           The next -- the final mechanism used to  
18 shift risk to the ratepayers is an accounting  
19 authorization. This is not much like an AAO. Where the  
20 AAO is designed to address a single nonrecurring item,  
21 this accounting authorization is designed to be an  
22 everyday authorization to carry an expense from out of the  
23 test year and hold it for later recovery.

24           Let's look at some of the mechanisms that  
25 Ameren already has in place, mechanisms they've already



1 convinced you to put into place to reduce their risk and  
2 push that onto ratepayers.

3           Foremost, Ameren has a fuel adjustment  
4 clause. This allows Ameren to automatically increase  
5 rates to account for any increase in fuel expense. Over  
6 50 percent of Ameren's expense portfolio is protected.  
7 They may increase rates to account for fuel costs while  
8 simultaneously overearning on the rest of their cost  
9 portfolio.

10           In addition, Ameren has tracker mechanisms  
11 to protect it from increase in the following expenses:  
12 Vegetation management, infrastructure inspections, MEEIA  
13 costs, energy efficiency costs, renewable energy standard  
14 costs, pensions and other post employment benefits.

15           Through these trackers, Ameren has lost all  
16 incentive to minimize its costs. If these costs go up  
17 because of disinterest, Ameren doesn't care. They will  
18 recover on an exact dollar for dollar basis any increase  
19 in these costs.

20           So now that we know what Ameren currently  
21 has, what more do they want? Remember, Ameren's rates  
22 even if you accept Staff's position on every issue, will  
23 have increased by 40.27 percent in the last five years.  
24 Still again, Ameren has overearned over the last 12-month  
25 period.

1                   Nevertheless, ameren wants more. Ameren  
2                   wants you to continue with all the previous mechanisms  
3                   that have been discussed, and Ameren wants more. Ameren  
4                   wants you to expand the fuel adjustment clause. Ameren  
5                   now wants to be -- to be allowed to automatically adjust  
6                   rates to pass through any increases in transmission cost.

7                   Typically, Ameren could simply time their  
8                   rate cases to account for these predictable cost  
9                   increases. Instead, Ameren wants to be able to  
10                  automatically pass through these costs, while Ameren  
11                  continues to overearn, they will also be allowed to  
12                  automatically pass through a single expense without any  
13                  consideration of their overearnings.

14                  If adopted, the magnitude of Ameren's rate  
15                  increases will simply get larger. Ameren still wants  
16                  more. Ameren wants you to implement another tracker.  
17                  Ameren wants a storm tracker. Ameren also wants a  
18                  transmission cost tracker. This is troublesome because it  
19                  will lead to greater opportunity for overearnings. Worse  
20                  still, Ameren did not even propose this mechanism in its  
21                  initial filing. None of the parties were prepared to  
22                  address this issue. Now the Commission has allow Ameren  
23                  to raise this issue through sur-surrebuttal. This  
24                  mechanism minimizes the Missouri ratemaking process and is  
25                  procedurally unfair.

1 Ameren still wants more. While overearning  
2 in this case and despite a 40 percent rate increase over  
3 the last five years, Ameren wants plant in service  
4 accounting as well. As defined in Ameren's testimony,  
5 this will take expenses from the pass into the test year  
6 and allow Ameren to collect these costs.

7 What is the bottom line of this case?  
8 Ameren wants to continue to be allowed to overearn. If  
9 wants to implement mechanisms that increase the  
10 probability of them over earning. Simultaneously, Ameren  
11 wants to shift the entire risk of cost increases. But  
12 despite the significant reduction in risk, Ameren does not  
13 want to lower its return on equity. In fact, in this case  
14 Ameren wants you to raise its return on equity from 10.2  
15 to 10.5 percent.

16 Ameren wants this return despite the fact  
17 that KCP&'s witness in another pending case recently said  
18 a 9.8 percent return is reasonable, a comparable company  
19 I'll tell you.

20 In order to paint the recommendation as  
21 reasonable, Ameren wants you to look backwards. Ameren  
22 wants you to go back two years. Truth is, capital is  
23 getting cheaper, cheaper than it has been two years ago.  
24 Your ROE authorization reflects today, not two years ago.

25 Also, Ameren theorizes that the ROE should

1 go up because they haven't been earning any their on  
 2 equity. This theory is self-perpetuating. Ameren  
 3 theorizes that you authorize a 10.2 percent ROE, and for  
 4 certain periods they didn't earn it. Therefore, you need  
 5 to give them 10.15 percent. Well, guess what's going to  
 6 happen in the next case. They won't meet it for certain  
 7 periods, and they're going to request you to move it up to  
 8 10.8 percent. This is a self-perpetuating prophecy and  
 9 leads to ever increasing return on equity.

10 Finally, what is the bottom line of this  
 11 case? Enough is enough. You can see that Ameren rates  
 12 have increased 40.27 percent over the last five years, and  
 13 over that same period of time the economy hasn't  
 14 progressed and folks are falling farther and farther  
 15 behind.

16 The Commission can't control many of these  
 17 factors, but it can control the mechanisms it gives Ameren  
 18 to bring certain costs into future cases. With that in  
 19 mind, we'd ask you, no new trackers, no expansion of the  
 20 FAC, no special accounting treatment, and simply reduce  
 21 Ameren's return on equity and send them home. Thank you.

22 JUDGE WOODRUFF: Any questions?  
 23 Commissioner Kenney?

24 QUESTIONS BY COMMISSIONER KENNEY:

25 Q. Thank you, Mr. Woodsmall. Let me ask you

1 about the trackers and see. Is it MCEG's position that  
2 trackers are illegal or that it reduces the company's risk  
3 and there should be a corresponding reduction in ROE?

4 MR. WOODSMALL: Certainly the latter. They  
5 reduce risk, and there should definitely be a reduction in  
6 ROE. Illegal? Possibly, depending on how they're  
7 implemented because they allow for retroactive ratemaking.  
8 You set rates at a certain level, and the Missouri Supreme  
9 Court has said that the utility bears the risk that those  
10 rates are not sufficient. If you then go back and tell  
11 the ratepayers the rates on this particular item weren't  
12 sufficient, you need to pay for, yeah, that's retroactive  
13 ratemaking.

14 COMMISSIONER KENNEY: The final question I  
15 have is, will there be testimony that quantifies the  
16 reduction in risk that corresponds with any of the  
17 trackers that Ameren is either proposing or already has?

18 MR. WOODSMALL: Probably not explicitly.  
19 The mechanisms that Ameren currently has is reflected in  
20 their risk portfolio, so will be baked into the current  
21 return on equity recommendations. If you give additional  
22 tracker mechanisms, that will reduce risk and should have  
23 a corresponding reduction in return on equity.

24 I don't know if Mr. Gorman or any of the  
25 other witnesses quantified that, what the reduction in

1 risk would be of giving a storm tracker or getting a  
2 transmission tracker.

3 COMMISSIONER KENNEY: Thank you.

4 JUDGE WOODRUFF: Thank you. For MDNR?

5 MS. BLUME: MDNR does not have an opening  
6 statement.

7 JUDGE WOODRUFF: Thank you. KCPL.

8 MR. DORITY: Judge, the KCPL companies  
9 waive opening statement, and your Honor, I would also  
10 request permission to be excused periodically throughout  
11 the hearing, with the understanding, of course, we would  
12 waive the opportunity to cross-examine witnesses.

13 JUDGE WOODRUFF: You are granted that  
14 permission.

15 MR. DORITY: Thank you.

16 JUDGE WOODRUFF: The other parts were  
17 Missouri Retailers and the unions, and they've already  
18 been excused. So that is the end of the opening  
19 statements. It's also time for lunch. So we'll take a  
20 break now and we'll come back at one o'clock.

21 (A BREAK WAS TAKEN.)

22 JUDGE WOODRUFF: We're back from the lunch  
23 break, and the first witness has taken the stand.  
24 Mr. Baxter, if you'd raise your right hand.

25 MR. BYRNE: Your Honor, before we start, I

1 have a clarification from this morning. I guess I know  
2 the Commission has been pretty liberal in allowing parties  
3 to cite things in their opening statement that aren't in  
4 the record, and I don't really object to that, but this  
5 morning we were talking a little bit about the return on  
6 equity that was filed by Kansas City Power & Light Company  
7 Greater Missouri Operations in their rate case, and I just  
8 want to make sure that the record reflects the correct  
9 information because I don't think it does right now.

10 On September 12th, Samuel C. Hattaway filed  
11 testimony on behalf of Kansas City Power & Light Greater  
12 Missouri Operations, and his revised recommended return on  
13 equity was 10.3 percent, and I think there were references  
14 to other numbers that were not his revised recommendation  
15 in opening statements.

16 MR. MILLS: I think it was Mr. Woodsmall,  
17 and I think he referenced Mr. Hattaway's range, which goes  
18 down to 9.8.

19 MR. BYRNE: Mr. Hattaway does not sponsor a  
20 range in his testimony. He did different kinds of  
21 analyses. One of the two kinds of analyses produced a  
22 result in that range, but that was not his recommendation.

23 JUDGE WOODRUFF: Nothing of what was said  
24 in the opening statements is, of course, evidence, so --

25 MR. BYRNE: I just don't want --

1 JUDGE WOODRUFF: You've made your  
2 statement. All right. Back to Mr. Baxter.

3 (Witness sworn.)

4 JUDGE WOODRUFF: Thank you. You may  
5 inquire.

6 WARNER BAXTER testified as follows:

7 DIRECT EXAMINATION BY MR. BYRNE:

8 Q. Could you please state your name.

9 A. My name is Warner Baxter.

10 Q. And by whom are you employed, Mr. Baxter?

11 A. Ameren Missouri.

12 Q. In what capacity?

13 A. I am of the president and chief executive  
14 officer.

15 Q. And are you the same Warner Baxter who  
16 caused to be filed in this case direct testimony that's  
17 been marked Exhibit 1 and surrebuttal testimony that's  
18 been marked Exhibit 2?

19 A. I did.

20 Q. And do you have any corrections to that  
21 testimony?

22 A. I do. From my direct testimony, on  
23 pages 13 and 14, I prepared two charts related to the  
24 earned return on equity and allowed return on equity.  
25 Those charts were updated and amended in my surrebuttal



1 testimony, and they're reflected on Schedules WLB-ES1 and  
2 Schedule WLB-ES2. The original charts had a few errors,  
3 which I point out in my surrebuttal testimony, and it's  
4 reflected in the footnote there.

5 Q. Okay. And as corrected, are the answers  
6 contained in your prefiled direct and surrebuttal  
7 testimony true and correct to the best of your knowledge  
8 and belief?

9 A. Yes.

10 Q. And if I were to ask you the same questions  
11 contained in that prefiled testimony here today when  
12 you're under oath, would your answers be the same?

13 A. They would.

14 MR. BYRNE: Your Honor, I'd offer  
15 Exhibits 1 and 2 and tender Mr. Baxter for  
16 cross-examination.

17 JUDGE WOODRUFF: Exhibits 1 and 2 have been  
18 offered. Any objections to their receipt?

19 Hearing none, they will be received.

20 (AMEREN EXHIBIT NOS. 1 AND 2 WERE MARKED  
21 AND RECEIVED INTO EVIDENCE.)

22 JUDGE WOODRUFF: For cross-examination, we  
23 begin with -- looking around to see who's actually here.  
24 Looks like AARP is the first one on the list that's  
25 actually here. Mr. Coffman, did you have any questions?

1 MR. COFFMAN: No questions, your Honor.

2 JUDGE WOODRUFF: Barnes-Jewish?

3 MS. LANGENECKERT: No questions.

4 JUDGE WOODRUFF: MIEC?

5 CROSS-EXAMINATION BY MS. VUYLSTEKE:

6 Q. Good afternoon, Mr. Baxter. How are you?

7 A. Good afternoon, Ms. Vuylsteke.

8 Q. Mr. Baxter, is it correct that the primary  
9 thrust of your testimony is that Ameren has not been  
10 earning its authorized return on equity?

11 A. That is one of the discussions in my  
12 testimony, but I wouldn't say it's necessarily the primary  
13 thrust.

14 Q. Would you say it is a major point of your  
15 testimony?

16 A. I think that there's several major points  
17 to my testimony.

18 Q. I'm sorry. I didn't mean to interrupt, but  
19 is return on equity and your belief that Ameren is failing  
20 to earn its authorized return on equity a point in your  
21 testimony?

22 A. It is.

23 Q. And do you agree when the Commission -- do  
24 you agree with this statement, that when the Commission  
25 makes a finding of ROE in a rate case, that the Commission

1 generally has stated that the ROE it utilized was in the  
2 zone of reasonableness?

3 A. I don't know.

4 Q. Do you agree that when the Commission sets  
5 rates using a particular ROE, that it is giving the  
6 utility an opportunity to earn its ROE rather than  
7 guaranteeing it?

8 A. I believe that -- no. I don't believe that  
9 establishing any of the regulatory policies is a guarantee  
10 of ROE. We are simply looking for a reasonable  
11 opportunity to earn a fair return on equity.

12 Q. Do you agree that a utility has a  
13 management responsibility to manage its affairs to provide  
14 safe, adequate and reliable service to its customers?

15 A. Yes. We have a responsibility to provide  
16 safe and adequate service, and certainly reliability is  
17 part of that.

18 Q. Would you agree that if a utility even  
19 perceives and even if it perceives that it is not going to  
20 earn its authorized return, that the utility is not  
21 justified in reducing expenses and capital outlays if  
22 doing so would interfere with its ability to provide safe,  
23 adequate and reliable service?

24 A. I believe the standard that we have to hold  
25 to is safe and adequate service, and we will always make

1 the necessary investments and take the necessary  
2 procedures to provide safe and adequate service.

3 **Q. And at any given point in time, would you**  
4 **agree that Ameren Missouri will have a number of capital**  
5 **projects that it could pursue but not all of them are**  
6 **necessary to be pursued immediately and perhaps some not**  
7 **at all?**

8 A. Ms. Vuylsteke, so are you -- is your  
9 question whether there's certain projects which -- did you  
10 say that are necessary? I'm sorry.

11 **Q. Sure. Let me -- I think it's a double**  
12 **question. Let me simplify.**

13 A. Maybe break it down in two.

14 **Q. Sure.**

15 A. Maybe I can take it that way.

16 **Q. Sure. At any given point in time, would**  
17 **you agree that Ameren Missouri will have a number of**  
18 **capital projects that it could pursue?**

19 A. Yes.

20 **Q. And would you agree that not all of those**  
21 **capital projects that it could pursue are necessary to be**  
22 **pursued immediately?**

23 A. Those projects would not be necessary to  
24 pursue immediately to provide safe and adequate service.  
25 I agree with that.

1           **Q.       And is it possible that there are capital**  
2 **projects that you could pursue but that you don't need to**  
3 **pursue?**

4           A.       So Ms. Vuylsteke, if you could tell me,  
5 what do you mean by need to pursue? What context are you  
6 saying? What's the standard that I'm trying to uphold to?

7           **Q.       The standard to meet Ameren's duty to**  
8 **provide safe and reliable and adequate service that not**  
9 **every -- would you agree that not every capital project**  
10 **must be pursued in order to meet that duty?**

11          A.       In order to provide safe and adequate  
12 service, I agree that not every project has to be pursued  
13 today to pursue safe and adequate service. I agree with  
14 that.

15          **Q.       Okay. If you could go ahead and refer with**  
16 **me to your surrebuttal testimony.**

17          A.       Yes.

18          **Q.       And I'm referring to your Schedule ES4 of**  
19 **your surrebuttal.**

20          A.       ES4?

21          **Q.       Correct.**

22          A.       Yes, I'm there.

23          **Q.       Okay. And the title of that schedule is**  
24 **Accounts for Unusual Items 2011 to 2012. Does that mean**  
25 **that the effect of unusual items was removed from the ROE**

1 **calculation?**

2 A. Yes, that's correct, Ms. Vuylsteke. If  
3 you -- my surrebuttal testimony points out the items which  
4 have been removed from that calculation. They include  
5 things like the Taum Sauk disallowance. They include  
6 things like the FAC disallowance. They include things  
7 like the Entergy adjustment. Yes, those things have been  
8 removed.

9 Q. Do you agree that when looking at a  
10 utility's earnings from a regulatory perspective, that it  
11 is a fair -- that it is fair and appropriate to remove  
12 unusual items like the Taum Sauk disallowance and the  
13 ordered refund of the fuel adjustment dollars that  
14 resulted from the finding of imprudence?

15 A. No, I do not. I think when you -- I think  
16 the schedule that I prepared before are those types of  
17 things which investors look to in terms of determining  
18 whether a utility has a fair opportunity to earn their  
19 fair return, a reasonable opportunity to earn a fair  
20 return. Because capital is deployed for all those other  
21 expenditures, and so I believe investors and others would  
22 look at the reported financial statements. We simply made  
23 some of these adjustments because I believe it was  
24 Mr. Bosch had raised some of those in his testimony,  
25 saying, well, obviously we would be overearning if we made

1 those adjustments.

2                   And I think that shows that's simply not  
3 the case not only on a weather normalized basis, which is  
4 the one you're pointing out there, but even if you took  
5 the effect of extreme -- excuse me -- that is not weather  
6 normalized, but if you took it on a weather normalized  
7 basis, obviously the earned ROE is even lower.

8                   **Q.       So is it fair to say, Mr. Baxter, do you**  
9 **believe that it is not fair and appropriate to remove**  
10 **those items?**

11                  A.       For the analysis that I'm preparing and the  
12 points that I'm trying to make, I believe that the  
13 schedules, they certainly tell a story which is consistent  
14 with my story that we consistently are unable to earn our  
15 allowed return on equity under the existing Missouri  
16 framework. That is entirely consistent with the schedules  
17 that you see preceding that, which is ES1 and ES2, which  
18 shows the actual earned returns.

19                  And so I think those schedules all tell the  
20 same story, and actually ES1 and ES2 could very well be  
21 the two schedules that investors would look at more  
22 readily.

23                  **Q.       Thank you, Mr. Baxter. Now, I'd like to**  
24 **turn to the issue of incentive compensation awards, and if**  
25 **I could, I'd like to go ahead and hand you the definitive**

1 **proxy statement. We have multiple copies for the various**  
2 **parties.**

3 JUDGE WOODRUFF: Do you want to mark this  
4 as an exhibit?

5 MS. VUYLSTEKE: Yes, we'd like to mark this  
6 as --

7 JUDGE WOODRUFF: Be 525.

8 (MIEC EXHIBIT NO. 525 WAS MARKED FOR  
9 IDENTIFICATION.)

10 BY MS. VUYLSTEKE:

11 **Q. And if I could go ahead and I would like to**  
12 **refer you to page 65 of the proxy statement.**

13 A. Yes. I'm there.

14 **Q. And, Mr. Baxter, I note that there is a**  
15 **reference to 120 percent of target for incentive**  
16 **compensation, and I was wondering if you could explain**  
17 **that.**

18 A. I'm sorry. You're on page 65 and you're  
19 talking about 120 percent of targeted. Could you show me  
20 where that's at, please?

21 **Q. Sure. There's an explanation of various**  
22 **targets.**

23 A. I'm not sure I see where you're pointing  
24 out the 120 percent.

25 **Q. Okay. If you go -- I'm sorry. I was going**



1 to ask you to explain the target and then refer back to  
2 page 5. You see an outline of various targets, there's a  
3 base incentive compensation. Could you explain -- could  
4 you explain the incentive compensation that's laid out on  
5 page 65 of the testimony of the proxy statements where you  
6 are referring to a compensation structure that allows for  
7 a base and a target?

8 A. So are you wanting me to try and explain  
9 this chart here on page 65, is that what you're asking me  
10 to do?

11 Q. Correct.

12 A. Well, so what this -- what this says is  
13 that at the beginning of each year our board of directors  
14 establishes an earnings per share target for all of Ameren  
15 Corporation. That's Ameren EPS. And based upon how the  
16 company performs compared to that earnings per share  
17 determines whether you receive any incentive compensation.  
18 It can go from as low as zero up to 150 percent, depending  
19 upon where you land.

20 And then as a result of that incentive  
21 compensation, it isn't formulaic. That means that you  
22 have to perform as an individual. And so consequently,  
23 the board of directors has the ability to, even though the  
24 formula would say an individual would get XYZ because of  
25 where they fell on the chart, they could give them as low

1 as zero percent or minus 50 percent of their base award up  
2 to more than 50 percent. And then ultimately that results  
3 in your incentive payout is capped at 200 percent of  
4 target no matters what happens.

5 **Q. And then -- Mr. Baxter, thank you for that**  
6 **explanation. And then if you would refer to page 5 of the**  
7 **same document.**

8 A. Okay. I have now read it. Thank you.

9 **Q. And first of all, Mr. Baxter, could you**  
10 **tell me, did the board approve the incentive compensation**  
11 **that's outlined on page 5?**

12 A. Yes.

13 **Q. Okay. And could you say what the incentive**  
14 **compensation is for you that was set?**

15 A. I can. It is back on page 76, and it's  
16 outlined there what the -- so to help everybody with a lot  
17 of numbers, you have the salary, which reflects the base  
18 salary, which is the only portion which is reflected in  
19 rates, and then it reflects the stock award, which is our  
20 long-term incentive awards, which is not reflected in  
21 rates. And then you see the non-equity incentive  
22 compensation. That represents the short-term incentive  
23 compensation which is cash, and that too is not reflected  
24 in rates.

25 **Q. Do Ameren executives receive incentive**

1     **awards for meeting earnings per share targets if the**  
2     **earnings are poor?**

3             A.       So tell me how you define poor,  
4     Ms. Vuylsteke.

5             Q.       Well, I would ask you, Mr. Baxter, to tell  
6     **me what you think meeting your earnings per share target**  
7     **means and whether -- what poor would mean in that context.**

8             A.       Well, let me say this. As I said before,  
9     the board establishes targets, and so they establish a  
10    minimum threshold, they establish a target, and they  
11    establish a maximum threshold. So the board establishes  
12    those targets, what they believe are appropriate to pay  
13    incentive compensation. If you fall within the minimum or  
14    the maximum, you're eligible, not guaranteed, eligible to  
15    receive incentive compensation. That's how the incentive  
16    compensation works. If you receive below that minimum,  
17    then you get zero. It doesn't matter if you were a star  
18    performer that year, you get zero.

19            Q.       And you receive -- Mr. Baxter, if you  
20    **receive 100 percent, what does the board mean by target**  
21    **and getting 100 percent?**

22            A.       You know, the board makes that decision  
23    independently utilizing an independent board of directors  
24    which establish those, and then it seeks approval from the  
25    board of directors as well as using an independent

1 advisor, and they look at what they believe is an  
2 appropriate target to be established for our company to  
3 establish what they believe are appropriate goals for the  
4 company.

5 **Q. Mr. Baxter, is exceeding target considered**  
6 **poor?**

7 A. In what context? I'm trying to understand  
8 poor.

9 **Q. In the context of your incentive**  
10 **compensation.**

11 A. I think if you exceed target, you have the  
12 ability to earn more under the incentive compensation  
13 program than you would if you were at target and you would  
14 have the ability to earn more than if it was at minimum.

15 **Q. And, Mr. Baxter, do you agree and do you**  
16 **believe that Missouri regulatory mechanisms have improved**  
17 **since 2007?**

18 A. Yes.

19 **Q. I just have a couple more questions,**  
20 **Mr. Baxter.**

21 A. I'm sorry. Are you done with the proxy  
22 statement?

23 **Q. I am. Thank you very much. I apologize.**  
24 **Mr. Baxter, do you know what the materiality level is for**  
25 **your outside auditors and experts?**

1 A. I do not.

2 Q. Do you know what the materiality limit is  
3 for expense?

4 A. I do not.

5 Q. And do you know what the materiality limit  
6 is for capital -- excuse me -- the materiality level is  
7 for capital?

8 A. Make sure I understand. So you say  
9 materiality level. Can you define for me what you mean by  
10 that in terms of an independent accountant?

11 Q. Well, Mr. Baxter, weren't you at Price  
12 Waterhouse? Aren't you an accountant?

13 A. I am indeed.

14 Q. How would you define materiality?

15 A. Well, materiality levels go into a lot of  
16 different things. So when you're actually doing an audit  
17 you think about materiality levels in terms of the kinds  
18 of testing that you're going to do. That's one kind of  
19 materiality. You think about materiality levels in terms  
20 of whether you have to have any change to financial  
21 statements. That's another materiality level. You have  
22 material levels in terms of disclosures. So which one are  
23 you referring to?

24 Q. Disclosure.

25 A. Disclosure. I don't know that one either.

1           **Q.       Mr. Baxter, do you think that your witness**  
2 **Lynn Barnes would know that?**

3           A.       I don't know.

4           MS. VUYLSTEKE: No further questions.

5 Thank you.

6           JUDGE WOODRUFF: Did you wish to offer 525,  
7 the proxy statement?

8           MS. VUYLSTEKE: Yes, I would. Thank you.

9           JUDGE WOODRUFF: 525 has been offered. Any  
10 objections to its receipt?

11           (No response.)

12           JUDGE WOODRUFF: Hearing none, it will be  
13 received.

14           (MIEC EXHIBIT NO. 525 WAS RECEIVED INTO  
15 EVIDENCE.)

16           JUDGE WOODRUFF: For further  
17 cross-examination, then, I skipped over DNR. Did DNR have  
18 any questions? DNR?

19           MR. LOWERY: They're not here.

20           JUDGE WOODRUFF: They're not here. I'm  
21 sorry. I guess I didn't skip over them.

22           And OPC?

23           MR. MILLS: Just very briefly.

24 CROSS-EXAMINATION BY MR. MILLS:

25           **Q.       Mr. Baxter, do you agree that the question**

1 of whether rates are just and reasonable should be looked  
2 at from the perspective of the customer as well as from  
3 the company?

4 A. I think just and reasonable rates should be  
5 looked at from all perspectives, including the customer,  
6 including shareholders, including frankly many others in  
7 the state of Missouri. So all those things should be  
8 looked at.

9 Q. And in deciding on a level of a rate  
10 increase in this case, how do you suggest that the  
11 Commission take into -- take into account the customers'  
12 perspective?

13 A. You know, it's hard to say just exactly  
14 how they should take into account, but the reason we have  
15 12 public hearings is so you can hear from the customers.  
16 And so that should be one of many factors, as well as  
17 factors in terms of what the state needs for safe,  
18 reliable service and infrastructure, in terms of what  
19 should be appropriate rates and returns, the opportunity  
20 to earn a fair return on investments. Those are all  
21 factors. You know, it's ultimately up to the Commission  
22 in terms of how they rate that.

23 Q. My question is, how should the Commission  
24 take into account the customers' perspective when they're  
25 talking about dollars and cents in terms of a rate

1 **increase?**

2 A. I think the Commission should take into  
3 account certainly matters that were not only just stated  
4 at the public hearings, but I think other matters which  
5 customers always talk about, that their top priority has  
6 been and continues to be reliability. That too needs to  
7 be factored in to the decision-making.

8 Q. **And can you point to me any point in any of**  
9 **the local public hearings in which any of the customers**  
10 **said that the thing that they want most is reliability?**

11 A. Are you talking about on the public record  
12 or are you talking about just in the public hearings in  
13 general?

14 Q. **I'm talking about in the record in this**  
15 **case from all of those 12 local public hearings you just**  
16 **talked about.**

17 A. I can't point to a specific instance. What  
18 I can say is that --

19 Q. **Well, you don't have to say any more**  
20 **because you can't say the answer to my question.**

21 A. I cannot.

22 Q. **So going back to my original question, how**  
23 **in determining the amount of the rate increase in this**  
24 **case should the Commission take into account the**  
25 **customers' perspective?**



1           A.       I can't speak for the Commission. I think  
2   it's ultimately going to be the Commission's decision, but  
3   I do believe that the Commission should listen to the  
4   record that was -- or pay attention to the record that was  
5   made in the public hearings. But I think that goes beyond  
6   just what was heard and discussed at the public hearings.

7           **Q.       Would the proposal made by Public Counsel**  
8   **witness Barbara Meisenheimer be an appropriate way to take**  
9   **into account the public testimony?**

10          A.       I believe the Commission should take into  
11   account all items that are on the record in this case,  
12   absolutely. Hers would be one piece of testimony as well  
13   as all of our company witnesses as well.

14          **Q.       So you agree with me?**

15          A.       Yes.

16                   MR. MILLS: That's all I have. Thank you.

17                   JUDGE WOODRUFF: For Staff?

18                   MR. THOMPSON: Thank you, Judge. I have an  
19   exhibit, Staff 237, and I've reached an agreement with the  
20   company that they will stipulate to the admission of this,  
21   and this is the pleading, the company's response to  
22   Staff's motion to declassify, and attached to that is the  
23   quarterly financial surveillance monitoring report that I  
24   referred to in my opening statement and that I believe  
25   Mr. Woodsmall referred to as well. So based on the

1 stipulation with the company, I will offer this at this  
2 time.

3 (STAFF EXHIBIT NO. 237 WAS MARKED FOR  
4 IDENTIFICATION.)

5 JUDGE WOODRUFF: 237 has been offered. Any  
6 objection to its receipt?

7 MR. BYRNE: None, your Honor.

8 JUDGE WOODRUFF: Hearing none, it will be  
9 received.

10 (STAFF EXHIBIT NO. 237 WAS RECEIVED INTO  
11 EVIDENCE.)

12 MR. THOMPSON: Thank you very much. I have  
13 no questions for you, Mr. Baxter.

14 JUDGE WOODRUFF: Then we'll come up for  
15 questions from the Bench, beginning with the Chairman.

16 QUESTIONS BY CHAIRMAN GUNN:

17 Q. Good afternoon.

18 A. Good afternoon.

19 Q. I just want to clarify a couple of things  
20 that you said. So you testified that after -- since 2007,  
21 the regulatory structure and regulatory environment in  
22 Missouri, you believe there's been an improvement?

23 A. Absolutely.

24 Q. And what year did you first receive the  
25 fuel adjustment clause?

1 A. Chairman Gunn, I believe it was in 2009,  
2 but I may not be exactly right. It was -- I could --

3 Q. After 2007?

4 A. It was after 2007, that's correct.

5 Q. And vegetation management tracker, that was  
6 after 2007?

7 A. I don't recall if that was a result or  
8 incorporated in the 2007 case or the next one. It was  
9 early in that period of time. I just simply don't recall.

10 Q. Was it before or after the three major  
11 storm incidents?

12 A. It was after that. That I do know.

13 Q. All right. That's all the questions I have  
14 on that, but I'd like you to -- so the lawyers in their  
15 opening presentation showed the chart which showed that  
16 there wasn't earning. It was weather normalized, so you  
17 didn't see any particular month that was done. But yet to  
18 Kevin -- I would just like to have this explained where  
19 the actual earned return on equity for the last 12 months  
20 is 10.53.

21 A. So, Chairman Gunn, a couple of things I  
22 would point to maybe to help. If you look at the  
23 Schedule ES2, this is in my surrebuttal testimony, it does  
24 show one month where there's no weather impacts that shows  
25 that we earned above our allowed return.

1                   Now, the schedule, the surveillance report,  
 2    which is prepared for the Commission, is prepared by Gary  
 3    Weiss, who I know will be up here a little bit later.  
 4    That report reflects -- does not include things like the  
 5    Taum Sauk disallowance. So the schedules that you saw  
 6    Mr. Lowery show a little bit earlier reflected the Taum  
 7    Sauk disallowance.

8                   And so in June that 10.53 percent does not  
 9    include the Taum Sauk disallowance, but it does include  
 10   things like extreme weather that we had, as well as the  
 11   refund from Entergy is included in those two numbers, and  
 12   so that was included in that June 2012 12 months ended  
 13   surveillance report. Does that help or does that confuse?

14                  **Q.       It helps, but what it sounds like was**  
 15   **presented was an adjusted chart to demonstrate that you**  
 16   **didn't earn above the ROE, but when you have a nonadjusted**  
 17   **surveillance report, you get 10.54?**

18                  A.       So, Chairman, let -- I hear the question.  
 19   And I said before, I believe it was Ms. Vuylsteke, it was  
 20   my perspective that the chart that we present is the  
 21   proper chart in terms of all the adjustments from a  
 22   reported basis.

23                  But having said that, if you look back at  
 24   my schedules that I prepared in my surrebuttal testimony,  
 25   there are two of them there, and we've taken out three

1 adjustments in those schedules. One includes the Taum  
 2 Sauk disallowance. One includes the FAC disallowance,  
 3 meaning that we added that back in, and the third one was  
 4 the Entergy adjustment. And either on a weather  
 5 normalized basis or reflecting weather, 100 percent, we do  
 6 not earn our allowed return throughout the entire year of  
 7 2012.

8 So we tried to address allegations that we  
 9 were trying to not fully reflect these unusual items.  
 10 We've indeed reflected those.

11 **Q. One of the statements that was made in the**  
 12 **opening statements is that you would see -- if the**  
 13 **regulatory compact wasn't broken, you would see peaks and**  
 14 **valleys in terms of -- in terms of earnings. Well, under**  
 15 **certain charts without weather normalization, you do see**  
 16 **some of those, correct?**

17 **A. Very few times you do. The answer is yes.**  
 18 **The answer is yes. The answer is yes.**

19 **Q. You do see them?**

20 **A. We do.**

21 **Q. And so if you do see those, then how can it**  
 22 **be that it is a structural issue, that it is a regulatory**  
 23 **structural issue if you can, in fact, earn above your**  
 24 **authorized ROE on an occasional basis?**

25 **And I don't know that it's fair to say,**

1 well, the weather gets hotter, which means we have people  
2 using electricity more and, therefore, we're going to take  
3 that out and not take it into account. You're not taking  
4 into account the factor that allows you to make more  
5 money, and yet you are -- you are taking into account the  
6 months where you don't make more money because people use  
7 less electricity.

8 So it just -- it seems to me that by  
9 disregarding the factors that allow you to make more money  
10 which shows that you're not earning your authorized ROE  
11 doesn't really reflect that there is a structural  
12 institutional problem with the opportunity to earn ROE,  
13 because if that was the case, then it wouldn't matter  
14 whether you were making more money in the hot -- in the  
15 hot months.

16 A. Mr. Chairman, can I respond?

17 Q. Sure.

18 A. And so from my perspective, when you look  
19 at a regulatory framework, you shouldn't rely on weather  
20 to bail you out or to ultimately cripple you, right?  
21 Weather will be what it will be. And so what we did in  
22 the same way in both positive and negative, we prepared a  
23 chart that took the effects of weather entirely out, both  
24 good and bad. And the simple answer is that we've never,  
25 never for five years earned our allowed ROE. Even when

1 you took the extreme weather patterns in there, we earned  
2 it 15 percent of the time.

3 But to your point that it goes up and down,  
4 yes, but it's only because of weather, is my point. When  
5 I look at this systematic problem, if I can talk a little  
6 bit about that. Would you mind?

7 Q. Let me push back a little bit on what you  
8 just said.

9 A. Okay.

10 Q. Because if what we are talking about is an  
11 institutional structural inability for you to earn your  
12 ROE, then you shouldn't be able to earn that under any  
13 circumstances and that is not the case. The point is that  
14 when you do have weather, and you call it extreme, but  
15 we've had 100 degree weather. I don't know what the --  
16 11 days of 100 degree weather, but over a period of time  
17 and in the chart in the last case, you demonstrated that  
18 you were able to earn on certain months over your -- over  
19 your ROE. That is in the last case. That's before this  
20 summer. That's before the drought. That's before all  
21 that stuff.

22 And so I guess what I'd like you to explain  
23 is, is that if it is only -- which is what the lawyers  
24 said, that it was the regulatory framework and this  
25 Commission, which everything that I've read from Wall

1 Street says that the Commission's last four rate cases  
2 have been constructive. You yourself said that it has  
3 been improved since 2007, the regulatory framework. So  
4 the regulatory framework in Missouri has only gotten  
5 better since 2007.

6 But the claim now is that, well, the only  
7 reason why you haven't been able to earn the ROE is  
8 because this Commission plus the regulatory framework.  
9 There are no other external factors that cause you to have  
10 the inability to earn the ROE. That is what was said. If  
11 that's the case, then how come you've been able to earn  
12 over your authorized ROE in several different months?

13 A. Chairman, let me try to address that in  
14 several instances. No. 1, we're not throwing tomatoes at  
15 this Commission --

16 Q. I'm not saying you are.

17 A. -- just to be clear. But what I'm saying  
18 is that I believe -- because I think the Commission has  
19 taken some very proactive and appropriate steps since 2007  
20 to address known issues and circumstances, and we  
21 appreciate that, and the regulatory environment has  
22 improved. What you're suggesting is that despite --  
23 despite the fact that we've had five rate increases and  
24 we've had -- despite -- not five. Five rate filings and  
25 four rate increases. Despite the fact that we've taken



1 significant sums of money out of our business and over  
2 \$300 million we've reduced our expenditures and we've  
3 reduced head count nearly 10 percent since 2009, you would  
4 think that with revenues going up and costs going down  
5 that that gap would be meaningfully narrowed.

6 But the reality is, is that it isn't, and I  
7 think it isn't -- it is the framework which causes the  
8 problem because of changes in circumstances. And so as a  
9 result -- you know, so when I see the systemic problem,  
10 when I see system -- when I see every utility in this  
11 state coming in for several rate increases -- and I can  
12 speak for our company. We've had cost increases,  
13 significant cost increases.

14 And when I see the fact that we still  
15 cannot earn our allowed ROE, even on a weather normalized  
16 basis, only very occasionally, not weather normalized  
17 without taking out weather, that to me says we've got to  
18 step back and say we have an issue.

19 Because the results of that is that when  
20 you don't -- when you have that excessive regulatory lag,  
21 and that's what I'm talking about is excessive regulatory  
22 lag, you don't have cash flows, right? We've had negative  
23 free cash flow in excess of a billion dollars over the  
24 last several years. Not each year, but it accumulates and  
25 ultimately drives us to have to reduce expenditures for

1 good projects which I believe are in the best interests of  
2 the state and its customers.

3 What we're trying to do in this case is to  
4 maintain the good things that this Commission has done  
5 over the last several years. We appreciate that. What  
6 we're trying to do is make an incremental step with plant  
7 in service accounting and the storm tracker to try and --  
8 it's not going to necessarily solve the problem, but it  
9 will promote the investment that we think is necessary.

10 Q. And I guess that's part of what my question  
11 is, is in the last rate case, what was not -- what was not  
12 done by this -- by the rate case order? I mean, you're  
13 seeing -- if it is truly a regulatory framework issue and  
14 it is not anything else, it's not the fact that the  
15 economy was in a free fall in 2008, it's not the fact that  
16 usage has gone down, it's not any of those factors, it is  
17 merely the regulatory framework, then what is it that --  
18 then how do we know that what this Commission does -- if  
19 we were to award you a tracker, if we were give that to  
20 you, how do we know that it's going to make a difference?

21 Is it -- are we going to know that only if  
22 you have to file a rate case in the next year or in the  
23 next -- but we can't solve some of these other issues that  
24 you're saying are systemic to the regulatory framework.

25 A. I agree, Chairman, and so what we're asking

1 you to do is within your jurisdiction. We know you can't,  
2 for instance, give us a forward test year for capital  
3 additions. That would violate the CWIP standard. We know  
4 you can't give us CWIP. We know you can't give us a rider  
5 mechanism.

6 So what we're asking the Commission to do  
7 is do things within their power, and tracker is one of  
8 those things.

9 **Q. And we have to make the assumption that**  
10 **your operations, merely because you have -- you have**  
11 **declining costs, that your operation is running**  
12 **efficiently to the point that, again, it is not a factor**  
13 **in not earning the authorized ROE?**

14 **A.** So, Chairman Gunn, I'm not up here to tell  
15 you that we have our operations perfect, you know.  
16 Frankly, I tell our people every day, we have to get  
17 better every day. That's what we need to do, and we are  
18 trying to do that, trying to get better every day.

19 And so does management have a  
20 responsibility? You bet we do. But the problem that I'm  
21 seeing is that the gap is so big that what we're trying to  
22 do -- I don't think this plant in service accounting is  
23 automatically going to solve everything, but it's a step  
24 in the right direction. Your hands are tied in some  
25 respects. You can only do so much.

1                   But I do believe that we are -- we are  
 2     operating in an effective way. And so what evidence do  
 3     you have to say? You don't have to trust me. You can  
 4     look at third parties. We just received the best award  
 5     that you can get in the fossil plant industry in our  
 6     Labadie and Rush Island plants, that it wasn't just about  
 7     the equipment availability, which was very good, but it  
 8     was about cost, and you put those two things together, out  
 9     of 500 plants, they were one and two.

10                   You look at our Callaway operating plant,  
 11    it has run continuously for two cycles. That is  
 12    extraordinary in the nuclear industry. And customers  
 13    benefit from that, because when Callaway's humming our  
 14    costs are low, and that gives us more off-system sales  
 15    that we can sell out into the market. And you can see  
 16    that we're taking actions on reducing costs by voluntary  
 17    severance programs, by continuing to drive costs down, and  
 18    so there is external evidence.

19                   **Q.       That you're reducing cost. What I'm asking**  
 20    **you is, do you believe that the company's operation in any**  
 21    **way contributes to not being able to earn your authorized**  
 22    **ROE?**

23                   A.       Commissioner --

24                   **Q.       That was the contention in the opening**  
 25    **statement. I'm asking you to verify that, that --**

1           A.       Chairman, can we do better in terms of  
2 trying to earn our allowed ROE? We can always do better,  
3 but we alone within our company cannot solve that earnings  
4 gap. We cannot solve that, because we simply have to  
5 provide safe and adequate service, and so the problem that  
6 we have to make sure we provide safe and adequate service,  
7 which our customers frankly expect higher, they expect  
8 higher than adequate. We have to make investments.

9                   And so those investments that we make, 700  
10 million just since the last rate case, are serving  
11 customers today, and we're losing money on those  
12 investments. We're losing money because they've gone into  
13 rate base. They're depreciating. We're losing that cost  
14 of capital. That's happening.

15                   We have a witness in this case, Ms. Barnes,  
16 who said that since the last rate case we will have lost  
17 nearly \$40 million by the time rates go into effect just  
18 by putting in assets that are helping customers today to  
19 provide the safe -- not just safe and adequate service  
20 because we're providing more than that.

21                   Mr. Lowery showed the fact that we have  
22 reliability which is among the best in the industry. It's  
23 in the top 25 percent. So can we be the top? Sure, we  
24 can. We're not the top but we're not -- but we're not  
25 falling short in terms of trying to deliver what our

1 customers' expectations are.

2 Q. I just have two more questions. The first  
3 is that you will agree that -- or would you agree that  
4 regulatory lag is a part of the regulatory compact?

5 A. Yes, I agree.

6 Q. Regulatory lag because of the nature of the  
7 regulation is a part of this and is expected, and if you  
8 were to eliminate it entirely, it would upset the normal  
9 regulatory compact?

10 A. Chairman, I believe some level of  
11 regulatory lag is appropriate. The problem that we have  
12 is excessive regulatory lag.

13 Q. Now, my last question is, is if this  
14 Commission were to grant plant in service, would that  
15 substantially reduce your risk?

16 A. Would it substantially reduce our risk  
17 compared to our peers? No. No, it would not. No, it  
18 would not. Because our peers have other mechanisms in  
19 place that help them address regulatory lag. They have  
20 forward test years. They have rider mechanisms. They  
21 have formulaic rates. These things that you can't do, I  
22 know, and so that's why we propose plant in service  
23 accounting as a proxy because we know what you can and  
24 can't do. They have CWIP.

25 Q. But that's not going to substantially

1 **reduce your risk?**

2 A. It will not substantially -- it will reduce  
3 our risk. It will absolutely reduce our risk. But  
4 compared to our peers, I don't think it reduces them at  
5 all. I think it tries to get us more in line with where  
6 they're at.

7 CHAIRMAN GUNN: Thank you, Mr. Baxter. I  
8 don't have any more.

9 JUDGE WOODRUFF: Commissioner Jarrett?  
10 QUESTIONS BY COMMISSIONER JARRETT:

11 Q. **Good afternoon, Mr. Baxter.**

12 A. Good afternoon.

13 Q. **I have a few questions. I wanted to start**  
14 **off, you had an exchange with Mr. Mills about the local**  
15 **public hearings and what you heard from customers, and you**  
16 **began to talk about reliability as being an issue. Has it**  
17 **been your experience that customers are concerned about**  
18 **reliability as well as price?**

19 A. Absolutely. In fact, Commissioner Jarrett,  
20 our customers time and time again -- because we talk to  
21 our customers. We have -- we do studies. We do focus  
22 groups. And their number one priority has been and will  
23 continue to be reliability. Does price matter? You bet.  
24 But reliability is number one.

25 Q. **And you were here during the opening**

1 statements this morning, weren't you?

2 A. I was.

3 Q. I know at least a couple of the attorneys  
4 referenced the 1990s and the 2000s referencing that Ameren  
5 actually earned in excess of their allowed ROE. Do you  
6 remember --

7 A. I do remember that.

8 Q. Has the utility industry and the markets  
9 and the economy changed since the 1990s and early 2000s?

10 A. The simple answer to that is yes, and I  
11 would like to make sure I go back and talk about the chart  
12 that was prepared, because that chart was misleading and  
13 wrong. But let me answer your second question first, your  
14 question, and then I'll go back and talk about that chart.

15 In terms of what's happened in the 1990s,  
16 2000s compared to today, this is one of the reasons that  
17 we're talking about plant in service accounting, because  
18 back in the day in the 1990s, what was happening is that  
19 we were putting infrastructure -- we had pretty much the  
20 same regulatory framework back then. We were putting in  
21 infrastructure just like we are today. That  
22 infrastructure we were putting in was there to really help  
23 load growth.

24 In many respects it was before the '90s.  
25 It was the '70s, in the '80s, because we had customer



1 load. We had customers who were putting in air  
2 conditioning, and so we put in investments which were  
3 going up, but we also had revenue-producing customers,  
4 right, just not because of rate base but simply because of  
5 usage were going up. And so the regulatory framework was  
6 adequate at the time. We had revenues going up, we had  
7 costs going up, and so the regulatory lag thing wasn't as  
8 much of an issue.

9                   What's happened since then I would say are  
10 two or three things. No. 1, those same systems and  
11 infrastructure that we put in back in the '60s, '50s,  
12 '70s, those are aging. Those are still the same systems  
13 that are serving our customers today in many respects.  
14 They're aging, so we have to put more investment in there.

15                   The second thing, which I know we've talked  
16 about at this Commission before, is that our mandates have  
17 gone up significantly, mandates for environmental,  
18 mandates for renewable, mandates for even transmission and  
19 even, you know, mandates just for just general  
20 liabilities. Not whining. It's just reality.

21                   So costs are going up. They were going up  
22 this way. Now they're going up this way. What has  
23 happened from a customer usage standpoint is that it is at  
24 best flat and maybe going up a little bit, and the  
25 customer usage is not for new business. It's primarily

1 they're staying flat, and the investments we're making  
2 today are for those mandates in aging infrastructure.

3           So that's why we're having a bigger  
4 disconnect than what we had perhaps decades ago. Hence  
5 the reason why there has been a significant change and  
6 hence the reason why, as we look at the needs for the  
7 state of Missouri and the need for investments, you know,  
8 we need to find a solution to the regulatory framework to  
9 make incremental difference so we can make those good  
10 discretionary investments for our customers.

11           If I could address your statement about our  
12 earnings back in the day, back in the 1990s, I believe it  
13 was Ms. Vuylsteke, she presented a chart, and I was the  
14 controller back then. I have to admit, I was struck by  
15 the chart in terms of what our earned ROEs were back then.  
16 Because keep in mind, this chart starts in 1996, goes from  
17 1995 to 2007.

18           What you have to keep in mind, what this  
19 Commission did not know is that back in 1995 to 2001 and  
20 2002, we had an alternative rate regulation plan in place  
21 that, frankly, most of the people in this room sat around  
22 the table and shook hands, said this is what we were going  
23 to do, and it was approved by the Commission.

24           And that alternative regulation plan was  
25 such that, that you -- that as we had earnings between

1 certain levels, we would then keep them up to a certain  
2 level, between -- and that was 12.6. Cost of capital was  
3 meaningfully different back then -- up to 12.6, and then  
4 between 12.6 and I think it was 14, we'd share 50 percent  
5 as an example, and above 14, we gave 100 percent of those  
6 earnings back, 100 percent.

7 And so when I look at this schedule and I  
8 see that we had earned ROEs back then that were, it looks  
9 like 15, 20, they didn't take in effect the credits that  
10 we gave back to the customers.

11 And so our -- we didn't over -- number one,  
12 it's impossible to overearn when everyone has agreed to a  
13 deal. We all said this is how it's going to be. And then  
14 secondly, I think this chart is misleading. I don't  
15 think. I know it is.

16 And then thirdly, beyond that, so after we  
17 got done with this alternative rate regulation plan, some  
18 of these same people in the room agreed to another deal  
19 between 2002 to '05 that said, this is how we're going to  
20 implement rates. There was a moratorium. There was  
21 actually rate reduction. And we moved forward. Again, no  
22 one could allege overearning because this is the deal that  
23 we entered into. And so when you look at this chart, we  
24 weren't trying to hoodwink the Commission. The simple  
25 answer is that those were deals that we struck and we

1 agreed on and moved on.

2 So now we have a different time that we're  
3 trying to talk about from 2007, and so I just want to make  
4 sure I address that because I think folks may think that  
5 we were earning 20 percent. That wasn't happening. No  
6 way.

7 Q. Well, thank you for that. Now I want to  
8 get back to what we were talking about, some of the  
9 changes between that time and this time, and you mentioned  
10 several of them. Renewables, we have renewable energy  
11 standards now. That is different from the old time?

12 A. Absolutely.

13 Q. Bigger emphasis on demand response and  
14 energy efficiency where maybe in the 1990s, 1980s, there  
15 wasn't any emphasis on that. It was just to provide more  
16 power, more power, use more power and really no emphasis  
17 on energy efficiency, which lowers your chance to earn  
18 revenue because you're not selling as much power?

19 A. Well, that is exactly right, because what's  
20 not reflected in rates today -- and obviously we're real  
21 pleased with what the Commission did with our energy  
22 efficiency MEEIA filing -- is the issue of, as customer  
23 usage goes down, we lose the revenues or fixed costs  
24 associated with those. And so as that has actually  
25 happened here in the early 2000s, we started seeing more

1 efficient use. When I said customer usage is going down  
2 for a variety of reasons, it's because of the economy but  
3 also because of energy efficiency.

4 Q. Another issue is transmission with the  
5 renewable standards now. They built out of transmission  
6 from west to the east to get to the wind power. That's  
7 another big factor.

8 A. That's right. So, Commissioner, even more  
9 recently there's been a significant level of transmission  
10 expenditures just within the last year that are mandated  
11 in terms of meeting NERC, North American Energy Reliance  
12 Council standards, so they just continue to increase as  
13 well.

14 Q. So if I understand your testimony and your  
15 direct and your surrebuttal, you're basically saying  
16 there's a new paradigm now, that times have changed from  
17 what they were before, and we're not going to go back to  
18 those old days, we're operating under a new environment,  
19 all of these other issues that have developed in the last  
20 10, 15 years. Would that be accurate?

21 A. It would be.

22 Q. And if I understand your testimony  
23 correctly is that, given that new paradigm, you're asking  
24 the Commission to look at some innovative ways to more  
25 closely match the costs so that the company has a better

1     **opportunity to earn -- a reasonable opportunity to earn**  
2     **its allowed ROE?**

3             A.       That's correct, Commissioner Jarrett, but I  
4     want to say one more thing to that. This isn't all about  
5     the company and the shareholders, in my opinion. I  
6     believe this plant in service accounting proposal is as  
7     much about what's the right thing to do for our customers,  
8     because I believe that if customers believe, and they do,  
9     that reliability is the top property, and we are having to  
10    defer and/or eliminate good discretionary reliability  
11    projects to meet their expectations, we want to make some  
12    of those investments.

13                    I'm not suggesting it's just going to be a  
14    flood of those, but we want to make some of those  
15    investments because reliability is not only good for our  
16    customers in that regard because we meet their number one  
17    priority, but better to move some of those investments  
18    today and do those investments sooner than later when you  
19    have interest rates at perhaps historic lows.

20                    And so as opposed to deferring these things  
21    out many, many years when they ultimately have to become  
22    done, you move them up and customers can benefit from  
23    that. And so you put those things together and then you  
24    think about the state of Missouri. All right? The state  
25    of Missouri wants reliable infrastructure to attract

1 business and, of course, they want to have reasonable  
 2 rates.

3 This plant in service accounting proposal I  
 4 don't believe is going to have a significant impact on  
 5 rates. Will they potentially have them go up? Maybe, but  
 6 if we wait and do some of these infrastructure investments  
 7 later when interest rates are higher, it could actually be  
 8 more costly to customers to do some of those things.

9 **Q. And I know the arguments that the -- that**  
 10 **the consumer -- Office of the Public Counsel and some of**  
 11 **the consumer groups are making, and they make some valid**  
 12 **points about the fact that doing this would be an increase**  
 13 **to them. But on the other hand, you also have to look at**  
 14 **things like rate shock, where some of these mechanisms may**  
 15 **be a leveling out. There may be increases, but they're**  
 16 **step increases rather than one big increase at the next**  
 17 **rate case. Is that beneficial to customers?**

18 **A.** Commissioner, I think you hit the nail  
 19 right on the head there. Because what ends up happening  
 20 is when you have a rate case, you have to try and get all  
 21 these investments in during your cutoff period. Otherwise  
 22 you're going to have this significant regulatory lag. I  
 23 think plant in service accounting would give you the  
 24 ability to smooth out some of these investments because  
 25 you're not worrying about those losses between rate cases,

1 right?

2                   And then which customers, as I heard them,  
3 they understand the cost issue, and I understand that many  
4 of them, one penny is too much. But for others, you know,  
5 reliability is a top property. They want to try and find  
6 a way to smooth. This is why I think the Commission is  
7 looking at the rate stabilization plan or this docket. I  
8 get that. This is one mechanism. This is not going to  
9 solve all that, but this is a mechanism which will be  
10 absolutely consistent with what you just said.

11                   **Q.        Would you agree with the statement that if**  
12 **you have regulatory lag in an era of rising costs, does**  
13 **that negatively affect your borrowing power?**

14                   A.        Yes.

15                   **Q.        And how does it?**

16                   A.        Simply put, when you have regulatory lag  
17 during rising costs, especially in Missouri where you  
18 establish rates based on historical costs, and so if you  
19 have rising costs, whether it be one, two, three, five  
20 percent and your rates are based on historical cost, then  
21 simply you are incurring more losses.

22                   And so consequently, having a regulatory  
23 framework which addresses more costs which are more, I  
24 would say, attuned to the costs that you're going to  
25 incur, whether it be -- well, I know we can't do forward



1 test year, but that's why you see some of those entities  
2 with forward test year or rider mechanisms, they generally  
3 have a more favorable regulatory plan working from a  
4 credit perspective, which is important. It has an impact  
5 on your borrowing costs.

6 COMMISSIONER JARRETT: I don't think I have  
7 any more questions, Mr. Baxter. Thank you.

8 JUDGE WOODRUFF: Commissioner Kenney?

9 QUESTIONS BY COMMISSIONER KENNEY:

10 Q. Mr. Baxter, thank you. I have a few more  
11 questions.

12 A. Great.

13 Q. Maybe. I want to take a step back and make  
14 sure that we address some threshold issues, because when  
15 we use the term regulatory framework and regulatory  
16 compact, I want to make sure that we all have the same  
17 understanding of what those phrases actually mean.

18 A. I'll do my best to try and clarify from my  
19 perspective.

20 Q. Let me ask you about the regulatory  
21 compact. I'll tell you what I think it is. You tell me  
22 if you agree or disagree. It's an understanding that a  
23 monopoly, a natural monopoly utility that provides an  
24 essential service will agree to regulation by a public  
25 utility commission, by the state, in exchange for being

1 able to operate in a monopoly territory without any  
2 competition. That's it?

3 A. Well, I think that's part of the compact.  
4 The other part of the compact is, by so doing, by  
5 agreeing -- because we have an obligation to serve under  
6 that compact. So with that obligation to serve, we have  
7 to have the ability to recover our prudently incurred  
8 costs and to have a reasonable opportunity to earn a fair  
9 return on our investments. So that compact --

10 Q. I think we basically have the same  
11 understanding.

12 A. Yes. I just wanted to make sure there's  
13 the other piece to it.

14 Q. And that part's important, the reasonable  
15 opportunity to earn a fair return. And you were here when  
16 Mr. Lowery gave his opening statement. So you heard me  
17 ask him this question. Part of Ameren's argument is that  
18 it has consistently under-earned at least since 2008,  
19 right?

20 A. '07, yes.

21 Q. 2007. And that consistent and persistent  
22 under-earning is a result of outdated regulatory  
23 framework; is that correct?

24 A. I think that's certainly a major  
25 contributor, yes.

1           **Q.**       **Okay. Therefore, and I -- this is the**  
2 **question I think that I have. Does the persistent and**  
3 **consistent under-earning, does that in and of itself**  
4 **demonstrate that the regulatory framework is somehow**  
5 **broken?**

6           **A.**       I think that's a strong indicator, but,  
7 Commissioner, I think there are other things that tell me  
8 why the framework is broken.

9           **Q.**       **Okay. What are those other things?**

10          **A.**       The first thing is that over these last  
11 five years, you haven't just seen our company but every  
12 electric utility in the state come in consistently for  
13 rate increases and been granted rate increases, various  
14 sizes. But so that's number one. So all things being  
15 equal, you're seeing revenues going up.

16                    Secondly, I can speak for my company, and  
17 that's probably true for the others, but I can speak for  
18 my company. I know that during this period of time we  
19 have been on a cost reduction effort both in operating  
20 expenditures and capital expenditures. So all things  
21 being equal, revenues are going up, you're bringing costs  
22 down, you should be making meaningful if not significant  
23 progress on this challenge.

24                    Yet at the same time I look at the charts  
25 and I still see systemic under-earning, both on a --

1 without factoring out weather and factoring out weather,  
 2 which you can't in my opinion judge a regulatory framework  
 3 based on weather. Weather should just be factored out.

4 And so in that case what it says is that --  
 5 that you probably have a problem. And the reason why  
 6 that's a problem, it isn't just about shareholders.  
 7 Shareholders matter, right? So do customers and so does  
 8 the state of Missouri.

9 And so when you have that, you have  
 10 these -- you don't have cash flows, right, which you have  
 11 to have the cash ultimately to do your investments. And  
 12 if you have less cash, then ultimately it means you're  
 13 having to make less investments, and I know we're having  
 14 to because of the -- to try and align our spend with the  
 15 regulatory framework, we're having to defer and eliminate  
 16 good products, which I think is inconsistent with what is  
 17 good.

18 **Q. But don't public utilities traditionally**  
 19 **have negative cash flows just by virtue of the business**  
 20 **model? I mean, there's a lag between the time that you**  
 21 **provide the service and the time that you collect from the**  
 22 **customers for the service?**

23 **A.** Commissioner, we do. I think when you look  
 24 at the size of negative free cash flow is what concerns  
 25 you. It's been in excess of a billion, approaching

1 \$2 billion up here at a time.

2 Q. So let me go back to what you were saying  
3 earlier. You were looking at this chart, MPG21.

4 A. Yes.

5 Q. And you were explaining that from '95 to  
6 2001, I think you said, the company was operating under an  
7 alternative regulatory plan?

8 A. That's correct.

9 Q. And then that ended in 2001; is that right?

10 A. You know, so Commissioner, I think that  
11 the -- it ended in 2001. I think it actually -- it wasn't  
12 on a calendar year.

13 Q. Okay.

14 A. I believe it was on a fiscal year. So I'm  
15 not sure if it actually ended in fiscal 2002. I remember  
16 those -- that period of time is when it was generally in  
17 place.

18 Q. And you said that back then you had -- you  
19 were making investments and -- but you had increased  
20 customer demands, which was helping with the negative free  
21 cash flow issue.

22 A. And so, Commissioner, probably the reality  
23 is many of those increases in investments were probably  
24 even made before even the '90s that I was talking about.  
25 Because if you think about when air conditioning load was

1 coming on and the robust -- it was probably even earlier,  
2 the '70s; '60s, '70s. So when we talk about aging  
3 infrastructure, it even goes back further than that.

4 The 90s were a little bit of a different  
5 period, I would say. The '90s was a period where you saw  
6 from my perspective a couple of things that happened. I  
7 should have mentioned this to Commissioner Jarrett. What  
8 you saw were a couple of things with that. Now, you  
9 obviously continued to get efficiencies from technology.

10 You also saw significant decreases in our  
11 fuel cost because we switched over some of our fuel costs  
12 from the Illinois basin into the Powder River Basin. All  
13 of those were around the early '90s time period, including  
14 then, of course, you had more robust customer growth. You  
15 still had customer growth going on, to be clear.

16 **Q. So even if you go back to the '70s and**  
17 **there's an increase in infrastructure investment in the**  
18 **'70s, and still you have the increased customer load**  
19 **because you've got air conditioning, et cetera?**

20 A. Well, the infrastructure we were building  
21 was for more customer load.

22 **Q. In anticipation of that additional**  
23 **customer?**

24 A. Yeah, trying to stay in front of it. Not  
25 only anticipation. In fact, it was reality. It was both.

1           Q.       Then are the problems of today more  
2       attributable to the regulatory framework or just the  
3       vagaries of the business cycle and the decreased customer  
4       load?

5           A.       You know, Commissioner, I think it's both.  
6       Right? I think as Commissioner Jarrett pointed out, we  
7       have a different paradigm today. Things have changed, and  
8       that's no fault of the Commission. It's no fault, you  
9       know, in many respects of the legislators. It's just  
10      things have changed.

11                   And so what has happened over the last  
12      several years is what I said. The aging infrastructure is  
13      certainly more meaningful today than it was back in the  
14      '70s, because it's 40 years old. We have mandates which  
15      have skyrocketed, and you have now customer usage, loads  
16      flattish. And so economic conditions changed.

17                   And so what we're suggesting is that, okay,  
18      what we need to do is try and make a change, not a leap,  
19      but an incremental change. I think this Commission,  
20      frankly, since 2007 has recognized that things change in  
21      business and changes need to be made.

22                   The fuel adjustment clause is a great  
23      example. We have fuel costs skyrocketing. The  
24      Legislature and the Commission implemented the fuel  
25      adjustment clause.

1           **Q.       And part of the fuel adjustment clause was**  
 2           **not solely to help the business, but to help customers**  
 3           **mitigate against shock from spiking fuel costs?**

4           A.       That's exactly right. So similarly if you  
 5           think about pension and employee benefits, those two are  
 6           uncontrolled because there's so much driven by interest  
 7           rates and investment returns. And the Commission said,  
 8           that's significant, we need to put in a tracker. And the  
 9           same thing with the reliability. I think Chairman Gunn  
 10          was talking about the issues we had back in 2006. We need  
 11          to do something about reliability even more. We're going  
 12          to give you a tracker. And those were good policies.

13                    They weren't -- they weren't regulatory  
 14          things. They weren't just for the shareholder. They were  
 15          for the customer and the state. And so when we bring  
 16          forth this storm tracker and this plant in service  
 17          accounting thing, it's in that same spirit that we bring  
 18          those forth.

19           **Q.       So the regulatory compact allows the**  
 20           **utility to operate its franchise in a monopoly area free**  
 21           **from competition, and the public utility commission**  
 22           **ostensibly is supposed to act as a proxy for compensation?**

23           A.       Yes, in terms of how they establish rates,  
 24           the public utility commission, as well as I guess the  
 25           framework itself, acts as a proxy.



1           **Q.       And in a competitive environment, one of**  
2 **the things that would prevent a business from making risky**  
3 **business decisions is the existence of a competitor who**  
4 **may or may not be able to provide the same product at a**  
5 **better price?**

6           A.       I'm sorry, Commissioner. You said would  
7 not make a risky investment because the competitor --

8           **Q.       Yeah. There are market forces in a**  
9 **competitive environment that prevent a competitive**  
10 **business or a business operating in a competitive**  
11 **environment for making overly risky business decisions?**

12          A.       That's true. And I guess the converse  
13 would be true as well, where they may make overly  
14 aggressive decisions because they're trying to do  
15 something that may not work out. It works both ways.  
16 We've seen it.

17          **Q.       And so in the regulated environment, the**  
18 **prospect of not being able to recover for a particular**  
19 **investment that the company has made, that risk keeps --**  
20 **and that lag keeps the regulated entity from making overly**  
21 **risky business decisions, right?**

22          A.       You know, Commissioner, I'm not so sure  
23 that we're talking about risky business decision. I'm  
24 talking about the investments we're making. They're not  
25 designed to be sort of risky.

1 Q. No. I'm --

2 A. They're designed to be --

3 Q. I'm just trying to make the point, because  
4 I know I'm not intimating the need of the business  
5 decisions that we're talking about or that we have talked  
6 about are risky. What I'm trying to make sure that I  
7 comprehend and make sure to properly capture in this  
8 discussion is the purpose of regulatory lag, and the time  
9 frame that is built in to regulatory process is there by  
10 necessity. I want to get at what that necessity actually  
11 is.

12 A. And so, Commissioner, I'm not here to say  
13 we have to eliminate regulatory lag. That's -- what I'm  
14 saying we have to eliminate is excessive regulatory lag.

15 Q. But before we talk about excessive  
16 regulatory lag, I think it's -- it's necessary to  
17 determine the point of regulatory lag, period. I don't  
18 think we can comprehend what excessive actually is if we  
19 don't first comprehend what the purpose of that regulatory  
20 lag is.

21 A. I understand.

22 Q. So I'm trying to get at, what is the  
23 purpose of regulatory lag?

24 A. I think in point, one of the purposes of  
25 regulatory lag is to provide appropriate incentives for

1 the company to make sure that they operate their company  
2 efficiently and effectively. I agree with that.

3 **Q. And would you agree, though, that the delay**  
4 **in the time the investment is made and the time that you**  
5 **come in to the public utility commission for approval of**  
6 **that investment, the prospect of not being able to recover**  
7 **that, that risk that's built into the process is there by**  
8 **design?**

9 A. I'm not so sure if the concept of  
10 regulatory lag applies the same to investments as it does  
11 perhaps to operating expenditures. Because if you think  
12 about it, it is -- it is a little troubling to me that we  
13 put an investment into service that's serving customers  
14 tomorrow and we're beginning to lose money on that  
15 investment and the cost of capital almost immediately.

16 **Q. Well, then how soon should you be able to**  
17 **start recovering -- because really what you're talking**  
18 **about is the cost of capital. So you borrow money to do a**  
19 **plan, and you've got to pay the interest on that loan**  
20 **right away, right?**

21 A. Well, it's more than that, Commissioner.  
22 It's the depreciation.

23 **Q. And depreciation expense?**

24 A. Yeah. We put a 1,000 -- a \$1,000 piece of  
25 equipment in and it's a ten-year period of equipment, on

1 day one, you know, that we're losing the depreciation. So  
2 we'll never really fully recover that asset and the cost  
3 of capital.

4 **Q. So in the regulatory model that Ameren**  
5 **would design, how quickly would you be able to recover? I**  
6 **guess that's the point.**

7 A. From my perspective, again, it's because of  
8 the change in paradigms is one of the reasons we're  
9 talking about this. When you had in the past regulatory  
10 lag with customer usage and revenues going under,  
11 regulatory lag in the favorable way was helping mitigate  
12 this other. The change in paradigm is what's causing the  
13 problem.

14 So right now we have investments are still  
15 needed and, in fact, the investments are growing, and what  
16 we don't have is that offset from the one piece of  
17 regulatory lag which historically has benefitted the  
18 company, and that is customer growth.

19 And so what we're simply asking to do is  
20 say, let's recognize that and let's make a change that --  
21 that will not only certainly benefit the company but I  
22 believe will benefit the customers because these  
23 discretionary investments can then be made.

24 **Q. I think I understand. There's nothing**  
25 **inherently wrong with the regulatory framework. It's**

1 **changed circumstances in the form of decreased customer**  
2 **load growth?**

3 A. I see where you're coming from. I think  
4 that if the same regulatory framework, right, was okay  
5 back in the '70s, right, and that was because we had a  
6 different circumstance, I think the regulatory framework  
7 today, but just because you have a different paradigm  
8 doesn't mean then the regulatory framework shouldn't be  
9 modified, right?

10 So it's the same thing when we didn't have  
11 a fuel adjustment clause. People said, well, the  
12 regulatory framework wasn't the problem. It really  
13 ultimately became a problem because of changes in  
14 circumstances. Does that make sense?

15 Q. I think so. I think so. But I still think  
16 that it seems that what we're talking about is not  
17 necessarily a flaw in the regulatory framework but, I  
18 mean, if customer growth was -- if customer growth stayed  
19 the same, then we wouldn't be even -- if we had demand  
20 providing cash flows and ameliorating the negative cash  
21 flow problem, then we wouldn't be having this  
22 conversation?

23 A. That's right. That may be true, but I  
24 think what's different even today, Commissioner, is that  
25 in the past where I said we have had demands from

1 customers going up and the infrastructure we're putting in  
2 is to serve that new demand, we could still have that  
3 going on.

4 But what you also have today are all these  
5 other mandates for environmental for -- and so I would  
6 tell you that that would probably still put pressure on  
7 it. Now, whether we have to do plant in service  
8 accounting, I don't know. I can only tell you what we see  
9 today.

10 **Q. I want to go back to this discussion of**  
11 **under-earnings, and I think the phrase in and of itself,**  
12 **under-earnings implies that there's some expectation that**  
13 **you're going to earn at your allowed ROE. Is that --**

14 A. Commissioner, you know --

15 **Q. Is that implicit in the whole phrase,**  
16 **under-earnings?**

17 A. There is never -- it is not my position  
18 that we have a guarantee. We were simply looking for a  
19 reasonable opportunity to earn our fair return. And I'm  
20 not going to go through again. We believe the regulatory  
21 framework systemically does not provide us that reasonable  
22 opportunity. In general, I do believe that if you had --  
23 all things being equal and you had allowed ROE and you had  
24 the framework and normal business operations, you would be  
25 hovering up and down, up and down on that allowed ROE.

1 That would be perfect. Right? Or perfect, that's not  
 2 right. That's not the right word. But that would be a  
 3 normal pattern. We haven't seen that obviously.

4 Q. Well, even if you -- well, okay. I want to  
 5 go to MPG21. You said it was misleading, and I want to  
 6 make sure I don't interpret it incorrectly. If we look at  
 7 '95 to 2002 was the alt reg plan. What was going on in  
 8 2003?

9 A. You know, Commissioner, I honestly don't  
 10 know. I know -- I simply don't know what that -- but I do  
 11 know that my sense is that there was a special aberration  
 12 that could have been -- I believe we had a one-time refund  
 13 associated with a coal settlement or lawsuit with one of  
 14 our suppliers that was meaningful around that time. I  
 15 don't know if that's doing that, but I know that was  
 16 around then, that we had a big refund as a result of that.

17 Q. And then we look in the 2008, 2009 and '10,  
 18 '08 and '09 are below 10 percent while the authorized ROEs  
 19 are above 10, 10.2 maybe, and in 2002 you get above there?

20 A. You know, Commissioner, I'm not sure  
 21 what -- in 2010, you know, my data stands. I stand by the  
 22 data that I presented in my testimony.

23 Q. I guess what I'm getting at, how do we know  
 24 that some of this is just not the vagaries of the business  
 25 cycle? What's 2015 going to look like?

1           A.       If we both knew that, right? Commissioner,  
2 we can't predict the future. All I can tell you is what I  
3 see. And so these -- well, and so just because you  
4 implement a plant in service tracker doesn't mean that we  
5 can -- it doesn't mean it's going to be in place for the  
6 next two years. That's not my position. It would be  
7 sticking our heads in the sand just as much to say, well,  
8 it's done and we should never look back.

9           **Q.       It's hard to undo these things once we put**  
10 **them in place, though, isn't it?**

11          A.       But the Commission has every ability to do  
12 so. And so as I come here, I believe the plant in service  
13 accounting approach is a tool that's available to the  
14 Commission. Right. We can't do some of the other things  
15 because it's not within your jurisdiction. And so the  
16 Commission has the ability to decide -- say five years  
17 from now the business cycle has changed. We can all sit  
18 there and say, yep, it's time to do something different.

19          **Q.       You would be amenable to -- and this is**  
20 **maybe not a fair question. Would you be amenable to some**  
21 **type of out of the box mechanism like the plant in service**  
22 **accounting with built-in automatic sunset so that we're**  
23 **not dependent upon the vagaries of a new commission?**

24          A.       You know, Commissioner, so I think as we --  
25 I characterize this in my testimony that plant in service



1 accounting is an out of the box mechanism. I agree with  
2 that. I think the fact that you-all are talking about the  
3 low income rate docket is out of the box. I think  
4 your rate stabilization, I think it's a good idea. We  
5 should -- just because we're a regulated enterprise and  
6 you regulate that enterprise doesn't mean we shouldn't  
7 step out of the box to try and solve what I think are real  
8 problems.

9 Because I agree with what many folks said  
10 earlier today, that this isn't just about numbers, what we  
11 do here, what you-all do isn't about just pushing numbers  
12 around and worrying about rate increases. You establish  
13 policy, and what you do and what you don't do has policy  
14 implications from an energy perspective. That I strongly  
15 believe.

16 **Q. What's the relationship between earnings**  
17 **per share and ROE? Because you were having a discussion**  
18 **about your proxy statement and what the earnings per share**  
19 **were. And so your earnings per share are some amount**  
20 **compared to your shares of stock, I'm assuming.**

21 A. That's right. So it's your net income  
22 divided by the shares outstanding. So the shares  
23 outstanding we look at are Ameren Corporation. We look at  
24 earnings per share. Even when you look at the quarterly  
25 releases, you don't see an earnings per share number for

1 Missouri.

2 Q. Right.

3 A. Because we have one shareholder, Ameren  
4 Corporation. So our net income is basically the same. So  
5 when you look at our releases, you don't see us talking  
6 about net income. So we've been talking about return on  
7 equity, which is a proxy for earnings per share,  
8 relatively speaking.

9 Q. If you have X amount of dollars per share,  
10 though, that indicates that the company's generating a  
11 profit, right? Is that right?

12 A. I'm sorry?

13 Q. If you are earning -- and I think the proxy  
14 limit's like 2-something per share.

15 A. There's a profit, yes.

16 Q. There's a profit.

17 A. Absolutely. Absolutely.

18 Q. And we were talking about earlier -- and I  
19 don't know if it was in opening statements or not, but we  
20 were talking earlier about appropriate proxy groups for  
21 determining ROE, and we're supposed to be looking at ROE,  
22 supposed to earn something compared to a comparable  
23 company of similar risk.

24 Do you think, given that, that we are  
25 limited to only looking at regulated vertically integrated

1 utilities or would we look at other companies that are  
2 similar risk?

3 A. Commissioner, I'm not a return on equity  
4 expert, but let me say this. What's different about us  
5 and everyone else is that we have an obligation to serve,  
6 and so I heard Mr. --

7 Q. Does that make you more or less risky?

8 A. Well, if we're saying about -- if you're  
9 saying that a company has this level of risk and no  
10 obligation to serve and we have the same level of risk and  
11 have an obligation to serve, our risk is higher.

12 Q. But that company doesn't have guaranteed  
13 customer base and franchises protected by power of the  
14 state.

15 A. Then we must have different risks.

16 Q. Okay.

17 A. That's the point. I think there's a reason  
18 why --

19 Q. But not necessarily greater or lesser, just  
20 different?

21 A. Well, yeah. So I -- so I gave you an  
22 example. I think it's difficult to look to competitive  
23 companies and say they're the same because we have an  
24 obligation to serve and that's why we're all here.

25 CHAIRMAN GUNN: I don't have any further

1 questions.

2 THE WITNESS: Thank you.

3 JUDGE WOODRUFF: Commissioner Stoll, do you  
4 have any questions?

5 COMMISSIONER STOLL: Yes.

6 QUESTIONS BY COMMISSIONER STOLL:

7 Q. Just one line of questioning. The  
8 statement was made, I believe by Mr. Thompson in the  
9 opening statements regarding the sharing mechanism and  
10 what would cause Ameren to have more skin in the game, so  
11 to speak. What do you see as the company's current  
12 incentive to reduce fuel costs and purchased power costs?

13 A. Thank you, Commissioner. And so there's  
14 several incentives, but I tell you the most important  
15 incentive that we have is that fuel adjustment clause is a  
16 privilege and not a right. And so every time we come here  
17 asking for the fuel adjustment clause, we have to ask for  
18 permission to get that reinstated. And if we operate our  
19 plants certainly imprudently, but that's probably not even  
20 the right word, but if we stuck our head in the sand and  
21 said the fuel adjustment clause, you know, we would be at  
22 risk that not only would you reduce the percentage but  
23 you'd take it away.

24 I think the evidence is clear that since  
25 our last rate case, what we have done has actually

1 improved the level of operations comparatively. We just  
2 announced the other day, you heard me say before that our  
3 two biggest coal-fired plants, Labadie and Rush Island,  
4 received the best out of 500 plants. The best. And it  
5 wasn't just cost. It was reliability. Puts the whole  
6 thing together. Labadie just two years ago received that  
7 same award from a different organization.

8           And so from my perspective, Commissioner,  
9 there is, if anything, you know, our level of service and  
10 our level of making sure we're doing the right thing for  
11 customers has done nothing but get better since the last  
12 rate case, and we can always do better. But there's  
13 absolutely no evidence in the record that says we're  
14 falling down on the job.

15           **Q.       Hopefully I'm asking this the right way.**  
16 **Right now, since the sharing mechanism is 95 percent and**  
17 **5 percent, what effect would an 85/15 have, I guess, in**  
18 **using this mechanism for the fuel adjustment?**

19           A.       So, Commissioner, I don't know if I know  
20 the right number. I know that Ms. Barnes will be up here  
21 later. I believe if we would have an 85/15 versus 95/5  
22 from our last case, it would have been tens of millions of  
23 dollars of losses that we would have endured. I think if  
24 you move from a 95/5 to 85/15, it's akin to a  
25 disallowance.

1                   So what I mean by that is the fuel costs  
2   that we have, they're not only known and measurable,  
3   they're locked in. They're beyond our control. They're  
4   happening. And to move that 95/5 to 85/15, it's a penalty  
5   for no other reason.

6                   And I think the second thing you have to  
7   keep in mind is that virtually all utilities in the  
8   country have a fuel adjustment clause, and the vast  
9   majority of them don't have any share. It's 100 percent  
10   pass-through. It's for the same reasons we've been  
11   talking about. It's because they're volatile, they're  
12   unpredictable and beyond our control.

13                  So if the Commission would change the  
14   sharing percentage from 95/5 to 85/15, not only would it  
15   be akin to a disallowance, it would have a meaningful  
16   reaction from investors and credit rating agencies that  
17   say that the Commission has now created a greater level of  
18   risk, and it would be a big deal.

19                  COMMISSIONER STOLL: Okay. Thank you.

20                  JUDGE WOODRUFF: All right. We'll move to  
21   questions for recross based on questions from the Bench,  
22   and beginning with AARP?

23                  MR. COFFMAN: No questions, your Honor.

24                  JUDGE WOODRUFF: And for Barnes-Jewish?

25                  MS. LANGENECKERT: No.

1 JUDGE WOODRUFF: MIEC?

2 MS. VUYLSTEKE: Yes, I have a few  
3 questions. First I'd like to distribute MIEC Exhibit 526.

4 (MIEC EXHIBIT NO. 526 WAS MARKED FOR  
5 IDENTIFICATION.)

6 RE-CROSS-EXAMINATION BY MS. VUYLSTEKE:

7 Q. Okay. Mr. Baxter, now, you had discussed  
8 earlier a concern that you had regarding regulatory lag in  
9 your discussion with several of the Commissioners, and you  
10 had stated the concern that Missouri regulatory procedures  
11 allow costs to be increased after the test year when rates  
12 are in effect; is that correct?

13 A. That certainly is one of the concerns.

14 Q. And does that concern affect or involve  
15 your ability to earn your authorized return, in your  
16 opinion?

17 A. Yes.

18 Q. And is it possible, in your opinion, that  
19 costs can decrease compared to the test year used to set  
20 rates which could offset some of the cost increases that  
21 you're concerned about?

22 A. Yes.

23 Q. Now, in this case, is it true that your  
24 true-up period ended on July 31st, 2011?

25 A. Yes.

1 Q. And I refer you now to the financial news  
2 release which I just distributed as MIEC 526, and is it  
3 correct that this -- this financial news release was  
4 issued on September 6th, 2012?

5 A. Yes.

6 Q. Now, is it true, pursuant to this financial  
7 release, that Ameren Missouri issued \$485 million worth of  
8 bonds in September of this year at an interest rate of  
9 3.9 percent?

10 A. One correction is Ameren Missouri. So,  
11 yes, we did.

12 Q. Ameren Missouri. And is it true that  
13 Ameren Missouri announced in this news release that it  
14 would use the proceeds of this September bond issue to  
15 refinance embedded debt securities with interest rates  
16 ranging from 6 percent to 6.7 percent?

17 A. Yes.

18 Q. And is it true that --

19 A. Excuse me. It wasn't just 6 to 6.7. I  
20 believe that you see down there that some of them go down  
21 as low as 5 percent, 5.1 percent.

22 Q. Okay. Thank you for the correction. And  
23 since this refinancing occurred after the true-up date in  
24 this case, is it true that Ameren Missouri will retain the  
25 savings from this debt refinancing until its next rate



1 case?

2 A. Yes.

3 Q. And I just want to confirm, subject to  
4 check, that this announcement was issued 37 days beyond  
5 the true-up?

6 A. Yes.

7 MS. VUYLSTEKE: And I -- so I completed  
8 that line of questioning regarding this exhibit, and I  
9 would move to have this entered into the record.

10 JUDGE WOODRUFF: All right. 526 has been  
11 offered. Any objections to its receipt?

12 (No response.)

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

15 (MIEC EXHIBIT NO. 526 WAS RECEIVED INTO  
16 EVIDENCE.)

17 BY MS. VUYLSTEKE:

18 Q. I apologize, Mr. Baxter. I'd like to go  
19 ahead and refer now to a different subject of discussion  
20 between you and the Commissioners, and this is regarding  
21 the frequency of rate cases, and I believe that was a  
22 discussion with Commissioner Jarrett.

23 A. Yes.

24 Q. Okay. Now, wouldn't you agree that KCPL  
25 committed to file periodic rate cases as a part of its

1 comprehensive energy plan?

2 A. To the best of my knowledge, I believe that  
3 to be correct.

4 Q. And is it true, to the best of your  
5 knowledge, both KCPL and Empire added new generation  
6 within the last two years?

7 A. I believe that to be correct, yes.

8 Q. And now I'd like to refer you to the often  
9 discussed MPG21 chart, and I have a copy of it if you  
10 don't have it right in front of you.

11 A. Oh, yes.

12 Q. And in your discussion with several of the  
13 Commissioners, you discussed the earned return and  
14 discussed overearnings and under-earnings, and is it true  
15 that this schedule says -- is entitled earned return on  
16 equity?

17 A. It does say that at the top.

18 Q. Is there any reference to overearnings?

19 A. Are you referring to the schedule, whether  
20 there's the word overearning on this schedule?

21 Q. Correct.

22 A. No, I don't see it.

23 Q. But you believe that somehow that this has  
24 been characterized as an overearning?

25 A. I believe in the opening statement -- I may

1 have mischaracterized. I thought that was the implication  
2 that during the period of time prior to 2007, I thought  
3 the company was doing very well, and I thought the  
4 statement was made overearning, but I may have  
5 misunderstood compared to the latter one.

6 **Q. Would you agree that this schedule**  
7 **demonstrates earnings in excess of your authorized return?**

8 A. No.

9 **Q. Would you agree that it demonstrates your**  
10 **earned return on equity?**

11 A. No, because I don't believe it reflects the  
12 credits that we kick back to customers. I mean, our  
13 actual earned return is lower if you reflect the credits  
14 back to customers. If you had a cap during the EARP, that  
15 anything above 14 percent went back to customers  
16 100 percent, mathematically you can't be having earned  
17 returns above 14 percent.

18 So I don't know the basis of this, but I  
19 know there was a cap. And the only thing I'm certain  
20 about is there were a lot of audits during that period of  
21 time. I'm pretty sure that we didn't have 20 percent in  
22 1999.

23 **Q. So just to confirm, your opinion is that**  
24 **this chart does not reflect your earned return on equity**  
25 **during this time period?**

1           A.       To the best of my knowledge, our actual  
2 return on equity when you factor out the credits under the  
3 EARP was not 20 percent and because the credits went back  
4 to customers.

5           **Q.       Mr. Baxter, have any of Ameren's witnesses**  
6 **filed any rebuttal to this chart?**

7           A.       I don't know. I don't know.

8           **Q.       Moving on to a different topic. You**  
9 **mentioned in response to questions from Commissioner**  
10 **Kenney a coal refund in 2003; is that correct?**

11          A.       I did. What I told Commissioner Kenney is  
12 that I know that happened around then, and he was asking a  
13 question whether that was -- I think the Commissioner was  
14 asking me what happened. And I was speculating honestly.  
15 I know it happened during that period. I don't know if  
16 that's actually the driver.

17          **Q.       Did you, Mr. Baxter, refund -- did Ameren**  
18 **Missouri refund that amount to ratepayers?**

19          A.       I don't believe so, no.

20                   MS. VUYLSTEKE: No further questions.

21 Thank you.

22                   JUDGE WOODRUFF: Public Counsel?

23                   MR. MILLS: Yeah. I'm going to have to ask  
24 questions on that chart, too.

25 RE-CROSS-EXAMINATION BY MR. MILLS:

1           **Q.**       **So at least with respect for the period of**  
 2 **time on MPG-21, the years in which the EARP was in effect,**  
 3 **your position is that the chart would more accurately show**  
 4 **the blue line level at 14 percent, right?**

5           **A.**       I think it would actually be somewhere  
 6 between that red line and 14 percent, I think our --  
 7 because you were sharing before. So if you recall, that  
 8 there was up to -- up to 12.6 there was no sharing. And  
 9 then there was a sharing of 15 percent. There were  
 10 different degradations, and then you got 100 percent of it  
 11 back. So you actually did some sharing before 14 percent.  
 12 I think it's somewhere in that ballpark.

13           **Q.**       **But at no point during that plan did Union**  
 14 **Electric ever earn below the 12.6 sharing percentage?**

15           **A.**       I don't believe that to be the case.

16           **Q.**       **And, in fact, if you were to extend this**  
 17 **chart earlier in time, would there not be another perhaps**  
 18 **ten years or more in which Ameren did not file any rate**  
 19 **increase cases?**

20           **A.**       I believe that's true. I think what, in  
 21 fact, happened is that there were a series of rate  
 22 decreases during that entire time.

23           **Q.**       **So that if you extended this chart earlier**  
 24 **in time, it would show for the majority of the time that**  
 25 **Ameren was earning at or above its authorized rate of**

1 **return?**

2 MR. BYRNE: I'm going to object. Calls for  
3 speculation.

4 MR. MILLS: It only calls for speculation  
5 if he doesn't know the answer.

6 THE WITNESS: I don't know. I don't know  
7 what it looked like.

8 JUDGE WOODRUFF: Just a moment. I'll  
9 overrule the objection. Now you can answer.

10 THE WITNESS: I don't know.

11 BY MR. MILLS:

12 Q. All right. In any event, you -- the  
13 company did not file any rate increase cases throughout  
14 all of the '90s and most of the '80s?

15 A. I don't recall rate increase cases were  
16 filed. I do recall that there were rate decreases and  
17 that's it.

18 MR. MILLS: That's all the questions I  
19 have.

20 JUDGE WOODRUFF: For Staff?

21 MR. THOMPSON: Thank you.

22 RECROSS-EXAMINATION BY MR. THOMPSON:

23 Q. Mr. Baxter, directing your attention once  
24 again to chart MPG-21, you recall, do you not, there was a  
25 Staff overearnings complaints filed, I believe, in 2000;

1     **isn't that correct?**

2             A.       I know there was an Complaint case filed  
3     sometime around that. I don't know if it was 2000.

4             **Q.       But you agree there was a Staff**  
5     **overearnings complaint?**

6             A.       I believe that to be true.

7             **Q.       Which resulted in credits flowing back to**  
8     **ratepayers; isn't that correct?**

9             A.       In 2000, is that the question?

10            **Q.       I believe in 2000 or first in 2000. Do you**  
11     **recall that it was in 2000?**

12            A.       I don't recall if there -- I don't know  
13     what you mean by credits flowing back to customers.

14            **Q.       Money.**

15            A.       Are you talking about --

16            **Q.       Money.**

17            A.       Are you talking about a base rate  
18     reduction, talking about credits? It's a term of art.

19            **Q.       It is a term of art. And would you agree**  
20     **with me that there was a Staff overearnings complaint and**  
21     **that it resulted in some sort of financial benefits or**  
22     **reparation to the customers?**

23            A.       I recall again a case being filed. I don't  
24     remember the ultimate result, but it was in that period of  
25     time. I do recall that. It was around the -- again, the

1 EARP or toward the culmination.

2 Q. Okay. Very good.

3 MR. THOMPSON: May I approach?

4 JUDGE WOODRUFF: You may.

5 BY MR. THOMPSON:

6 Q. I'm going to hand you what we marked as  
7 Staff Exhibit 237, and there was -- you gave some answers  
8 that I thought when you were responding to Chairman Gunn  
9 that perhaps called into question that document. So let  
10 me ask you first of all if you recognize that.

11 A. I personally do not. I have not seen this  
12 before.

13 Q. You have never seen it?

14 A. No.

15 Q. Well, who is Wendy Tatro?

16 A. She is an attorney for Ameren Missouri.

17 Q. Okay. And if you would look at the third  
18 page of that document, and do you recognize that page?

19 A. I do.

20 Q. You've seen that before?

21 A. I have seen a page like it, yes.

22 Q. A page like it?

23 A. Sure.

24 Q. Okay. Do you have any reason to suppose  
25 that that page is false or untrue?



1 A. No.

2 MR. THOMPSON: Okay. That's all my  
3 questions. Thank you. If I could recover that.

4 JUDGE WOODRUFF: All right.

5 MR. THOMPSON: All my questions on that, I  
6 should say.

7 JUDGE WOODRUFF: I was about to shut you  
8 down.

9 BY MR. THOMPSON:

10 Q. Would you agree with me, Mr. Baxter, that  
11 at the present time Ameren Missouri finds itself in a  
12 situation where load growth is flat or slight?

13 A. Yes.

14 Q. And would you agree with me that Ameren  
15 Missouri finds itself in a situation where it is suffering  
16 the financial effects of increased mandates?

17 A. Yes.

18 Q. And would you agree with me that Ameren  
19 Missouri finds itself in a circumstance where it is  
20 required to invest in infrastructure because that  
21 infrastructure is aging and not because it is facilitating  
22 load growth?

23 A. We -- the answer is, required is only to  
24 the extent we need to provide safe and adequate service.  
25 Beyond that, then -- so to the extent we have to provide

1 safe and adequate service, that would be required. Beyond  
2 that is discretionary, and we do make some of those  
3 incremental discretionary expenditures as well.

4 Q. Okay. But you would agree that some of  
5 your infrastructure investment is essentially required or  
6 mandatory?

7 A. Yes.

8 Q. Because otherwise safe and adequate service  
9 would be compromised?

10 A. Yes.

11 MR. THOMPSON: Okay. And that's all the  
12 questions I have. Thank you.

13 THE WITNESS: Thank you.

14 JUDGE WOODRUFF: Redirect?

15 MR. BYRNE: Yes, your Honor.

16 REDIRECT EXAMINATION BY MR. BYRNE:

17 Q. I guess maybe we ought to start with  
18 MPG-21, which everyone has asked you about and I think I  
19 will as well. I think in response to one of the questions  
20 from the Commission, you testified that this chart is  
21 misleading. Can you tell me what part of it's misleading  
22 or if all of it's misleading?

23 A. Well, so, Mr. Byrne, certainly the periods  
24 of time during the -- frankly during -- I'm not sure that  
25 the basis beyond 2007. Certainly the chart that says it

1 was earned return on equity, it says that was our actual  
2 earned returned. Anything that suggests that especially  
3 during the EAR period where we gave back credits, that was  
4 not our actual earned return on equity.

5 **Q. So you're saying that line is inaccurate**  
6 **for those periods?**

7 A. Yes.

8 **Q. Okay. How about after the 2007, is it**  
9 **inaccurate after that?**

10 A. It certainly appears to be inconsistent  
11 with the charts that I presented. So to what extent it is  
12 inaccurate, I don't quite understand 2010, but it may be a  
13 point in time. I simply don't know. So I would tend to  
14 think it is inaccurate, but I don't know.

15 **Q. Okay. And to the extent that it refers to**  
16 **periods, when was the period that the EARP was in force?**

17 A. It was from 19 -- from what I recall, it  
18 was 1995 to 2001. And you have to keep in mind, that was  
19 on sort of a fiscal year, and I believe it was June or  
20 July, and so it may have actually finished in June of 2001  
21 and maybe fiscal years June of 2002, but it was in that  
22 same period.

23 **Q. If that line -- during that period of time,**  
24 **if the line on this chart was not written in a misleading**  
25 **way, where would the blue line be or what range would the**

1 **blue line be in?**

2 A. If you look at the red line and if you  
3 could envision in your head where 14 percent would be, and  
4 if you drew a line cross there, you would find those  
5 earnings to be hovering somewhere between the red line  
6 and that line I just told you, a green line, let's call  
7 it, to -- that's where it would be hovering in between.

8 Q. Okay. But it wouldn't always be at  
9 14 percent or would it?

10 A. I don't -- no. I'm not sure it would  
11 ever be at 14 percent because you started sharing between  
12 12.6 and 14. So mathematically, if you give everything  
13 above 14 percent, you've got to be in between.

14 Q. So it couldn't -- so mathematically it  
15 couldn't be as high as 14 percent; is that correct?

16 A. That's correct. I believe that to be  
17 right.

18 Q. Okay. And, you know, those numbers that  
19 you're talking about, I guess the red line -- I can't  
20 tell, maybe it's a 12 percent or something. And you're  
21 talking about line at 14 percent. Those seem high by  
22 modern standards in terms of equity costs. Can you  
23 explain that?

24 A. Well, I think again -- and I believe it was  
25 with Commissioner Jarrett, you had a different period of

1 time back then. You had a different cost of capital. And  
2 so when that was established back then, it was done  
3 because all the parties around the table here said, this  
4 is what we think should be the appropriate cost of capital  
5 and return, and here's the way we're going to do it, and  
6 so it was a different time. So while it may seem high  
7 compared to current times, it wasn't high during that  
8 time.

9 **Q. Given the fact that the returns are subject**  
10 **to the EARP agreement, which my understanding was approved**  
11 **by the Commission; is that true?**

12 A. Absolutely.

13 **Q. Okay. Is it possible that Ameren Missouri**  
14 **over-earned during the period that the EARP was in effect?**

15 A. No.

16 **Q. Thank you. I -- Mr. Thompson handed you a**  
17 **Staff exhibit, and I'm not sure what number it is.**

18 MR. BYRNE: Do you know, Mr. Thompson?

19 MR. THOMPSON: 237.

20 MR. BYRNE: 237. Can I hand that to him  
21 again?

22 MR. THOMPSON: You may.

23 BY MR. BYRNE:

24 **Q. Mr. Thompson gave you 237 and asked you to**  
25 **look at page 3. Do you recall that?**

1 A. I do.

2 Q. And on page 3, there's a -- it shows a --  
3 well, what is page 3, if you could just tell me that?

4 A. It is titled -- I'm sorry. I was trying --  
5 it says highly confidential, but this is public  
6 information, so we're okay. Because it's for the  
7 12 months ending June 30, so we're okay. So it's  
8 financial surveillance, capital structure and rate of  
9 return.

10 Q. And what cost of common equity does it show  
11 on that chart on that page?

12 A. 10.2 percent.

13 Q. And --

14 A. The overall cost of capital, is that what  
15 you're referring to?

16 Q. Yeah. That's overall cost of capital?

17 A. Yes.

18 Q. So what does it show for the actual?

19 A. The actual earned return on equity says it  
20 was 10.53 percent.

21 Q. I think that's been referred to -- that  
22 10.53 percent was referred to in some of the attorneys'  
23 opening statements. Why is that 10.53 percent not the  
24 same as the information on your chart?

25 A. From what I understand is that there are

1 two things which are different. One, I believe I was  
2 talking to Chairman Gunn, is the Taum Sauk disallowance.  
3 Right. I think this does not reflect the Taum Sauk  
4 disallowance. And then the second one is the --

5 Q. So just to stop for a second, this is -- so  
6 then this is adjusted, what's shown on the surveillance  
7 report is adjusted to exclude the Taum Sauk disallowance?

8 A. That's correct. That's correct.

9 Q. So it's not the actual -- it's not what  
10 actually happened, it's an adjustment from what actually  
11 happened; is that correct?

12 A. That's correct. So my chart reflects the  
13 actual reported financial results. This is an adjustment  
14 that excludes the Taum Sauk disallowance. And that is the  
15 only difference that I'm aware of between what I report  
16 versus this chart.

17 Q. Okay. Okay. Thank you. I guess I'll take  
18 that back before we lose it. Thank you, Mr. Baxter.

19 At the very beginning of your  
20 cross-examination, Ms. Vuylsteke asked you if showing the  
21 under-earnings was the primary point of your testimony,  
22 and I think -- I think you said, well, I had several  
23 primary points, and you were about to, I think, explain  
24 them when you were cut off. So on redirect I'll ask you,  
25 what are the other primary points of your testimony?

1           A.       Well, I think there's several primary  
2 points to my testimony. I think that when you step back  
3 and you look at this, this is not just about earned versus  
4 allowed return on equity. This is about things we've been  
5 talking about here for the last hour or two. It's about  
6 important policies that we need to be thoughtful about in  
7 the state of Missouri.

8                       So from my perspective, my main point in my  
9 testimony is, No. 1, we need to make sure that we continue  
10 to have constructive and appropriate and consistent  
11 regulatory policies put in place that support investment  
12 in the state of Missouri.

13                      MR. MILLS: I'm going to object to this as  
14 being beyond the scope of cross-examination. By  
15 definition Ms. Vuylsteke asked him about that one  
16 particular point. The reason that she did not ask him  
17 about the other points is because she didn't ask him about  
18 the other points. This is by definition asking about  
19 something that is outside the scope of cross-examination.

20                      MR. BYRNE: She asked him what the primary  
21 point of his testimony was and he tried to tell her  
22 several primary points. Then she limited him to the one  
23 that she wanted to talk about. I think it's fair to ask  
24 him about the ones she doesn't want to talk about.

25                      JUDGE WOODRUFF: I'll sustain the



1 objection. Continue.

2 MR. BYRNE: I'm sorry?

3 THE COURT: I sustained the objection.

4 MR. BYRNE: I'm sorry.

5 BY MR. BYRNE:

6 Q. All right. Let me ask you this.

7 Ms. Vuylsteke, you were talking about removing certain  
8 items from your -- certain major items in some of your  
9 charts, and I think in particular you talked about  
10 removing the effect of the Taum Sauk disallowance and the  
11 FAC disallowance and I think the Entergy refund. Can you  
12 explain, when you say you removed them from the chart,  
13 what does that mean exactly?

14 A. And so what that means by, when you look at  
15 the charts and, Mr. Byrne, I'm referring now to charts  
16 from my surrebuttal testimony, ES3 and ES4. And so when  
17 you think about the three things that you just mentioned,  
18 Taum Sauk, the FAC matter and Entergy, removing both the  
19 Taum Sauk and the FAC matters will then result in our  
20 earned return reported on this schedule to be higher than  
21 it actually was for GAAP reporting purposes.

22 And conversely, on Entergy it would go the  
23 opposite way. It would -- our actual earned return would  
24 be higher, from financial reporting purposes would be  
25 higher than what's reflected on this schedule.

1                   The combination of all those things are the  
2 results here. One has weather factored out of it and one  
3 leaves weather in it.

4                   **Q.       Okay. Mr. Mills asked you some questions,**  
5 **I think it was about Ms. Meisenheimer's testimony. Do you**  
6 **recall those questions?**

7                   A.       I do.

8                   **Q.       And I think I'm afraid the record might not**  
9 **be perfectly clear. At first Mr. Mills asked you if you**  
10 **supported Ms. Meisenheimer's recommendation, and then I**  
11 **think you ended up saying the Commission should take all**  
12 **the witnesses' testimony into account. Do you recall**  
13 **that?**

14                  A.       I do.

15                  **Q.       Can you explain, are you supporting**  
16 **Ms. Meisenheimer's recommendation or suggesting the**  
17 **Commission take all --**

18                  A.       To be clear, it's the latter. The  
19 Commission should take all pieces of testimony into  
20 consideration. If I misspoke and said that I read and  
21 support Ms. Meisenheimer's testimony would be -- I spoke  
22 in error.

23                  **Q.       In response to some questions from**  
24 **Commissioner Gunn, I think -- or Chairman Gunn, I think**  
25 **Chairman Gunn suggested that if on occasion the company**

1     **could earn above its authorized return because of hot**  
2     **weather, then that suggested that the regulatory framework**  
3     **was not broken. Do you recall that line of questioning?**

4             A.     I recall that.

5             **Q.     Do you agree with that or not?**

6             A.     No, I don't. I think the best way to -- or  
7     the appropriate way to assess a regulatory framework is on  
8     a weather normalized basis, because weather can't be there  
9     to save you if you have a systemic inability to earn your  
10    allowed return. Sometimes weather works to our advantage,  
11    but I think that even with weather, it really hasn't  
12    happened much. It's 15 percent of the time. I think the  
13    best way to look at a regulatory framework is to look at  
14    it without weather. And I think I told the Chairman that  
15    as well.

16            **Q.     Can extreme weather also hurt the company's**  
17    **earnings?**

18            A.     Well, weather goes both ways. Weather can  
19    be hot and -- well, depends on what season, right. If  
20    you're in the summer and you have a mild summer, that goes  
21    negative. If you have a warm summer, it goes the other  
22    way. So it can actually go the other way. And so as I  
23    think I told the Chairman and others, this takes both the  
24    pluses and the minuses out of it.

25            **Q.     I think on a couple of occasions in**

1 response to questions from Commissioner Kenney you talked  
2 about regulatory lag and then sometimes you talked about  
3 excessive regulatory lag. And I think you said regulatory  
4 lag is -- can be a good thing but excessive regulatory  
5 last is a bad thing. Why do you think excessive  
6 regulatory lag is a bad thing?

7 A. I think there's several reasons. Number  
8 one is, I think from a customer perspective, I think we've  
9 been talking this is all about the shareholders. I think  
10 excessive regulatory lag hurts the customers as much as  
11 the shareholder. Because if you have excessive regulatory  
12 lag, that means ultimately you have less cash flows  
13 available to your business.

14 And consequently, you have less cash flows  
15 to not only invest, but if you have a framework which says  
16 to invest is ultimately going to cause you more losses  
17 between rate cases for investments, what that drives you  
18 to do is provides you a disincentive to make proactive  
19 investments into your -- for discretionary items that are  
20 going to help reliability.

21 And -- and customers say their top priority  
22 is reliability, and so they want more reliable service,  
23 not less. And so -- and I think it was with -- I believe  
24 it was maybe Commissioner Jarrett, I said that certainly  
25 if you're able to move some of those good discretionary

1 investments up during this time when you have low interest  
2 rates, you actually may have meaningful benefits for  
3 customers in the long run.

4 So excessive regulatory lag is not good for  
5 customers, and certainly from the shareholder perspective,  
6 I think we all have spoken quite a bit about the  
7 disadvantages of excessive regulatory lag. I think at the  
8 end of the day, the state is hurt by that because  
9 investments at the end of the day help reliability, but  
10 investments also do one more thing. They're able to  
11 sustain and create new jobs. That's all part of it. Now,  
12 I'm not suggesting that's what the sole purpose is, but  
13 that is a natural result of that.

14 **Q. In response to a couple of questions, you**  
15 **discussed in general terms environmental mandates that the**  
16 **company is facing. Do you recall that?**

17 A. I do.

18 **Q. And do you think you could give me a couple**  
19 **of examples of what kind of environmental mandates we are**  
20 **facing?**

21 A. Simple answer is yes. So when you think  
22 environmental regulation, I put them in three buckets.  
23 Maybe there's four. You have air quality, and those are  
24 things that we're dealing with with the sulfur dioxide,  
25 nitrogen oxide and all those other types of things. You

1 have water, which are meaningful issues. You have ash.  
2 And then sometimes people can say air quality is climate  
3 or not. You can put them in a fourth category.

4 But at the bottom line you have at least  
5 those four, and under each one of those categories you  
6 have a series of regulations which are significant, some  
7 of which we're already complying with. I think someone  
8 earlier talked about the scrubber project that we  
9 implemented at the Sioux power plant. That was to comply  
10 with those regulations. But there's more to come.  
11 There's more to come.

12 The most significant one is the one that  
13 deals with mercury and air toxic standard. And we're  
14 going to be spending hundreds of millions of dollars  
15 coming up in the future to deal with particulate matter at  
16 our power plant. And that's a big deal.

17 **Q. Mr. Baxter, I think in response to a**  
18 **question from Commissioner Jarrett you mentioned that**  
19 **plant in service accounting would have little impact on**  
20 **rates. Do you recall that?**

21 A. Yes.

22 **Q. Can you explain why it has little impact on**  
23 **rates?**

24 A. Well, we've done an analysis, and if we  
25 would have had plant in service accounting in place since

1 our last rate case -- and so this is if you cut off the  
 2 period from March of '11 and you cut those plants in  
 3 service all the way to December of '12, it would have had  
 4 the impact on our revenue requirement of \$6 million, and  
 5 when you put that for the average residential customer,  
 6 it's less than one penny per day.

7 **Q. Why is the rate impact so little?**

8 A. Simply put, even though you have -- and so  
 9 the amount of money that impacted us, the lost revenues  
 10 and return was close to \$40 million. When you put that in  
 11 rate base and you recover that over 20, 30, 40 years, the  
 12 impact on customers is much less, is much less.

13 **Q. Commissioner Jarrett asked you a question**  
 14 **about transmission expenditures. Do you recall that?**

15 A. I do.

16 **Q. And in this case, one of the big issues is**  
 17 **either whether the transmission expenditures should be**  
 18 **tracked in the FAC or a tracker. The company's position**  
 19 **is it should be tracked. Why does the company believe**  
 20 **those costs should be tracked?**

21 A. Well, I think -- first and foremost, I  
 22 think the company believes it's absolutely appropriate to  
 23 keep it in the FAC, because my perspective is that those  
 24 costs, the benefits from a transmission system at MISO,  
 25 all those benefits are flowing to customers through

1 off-system sales and the like through the FAC. I think  
2 it's totally appropriate.

3 I think as Commissioner Kenney said  
4 earlier, these are not only significant, they're  
5 uncontrollable. We have to pay the bill to be a member of  
6 MISO, and this Commission has agreed that -- that MISO is  
7 the right place for us to be. And so I firmly believe  
8 that an FAC is the appropriate way.

9 But we have said in our testimony that we  
10 would accept it to go in a tracker, and a tracker isn't as  
11 good, frankly gives us more risk. Certainly our cash flow  
12 is going to be extended out more than they would be in an  
13 FAC. But we're willing to accept that because of certain  
14 issues that were raised. And, of course, it has to be a  
15 tracker that is put together appropriately.

16 One thing I do know is this. To take it  
17 out of the FAC and not give us a tracker, that is a  
18 significant step backwards from my perspective in the  
19 regulatory framework. And investors, credit rating  
20 agencies and others would absolutely perceive it as that,  
21 because these are significant, known, volatile,  
22 uncontrollable.

23 **Q. Would we be able to recover those costs if**  
24 **they weren't in the tracker or the FAC?**

25 **A.** If they went up between rate cases, no.



1           **Q.**       When you were talking about plant in  
2       **service accounting with I think perhaps Commissioner Gunn,**  
3       **I think you talked about it in two ways. One way was as a**  
4       **shifting of risk away from the company and to the**  
5       **customers, but then you also talked about it in terms of**  
6       **recovering costs and being able to recover costs that you**  
7       **otherwise couldn't recover. What's the right way to think**  
8       **about it? Is it recovering costs that couldn't otherwise**  
9       **be removed or changing the risk?**

10           **A.**       Well, I think it is clearly about more than  
11       just even recovering costs. This is clearly about  
12       recovering costs that are prudently incurred that are  
13       serving customers. Otherwise we're losing money for every  
14       investment we make between rate cases. It's just a loss.  
15       And so it is, No. 1, about doing that, but it's also -- it  
16       isn't about shifting risk.

17                       I mean, this is -- this is not about  
18       finding ways to put more on our ratepayers. The bottom  
19       line is that what we're trying to do is put a policy in  
20       place that's going to be win-win for all stakeholders,  
21       customers, shareholders and the state of Missouri. That's  
22       what the objective is.

23           **Q.**       You were asked in response to questions  
24       **from Commissioner Stoll about switching from the 95/5**  
25       **sharing mechanism to the 85/15 sharing mechanism that**

1 Staff and perhaps others are recommending in this case,  
2 and I think basically you said it's tantamount to a  
3 disallowance. And do you have any idea of what the  
4 magnitude of the disallowance would be under 95/5 versus  
5 85/15?

6 A. Mr. Byrne, I don't know a specific number,  
7 but it would be in the tens of millions from what I  
8 recollect.

9 Q. How many times higher would the  
10 disallowance be of prudently incurred fuel costs if there  
11 was an 85/15 sharing versus 95/5?

12 A. Ask the question again, please.

13 Q. If we had to bear 15 percent of the cost  
14 instead of 5 percent, how many times higher would that be?

15 A. Okay. Math. Three times.

16 MR. BYRNE: All right. Thank you,  
17 Mr. Baxter.

18 JUDGE WOODRUFF: Mr. Baxter, you can step  
19 down. You are excused.

20 THE WITNESS: Thank you, Judge.

21 JUDGE WOODRUFF: We'll take a break before  
22 the next witness. Before everybody leaves, I do want to  
23 note that it looks like we're probably not going to get to  
24 all the witnesses today. We'll have to run over into  
25 tomorrow. So during the break get amongst yourselves and

1 determine if there's any other witnesses on the list who  
2 go down beyond Mr. Reed that need to testify today, won't  
3 be available tomorrow.

4 We'll take a break and come back at  
5 3:30.

6 (MIEC EXHIBIT NOS. 500, 501 AND 502 AND  
7 AMERENUE EXHIBIT NOS. 3 AND 4 WERE MARKED FOR  
8 IDENTIFICATION.)

9 JUDGE WOODRUFF: Let's come to order,  
10 please. All right. We're back from break. As I  
11 indicated before break, it looks like we're not going to  
12 be able to finish this issue today, and Mr. Reed has  
13 already taken the stand. Is there anyone else on the list  
14 for today who needs to testify today that can't come back  
15 tomorrow?

16 MR. LOWERY: I don't believe so, your  
17 Honor.

18 MR. DOWNEY: Did you mention Brosch?

19 JUDGE WOODRUFF: I did not mention  
20 Mr. Brosch.

21 MR. DOWNEY: Mike Brosch needs to be taken  
22 today.

23 JUDGE WOODRUFF: Let's do Mr. Reed.

24 MR. MILLS: For what it's worth, I think  
25 many of us expect that the next witness will go faster

1 than the first one.

2 MR. LOWERY: Promises, promises.

3 JUDGE WOODRUFF: We'll see where we're at.

4 (Witness sworn.)

5 JUDGE WOODRUFF: Thank you much. You may  
6 proceed.

7 JOHN REED testified as follows:

8 DIRECT EXAMINATION BY MR. LOWERY:

9 Q. Would you please state your name for the  
10 record.

11 A. My name is John J. Reed.

12 Q. Mr. Reed, did you cause to be prepared for  
13 filing in this docket direct and rebuttal testimonies  
14 which have been premarked as Exhibits 3 and 4?

15 A. Yes, I did.

16 Q. And, Mr. Reed, if I were to -- well, first  
17 of all, do you have any corrections to any of those  
18 testimonies?

19 A. I have just a few for my direct. These are  
20 corrections and updates that reflect more recent testimony  
21 filed by the company. The first is on page 5 at line 14.  
22 The numbers there 8 out of 54. It should now read 9 out  
23 of 62 based on the updated evidence of Mr. Baxter.

24 Q. Okay. Any others?

25 A. Yes. Three others. On page 7, line 19,

1 the 10.75 percent ROE should now be 10.50 percent. The  
2 third is at page 21. This is a correction. Line 4, there  
3 should be a T at the end of consistent. And last, on  
4 page 27, line 11, again the 46 out of 54 should be now  
5 53 out of 62.

6 **Q. Any other corrections?**

7 A. No. That's it.

8 **Q. With those corrections, if I were to ask**  
9 **you the same questions that are posed in those two pieces**  
10 **of testimony, would your answers be the same?**

11 A. Yes, they would.

12 **Q. And are those answers true and correct to**  
13 **the best of your knowledge and belief?**

14 A. Yes, they are.

15 MR. LOWERY: With that, your Honor, I'd  
16 offer Exhibits 3 and 4 and tender Mr. Reed for  
17 cross-examination.

18 JUDGE WOODRUFF: 3 and 4 have been offered.  
19 Any objections to their receipt?

20 (No response.)

21 JUDGE WOODRUFF: Hearing none, they will be  
22 received.

23 (AMERENUE EXHIBIT NOS. 3 AND 4 WERE  
24 RECEIVED INTO EVIDENCE.)

25 JUDGE WOODRUFF: For cross-examination,

1 looks like AARP is the first one here.

2 MR. COFFMAN: No questions.

3 JUDGE WOODRUFF: Okay. And MIEC?

4 MR. DOWNEY: Yes, a few.

5 CROSS-EXAMINATION BY MR. DOWNEY:

6 Q. Mr. Reed, I'm Ed Downey and I represent  
7 Missouri Industrial Energy Consumers. I wasn't paying  
8 attention. Have you been here most of the afternoon?

9 A. Yes, I have been.

10 Q. Okay. So you've heard the testimony this  
11 afternoon?

12 A. Yes, I heard Mr. Baxter's testimony.

13 Q. Did you also hear the opening statements  
14 this morning?

15 A. Yes, I did.

16 Q. Can you sum up in one sentence what the  
17 theme is of your testimonies?

18 A. I would say that a one-sentence summary is  
19 that there are, in fact, structural changes that are  
20 needed to make the regulatory model in Missouri  
21 compensatory and consistent with the regulatory compact,  
22 and those are needed to ensure that the utility is  
23 provided with a reasonable opportunity to earn a fair  
24 return on and of its capital.

25 Q. I think you did it in one sentence. It was

1 a long sentence, but it was one.

2 So you believe the, I'm going to call it  
3 the regulatory framework should be modified in some  
4 respects?

5 A. Yes, to reflect change to the circumstances  
6 in the utility industry and to continue to be consistent  
7 with the objectives of regulation.

8 Q. And you either have proposed changes or  
9 support changes, specific changes in that regard, right?

10 A. Yes. My evidence specifically speaks to  
11 two, the plant in service accounting and the storm  
12 tracker.

13 Q. And those two proposals will increase  
14 revenue for the company, right?

15 A. Not necessarily. They will -- the storm  
16 tracker is two way. It could increase or decrease revenue  
17 for the company. The plant in service accounting will in  
18 a traditional period of time increase revenue.

19 Q. Okay. So the PISA will increase revenues  
20 for the company, that proposal?

21 A. Yes.

22 Q. And income?

23 A. Yes.

24 Q. Okay. And do you agree that if it does  
25 increase revenue and does increase income, it will

1 **increase rates for ratepayers?**

2 A. Yes, with one clarification. Technically  
3 plant in service accounting isn't ratemaking. It's simply  
4 creating a deferral for the consideration of a recovery in  
5 a later period of time. So it doesn't in and of itself  
6 increase revenues or increase rates, but all other things  
7 being equal, it would lead to higher rates if, in fact,  
8 those amounts are put into rates at that later date.

9 Q. All right. And you agree that the  
10 **regulatory approaches that the Commission employs need to**  
11 **strike a balance between the interests of the utility**  
12 **shareholders and the ratepayers?**

13 A. Yes. I think that's part of being just and  
14 reasonable.

15 Q. Okay. And that making adjustment to the  
16 **regulatory framework, particularly something like the PISA**  
17 **proposal, involves a careful balancing of those interests?**

18 A. Yes, I can accept that.

19 Q. Okay. Do you agree -- first of all, did  
20 **you read Mr. Brosch's testimony?**

21 A. Yes, I did.

22 Q. Okay. And you agree with Mr. Brosch that  
23 **the Commission has, in fact, already adopted a number of**  
24 **cost recovery mechanisms that reduce what you-all refer to**  
25 **as regulatory lag?**



1           A.       It has adopted some mechanisms that should  
2 reduce regulatory lag, and some of them have been unused  
3 and ineffective, yes. But yes, I think its intent was to  
4 reduce regulatory lag.

5           **Q.       And so the Commission has already taken**  
6 **some steps and you heard about that in the opening**  
7 **statements and during the give and take this afternoon**  
8 **with Mr. Baxter?**

9           A.       Yes, I did.

10          **Q.       Okay. And are you advocating for such**  
11 **measures?**

12          A.       Two specifically, yes.

13          **Q.       Okay. And to support your position on**  
14 **those two matters, you rely on historical earnings data**  
15 **that is reported in Mr. Baxter's testimony and in**  
16 **Mr. Weiss' testimony?**

17          A.       Yes, I do rely on those data.

18          **Q.       Okay. And tell the Commission what GAAP**  
19 **is, G-A-A-P.**

20          A.       Generally accepted accounting principles.

21          **Q.       Okay. And did each of those witnesses,**  
22 **Weiss and Baxter, look at the actual returns on equity**  
23 **using GAAP?**

24          A.       I can't speak to what they looked at.  
25 Those questions really should go to them. I can speak to

1 what's in their exhibits that are attached to their  
2 testimony, and those reflect in some cases GAAP and some  
3 cases a regulatory accounting model.

4 **Q. Okay. In a regulatory accounting model,**  
5 **would you include expenses that are disallowed by the**  
6 **Commission?**

7 A. No. If you're trying to focus on the delta  
8 between the authorized return or earnings and the earned  
9 return, you, in a regulatory accounting model, would not  
10 include expenses or capital that have been disallowed by  
11 the Commission.

12 **Q. All right. And do you know whether some of**  
13 **the figures that you relied on from Mr. Weiss and Mr.**  
14 **Baxter were run on this regulatory basis of accounting?**

15 A. They were looked -- they looked at it both  
16 ways, with and without those regulatory adjustments.

17 **Q. Under GAAP, a disallowed expense, an**  
18 **expense disallowed by the Commission would still be**  
19 **counted towards calculation of the return on equity,**  
20 **right?**

21 A. Yes, it would still be counted as an  
22 expense on the income statement prepared according to  
23 GAAP.

24 **Q. Okay. And did you also read the testimony**  
25 **of Mr. Gorman?**

1 A. Yes, I did.

2 Q. Okay. And you would agree that both  
3 Mr. Brosch and Mr. Gorman believe that you should  
4 calculate the ROE based on what I think Mr. Brosch  
5 referred to as regulatory accounting?

6 A. Yes, I recall that statement.

7 Q. And do you -- okay. And they are of the  
8 opinion that the return should be figured that way,  
9 correct?

10 A. Mr. Brosch and Mr. Gorman, is that who you  
11 mean by they?

12 Q. Yes.

13 A. Yes, that is their position.

14 Q. Can you think of any particular disallowed  
15 expenses that would be considered under the GAAP approach  
16 that wouldn't be considered under the regulatory approach?

17 A. Yes. I'm aware that there were fuel  
18 adjustment clause expenses that were disallowed by this  
19 Commission in the past four years, and as I said, the  
20 company looked at its earnings both with and without that  
21 item being included.

22 Q. And would the Taum Sauk disallowed expense  
23 be another example?

24 A. Yes. As I recall, that was an \$89 million  
25 disallowance, and that's another example where the company

1 looked at that both ways.

2 Q. And I don't profess to know too much about  
3 this, but was there a disallowance for something called  
4 incentive compensation?

5 A. That's my understanding is that there has  
6 been, yes.

7 Q. And you disagree with Brosch and Gorman on  
8 when you should use the regulatory approach to accounting  
9 to measure ROE; is that correct?

10 A. I think we have a limited disagreement  
11 there. What I've said is investors look at the actual  
12 earnings and the process by which the company got there.  
13 Investors are fully capable of understanding earnings that  
14 are inflated or deflated by, for example, abnormal  
15 weather. When it comes to the effect of disallowances,  
16 investors view that as being part of the regulatory  
17 process and typically say, I'm concerned about the overall  
18 level of earnings, and if the Commission continually  
19 disallows cost, that's something that reduces the earnings  
20 as I perceive them.

21 I don't have a problem looking at them both  
22 ways. So I think the company has put forth exhibits that  
23 make the same point essentially, which is a chronic  
24 inability to earn the authorized level of earnings. And  
25 that's true regardless of whether one includes or excludes

1 those regulatory adjustments from the earnings  
2 calculation.

3 **Q. Perhaps I missed this, but weren't you in**  
4 **your testimony critical of Mr. Brosch for suggesting the**  
5 **ROE should be calculated on a regulatory basis?**

6 A. Critical may be the wrong word. I  
7 commented that investors typically look at the actual  
8 earnings and then adjust for items such as weather and  
9 other items that are nonrecurring. But as I just said, I  
10 am fully confident this Commission can look at the numbers  
11 with and without those regulatory adjustments. The  
12 conclusion is the same.

13 **Q. Which did you recommend to the Commission**  
14 **that they use?**

15 A. In my direct evidence, I looked at the  
16 information put forth by Mr. Baxter, which did not account  
17 for those regulatory disallowances. In my reply evidence,  
18 I looked at both again based upon the tables put forth by  
19 Mr. Baxter which looked at it both ways.

20 **Q. Let's focus on your direct. Okay?**

21 A. Certainly.

22 **Q. In your direct -- and maybe you won't agree**  
23 **with these exact words, but your direct basically indicts**  
24 **the regulatory framework in Missouri. And maybe you don't**  
25 **like the word indict.**

1           A.       I certainly don't like the word indict.  
2    What I've said is there is a systematic bias in the  
3    regulatory framework in Missouri as it applies to current  
4    and projected conditions in the utility market. It is not  
5    a level playing field. And I want to make it clear, it's  
6    not a matter of risk, because it's been characterized as  
7    the company is seeking to offset risk. Risk is a  
8    variability. We don't have variability here. What we  
9    have is a persistent, a chronic and material level of  
10   earnings that are inadequate based upon the cost of  
11   capital.

12                        So having earnings that are persistently  
13   below what are deemed to be reasonable levels based on the  
14   cost of capital is not a matter of risk. It's a matter of  
15   earnings being inadequate. So I don't view that as an  
16   indictment of Missouri, of the framework or of this  
17   Commission. I view it as the need, as I said, to update  
18   the framework to reflect new conditions in the utility  
19   marketplace.

20           **Q.       Okay. So the -- the existing framework is**  
21   **not sufficient and you need to update; that's what you're**  
22   **suggesting?**

23           A.       Yes, I do believe.

24           **Q.       Rather than indicting it?**

25           A.       I do believe it needs updating, yes.

1 Q. Okay. And in your direct, you were  
2 focusing on ROEs as a support for your position that the  
3 framework needs updating?

4 A. Yes.

5 Q. The ROEs you were looking at were based on  
6 GAAP accounting, correct? We're talking about your  
7 direct.

8 A. The ROEs in terms of earned returns on  
9 equity did reflect the numbers in Mr. Baxter's table,  
10 which at that time were just the GAAP accounting numbers,  
11 yes.

12 Q. Okay. So as we've already established,  
13 those figures included expenses that were disallowed by  
14 the Commission, and yet you're citing the resulting ROEs,  
15 including those expenses, as a basis for updating the  
16 regulatory framework in your direct; is that correct?

17 A. Not entirely. First, let me correct a  
18 statement I made earlier. The tables that Mr. Baxter  
19 sponsored initially and in reply don't fully reflect GAAP.  
20 They do -- or they are weather normalized. Weather  
21 normalization is not a GAAP procedure. It is a regulatory  
22 procedure.

23 But with that correction, I should say that  
24 the numbers I used in my direct, which were taken from  
25 Mr. Baxter's tables, reflect in my opinion the way the

1 financial market looks at the earnings of the company. So  
2 they are that mix of GAAP numbers adjusted for abnormal  
3 weather.

4 Q. You would agree, would you not, that simply  
5 because a utility does not earn its authorized return on  
6 equity doesn't necessarily mean that the regulatory  
7 environment is to blame?

8 A. That's correct. It's not necessarily to  
9 the blame of the regulatory environment or even an  
10 indication it needs to be updated. However, a chronic and  
11 material level of inadequate earnings in this case is the  
12 product of an outdated regulatory construct.

13 Q. Do you know what the current authorized  
14 return on equity is for Ameren?

15 A. I believe it's 10.2 percent.

16 Q. That's correct. And you've heard a lot of  
17 discussion today about a report that Ameren submitted  
18 recently for a 12-month period ending June of 2012?

19 A. I presume you're referring to the  
20 surveillance report. I have heard that discussion.

21 Q. Okay. And do you recall what Ameren  
22 reported its ROE to be in that report?

23 A. Again, on a GAAP and a basis that does not  
24 exclude recurring items, it was reported to be 10.53.

25 Q. Okay. And that's higher than 10.2?



1 A. Yes.

2 MR. DOWNEY: Thank you. Nothing further.

3 JUDGE WOODRUFF: For Public Counsel?

4 MR. MILLS: No questions.

5 JUDGE WOODRUFF: For Staff?

6 MR. THOMPSON: No questions. Thank you.

7 JUDGE WOODRUFF: We'll come up for those  
8 from the Commission.

9 COMMISSIONER JARRETT: No questions. Thank  
10 you.

11 JUDGE WOODRUFF: Commissioner Kenney?

12 COMMISSIONER KENNEY: Just a couple.

13 QUESTIONS BY COMMISSIONER KENNEY:

14 Q. Good evening. Good afternoon. How are  
15 you?

16 A. I'm great.

17 Q. You made a statement, I think, that the  
18 regulatory framework needs to be updated, and I think I'm  
19 quoting you, so that it's consistent with the objectives  
20 of regulation?

21 A. That's correct.

22 Q. What are those objectives of regulation as  
23 you see them?

24 A. First, to establish just and reasonable  
25 rates, and in so doing balance the interests of consumers

1 and investors and those that are committing to provide a  
 2 public service. In doing that, as you've heard the term  
 3 and I think as you have used the term regulatory compact  
 4 implies that in consideration for providing capital and  
 5 assets dedicated to public service, that a utility is  
 6 provided with a reasonable opportunity to earn a fair  
 7 return on its invested capital and return of its invested  
 8 capital.

9 **Q. You said a reasonable opportunity to earn,**  
 10 **right?**

11 A. To earn a fair return, yes.

12 **Q. And do you think there's something**  
 13 **inherently flawed about the regulatory framework that we**  
 14 **have that denies the reasonable opportunity portion of**  
 15 **that phrase?**

16 A. I think under current and projected  
 17 circumstances, the answer is yes. And I want to  
 18 acknowledge what you said earlier, which is a structure  
 19 that can work in one time frame as times change may become  
 20 unworkable. And I think that's what's happened here with  
 21 regard to changes in what drives revenue requirements and  
 22 what's driving investments currently.

23 We don't have a mechanism currently that  
 24 will enable the company prospectively, and that has been  
 25 my focus, to have a reasonable opportunity to earn a fair

1 return because of the fact that most of the investments  
2 being made are not revenue-producing investments, unlike  
3 the past when that model operated differently.

4 **Q. Because the investments in infrastructure**  
5 **that are being made are not investments in**  
6 **revenue-producing infrastructure, which is distinguishable**  
7 **from the time frame I think that Mr. Baxter was talking**  
8 **about in the '70s when you were building plants to keep up**  
9 **with increased load; is that what you mean?**

10 A. Yes. What's been referred to as growth  
11 investments versus infrastructure replacement investments.

12 **Q. So now you're making investments as -- we**  
13 **see that the state is requiring that renewable energy**  
14 **standard. You have environmental obligations from the**  
15 **federal government. Those aren't revenue-producing**  
16 **infrastructure investments?**

17 A. That's correct. What was originally a  
18 self-sustaining model or a self-correcting model where  
19 revenue growth matched growth in revenue requirements has  
20 now become one in which there's a mismatch because of the  
21 different purpose for which investments are being made.

22 **Q. So then what you're really talking about is**  
23 **a fundamental structural change in the regulatory**  
24 **framework?**

25 A. I think I would begin by saying a

1 fundamental structural change in the regulatory market  
2 which should be accompanied by a change in the regulatory  
3 framework, yes.

4 Q. Is that something that is appropriately  
5 done in the context of a rate case or is that something  
6 that should be done in a holistic fashion either in the  
7 General Assembly or someplace else? Because what you're  
8 talking about isn't peculiar to Ameren, isn't peculiar to  
9 this -- if we accept what you're saying as accurate, it's  
10 not peculiar to Ameren, it's not peculiar to this  
11 particular rate case then?

12 A. It may or may not be common with other  
13 electric utilities. Typically gas utilities are in a bit  
14 different structure. But let me limit my discussion to  
15 electric utilities. I would not deny that that change in  
16 structure could be accommodated through a legislative  
17 approach, which would enable forward-looking test years or  
18 the inclusion of CWIP in rate base for more adjustment  
19 mechanisms.

20 However, the company has chosen to put  
21 forth a set of options here that's fully within the  
22 Commission's purview now that will at least make major  
23 strides toward eliminating the problem. I don't think  
24 it's going to fully address the issue of regulatory lag or  
25 earnings attrition, and my sense is the Commission doesn't

1 want to fully address the issue of regulatory lag that is  
2 corrected.

3 But what the company has put forth is a set  
4 of options that are within the Commission's authority, as  
5 I understand it, and that will be a major step forward in  
6 achieving a workable solution. I want to make it clear  
7 that not every company is affected the same way and not  
8 every jurisdiction is affected the same way by this change  
9 in regulation. What's unique is we do have these mandates  
10 in Missouri and we have a framework that takes a lot of  
11 the options off the table.

12 So the options that other states have used  
13 such as forward-looking test years and CWIP in rate base  
14 and interim rates and large number of riders and cost  
15 recovery mechanisms aren't on the table in Missouri, so we  
16 have to resort to more what are being called out of the  
17 box solutions. It's all to achieve the same results, and  
18 other states have achieved that end result of still  
19 providing a fair opportunity to earn a reasonable return.  
20 Here the solution sets different, so the solutions that  
21 are being offered are different.

22 **Q. Okay. So plant in service accounting and**  
23 **the storm tracker and the -- those are the two, two of the**  
24 **mechanisms that we've been discussing most recently to**  
25 **deal with regulatory lag and earnings attrition. I want**

1 to ask about regulatory lag and the traditional regulatory  
2 compact. Do you acknowledge or do you accept the notion  
3 that some amount of regulatory lag is a necessary part of  
4 the existing regulatory compact?

5 A. No. I don't accept that it's necessary. I  
6 would accept that it is a common side effect of the form  
7 of cost based regulation used in the U.S. Some  
8 commissions use indexed accounting or indexed ratemaking  
9 whereby, in fact, there is absolutely no regulatory lag.  
10 But I would accept that in the U.S. most of the form of  
11 cost-based regulation includes an element of regulatory  
12 lag, but I don't think it's a necessary part of the  
13 regulatory compact.

14 Q. So would you do away with cost of service  
15 regulation altogether?

16 A. No, not at all. I think it is workable. I  
17 think it can be improved, and I think as we've seen for  
18 now 114 years of experience in the U.S., it can provide  
19 that reasonable opportunity to earn a fair return.  
20 Currently in these circumstances I don't think it is.

21 Q. But you would advocate for mechanisms that  
22 would completely remove all regulatory lag?

23 A. No. I think that's very much a policy  
24 question that each commission has to address for itself.  
25 As I've said, some commissions, including the FERC, have

1 gone to cost of service tariffs that provide a lower risk  
2 model and a lower return model and establish true-ups  
3 every quarter or every year for the revenue requirement.  
4 Each Commission addresses on their own whether or not they  
5 think that level of risk and return is appropriate.

6 Here I think the Commission has indicated  
7 it believes having the company have some skin in the game  
8 is appropriate and through regulatory lag you can help to  
9 achieve that. That doesn't mean that the results should  
10 not continue to provide the utility with a reasonable  
11 opportunity to earn that fair return, and I think it can  
12 be modified to provide that.

13 **Q. But you don't -- you don't distinguish**  
14 **between regulatory lag and excessive regulatory lag.**  
15 **You're saying that regulatory lag is not necessary. I**  
16 **mean, we can have it if we want it for some policy**  
17 **consideration, but it's not a necessary part of the**  
18 **regulatory compact?**

19 **A.** I am saying it's not a necessary part of  
20 the regulatory compact, and what I've said is when it  
21 becomes excessive, it effectively undermines the  
22 regulatory compact.

23 COMMISSIONER KENNEY: Okay. All right.  
24 That's all I have. Thank you.

25 JUDGE WOODRUFF: Commissioner Stoll?

1 COMMISSIONER STOLL: I have no questions.

2 JUDGE WOODRUFF: Anyone wish to recross?

3 MIEC? Public Counsel?

4 MR. MILLS: No, thank you.

5 MR. THOMPSON: No, thank you.

6 MR. THOMPSON: Redirect?

7 REDIRECT EXAMINATION BY MR. LOWERY:

8 Q. Mr. Reed, I think Mr. Downey asked you  
9 about the balance, whether or not there needs to be a  
10 balance between shareholders and customers. Do you recall  
11 that?

12 A. I do.

13 Q. Do you have an opinion regarding where that  
14 balance lies in the current environment and the  
15 perspective environment that you expect to see for Ameren  
16 Missouri in Missouri?

17 A. If the results of regulation is, and I  
18 think it is here, is that the company is unable to have a  
19 reasonable opportunity to earn its cost of capital, then I  
20 think that balance has swung too much in favor of keeping  
21 rates low at the expense of being compensatory to  
22 investors for the capital they've committed to the  
23 company.

24 So it is a balance, but typically that  
25 balance is achieved through establishing a cost of capital



1 and rate of return for the company that is compensatory  
2 and nothing more. When you then detract from that and  
3 have an environment in which you can't even earn that cost  
4 of capital, that has shifted the balance to make an  
5 imbalance, in my opinion.

6 **Q. I think Mr. Downey also asked you whether**  
7 **or not you agreed the Missouri Commission had taken some**  
8 **steps to address some of these issues, and I think you**  
9 **said that you recognize that some steps had been taken.**  
10 **Do you have an opinion about whether those steps that have**  
11 **been taken are adequate?**

12 **A. I do. My opinion is clearly for the past**  
13 **five years they've not been adequate, and even with good**  
14 **intentions, some of those mechanisms have proven to be**  
15 **unworkable and unused, such as the environmental cost**  
16 **recovery mechanism. But based upon the persistent and**  
17 **material level of earnings that are well below the**  
18 **authorized level, I think it's clear that those steps have**  
19 **not been enough to adapt to the new market for utility**  
20 **capital.**

21 **Q. Mr. Downey asked -- also asked you a number**  
22 **of questions about charts that were in your direct**  
23 **testimony and whether they've been looked at on a GAAP**  
24 **basis or a non-GAAP basis.**

25 **Did you -- in the course of your work on**

1 **this case, did you look at earnings, actual earnings**  
2 **versus allowed returns on a non-GAAP basis for things like**  
3 **Taum Sauk, the FAC disallowance, et cetera?**

4 A. Yes. Exhibits ES1 through ES4, which were  
5 sponsored by Mr. Baxter, look at it both ways and with and  
6 without weather normalization. And again, I think it's  
7 appropriate that the entirety of that evidence be in front  
8 of the company. I've offered my view as to how I think  
9 financial investors look at it, but I have no problem with  
10 the Commission looking at both ways. The conclusion is  
11 the same. There is still a persistent, a chronic  
12 inability to earn the authorized level under the current  
13 regulatory structure in Missouri.

14 Q. Commissioner Kenney asked you about whether  
15 or not perhaps there's a structural or fundamental change  
16 to the regulatory framework that perhaps needs to be made.  
17 Do you have an opinion regarding whether the Commission  
18 should implement changes to that structure to the extent  
19 it can, even if it can't completely change the structure  
20 in ways that you might think would be appropriate?

21 A. I certainly think it's -- it is appropriate  
22 to have essentially a continuous improvement process. No  
23 one is looking for this Commission to solve all of the  
24 problems prospectively because we can't even tell what's  
25 needed prospectively with certainty. What we can say is

1 there is now a five-year track record as to how the  
2 existing model works or doesn't work. And it should do,  
3 in my opinion, what it can to restore the balance between  
4 the interests of investors and ratepayers.

5 **Q. And finally Commissioner Kenney asked you**  
6 **whether you advocated eliminating all regulatory lag and**  
7 **you said, I believe, that you thought that was a policy**  
8 **issue that each state commission needed to make. Do you**  
9 **recall that?**

10 A. I did, yes.

11 **Q. Do you have an opinion about whether the**  
12 **choice a commission makes on that issue, whether to**  
13 **eliminate all regulatory lag or not, can have consequences**  
14 **for customers?**

15 A. Certainly. Under the basic standard of  
16 capital attraction, if an investment opportunity in one  
17 state is less attractive than investments elsewhere, then  
18 capital is going to be attracted to the higher return on a  
19 risk-adjusted basis opportunity. So customers can be  
20 affected by reduced access to capital, by an aversion to  
21 making investments by utilities, and by the consequences  
22 of that in terms of reliability.

23 I've certainly seen that in my 36 years of  
24 experience in the utility industry where deferred  
25 investments and voided investments have led to a material

1 reduction in reliability of electric and gas systems, much  
2 to the detriment of customers.

3 MR. LOWERY: Thank you, Mr. Reed. That's  
4 all the questions I have, your Honor.

5 JUDGE WOODRUFF: Then, Mr. Reed, you can  
6 step down and you are excused.

7 THE WITNESS: Thank you.

8 JUDGE WOODRUFF: Let's go ahead and bring  
9 Brosch up then.

10 (Witness sworn.)

11 JUDGE WOODRUFF: Thank you. You may  
12 inquire.

13 MICHAEL L. BROSCHE testified as follows:

14 DIRECT EXAMINATION OF MR. DOWNEY:

15 Q. For the record, his testimony is included  
16 in Exhibits MIEC 0501 to 0503. Please state your name.

17 A. Michael L. Brosch.

18 Q. And your business address?

19 A. P.O. Box 481934, Kansas City, Missouri.

20 Q. And by whom are you employed?

21 A. By Utilitech Incorporated.

22 Q. And why are you here today?

23 A. I'm representing MIEC and have been  
24 involved in a review of Ameren Missouri's rate  
25 application. I'm sponsoring testimony responding to some

1 of the issues raised in that application.

2 Q. And is that testimony MIEC Exhibit 501  
3 through 503?

4 JUDGE WOODRUFF: If I can interrupt. I  
5 have as 500, it's his HC direct, 501 is his NP direct, and  
6 502 is his surrebuttal.

7 BY MR. DOWNEY:

8 Q. I stand corrected. For the record, it's  
9 500 through 502.

10 A. I have that before me.

11 Q. Okay. Great. And are you the person that  
12 prepared that testimony?

13 A. I am.

14 Q. And do you have any corrections to that  
15 testimony?

16 A. Yes. I'm aware of one correction in the  
17 direct at page 30, line 21. I would delete the word not.

18 Q. Any other corrections?

19 A. None I'm aware of.

20 Q. Okay. As corrected, if I were to ask you  
21 the questions in that testimony today under oath, would  
22 your answers be the same?

23 A. They would, yes.

24 MR. DOWNEY: At this time I'd offer  
25 Exhibits 500 through 502 and tender the witness for cross.

1 JUDGE WOODRUFF: All right. Exhibits 500,  
2 501 and 502 have been offered. Any objections to their  
3 receipt?

4 (No response.)

5 JUDGE WOODRUFF: Hearing none, they are  
6 received.

7 (MIEC EXHIBIT NOS. 500, 501 AND 502 WERE  
8 RECEIVED INTO EVIDENCE.)

9 JUDGE WOODRUFF: For cross-examination,  
10 begin with Public Counsel.

11 MR. MILLS: No questions.

12 JUDGE WOODRUFF: Staff?

13 MR. THOMPSON: No questions.

14 JUDGE WOODRUFF: Ameren?

15 MR. LOWERY: No questions.

16 JUDGE WOODRUFF: Questions from the Bench  
17 then, Commissioner Jarrett?

18 COMMISSIONER JARRETT: I won't start. No  
19 questions.

20 JUDGE WOODRUFF: Commissioner Kenney?

21 COMMISSIONER KENNEY: No, thank you.

22 JUDGE WOODRUFF: Commissioner Stoll?

23 COMMISSIONER STOLL: No questions.

24 JUDGE WOODRUFF: All right. Well, that was  
25 quick then. No questions from the Bench. No need for

1 recross, no redirect. You may step down.

2 THE WITNESS: Thank you.

3 JUDGE WOODRUFF: We'll go back to  
4 Mr. Weiss.

5 (AMERENUE EXHIBIT NOS. 5 AND 6 WERE MARKED  
6 FOR IDENTIFICATION.)

7 (Witness sworn.)

8 JUDGE WOODRUFF: You may inquire.

9 GARY WEISS testified as follows:

10 DIRECT EXAMINATION BY MR. BYRNE:

11 Q. Good afternoon, Mr. Weiss.

12 A. Good afternoon.

13 Q. Could you please state your name for the  
14 record.

15 A. My name is Gary S. Weiss, W-E-I-S-S.

16 Q. And by whom are you employed, Mr. Weiss?

17 A. I am employed by Ameren Missouri.

18 Q. And in what capacity?

19 A. I'm manager of regulatory accounting.

20 Q. And are you the same Gary S. Weiss that  
21 caused to be filed in this case direct testimony that's  
22 been marked as Exhibit -- UE Exhibit No. 5 and rebuttal  
23 testimony that's been marked as UE Exhibit No. 6?

24 A. Yes, I am.

25 Q. And do you have any corrections to that

1 testimony at this time?

2 A. No, I don't.

3 Q. And if I was to -- is the information  
4 contained in that prefiled testimony true and correct to  
5 the best of your knowledge and belief?

6 A. Yes, it is.

7 Q. And if I were to ask you the same questions  
8 contained on Exhibit 5 and 6 here today when you're under  
9 oath, would your answers be the same?

10 A. Yes, they would.

11 MR. BYRNE: Your Honor, I would offer  
12 Exhibits 5 and 6 and tender Mr. Weiss for  
13 cross-examination.

14 JUDGE WOODRUFF: Exhibits 5 and 6 have been  
15 offered. Any objection to their receipt?

16 (No response.)

17 JUDGE WOODRUFF: Hearing none, they will be  
18 received.

19 (AMERENUE EXHIBIT NOS. 5 AND 6 WERE  
20 RECEIVED INTO EVIDENCE.)

21 JUDGE WOODRUFF: For cross-examination  
22 beginning with MIEC.

23 MR. DOWNEY: No cross.

24 JUDGE WOODRUFF: Public Counsel?

25 MR. MILLS: No questions for Mr. Weiss.



1 JUDGE WOODRUFF: Staff?

2 MR. THOMPSON: Judge, let me just make for  
3 sure. Mr. Weiss is here only for policy questions, is  
4 that right, and will be back for other issues?

5 JUDGE WOODRUFF: That's my understanding.

6 MR. THOMPSON: I have no policy questions  
7 for Mr. Weiss. Thank you.

8 JUDGE WOODRUFF: Questions from the Bench,  
9 Commissioner Jarrett?

10 COMMISSIONER JARRETT: I have no policy  
11 questions either. Thank you.

12 QUESTIONS BY COMMISSIONER KENNEY:

13 Q. I don't have any policy questions but,  
14 Mr. Weiss, somebody said that you prepared this, though,  
15 right?

16 A. Yes, I did.

17 Q. We're not going to talk about this today  
18 then, right? Is that part of the policy discussion or no?

19 A. I certainly can.

20 Q. You did prepare this, because Mr. Baxter  
21 was asked some questions about it, and he said that you'd  
22 be the better person to answer.

23 A. That's correct.

24 Q. So do you have it in front of you? I guess  
25 it's part of Staff's Exhibit 237.

1 A. I've got the main page with me.

2 Q. Okay. So on the top overall cost of  
3 capital, the 10.2 common equity, that's what we authorized  
4 in the last rate case?

5 A. That is correct.

6 Q. And then down here the 10.53 is what was  
7 actually earned?

8 A. For that particular time frame, yes.

9 Q. And that --

10 A. Follow --

11 Q. Go ahead.

12 A. Following the directions we had for  
13 preparing that report.

14 Q. What's that mean, following the directions  
15 that you had from whom or --

16 A. No. It's the -- you know, in developing  
17 these jurisdictional reports, on the first two pages it  
18 details you what information is to be provided, and it's  
19 based on the operating expenses and investments as  
20 recorded on the books of the company. And then you come  
21 down your operating income divided by your rate base, that  
22 gives your overall return, and then you back into your  
23 return on equity. That's what we were doing here with  
24 this report.

25 Q. Okay. So that's for the 12-month period

1 ending June 30th, 2011. So the 12-month period beginning  
2 June 30th, 2011 through June 30th, 2012?

3 A. It would be May through June, yes.

4 Q. May through June?

5 A. Yes.

6 Q. Thanks.

7 A. Again, that data's not weather normalized  
8 or anything else. It's purely per book numbers.

9 Q. Purely what?

10 A. Purely per book numbers, just as they  
11 appear on the books.

12 Q. So explain that to me so I can understand  
13 that, the distinction between this 10.53 percent and  
14 weather normalized number or what was on Mr. Baxter's  
15 chart that's attached to his testimony.

16 A. Do you have the other pages of that  
17 surveillance report?

18 Q. Of the surveillance report?

19 A. Yes.

20 Q. I only have what was attached as the  
21 exhibit to the motion or Ameren's response to the motion  
22 to declassify. So the only thing that I have, it's from  
23 Staff's Exhibit 237, page 2 of that.

24 A. Okay.

25 Q. Is there another page to this? I'm

1 **assuming there's a page 1, but I don't have it.**

2 A. I don't either, but I can walk you through  
3 what's different on this report versus what shows up on  
4 the charts we prepared for Mr. Baxter.

5 **Q. Okay.**

6 A. In arriving at -- like I talked about, in  
7 arriving at this 10.53 earned ROE, we had an operating  
8 income on the books of \$556.8 million. But for  
9 Mr. Baxter's charts, we backed out the impact of the Taum  
10 Sauk writeoff, which had a net after-tax impact of  
11 55.7 million. So that lowered the operating income down  
12 to 501.1 million, which when you divided by the same rate  
13 base lowered the return down from 10.53 to 8.85 percent.

14 **Q. So that \$55.7 million attributable to Taum**  
15 **Sauk, that's excised out from the operating income on**  
16 **Mr. Baxter's chart represents almost, what was it, 1.78,**  
17 **1.68 percent?**

18 A. That was the impact.

19 **Q. And that's the only difference?**

20 A. That's correct.

21 **Q. What gets reported to the SEC for purposes**  
22 **of like financials that are filed with the SEC, the 10.53**  
23 **or the 8.85?**

24 A. Probably neither. That's where the  
25 distinction of how we do the report for the jurisdictional

1 filing differs. The SEC report goes down to the net  
2 income level, and I think you've heard the term above and  
3 below the line. The SEC takes all the below the line  
4 items in consideration, too, which we do not on the  
5 jurisdictional report.

6 Q. So what would the -- what percentage would  
7 be reflected in a report filed with the SEC? I guess an  
8 annual report or proxy statement or quarterly statement,  
9 so for that same time period, what would be reflected in  
10 the report to the SEC, if you know?

11 A. I really don't know.

12 Q. Would it be more or less than the 10.53?

13 A. I think it would be less.

14 Q. Would it be more or less than the 8.85?

15 A. I truthfully think it would be between the  
16 8.85 and the 10.53.

17 Q. Okay. Can you like -- somewhere like  
18 9.something or 10.2? Let me ask you a different question.  
19 Strike that.

20 Would it be more or less than the 10.2 ROE  
21 that's authorized by the Commission?

22 A. I really have no way of estimating that.  
23 I'm sorry, but I have nothing with me that I can look at.

24 MR. BYRNE: Commissioner, would you like us  
25 to -- it's a publicly available document.

1 COMMISSIONER KENNEY: Right. That's what  
2 I'm thinking. What would it be?

3 MR. BYRNE: I don't have it. I don't know  
4 what it is. You can find it?

5 THE WITNESS: We can get it, right.

6 BY COMMISSIONER KENNEY:

7 Q. It's something that would have been filed  
8 with the annual report, right?

9 A. Right. This would have been June, so it  
10 would have been the 10Q for June, yeah.

11 Q. You probably would have had a hand in  
12 preparing that, right?

13 A. No. I don't get involved with that. I do  
14 the jurisdictional regulatory but not the SEC reporting.

15 Q. Too many numbers floating around?

16 A. Right.

17 COMMISSIONER KENNEY: All right. I don't  
18 have any other questions. Thank you.

19 JUDGE WOODRUFF: Commissioner Stoll?

20 COMMISSIONER STOLL: No questions.

21 JUDGE WOODRUFF: I do have one clarifying  
22 question.

23 QUESTIONS BY JUDGE WOODRUFF:

24 Q. You've been -- several people have talked  
25 about the Taum Sauk writeoff. I assume that is the

1 decision that the Commission made last year to deny  
2 allowing certain Taum Sauk rebuild costs into the rate  
3 base. Is that what we're talking about?

4 A. That is correct.

5 JUDGE WOODRUFF: Okay. Just want to be  
6 clear on that. Okay. Any recross based on those  
7 questions from the Bench?

8 MR. DOWNEY: Briefly.

9 JUDGE WOODRUFF: Start with MIEC. You're  
10 up.

11 RECROSS-EXAMINATION BY MR. DOWNEY:

12 Q. Mr. Weiss, isn't it true that your  
13 surveillance report that Commissioner Kenney was asking  
14 you about does not include any of the \$300-plus million  
15 that Ameren is seeking in this rate case, is not included  
16 in revenue or income?

17 A. That's correct. The surveillance report is  
18 purely per book.

19 MR. DOWNEY: Thank you.

20 JUDGE WOODRUFF: Public Counsel.

21 RECROSS-EXAMINATION BY MR. MILLS:

22 Q. Yeah. Mr. Weiss, maybe I'm -- I need to  
23 have you go over for me again exactly the difference  
24 between the 10.53 reflected on the Staff exhibit and the  
25 8.85. Tell me again how that difference is accounted for.

1           A.       It's the reduction in the operating income  
2 of 55.7 million for the Taum Sauk writeoff after the  
3 impact of taxes. So if you reduce the operating income by  
4 55.7 million and divide by the same rate base, you get a  
5 lower overall return, which then translates into an  
6 overall lower return on equity.

7           **Q.       And in what -- you're talking about**  
8 **Missouri jurisdictional rate base?**

9           A.       Yes.

10          **Q.       And your testimony is that a change of**  
11 **\$55 million in income divided by your Missouri**  
12 **jurisdictional rate base translates into a rate of return**  
13 **difference of almost 200 basis points?**

14          A.       That's what the calculation shows if we do  
15 the calculations the way we have to do them on the  
16 surveillance report.

17          **Q.       What is your Missouri jurisdictional rate**  
18 **base?**

19          A.       I think on the June surveillance report, it  
20 was 6.8 billion.

21          **Q.       6.8 billion?**

22          A.       Uh-huh.

23          **Q.       And what was your net operating income?**

24          A.       As I -- if you want -- the reported net  
25 operating income was 556.8 million.



1 Q. And is that -- is that figure with or  
2 without the 55 from Taum Sauk?

3 A. That has not been adjusted for Taum Sauk.  
4 That is the way it was reported without the Taum Sauk  
5 impact.

6 Q. Okay. So if you take \$55 million off of  
7 that, that's the way you say that you get from 8.85 to  
8 10.53?

9 A. It's the other way around. You go from  
10 10.53 down to the 8.85. You take it away.

11 Q. Okay. I'm going to have to get those  
12 figures out on a calculator because that does not seem  
13 right to me, but if that's your testimony, we will take  
14 that and we'll figure it out.

15 MR. MILLS: That's all the questions I  
16 have.

17 COMMISSIONER KENNEY: I hate to beat this  
18 dead horse, but it's interesting, and it's confusing.

19 FURTHER QUESTIONS BY COMMISSIONER KENNEY:

20 Q. So the \$55.7 million is removed from the  
21 556.8 million in operating income, right?

22 A. That's correct.

23 Q. Which is the numerator?

24 A. Right.

25 Q. The denominator is the Missouri

1 jurisdictional rate base, which is 6.8 billion?

2 A. Right.

3 Q. And the rate base is the plant in service,  
4 that's all the things that are going to serve customers?

5 A. It is the mainly plant in service less your  
6 deferred income taxes.

7 Q. Included in the value of Missouri  
8 jurisdictional rate base would be Taum Sauk, right?

9 A. No. It was removed from our books.

10 Q. So is it in the 10.53 calculation where  
11 you've got 556, \$556.8 million worth of operating income,  
12 that presumably includes \$55.7 million attributable to  
13 Taum Sauk, right?

14 A. Well --

15 Q. The numerator, right?

16 A. The net operating income, the Taum Sauk  
17 writeoff was below the line, so it did not impact on our  
18 books the operating income. That's why it was 55.6.

19 Q. So it's in that calculation that arrives --  
20 that gets you to the 10.53, it's still there?

21 A. Right.

22 Q. Divided by rate base?

23 A. That's correct.

24 Q. And so the \$6.8 billion rate base figure is  
25 the same in the calculation that includes the 55.7 for

1 **Taum Sauk and the 501 million that doesn't include the**  
2 **55.7 for Taum Sauk?**

3 A. That's correct.

4 **Q. The denominator doesn't change?**

5 A. That's correct.

6 COMMISSIONER KENNEY: All right. Thank  
7 you.

8 JUDGE WOODRUFF: MIEC, Public Counsel want  
9 to jump back in after that?

10 MR. MILLS: I do.

11 FURTHER RE-CROSS-EXAMINATION BY MR. MILLS:

12 **Q. So how do you get to either 8.85 or 10.53**  
13 **from the 6 billion and the 500-some million? There**  
14 **obviously are some intermediate steps there.**

15 A. Let's just start with the information that  
16 Kevin put in the record as an exhibit.

17 **Q. Okay.**

18 A. You divide 556,765 by the 6,753,411, and  
19 you get 8.4 percent overall return.

20 **Q. Okay. And that's towards the lower**  
21 **right-hand -- the bottom of the lower right-hand column on**  
22 **Exhibit -- Staff Exhibit 237, correct? That's the 8.24?**

23 A. That is correct.

24 **Q. Okay.**

25 A. Then you take the 8.24, you subtract out

1 the weighted cost of long-term debt, subtract out the cost  
2 of the preferred stock, that gives you 5.42. Then you  
3 divide that by the common equity ratio of 51.54 and that  
4 gives you the 5.-- 10.52 or 10.53.

5 **Q. Can you do that same calculation with the**  
6 **55 approximate million of Taum Sauk taken out?**

7 A. 4 now becomes 7.42. Subtract out the same  
8 two items, the long-term debt and the preferred stock  
9 weighted cost gives 4.6, divided by the same .5144 gives  
10 8 -- I get 8.93. I must have miscalculated, but I do get  
11 8.93. I get 8.93, so the calculation's slightly off.

12 MR. MILLS: Thank you for walking me  
13 through the calculation. That's helpful. That's all the  
14 questions I have.

15 JUDGE WOODRUFF: For Staff.

16 RE-CROSS-EXAMINATION BY MR. THOMPSON:

17 **Q. Mr. Weiss, you're aware that Staff**  
18 **Exhibit 237 and this page that we've been examining was**  
19 **filed by the company in response to Staff's motion to**  
20 **declassify a portion of John Cassidy's testimony that was**  
21 **highly confidential and a schedule that that testimony was**  
22 **based on. Did you know that?**

23 A. I heard that, yes.

24 **Q. You heard that?**

25 A. I was aware of that.

1 Q. You were aware of that. Okay. And the  
2 schedule was an earlier version of this financial  
3 surveillance report; is that not correct?

4 A. That is correct.

5 Q. And in filing this version, the company  
6 explained that it had determined that the earned return on  
7 equity reported in the surveillance reports was inaccurate  
8 and was stated incorrectly and, in fact, you prepare those  
9 reports, right?

10 A. That is correct.

11 Q. So you're intimately familiar with whatever  
12 the error was and the correction that was made, correct?

13 A. Yes, I am.

14 Q. Okay. Now, you would agree with me, would  
15 you not, that the ROE figure attached to Mr. Cassidy's  
16 testimony and which is still highly confidential is higher  
17 than the figure on this public document, is it not?

18 A. It's higher but it's incorrect.

19 Q. I understand it's incorrect. I just want  
20 at this point to establish that it is, in fact, higher,  
21 right?

22 A. That is correct.

23 Q. Okay. What is the nature of the correction  
24 that you made to produce this now accurate document?

25 A. You're going to love this. Okay.

1           **Q.       I hope I will.**

2           A.       Okay. As I explained to the Commissioner,  
3 we have above the line and below the line expenses and  
4 above the line stops at operating income.

5           **Q.       Correct.**

6           A.       So for when they recorded the Taum Sauk  
7 writeoff, the expense adjustment went below the line, the  
8 \$90 million. However, the income tax impact was recorded  
9 above the line, and so we had a mismatch of having part  
10 above the line and part below the line. And the part  
11 above the line should not have been there and it  
12 overstated our return because it reduces the income taxes  
13 by some, I don't know, \$40 million.

14           **Q.       So let me make sure I understand you. The**  
15 **correction was limited to moving some income tax from**  
16 **above the line to below the line?**

17           A.       That is correct.

18           **Q.       It had nothing to do with removing Taum**  
19 **Sauk?**

20           A.       No. The adjustment was made to correctly  
21 reflect Taum Sauk as we should have been on our books.

22           **Q.       Okay. Now, what about incentive**  
23 **compensation and bonuses, are those above the line or**  
24 **below the line?**

25           A.       They're above the line.

1           **Q.**       **They're above the line. Okay. Do you know**  
2 **how many basis points are attributable to those?**

3           **A.**       **No, I do not.**

4                   **MR. THOMPSON:** No more questions. Thank  
5 you.

6                   **JUDGE WOODRUFF:** Redirect.

7                   **MR. BYRNE:** Sorry.

8 **REDIRECT EXAMINATION BY MR. BYRNE:**

9           **Q.**       **Okay. Mr. Weiss, let me ask you this: You**  
10 **said -- in response recently to Mr. Thompson, you said the**  
11 **correction you made was to move income tax associated with**  
12 **Taum Sauk from above the line to below the line. Isn't it**  
13 **really an income tax benefit that moved from above the**  
14 **line to below the line when you made the correction or am**  
15 **I not thinking about that right? Isn't it the income tax**  
16 **deduction associated with Taum Sauk writeoff that you**  
17 **moved from above the line to below the line?**

18           **A.**       **That's right. The impact of the writeoff.**

19                   **JUDGE WOODRUFF:** Mr. Byrne, you need to  
20 turn your microphone on.

21                   **MR. BYRNE:** I'm not sure that's going to  
22 help.

23 **BY MR. BYRNE:**

24           **Q.**       **Okay. I want to try to understand what's**  
25 **in this 10.53 percent versus what the company has reported**

1 on its charts at 10.53 percent. Let's talk about the  
2 10.53 percent on page 2 of the Staff exhibit. My  
3 understanding is the 10.53 percent pretends like the Taum  
4 Sauk disallowance was never made; is that true?

5 A. That is correct, because it was recorded  
6 below the line, so it should not have impacted the above  
7 the line information that we report on the surveillance  
8 report.

9 Q. Okay. So the difference between this  
10 10.53 percent that appeared on the surveillance report and  
11 financial reporting is you added back in the disallowance  
12 of Taum Sauk and the tax effect of that; is that correct?

13 A. That is correct.

14 Q. Okay. Then my understanding is this  
15 10.53 percent is also not weather normalized; is that  
16 correct?

17 A. That is correct.

18 Q. Okay. And then it's my understanding that  
19 there was a refund that the company received from Entergy  
20 that's been an issue in this case. Do you know about  
21 that?

22 A. Yes, I do.

23 Q. And it's my -- is it correct -- and I don't  
24 know for sure. Is it correct that the Entergy refund  
25 would be included in the revenues that make up this



1 10.53 percent?

2 A. That is correct.

3 Q. Okay. And there was also another  
4 disallowance that we've been kicking around, and that's  
5 the FAC disallowance that the Commission ruled on in the  
6 not too distant past. Does that disallowance come into  
7 play here at all or was that previous to this?

8 A. I think it expired by this time.

9 Q. Okay. So if I want to -- so this  
10 10.5 percent which is for June, the 12 months ended  
11 June 30th, 2012, take a look at the chart we have on  
12 WLB-ES3, if you have it. I'll give it to you if you  
13 don't. Do you have Mr. Baxter's surrebuttal testimony?

14 A. I do.

15 Q. Okay. And he shows -- he has a return that  
16 he shows for the same period, right, for June 30th, 2012,  
17 right?

18 A. That is correct.

19 Q. Okay. And -- but that's a lot lower,  
20 right? That like looks like 9.5 percent or so. I can't  
21 tell what the number is. It's just on a bar chart.

22 A. Which -- which bar chart are you looking  
23 at?

24 Q. I'm looking at WLB-ES3.

25 A. Okay.

1 Q. And it says, reflects two rate changes  
2 weather normalized, accounts for unusual items. Do you  
3 see that?

4 A. Yes, I do.

5 Q. Okay. So what I'm trying to understand is,  
6 why does that one show like 9.5 percent versus 10.53? And  
7 I think I have an idea, but let's see if I'm right. One  
8 is this chart is weather normalized, whereas the page in  
9 the Staff exhibit is not weather normalized. Is that one  
10 difference?

11 A. Yes.

12 Q. Okay. I think -- and they both pretend  
13 like the Taum Sauk disallowance never occurred, right, so  
14 they are the same in that respect; is that true?

15 A. Correct.

16 Q. Okay. But the WLB-ES3 also takes out the  
17 one time refund from Entergy; is that true?

18 A. That's true.

19 Q. Okay. Are those all the differences  
20 between the 10.53 percent that's shown on the surveillance  
21 report that's in the Staff exhibit and the 9.5 percent or  
22 so that's shown on Mr. Baxter's WLB-ES3 or are there more  
23 differences?

24 A. No. Both of them had the FAC writeoff  
25 removed. So that's no different.

1 Q. And it was probably past the time anyway,  
2 wasn't it?

3 A. Right.

4 Q. Didn't you just testify?

5 A. Right.

6 Q. But if it wasn't past the time, then  
7 both --

8 A. Right.

9 Q. -- they both would have treated the FAC  
10 writeoff the same; is that correct?

11 A. That's correct.

12 Q. So are you agreeing with me, the only  
13 differences between the 10.53 and the about 9.5 on  
14 Schedule WLB-E3 are WLB-ES3 is weather normalized? That's  
15 one difference. The Entergy refund is taken out of the  
16 June 2012 figure on WLB-ES3, right?

17 A. Correct.

18 Q. And that's it? Is that the difference?

19 A. Well, we have the -- eliminates the Taum  
20 Sauk writeoff.

21 Q. But both of them, it's not a difference  
22 because they both pretend like the Taum Sauk writeoff  
23 never occurred, right?

24 A. You're talking about 10.53, that is  
25 correct.

1 Q. Okay. So those are all the differences --

2 A. Right.

3 Q. -- between those two figures?

4 A. That's correct.

5 MR. BYRNE: All right. Thank you.

6 JUDGE WOODRUFF: All right. Then,

7 Mr. Weiss, you can step down. Let's go ahead and call

8 Mr. Brubaker.

9 MR. THOMPSON: Judge, if I could, how many  
10 more do you plan to go for today?

11 JUDGE WOODRUFF: That depends on you guys.  
12 I assume Mr. Gorman will not be testifying today, and then  
13 we've Ms. Kliethermes and Ms. Meisenheimer. Does anybody  
14 have any extensive cross of them?

15 MR. LOWERY: Judge, the company is not  
16 going to have any questions of any witnesses unless by  
17 some chance there's something the Commission asks that we  
18 feel like we need to ask a question. We don't have any --  
19 we don't have any -- want to ask any questions.

20 JUDGE WOODRUFF: I anticipate then we'll  
21 probably finish all three of them. We'll see how it's  
22 going.

23 (Witness sworn.)

24 (MIEC EXHIBIT NOS. 503, 504, 505 AND 506  
25 WERE MARKED FOR IDENTIFICATION.)

1 MAURICE BRUBAKER testified as follows:

2 DIRECT EXAMINATION BY MS. VUYLSTEKE:

3 Q. Mr. Brubaker, would you please state your  
4 name and business address for the record.

5 A. Yes. It's Maurice Brubaker. My address is  
6 16690 Swingley Ridge Road, Chesterfield, Missouri 63017.

7 Q. And by whom are you employed and in what  
8 capacity?

9 A. As president of Brubaker & Associates.

10 Q. Are you the same Maurice Brubaker that  
11 filed the revenue requirement testimony marked as MIEC  
12 Exhibits 503 and 505 and rate design revenue allocation  
13 and cost of service -- yes, cost of service testimony  
14 marked as MIEC 504 and 506?

15 A. Yes.

16 Q. And is the information contained in those  
17 exhibits true to the best of your knowledge and belief?

18 A. It is.

19 Q. If I were to ask you the questions that are  
20 contained in those exhibits here today, would your answers  
21 be the same?

22 A. Yes, they would.

23 MS. VUYLSTEKE: Your Honor, I would offer  
24 Exhibits 503 through 506 into the record and tender  
25 Mr. Brubaker for cross-examination.

1 JUDGE WOODRUFF: 503, 504, 505 and 506 have  
2 been offered. Any objections to their receipt?

3 MR. LOWERY: No objection.

4 JUDGE WOODRUFF: Hearing no objections,  
5 they will received.

6 (MIEC EXHIBIT NOS. 503 THROUGH 506 WERE  
7 RECEIVED INTO EVIDENCE.)

8 JUDGE WOODRUFF: For cross-examination,  
9 beginning with Public Counsel.

10 MR. MILLS: No questions.

11 JUDGE WOODRUFF: Staff?

12 MR. THOMPSON: I understand Mr. Brubaker  
13 will be back for rate design cross-examination; is that  
14 correct?

15 JUDGE WOODRUFF: That's my understanding.

16 MR. THOMPSON: Then I have no policy  
17 questions for Mr. Brubaker. Thank you.

18 JUDGE WOODRUFF: For Ameren?

19 MR. LOWERY: With the same caveat, I have  
20 no policy questions either.

21 JUDGE WOODRUFF: Commissioner Jarrett?

22 COMMISSIONER JARRETT: I have no policy  
23 questions either.

24 JUDGE WOODRUFF: Commissioner Kenney?

25 COMMISSIONER KENNEY: No, thanks.

1 JUDGE WOODRUFF: Commissioner Stoll?

2 COMMISSIONER STOLL: No questions, your  
3 Honor.

4 JUDGE WOODRUFF: And I have no questions.  
5 So no need for recross or redirect and, Mr. Brubaker, you  
6 can step down.

7 Next name on the list is Mr. Gorman. I  
8 assume he'll be testifying later when he testifies on ROE;  
9 is that correct?

10 MR. DOWNEY: That's correct. That is on  
11 the 5th.

12 MR. LOWERY: Judge, the counsel were just  
13 speaking, and as far as we're concerned we can excuse  
14 those witnesses and their testimony can come into the  
15 record unless, of course, the Commissioners have questions  
16 for Ms. Kliethermes or Ms. Meisenheimer.

17 JUDGE WOODRUFF: Would Commissioners have  
18 any questions?

19 COMMISSIONER JARRETT: No.

20 COMMISSIONER KENNEY: No, thanks.

21 JUDGE WOODRUFF: Okay. Let's go ahead and  
22 get their testimony in, then.

23 MR. THOMPSON: The only testimony that  
24 Ms. Kliethermes has, Judge, is she contributed to the  
25 Staff's revenue requirement cost of service report.

1 Generally we offer that at the end of the case after all  
2 the contributors have testified.

3 JUDGE WOODRUFF: All right. Let's do  
4 Ms. Meisenheimer.

5 MR. MILLS: Do you want me to offer all of  
6 her testimony? Her policy testimony isn't -- it's  
7 generally limited to her direct revenue requirement, which  
8 is Exhibit 402.

9 JUDGE WOODRUFF: So you're going to offer  
10 402?

11 MR. MILLS: Yeah.

12 JUDGE WOODRUFF: 402 has been offered. Any  
13 objection to its receipt?

14 (No response.)

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

17 (OPC EXHIBIT NO. 402 WAS RECEIVED INTO  
18 EVIDENCE.)

19 JUDGE WOODRUFF: Okay. I believe that  
20 takes care of today, then. And --

21 MR. MITTEN: Your Honor, before we go off  
22 the record, I have one matter I'd like to bring before the  
23 Commission.

24 JUDGE WOODRUFF: Come up to the microphone.

25 MR. MITTEN: It has to do with the



1 discovery order that you issued on August 31st. I still  
2 haven't received from MIEC the information that you  
3 ordered them to provide me in that order.

4 JUDGE WOODRUFF: Okay. Do you have a  
5 response?

6 MS. VUYLSTEKE: Your Honor, I would ask  
7 Mr. Mitten to explain exactly what information he -- I  
8 want to make sure I understand what information exactly he  
9 says he didn't receive to be absolutely sure. We  
10 discussed that --

11 MR. MITTEN: In your August 31 order, you  
12 said the Commission will direct Noranda to provide copies  
13 of all annual and multi-year budgets and financial  
14 projections that Noranda has prepared for the New Madrid  
15 smelter that encompasses any of the years 2012 through  
16 2015. I can show you the response that I received, which  
17 doesn't even come close to complying with that.

18 JUDGE WOODRUFF: All right.

19 MS. VUYLSTEKE: Your Honor, first of all, I  
20 provided to Mr. Mitten the response that my client gave me  
21 after reviewing the order and my advice that they respond.  
22 And they did respond and they provided a schedule, and I  
23 have no additional information to provide, and I am  
24 providing what my client has given to me to provide. I  
25 would also add that the schedule that has been provided in

1 response to this question is very similar to in detail and  
2 in scope, it seems, to the responses that we received from  
3 Ameren to our questions asking for their 2012 budgets.

4 But regardless of the differences, that is  
5 the information that my client has provided in response to  
6 that question, and I have no additional information to  
7 provide.

8 MR. MITTEN: Judge, I'll be happy to show  
9 you the information that Ameren Missouri has provided to  
10 MIEC with respect to its 2012 budgets and also its  
11 projections through 2016 and let you compare it with the  
12 response that I received from Noranda, and you can tell me  
13 if they're similar in any regard.

14 MS. VUYLSTEKE: I would add, your Honor, I  
15 don't think the litmus test for this is whether they are  
16 the same. I just noted that they're not very different in  
17 their scope. They're both just a few pages, but  
18 nevertheless, that that is all I have to provide,  
19 regardless of the fact that they may -- there may be  
20 differences in the schedules.

21 JUDGE WOODRUFF: I don't know that we need  
22 to have this discussion on the record. We can take it up  
23 again tomorrow if we need to. At this point we'll deal  
24 with it in just a moment here. I want to go off the  
25 record.

1 I wanted to be sure and clear up what we're  
2 going to be doing tomorrow first. My understanding is the  
3 advertising and dues issues have been resolved and so  
4 we'll be doing cash working capital tomorrow; is that  
5 correct?

6 Mr. MILLS: That is not necessarily my  
7 understanding. It has been reported to me that the  
8 company and the Staff have come to a settlement agreement  
9 on a number of the issues. I have not seen that, and I  
10 don't know whether or not once it is filed as a  
11 Stipulation & Agreement, whether or not I will object to  
12 it.

13 I'm certainly not -- I'm not at this point  
14 saying we need to hear the dues and donations issue  
15 tomorrow, but I don't want, first, the fact that the  
16 jointly filed revised procedural schedule was purportedly  
17 on behalf of all the parties and the fact that we're not  
18 planning to do dues and donations tomorrow, I don't want  
19 that to be construed somehow as a waiver of my possibility  
20 to object to a settlement once one is put before me.

21 JUDGE WOODRUFF: Well, we will be here  
22 tomorrow morning and I guess we'll see at that point who's  
23 here to testify. At this point we're looking at cash  
24 working capital for sure.

25 MR. THOMPSON: That's correct, Judge.

1 MR. MILLS: Judge, all I'm suggesting is we  
2 may have to come back around and do some issues that are  
3 supposedly settled depending on what the settlement looks  
4 like. I'm not suggesting that we need to do them  
5 tomorrow.

6 JUDGE WOODRUFF: Okay.

7 MR. BYRNE: And also, Judge, our  
8 recommendation is not to push anything forward but try  
9 cash and working capital tomorrow, but we also are  
10 continuing to engage in discussions and can use the time  
11 fruitfully that isn't in the hearing room.

12 JUDGE WOODRUFF: We'll begin at 8:30 then  
13 with cash working capital.

14 MR. MITTEN: Judge, there's one additional  
15 issue. Earlier this week Mr. Robertson had asked that his  
16 witness be taken out of time and that she go on first  
17 tomorrow, Ms. Morgan. I don't know how that issue was  
18 every resolved. Mr. Robertson is not here. So I don't  
19 know whether that's a current request or whether he has  
20 abandoned that.

21 JUDGE WOODRUFF: That would appear to be  
22 abandoned since that issue was not on the schedule for  
23 tomorrow.

24 MR. THOMPSON: No. We discussed taking  
25 Ms. Morgan out of order because she's a rate design

1 witness but will not be available on the 11th of October.  
2 At this point, rather than move entire issues around, it  
3 seemed easiest to take witnesses out of order, if  
4 necessary. Staff, for example, has a witness that will  
5 have to be taken out of order at some point because she's  
6 also not available that week.

7 So we had indicated to Mr. Robertson, of  
8 course, we would allow his witness to appear out of order,  
9 and the discussion was that it would be, in fact,  
10 tomorrow. So in the spirit of what you said, Judge, I  
11 think if Ms. Morgan shows up to testify, off we go.

12 MR. MITTEN: That's fine.

13 JUDGE WOODRUFF: Okay. All right.

14 Anything else we need to take up before we go off the  
15 record?

16 All right. With that we are adjourned  
17 until testimony morning at 8:30.

18 (OPC EXHIBIT NOS. 400 THROUGH 408 WERE  
19 MARKED FOR IDENTIFICATION BY THE REPORTER.)

20

21

22

23

24

25

1	I N D E X	
2	Opening Statement by Mr. Lowery	133
	Opening Statement by Mr. Thompson	164
3	Opening Statement by Mr. Mills	192
	Opening Statement by Ms. Vuylsteke	211
4	Opening Statement by Mr. Robertson	220
	Opening Statement by Mr. Coffman	222
5	Opening Statement by Mr. Woodsmall	228
6	POLICY	
7	AMERENUE'S EVIDENCE:	
8	WARNER BAXTER	
	Direct Examination by Mr. Byrne	244
9	Cross-Examination by Ms. Vuylsteke	246
	Cross-Examination by Mr. Mills	258
10	Questions by Commissioner Gunn	262
	Questions by Commissioner Jarrett	275
11	Questions by Commissioner Kenney	285
	Questions by Commissioner Stoll	304
12	Recross-Examination by Ms. Vuylsteke	307
	Recross-Examination by Mr. Mills	312
13	Recross-Examination by Mr. Thompson	314
	Redirect Examination by Mr. Byrne	318
14		
	JOHN REED	
15	Direct Examination by Mr. Lowery	336
	Cross-Examination by Mr. Downey	338
16	Questions by Commissioner Kenney	349
	Redirect Examination by Mr. Lowery	356
17		
	GARY WEISS	
18	Direct Examination by Mr. Byrne	363
	Questions by Commissioner Kenney	365
19	Questions by Judge Woodruff	370
	Recross-Examination by Mr. Downey	371
20	Recross-Examination by Mr. Mills	371
	Further Questions by Commissioner Kenney	373
21	Further Recross-Examination by Mr. Mills	375
	Recross-Examination by Mr. Thompson	376
22	Redirect Examination by Mr. Byrne	379
23	MIEC'S EVIDENCE:	
24	MICHAEL BROSCHE:	
	Direct Examination by Mr. Downey	360
25		

	AMERENUE'S EXHIBITS	MARKED	RECEIVED
1			
2	EXHIBIT NO. 1		
3	Direct Warner L. Baxter	245	245
4	EXHIBIT NO. 2		
5	Surrebuttal Testimony of Warner L. Baxter	245	245
6	EXHIBIT NO. 3		
7	Direct Testimony of John J. Reed	335	337
8	EXHIBIT NO. 4		
9	Rebuttal Testimony John J. Reed	335	337
10	EXHIBIT NO. 5		
11	Direct Testimony of Gary S. Weiss	363	364
12	EXHIBIT NO. 6		
13	Rebuttal Testimony of Gary S. Weiss	363	364
14			
15	STAFF'S EXHIBITS		
16	EXHIBIT NO. 200		
17	Direct Testimony of John P. Cassidy	105	
18	EXHIBIT NO. 201		
19	Staff Cost of Service Report and Appendices	105	
20	EXHIBIT NO. 202HC		
21	Staff Cost of Service Report and Appendices, Highly Confidential	105	
22	EXHIBIT NO. 203		
23	Staff Accounting Schedules	105	
24	EXHIBIT NO. 204		
25	Direct Testimony of Michael S. Scheperle	105	
26	EXHIBIT NO. 205		
27	Staff Rate Design and Class Cost of Service Report	105	
28	EXHIBIT NO. 206		
29	Rebuttal Testimony of Erin M. Carle	105	

1	EXHIBIT NO. 207	
	Rebuttal Testimony of Kofi A. Boateng	105
2		
	EXHIBIT NO. 208	
3	Rebuttal Testimony of John P. Cassidy	105
4	EXHIBIT NO. 209	
	Rebuttal Testimony of Guy C. Gilbert	105
5		
	EXHIBIT NO. 210	
6	Rebuttal Testimony of Seoung Joun Won	105
7	EXHIBIT NO. 211	
	Rebuttal Testimony of Erin L. Maloney	105
8		
	EXHIBIT NO. 212	
9	Rebuttal Testimony of Michael S. Scheperle	105
10		
	EXHIBIT NO. 213	
11	Rebuttal Testimony of Henry E. Warren	105
12	EXHIBIT NO. 214HC	
	Rebuttal Testimony of Henry E. Warren, Highly Confidential	105
13		
14	EXHIBIT NO. 215	
	Rebuttal Testimony of Hojong Kang	105
15		
	EXHIBIT NO. 216	
16	Rebuttal Testimony of David Murray	105
17	EXHIBIT NO. 217HC	
	Rebuttal Testimony of David Murray, Highly Confidential	105
18		
19	EXHIBIT NO. 218	
	Surrebuttal Testimony of Erin M. Carle	105
20		
	EXHIBIT NO. 219	
21	Surrebuttal Testimony of Michael J. Ensrud	105
22		
	EXHIBIT NO. 220HC	
23	Surrebuttal Testimony of Michael J. Ensrud, Highly Confidential	105
24		
	EXHIBIT NO. 221	
25	Surrebuttal Testimony of Guy C. Gilbert	105



1	EXHIBIT NO. 222	
	Surrebuttal Testimony of Erin L.	
2	Maloney	105
3	EXHIBIT NO. 223	
	Surrebuttal Testimony of Roberta	
4	Grissum	105
5	EXHIBIT NO. 224	
	Surrebuttal Testimony of Lena Mantle	105
6		
	EXHIBIT NO. 225	
7	Surrebuttal Testimony of Henry E.	
	Warren	105
8		
	EXHIBIT NO. 226	
9	Surrebuttal Testimony of Hojong Kang	105
10	EXHIBIT NO. 227	
	Surrebuttal Testimony of Seoung Joun	
11	Won	105
12	EXHIBIT NO. 228	
	Surrebuttal Testimony of Shawn E. Lange	105
13		
	EXHIBIT NO. 229	
14	Surrebuttal Testimony of David Murray	105
15	EXHIBIT NO. 230HC	
	Surrebuttal Testimony of David Murray,	
16	Highly Confidential	105
17	EXHIBIT NO. 231	
	Surrebuttal Testimony of Kofi A.	
18	Boateng	105
19	EXHIBIT NO. 232	
	Surrebuttal Testimony of Lisa M.	
20	Ferguson	105
21	EXHIBIT NO. 233HC	
	Surrebuttal Testimony of Lisa M.	
22	Ferguson, Highly Confidential	105
23	EXHIBIT NO. 234	
	Surrebuttal Testimony of John P.	
24	Cassidy	105
25		

TRANSCRIPT OF PROCEEDINGS 9/27/2012

Page 398

1	EXHIBIT NO. 235		
	Surrebuttal Testimony of John P.		
2	Cassidy, Highly Confidential	105	
3	EXHIBIT NO. 236		
	Surrebuttal Testimony of Lisa Hanneken	105	
4			
	EXHIBIT NO. 237		
5	Ameren Missouri's Response to Staff's		
	Motion to Declassify a Portion of		
6	Cassidy Surrebuttal	262	262
7			
	MIEC'S EXHIBITS		
8			
	EXHIBIT NO. 500HC		
9	Direct Testimony of Michael L. Brosch -		
	Revenue Requirement	335	362
10			
	EXHIBIT NO. 501		
11	Direct Testimony of Michael Brosch -		
	Revenue Requirement	335	362
12			
	EXHIBIT NO. 502		
13	Surrebuttal Testimony of Michael L.		
	Brosch - Revenue Requirement	335	362
14			
	EXHIBIT NO. 503		
15	Direct Testimony of Maurice Brubaker		
	Revenue Requirement	384	386
16			
	EXHIBIT NO. 504		
17	Direct Testimony of Maurice Brubaker		
	on Cost of Service, Revenue Allocation		
18	and Rate Design	384	386
19	EXHIBIT NO. 505		
	Rebuttal Testimony of Maurice Brubaker		
20	on Cost of Service, Revenue Allocation		
	and Rate Design	384	386
21			
	EXHIBIT NO. 506		
22	Surrebuttal Testimony of Maurice		
	Brubaker Cost of Service, Revenue		
23	Allocation and Rate Design	384	386
24	EXHIBIT NO. 525		
	Proxy Statements	252	258
25			

TRANSCRIPT OF PROCEEDINGS 9/27/2012

Page 399

1	EXHIBIT NO. 526		
	Financial News Release	307	309
2			
	OPC'S EXHIBITS		
3			
	EXHIBIT NO. 400		
4	Rebuttal Testimony of Ryan Kind	393	
5	EXHIBIT NO. 401		
	Surrebuttal Testimony of Ryan Kind	393	
6			
	EXHIBIT NO. 402		
7	Direct Testimony of Barbara		
	Meisenheimer, Revenue Requirement	393	388
8			
	EXHIBIT NO. 403		
9	Direct Testimony of Barbara		
	Meisenheimer, Rate Design	393	
10			
	EXHIBIT NO. 404		
11	Rebuttal Testimony of Barbara		
	Meisenheimer	393	
12			
	EXHIBIT NO. 405		
13	Surrebuttal Testimony of Barbara		
	Meisenheimer	393	
14			
	EXHIBIT NO. 406NP/HC		
15	Direct Testimony of Ted Robertson	393	
16	EXHIBIT NO. 407NP/HC		
	Rebuttal Testimony of Ted Robertson	393	
17			
	EXHIBIT NO. 408		
18	Surrebuttal Testimony of Ted Robertson	393	
19			
20			
21			
22			
23			
24			
25			



TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>A</b>	332:23 333:6	352:2	342:3,4,9,14	<b>activity</b> 167:23
<b>AAO</b> 177:8	335:12	<b>account</b> 122:5	343:5 344:8	<b>acts</b> 292:25
234:25,25	<b>abnormal</b>	124:8 133:18	347:6,10	<b>actual</b> 138:22
235:2 236:19	344:14 348:2	134:16	353:22 354:8	167:2 171:15
236:20	<b>above-entitled</b>	142:25 154:9	363:19	172:21 180:3
<b>AAOs</b> 234:12	400:8	198:7 208:24	395:19	183:3,4,11
234:14,15	<b>absence</b> 163:25	212:6 227:25	<b>accounts</b>	191:18 202:8
<b>AARP</b> 103:19	<b>absent</b> 141:18	237:5,7 238:8	249:24 382:2	251:18
108:4,8	<b>absolutely</b>	259:11,14,24	<b>accrue</b> 169:11	263:19
125:20	108:21	260:3,24	<b>accrued</b> 143:23	311:13 312:1
222:18,21	160:12 185:8	261:9,11	<b>accumulated</b>	319:1,4
245:24	202:19	266:3,4,5	170:9	322:18,19
306:22 338:1	261:12	326:12	<b>accumulates</b>	323:9,13
<b>abandoned</b>	262:23 275:3	345:16	269:24	325:23
392:20,22	275:19	<b>accountant</b>	<b>accumulation</b>	341:22
<b>aberration</b>	280:12	257:10,12	128:24	344:11 345:7
299:11	284:10	<b>accounted</b>	<b>accurate</b> 119:8	358:1
<b>ability</b> 109:11	302:17,17	151:6 187:10	127:14	<b>adapt</b> 357:19
120:1 143:14	305:13	371:25	281:20 352:9	<b>add</b> 114:18
143:21 161:2	321:12	<b>accounting</b>	377:24	122:9 128:15
215:16	331:22	131:22	<b>accurately</b>	222:15
216:14	332:20 354:9	139:17	313:3	389:25
218:18	389:9	142:11	<b>achieve</b> 141:20	390:14
247:22	<b>absorb</b> 138:21	143:18,21	143:11 166:7	<b>added</b> 130:12
253:23	<b>absorbed</b>	144:7,7,10,11	184:23	169:15 265:3
256:12,14	138:20	144:14	194:17	310:5 380:11
283:24 286:7	172:25 173:3	158:10,10	353:17 355:9	<b>addition</b>
300:11,16	<b>absorption</b>	159:3 160:19	<b>achieved</b>	170:12
307:15	138:18	164:23 169:8	353:18	237:10
<b>able</b> 116:21,24	<b>abuses</b> 176:8	169:11,18	356:25	<b>additional</b>
126:16 127:8	<b>accept</b> 233:22	186:2 212:22	<b>achieving</b>	128:7 148:21
128:13 129:1	237:22	212:23	353:6	198:21
137:21	332:10,13	213:11 215:1	<b>acknowledge</b>	212:21
139:18	340:18 352:9	217:7,13	155:14	216:24
141:20 153:1	354:2,5,6,10	234:13	350:18 354:2	221:15
153:14	<b>acceptable</b>	236:18,21	<b>acknowledged</b>	241:21
195:11	182:19	239:4 240:20	113:25 114:3	290:22
196:15 223:3	196:12	270:7 271:22	<b>acknowledge...</b>	389:23 390:6
223:3 224:21	<b>accepted</b>	274:23	157:3	392:14
229:25 238:9	341:20	276:17 282:6	<b>acknowledges</b>	<b>Additionally</b>
267:12,18	<b>accepts</b> 231:17	283:3,23	116:14	175:20
268:7,11	235:9	292:17 298:8	<b>act</b> 173:11	<b>additions</b>
272:21 286:1	<b>access</b> 161:3	300:13,22	223:4 292:22	169:13 271:3
293:4,18	359:20	301:1 330:19	<b>action</b> 109:21	<b>address</b> 105:11
295:6,16	<b>accommodated</b>	330:25 333:2	<b>actions</b> 272:16	105:25
296:5 328:25	352:16	339:11,17	<b>activities</b>	106:19,25
329:10	<b>accompanied</b>	340:3 341:20	149:18	109:13

TRANSCRIPT OF PROCEEDINGS 9/27/2012

116:16 117:6	<b>ADIT</b> 170:10	<b>adjustments</b>	<b>affordability</b>	208:17
120:2,17	<b>adjourned</b>	179:21	198:8 228:1,7	222:24
127:12	393:16	188:13	<b>afraid</b> 156:4	225:22
129:19	<b>adjudicator</b>	224:23	326:8	246:23,24
133:22 142:5	208:23	250:23 251:1	<b>afternoon</b>	247:4,12,18
144:16	<b>adjust</b> 238:5	264:21 265:1	246:6,7	248:4,17,20
152:11	345:8	342:16 345:1	262:17,18	248:25 249:9
155:14	<b>adjusted</b> 189:1	345:11	275:11,12	249:12,13
158:11 159:9	264:15 323:6	<b>admission</b>	338:8,11	250:9 256:15
159:16	323:7 348:2	261:20	341:7 349:14	258:25
189:14	373:3	<b>admit</b> 157:20	363:11,12	261:14
199:12	<b>adjustment</b>	217:24	<b>after-tax</b>	270:25 274:3
200:16,19	118:3,6,7	278:14	368:10	274:3,5
228:20	121:14	<b>admits</b> 149:8	<b>age</b> 141:8	284:11
236:20	122:12,14,17	<b>admitted</b>	<b>agencies</b>	285:22,24
238:22 265:8	122:23	221:24	306:16	295:2,3 301:1
268:13,20	123:12,20	<b>adopt</b> 142:5	332:20	301:9 309:24
274:19	124:4 125:9	147:1 218:19	<b>agenda</b> 132:18	311:6,9 315:4
278:11 280:4	126:20,20	<b>adopted</b> 148:7	<b>aggressive</b>	315:19
285:14	127:9,15,19	212:24 220:3	136:19	317:10,14,18
352:24 353:1	134:22	238:14	293:14	318:4 327:5
354:24 357:8	144:18	340:23 341:1	<b>aggressively</b>	339:24 340:9
360:18 385:4	147:17 148:2	<b>adoption</b> 147:9	142:9 173:12	340:19,22
385:5	149:21	148:19	<b>aging</b> 141:5	343:2 345:22
<b>addressed</b>	172:15 174:9	<b>advantage</b>	142:13	348:4 377:14
110:13	188:16,17,20	214:2 327:10	147:13 152:4	<b>agreed</b> 112:12
123:24	189:10	<b>advantages</b>	277:12,14	127:11 130:9
140:18 187:8	190:24 212:1	212:13,15	278:2 290:2	202:21,21
<b>addresses</b>	212:16	213:25 214:1	291:12	279:12,18
284:23 355:4	223:12,22	<b>advertising</b>	317:21	280:1 332:6
<b>addressing</b>	224:5,14,20	131:16	<b>ago</b> 132:7	357:7
152:4	225:5,11,13	205:23 391:3	134:5,6 140:3	<b>agreeing</b> 286:5
<b>adequate</b>	226:20	<b>advice</b> 389:21	144:5 147:23	383:12
141:18 145:1	234:12	<b>advised</b> 130:8	151:12	<b>agreement</b>
185:18 186:8	235:14,14,21	<b>advisor</b> 256:1	156:19	132:6 228:4
214:19	237:3 238:4	<b>advocate</b>	178:24 180:6	261:19
247:14,16,23	250:7,13	354:21	187:21	321:10 391:8
247:25 248:2	262:25 265:4	<b>advocated</b>	190:22 200:6	391:11
248:24 249:8	291:22,25	359:6	239:23,24	<b>agrees</b> 129:9
249:11,13	292:1 297:11	<b>advocating</b>	278:4 305:6	<b>ahead</b> 113:22
273:5,6,8,19	304:15,17,21	341:10	<b>agree</b> 112:5,6	121:16
277:6 317:24	305:18 306:8	<b>AEP</b> 122:21	116:11 117:1	130:16,21
318:1,8	323:10,13	138:10	119:14,18,24	131:1 219:17
357:11,13	340:15	<b>affairs</b> 247:13	122:7 151:2	249:15
<b>adequately</b>	343:18	<b>affect</b> 119:2,6	157:17	251:25
116:20	352:18 378:7	284:13	163:11,14	252:11
193:19 202:8	378:20	307:14	165:12 199:3	309:19 360:8

TRANSCRIPT OF PROCEEDINGS 9/27/2012

366:11 384:7	238:5,11	145:19 146:5	237:4,10,15	214:22 215:1
387:21	239:8 244:24	146:8 152:19	237:17,20,24	217:10 220:2
<b>air</b> 141:7 277:1	251:15	159:9 160:24	238:1,1,3,3,4	222:12
289:25	263:25 265:6	164:19,22	238:7,9,10,15	230:16,23
290:19	266:25	165:20,22	238:16,17,17	231:2,17,25
329:23 330:2	269:15 273:2	166:14,16,24	238:20,22	233:13
330:13	276:5 282:2	167:4,11,13	239:1,3,6,8	235:23 237:6
<b>akin</b> 144:10	298:13,23,25	167:14 168:1	239:10,12,14	237:21
305:24	324:4 327:10	168:4,10,14	239:16,21,21	238:14 239:4
306:15	358:2	169:21,22	239:25 240:2	240:21 249:7
<b>align</b> 288:14	<b>allowing</b> 116:7	170:3,5,7,25	240:11,17	286:17 312:5
<b>allegations</b>	186:2 217:9	171:4 172:22	241:17,19	367:21
154:12 265:8	219:12 224:5	172:23 173:9	244:11	<b>American</b>
<b>allege</b> 279:22	243:2 371:2	175:7,24	245:20 246:9	281:11
<b>alleviates</b>	<b>allows</b> 219:6	178:12	246:19 248:4	<b>Ameritech</b>
223:23	235:2 237:4	179:16,23,25	248:17	229:18
<b>allocated</b>	253:6 266:4	180:2,17,24	253:14,15	<b>amortization</b>
188:10	292:19	182:8 184:7	254:25 276:4	172:9,14
<b>allocation</b>	<b>alt</b> 299:7	184:10,22	296:4 301:23	188:1
188:11	<b>alternative</b>	185:5,24	302:3 304:10	<b>amortized</b>
205:22	112:24	186:20	308:7,10,12	151:8 171:6
216:18	115:23	192:24 194:2	308:13,24	172:11
385:12	116:12	194:5 197:22	312:17	187:23
398:17,20,23	173:18	198:16	313:18,25	<b>amount</b> 127:5
<b>allow</b> 145:1	176:17	199:14	316:16	127:8,12
169:11	278:20,24	201:13	317:11,14,18	128:13
172:12	279:17 289:7	211:21,22	321:13	168:21
182:14 186:5	<b>Alternatively</b>	212:2,8,10,13	348:14,17,21	171:13,15,16
190:15,15	172:11	212:20 213:6	352:8,10	171:16,22
195:21 216:5	<b>alternatives</b>	213:11,12,16	356:15	172:5,13
219:15,19	118:2 123:23	213:19 214:2	360:24	179:1 184:9
220:22 235:1	<b>altogether</b>	214:5,11,14	362:14	185:19
238:22 239:6	354:15	214:16,18	363:17	187:25
241:7 266:9	<b>ameliorate</b>	215:25 216:9	371:15	203:10
307:11 393:8	169:10	216:24	386:18 390:3	211:18 224:6
<b>allowances</b>	<b>ameliorating</b>	217:25	390:9 398:5	236:5 260:23
177:24	297:20	218:11,20,22	<b>AmerenUE</b>	301:19 302:9
<b>allowed</b> 109:14	<b>amenable</b>	220:22	102:14 335:7	312:18 331:9
109:14	300:19,20	221:10 229:9	337:23 363:5	354:3
135:11 138:5	<b>amend</b> 155:3	229:22 230:9	364:19	<b>amounts</b>
138:15	<b>amended</b>	230:20 231:5	<b>AMERENU...</b>	114:20 119:4
139:18,19,23	244:25	231:7,10,13	394:7 395:1	143:23,23
145:9 174:14	<b>ameren</b> 101:12	232:2,5,24	<b>Ameren's</b>	175:11 340:8
174:16	105:6,8,10,16	233:1,3,14,17	162:22 167:7	<b>Amy</b> 104:8
231:20	105:20	233:19,20	168:6 171:8	105:24
235:16,19	108:18	235:21,25	211:13,17,24	<b>analyses</b>
236:6,10	111:24 133:2	236:25 237:3	212:5 214:7	243:21,21

<b>analysis</b> 170:20 179:15 182:23 207:15 251:11 330:24	<b>anticipating</b> 132:17 <b>anticipation</b> 290:22,25 <b>anti-CWIP</b> 111:3 176:1	<b>appreciate</b> 268:21 270:5 <b>appreciated</b> 223:8 <b>approach</b> 142:14,16 203:6 300:13 316:3 343:15 343:16 344:8 352:17	130:6 134:4,5 147:25 149:25 150:1 150:20 225:24 226:3 226:15 278:23 321:10	<b>arrives</b> 374:19 <b>arriving</b> 175:17 368:6,7 <b>art</b> 217:13 315:18,19 <b>articulated</b> 183:16 184:4 <b>ash</b> 330:1 <b>aside</b> 137:3 144:13
<b>analyst</b> 179:15 <b>analytical</b> 181:12,17 182:4	<b>anybody</b> 110:3 120:19 156:2 384:13 <b>anyway</b> 134:22 219:24 383:1	<b>approaches</b> 340:10 <b>approaching</b> 288:25 <b>appropriate</b> 111:8 112:25 113:3,3 114:22 115:8 115:9,10 146:11,19 169:3 171:16 181:7 182:19 184:4 198:25 209:2 250:11 251:9 255:12 256:2,3 259:19 261:8 268:19 274:11 294:25 302:20 321:4 324:10 327:7 331:22 332:2 332:8 355:5,8 358:7,20,21	<b>approver</b> 215:12 <b>approves</b> 218:21 <b>approximate</b> 235:23 376:6 <b>approximately</b> 133:9 134:10 164:25 171:1 188:21 198:21 <b>Aquila</b> 230:1 <b>arbitrary</b> 147:1	<b>asked</b> 116:5 128:16,21 143:22 159:21,21 207:4 214:9 318:18 321:24 323:20 324:15,20 326:4,9 331:13 333:23 356:8 357:6,21,21 358:14 359:5 365:21 392:15
<b>and/or</b> 282:10 <b>announced</b> 233:1 305:2 308:13	<b>apologize</b> 203:3 256:23 309:18 <b>apparently</b> 149:11 200:8 <b>appeal</b> 171:1 <b>appear</b> 234:22 367:11 392:21 393:8 <b>appearance</b> 105:8 106:5 107:19	<b>approaches</b> 340:10 <b>approaching</b> 288:25 <b>appropriate</b> 111:8 112:25 113:3,3 114:22 115:8 115:9,10 146:11,19 169:3 171:16 181:7 182:19 184:4 198:25 209:2 250:11 251:9 255:12 256:2,3 259:19 261:8 268:19 274:11 294:25 302:20 321:4 324:10 327:7 331:22 332:2 332:8 355:5,8 358:7,20,21	<b>approves</b> 218:21 <b>approximate</b> 235:23 376:6 <b>approximately</b> 133:9 134:10 164:25 171:1 188:21 198:21 <b>Aquila</b> 230:1 <b>arbitrary</b> 147:1 <b>area</b> 160:2 167:9,11 168:1 186:21 230:17 292:20	<b>asking</b> 109:2 116:6 128:16 159:23 160:14 164:10 192:24 197:4 208:21 211:1 212:25 221:19 225:9 253:9 270:25 271:6 272:19 272:25 281:23 296:19 304:17 305:15 312:12,14 324:18 371:13 390:3
<b>announcement</b> 309:4 <b>annual</b> 101:13 164:25 165:9 179:2,4,5 199:16 369:8 370:8 389:13 <b>annualization</b> 187:11 <b>annualized</b> 187:1 <b>answer</b> 159:2 181:11 193:8 193:12 197:11 222:8 260:20 265:17,18,18 266:24 276:10,13 279:25 314:5 314:9 317:23 329:21 350:17 365:22	<b>APPEARAN...</b> 102:1 <b>appeared</b> 380:10 <b>appearing</b> 105:10,15,19 106:12,17,23 107:1,8,14,17 108:7 <b>appears</b> 204:4 319:10 <b>Appendices</b> 395:16,18 <b>appliances</b> 136:14 <b>application</b> 159:22 360:25 361:1 <b>applied</b> 182:5 188:25 <b>applies</b> 295:10 346:3 <b>applying</b> 179:17	<b>approved</b> 122:25 124:5 187:10 332:15 352:4 <b>approval</b> 110:8 255:24 295:5 <b>approve</b> 132:15 215:11 225:6 226:25 232:11 254:10	<b>areas</b> 139:6 165:12 <b>arguably</b> 218:20,24 <b>argue</b> 115:15 181:3 206:18 206:22 <b>argued</b> 148:8 <b>argues</b> 206:1 213:6,9 <b>argument</b> 154:4,8 155:21 176:14 206:4 286:17 <b>arguments</b> 224:13 283:9 <b>arising</b> 230:22 <b>Arkansas</b> 229:3 <b>arrive</b> 209:2	<b>asks</b> 212:20 213:16



TRANSCRIPT OF PROCEEDINGS 9/27/2012

384:17	108:19 167:7	257:16	357:18	<b>awarded</b>
<b>aspect</b> 129:10	178:7 191:14	<b>auditors</b>	358:12 366:3	145:18 171:1
226:2,6	261:22 342:1	256:25	369:21	180:9 181:21
234:18	367:15,20	<b>audits</b> 311:20	<b>authorizing</b>	189:11
<b>aspects</b> 129:8	377:15	<b>August</b> 153:16	199:6	<b>awards</b> 135:16
<b>aspire</b> 163:20	<b>attempted</b>	153:17 167:7	<b>automatic</b>	135:17
<b>assembled</b>	184:23	389:1,11	300:22	251:24
179:18	<b>attempting</b>	<b>authority</b> 142:4	<b>automatically</b>	254:20 255:1
<b>Assembly</b>	144:2	160:15 186:2	128:14	<b>aware</b> 114:9
115:17 352:7	<b>attempts</b>	215:4 226:25	231:20 237:4	121:6 140:10
<b>assertion</b>	230:23	353:4	238:5,10,12	211:2,5
162:22	<b>attendance</b>	<b>authorization</b>	271:23	227:11
<b>assess</b> 327:7	168:15	234:13	<b>availability</b>	323:15
<b>asset</b> 169:14,15	<b>attention</b>	236:19,21,22	135:12 159:4	343:17
186:3 187:22	117:18	239:24	272:7	361:16,19
213:10 296:2	152:12	<b>authorize</b>	<b>available</b>	376:17,25
<b>assets</b> 142:18	189:16 261:4	180:23 240:3	300:13	377:1
142:19,21	314:23 338:8	<b>authorized</b>	328:13 335:3	<b>a.m</b> 105:2
143:1,1	<b>attorney</b> 102:2	146:9 148:25	369:25 393:1	
273:18 350:5	102:2,6,10,15	152:19 153:1	393:6	<b>B</b>
<b>assign</b> 216:19	102:20,20	154:11	<b>avails</b> 214:5	<b>B</b> 102:6 103:20
<b>assist</b> 160:20	103:1,4,8,12	155:10	<b>Avenue</b> 102:3	108:6
<b>assistance</b>	103:16,20	161:22 162:6	103:13	<b>back</b> 108:2
186:16,25	316:16	162:13,14	105:11,19	130:12 143:4
187:8,9,15	<b>attorneys</b> 276:3	163:12	107:7	147:22 169:2
<b>Assistant</b>	322:22	166:24 167:5	<b>average</b> 134:12	183:22
102:15	<b>attract</b> 143:14	169:23 180:1	136:1 141:8	192:14,16
<b>associated</b>	145:2 282:25	195:2,3	145:17,23	204:1 226:7
143:24	<b>attracted</b>	198:20	155:25	231:23
177:22 187:7	359:18	201:21,21	156:18	239:22
187:23 233:4	<b>attraction</b>	212:3 213:9	159:14 168:5	241:10
280:24	359:16	214:8,13,15	168:10,12	242:20,22
299:13	<b>attractive</b>	214:17,22	179:9 180:9	244:2 253:1
379:11,16	161:8 359:17	229:8,12	180:10,11	254:15
<b>Associates</b>	<b>attributable</b>	233:16	181:20	260:22
385:9	171:20,23	246:10,20	186:12	264:23 265:3
<b>assume</b> 232:21	291:2 368:14	247:20	189:11	267:7 269:18
233:25	374:12 379:2	265:24	231:14 331:5	276:11,14,18
370:25	<b>attrition</b>	266:10	<b>averages</b>	276:20
384:12 387:8	161:23,24,25	268:12	146:11 156:3	277:11
<b>assuming</b>	162:4,23	271:13	<b>aversion</b>	278:12,12,14
132:14 155:1	163:3 169:9	272:21	359:20	278:15,19
225:3 301:20	352:25	299:18	<b>avoid</b> 187:24	279:3,6,8,10
368:1	353:25	307:15 311:7	<b>award</b> 201:25	280:8 281:17
<b>assumption</b>	<b>attuned</b> 284:24	313:25 327:1	254:1,19	285:13 289:2
271:9	<b>AT&amp;T</b> 229:19	342:8 344:24	270:19 272:4	289:18 290:3
<b>attached</b>	<b>audit</b> 165:5,6	348:5,13	305:7	290:16

291:13	<b>Barnes-Jewish</b>	186:6,12	357:24,24	334:13
292:10 297:5	103:15 107:3	187:16	358:2 359:19	<b>bears</b> 186:23
298:10 300:8	107:8 220:15	188:12	372:13 379:2	205:14 241:9
311:12,14,15	246:2 306:24	193:22	<b>Baxter</b> 242:24	<b>beat</b> 373:17
312:3 313:11	<b>barrage</b> 193:14	195:19 206:5	244:2,6,9,10	<b>Beck</b> 172:2
315:7,13	<b>barriers</b> 154:25	206:25	244:15	<b>began</b> 105:2
319:3 321:1,2	<b>bars</b> 139:22	209:24	245:15 246:6	164:22
323:18 324:2	153:21	229:24 231:9	246:8 251:8	275:16
335:4,10,14	<b>base</b> 119:9,16	253:15	251:23	<b>beginning</b>
363:3 365:4	126:16,23	261:25	252:14 254:5	105:8 115:3
366:22 375:9	127:4,6,15,21	284:18,20	254:9 255:5	133:2 167:19
380:11	128:12 130:8	288:3 306:21	255:19 256:5	253:13
386:13 392:2	130:12	336:23 343:4	256:15,20,24	262:15
<b>backed</b> 368:9	133:10	345:18	257:11 258:1	295:14
<b>backwards</b>	134:21	346:10,13	258:25	306:22
152:6 239:21	135:14 141:8	347:5 354:7	262:13 275:7	323:19
332:18	143:24 144:1	357:16	275:11 285:7	364:22 367:1
<b>bad</b> 207:15	168:21	366:19 371:6	285:10 307:7	386:9
266:24 328:5	169:15	376:22	309:18 312:5	<b>behalf</b> 105:10
328:6	170:11,12	<b>baseline</b> 127:10	312:17	105:15,20
<b>bail</b> 266:20	172:4,6,12	127:12 222:2	314:23	106:6,17
<b>baked</b> 185:21	177:4 184:11	236:5	317:10	107:1,8,14,18
241:20	184:18	<b>basic</b> 359:15	323:18	108:7 243:11
<b>Baker</b> 200:20	186:15	<b>basically</b>	330:17	391:17
<b>balance</b> 166:7	188:10	281:15	334:17,18	<b>behaving</b>
187:22	198:20 253:3	286:10 302:4	336:23 341:8	205:10
206:24 219:5	253:7 254:1	334:2 345:23	341:22	<b>behavior</b>
219:11	254:17	<b>basin</b> 290:12	342:14	149:10,11
340:11	273:13 277:4	290:12	345:16,19	<b>belief</b> 245:8
349:25 356:9	303:13	<b>basis</b> 119:1	347:18 351:7	246:19
356:10,14,20	315:17	138:3 145:25	358:5 365:20	337:13 364:5
356:24,25	331:11	153:20 165:1	368:4 394:8	385:17
357:4 359:3	352:18	165:10	395:3,5	<b>believe</b> 114:21
<b>balanced</b> 140:1	353:13	166:25	<b>Baxter's</b> 138:1	115:19
211:24	366:21	170:18 179:3	138:13	123:14
<b>balancing</b>	368:13 371:3	179:4,5	139:16 143:5	126:10 132:7
340:17	372:4,8,12,18	183:15	152:24	132:20,24
<b>ballpark</b>	374:1,3,8,22	188:14,25	338:12	139:13
313:12	374:24	237:18 251:3	341:15 347:9	150:23
<b>bar</b> 192:6	<b>based</b> 125:12	251:7 264:22	347:25	153:19
381:21,22	127:25	265:5,24	367:14 368:9	154:20
<b>Barbara</b> 198:2	145:22 150:9	269:16	368:16	155:13,16
261:8 399:7,9	150:10,11,12	311:18	381:13	156:21
399:11,13	160:17 165:6	318:25 327:8	382:22	163:15,16
<b>Barnes</b> 258:2	167:6 170:20	342:14 345:5	<b>bear</b> 151:18	164:6,7
273:15	175:3 180:21	347:15	165:23 200:2	175:19 181:3
305:20	181:3 184:4	348:23	228:19	186:8 189:22

TRANSCRIPT OF PROCEEDINGS 9/27/2012

189:23 203:1	176:11	227:3 245:7	330:16	<b>Bolivar</b> 103:5
205:22	211:23	270:1 272:4	331:16	<b>bond</b> 308:14
210:11	214:11	273:22	<b>bigger</b> 208:17	<b>bonds</b> 308:8
214:13	331:22 355:7	277:24	278:3 280:13	<b>bonuses</b> 378:23
217:18	<b>Bell</b> 229:16,18	285:18 305:4	<b>biggest</b> 223:10	<b>book</b> 367:8,10
218:13,16	<b>belong</b> 150:25	305:4 310:2,4	305:3	371:18
222:5 226:1	184:18	312:1 327:6	<b>bill</b> 169:2 332:5	<b>books</b> 165:6
233:11 247:8	<b>bench</b> 130:17	327:13	<b>billion</b> 135:4	366:20
247:8,24	262:15	337:13 364:5	173:1 269:23	367:11 368:8
250:21,23	306:21	385:17	288:25 289:1	374:9,18
251:9,12	362:16,25	<b>bestows</b> 213:25	372:20,21	378:21
255:12 256:1	365:8 371:7	214:1	374:1,24	<b>bore</b> 224:4
256:3,16	<b>benchmark</b>	<b>bet</b> 188:4 232:7	375:13	<b>borne</b> 206:6,15
261:3,10,24	201:15	271:20	<b>bills</b> 168:23	224:1
262:22 263:1	<b>beneath</b> 161:22	275:23	194:4 223:5	<b>borrow</b> 295:18
264:19	162:5	<b>betas</b> 207:24	<b>bind</b> 129:5	<b>borrowing</b>
268:18 270:1	<b>beneficial</b>	208:2	<b>bit</b> 140:5 144:3	284:13 285:5
272:1,20	283:17	<b>better</b> 109:21	144:6 147:17	<b>Bosch</b> 250:24
274:10	<b>benefit</b> 200:4	121:21	155:4,7	<b>bottom</b> 136:6
278:12 282:6	202:13,18	122:24	156:23 159:1	142:23
282:8,8 283:4	206:2,6,14	124:25	196:21,23	143:14 184:1
289:14	209:13,16	138:20 155:7	201:19 243:5	198:23 199:1
296:22	229:14 233:8	196:4,6,9,10	264:3,6 267:6	234:2 239:7
298:20,22	272:13	196:21,23	267:7 277:24	240:10 330:4
299:12	282:22	268:5 271:17	290:4 329:6	333:18
300:12	296:21,22	271:18 273:1	352:13	375:21
301:15 304:8	379:13	273:2 281:25	<b>blame</b> 348:7,9	<b>bought</b> 229:18
305:21	<b>benefits</b> 119:23	282:17 293:5	<b>blip</b> 155:20,21	229:18,19,22
308:20	150:2,7	305:11,12	<b>block</b> 189:14	229:23,23
309:21 310:2	151:20,24	365:22	221:11,14	<b>Boulevard</b>
310:7,23,25	170:3,7 185:6	<b>beyond</b> 150:15	<b>blue</b> 313:4	103:17 108:7
311:11	205:24	150:16	319:25 320:1	<b>box</b> 102:3,7,11
312:19	206:11 214:1	154:11 172:7	<b>Bluefield</b> 182:1	102:16 104:2
313:15,20	214:6 221:8	261:5 279:16	201:25	104:9 105:14
314:25 315:6	228:15	306:3,12	225:21	106:1,5,20
315:10	237:14 292:5	309:4 317:25	<b>Blume</b> 102:15	144:3,6,8
319:19	315:21 329:2	318:1,25	106:16,16	300:21 301:1
320:16,24	331:24,25	324:14 335:2	242:5	301:3,7
323:1 328:23	<b>benefitted</b>	<b>bias</b> 346:2	<b>board</b> 189:1	353:17
331:19 332:7	296:17	<b>biennial</b> 178:19	253:13,23	360:19
335:16 339:2	<b>benefitting</b>	<b>big</b> 176:20	254:10 255:9	<b>boy</b> 174:9
343:3 346:23	143:2	178:23	255:11,20,22	<b>break</b> 192:13
346:25	<b>best</b> 112:21	196:25	255:23,25	192:14,15,16
348:15 359:7	135:13	271:21 281:7	<b>Boateng</b> 169:6	242:20,21,23
388:19	137:13	283:16	185:15	248:13
<b>believed</b> 111:4	140:22	299:16	186:13 396:1	334:21,25
<b>believes</b> 110:10	193:21,22,25	306:18	397:18	335:4,10,11

<b>breaking</b> 230:2	221:21	293:11,21,23	<b>calculation</b>	168:19,20
<b>Brent</b> 106:24	225:23	294:4 298:24	168:25	169:12
<b>brief</b> 220:20	229:25	299:24	187:16 250:1	178:23,24
<b>briefe</b> 192:20	<b>Brubaker</b>	300:17	250:4 342:19	179:9,10,22
<b>briefly</b> 200:21	384:8 385:1,3	328:13	345:2 372:14	234:19,20
203:4 258:23	385:5,9,10,25	360:18 385:4	374:10,19,25	239:22
371:8	386:12,17	<b>businesses</b>	376:5,13	247:21 248:4
<b>bring</b> 110:9	387:5 398:15	204:25	<b>calculations</b>	248:18,21
113:9 130:25	398:17,19,22	<b>buy</b> 229:24	134:14	249:1,9
132:5 225:7	<b>Brubaker's</b>	<b>buying</b> 114:21	372:15	250:20 257:6
235:4 240:18	211:15	<b>buys</b> 149:15	<b>calculation's</b>	257:7 271:2
292:15,17	<b>Bryan</b> 103:1,5	<b>Byrne</b> 102:2	376:11	273:14 279:2
360:8 388:22	106:23,24	105:9,10	<b>calculator</b>	287:20
<b>bringing</b>	<b>Brydon</b> 102:10	122:9 133:5	373:12	295:15,18
287:21	105:18	138:2,11	<b>calendar</b>	296:3 321:1,4
<b>brings</b> 161:18	<b>bucket</b> 119:15	140:3 145:13	289:12	322:8,14,16
<b>broad</b> 212:24	<b>buckets</b> 119:12	242:25	<b>call</b> 109:11	338:24
217:10	329:22	243:19,25	162:1 267:14	342:10
<b>broaden</b>	<b>budget</b> 199:17	244:7 245:14	320:6 339:2	346:11,14
207:10	204:16	262:7 314:2	384:7	350:4,7,8
<b>broader</b> 118:15	208:12,18,19	318:15,16,23	<b>Callaway</b>	356:19,22,25
124:2 194:12	208:21	321:18,20,23	141:9 272:10	357:4,20
206:9 207:22	<b>budgeted</b> 194:2	324:20 325:2	<b>Callaway's</b>	359:16,18,20
<b>Broadway</b>	194:5 199:15	325:4,5,15	272:13	366:3 391:4
103:2 106:25	<b>budgets</b> 389:13	334:6,16	<b>called</b> 108:10	391:24 392:9
<b>broke</b> 228:22	390:3,10	363:10	168:25 169:4	392:13
228:24 229:9	<b>building</b>	364:11	234:12,17	<b>Capitol</b> 102:11
229:12	102:16	369:24 370:3	316:9 344:3	105:19
<b>broken</b> 199:19	175:10	379:7,8,19,21	353:16	<b>capped</b> 254:3
222:25 229:6	290:20 351:8	379:23 384:5	<b>calling</b> 164:24	<b>caps</b> 159:18
230:3 265:13	<b>built</b> 141:5	392:7 394:8	<b>calls</b> 182:21	<b>caption</b> 400:9
287:5,8 327:3	236:5 281:5	394:13,18,22	314:2,4	<b>capture</b> 173:12
<b>Brosch</b> 217:17	294:9 295:7		<b>cancel</b> 209:14	235:3 294:7
335:18,20,21	<b>built-in</b> 300:22	<b>C</b>	<b>cap</b> 311:14,19	<b>car</b> 115:20
340:22 343:3	<b>burden</b> 123:21	<b>C</b> 103:12 105:1	<b>capable</b> 344:13	<b>care</b> 108:16
343:4,10	148:20,23	131:19	<b>capacity</b>	177:3 237:17
344:7 345:4	151:19 205:7	243:10 396:4	138:18	388:20
360:9,13,17	205:14 209:5	396:25 400:2	244:12	<b>careful</b> 160:11
394:24 398:9	209:10,12,15	400:2	363:18 385:8	340:17
398:11,13	<b>business</b>	<b>calculate</b>	<b>capita</b> 168:12	<b>carefully</b> 176:7
<b>Brosch's</b>	169:21	179:23 343:4	<b>capital</b> 133:15	179:18
340:20	196:11,13	<b>calculated</b>	140:25	<b>Carle</b> 170:24
<b>brought</b> 110:11	223:24 269:1	150:9 169:4	142:21	171:11
111:13 113:5	277:25 283:1	179:9 216:11	143:15 145:2	395:25
113:12	288:19 291:3	345:5	152:8 158:11	396:19
117:18 126:4	291:21 292:2	<b>calculating</b>	158:20 161:2	<b>Carole</b> 106:24
126:6 201:12	293:2,3,10,10	171:13	161:3,3,12	<b>carry</b> 119:3

TRANSCRIPT OF PROCEEDINGS 9/27/2012

236:22	171:3,8 172:8	240:6,11	313:19	<b>Cave</b> 103:1,5
<b>carrying</b> 219:8	175:1 177:11	243:7 244:16	314:13,15	106:23,24
<b>cars</b> 184:10	177:18 178:1	246:25 251:3	328:17	<b>caveat</b> 386:19
<b>case</b> 105:7	178:25 179:1	259:10	332:25	<b>CCR</b> 101:24
107:24	180:16	260:15,24	333:14 342:2	400:17
109:24,25	184:14 185:4	261:11 263:8	342:3	<b>center</b> 103:21
110:12,14,18	186:4 189:11	266:13	<b>cash</b> 168:18,20	106:11
111:10,14,20	190:17,21	267:13,17,19	168:21	171:21,24
113:6,7,8	193:2,21,23	268:11 270:3	254:23	<b>cents</b> 259:25
114:10	193:25 194:3	270:11,12,22	269:22,23	<b>CEO</b> 137:25
116:15,16,17	194:6,8,13	273:10,15,16	288:10,11,12	<b>certain</b> 121:20
116:21 117:6	195:5,7,19,24	283:17,20	288:19,24	122:2 123:12
117:7,24	195:25 196:2	288:4 304:25	289:21	152:18 178:5
118:10,13,25	196:8,18	305:12,22	297:20,20	178:8 185:19
119:2,4,5,6	197:24	307:23	328:12,14	224:19
119:16	198:10 199:1	308:24 309:1	332:11 391:4	232:23 240:4
120:25 121:9	199:13,13,14	313:15 315:2	391:23 392:9	240:6,18
121:17	199:20,23	315:23 331:1	392:13	241:8 248:9
122:25 123:1	200:3,7,8,10	331:16 334:1	<b>Cassidy</b> 169:24	265:15
123:2,6	200:11,11,14	348:11 352:5	170:2 172:3	267:18 279:1
125:18 127:7	200:22 201:9	352:11 358:1	186:24	279:1 311:19
133:6,7,16	202:22 203:4	363:21 366:4	187:14	325:7,8
134:5,15,17	203:6 204:22	371:15	395:14 396:3	332:13 371:2
136:22	205:17,19	380:20 388:1	397:24 398:2	<b>certainly</b> 113:7
137:19	209:1,11	<b>cases</b> 133:8	398:6	122:6 140:16
138:24,24,24	210:12	142:17 151:6	<b>Cassidy's</b>	153:18
140:4,6,7,11	211:20,22	154:13 156:1	108:17	157:17
140:15,19,20	212:20 213:1	156:10,12,16	376:20	158:21
141:25	213:15	158:18	377:15	168:16
143:22	214:20,25	160:10	<b>catch</b> 177:13	178:21 200:8
144:15,19	215:5 216:6	164:20	<b>categories</b>	201:4 205:3
145:10,15	217:4,25	176:24 177:5	216:12 330:5	208:20
146:13	219:7,16	177:6,14	<b>category</b>	210:21 217:2
147:24,24	220:21	193:15,16,17	122:21 330:3	241:4 247:16
148:6,6,18	223:11	193:19	<b>cause</b> 115:1	251:13 260:3
149:4 151:7	224:19	195:25	224:20	286:24
151:12	225:16	197:21	232:23	291:13
152:14,17	226:23	202:11	236:13 268:9	296:21
153:23	227:20 230:5	205:21 206:8	304:10	304:19
154:21	230:7,14,21	216:7 224:16	328:16	307:13
155:19	230:22,22	225:1,4	336:12 400:8	318:23,25
156:21 158:5	231:9 232:7,9	228:23,25	<b>caused</b> 151:19	319:10
158:12	232:16 233:1	229:5,5	174:22 213:8	328:24 329:5
164:19,19,22	234:1 235:4	231:25 238:8	244:16	332:11
168:16	235:15 236:7	240:18 268:1	363:21	345:21 346:1
169:16	236:16 239:2	283:25	<b>causes</b> 269:7	358:21
170:15,18,22	239:7,13,17	309:21,25	<b>causing</b> 296:12	359:15,23

TRANSCRIPT OF PROCEEDINGS 9/27/2012

365:19	326:24,25	338:19 339:8	264:15,20,21	<b>chose</b> 207:23
391:13	327:14,23	339:9,9	266:23	<b>chosen</b> 352:20
<b>certainty</b>	<b>challenge</b>	350:21	267:17	<b>Chouteau</b>
215:14	121:19	358:18 382:1	276:11,12,14	102:3 105:11
358:25	124:18	<b>changing</b> 148:3	278:13,15,16	<b>Christina</b>
<b>Certified</b> 400:5	190:23	333:9	279:14,23	200:20
<b>certify</b> 400:7	287:23	<b>characterize</b>	289:3 310:9	<b>chronic</b> 166:17
<b>cetera</b> 290:19	<b>challenges</b>	113:11	311:24 312:6	344:23 346:9
358:3	139:6	300:25	312:24 313:3	348:10
<b>chaff</b> 125:1	<b>chance</b> 111:19	<b>characterized</b>	313:17,23	358:11
<b>Chairman</b>	120:12	310:24 346:6	314:24	<b>chronically</b>
101:19	148:14	<b>charge</b> 130:8	318:20,25	179:25
117:16,17,22	191:17 223:9	130:13	319:24	<b>circular</b> 226:2
118:15,21,23	280:17	147:19	322:11,24	<b>circumstance</b>
119:7 121:7	384:17	177:18 189:7	323:12,16	140:13 297:6
122:9 123:25	<b>change</b> 127:16	189:8 228:5,6	325:12	317:19
125:14 126:1	127:18,21	<b>charged</b> 137:15	367:15	<b>circumstances</b>
126:7 129:15	128:6,6,21	137:16	368:16	145:10
130:7 152:16	148:5,12	175:22	381:11,21,22	267:13
153:3,8,11,16	149:3,9,9,10	218:11	382:8	268:20 269:8
153:22 154:3	150:21 152:6	<b>charges</b> 110:13	<b>charts</b> 137:25	297:1,14
154:14,22	166:14,21	110:17,20	138:16	339:5 350:17
155:23	188:23	111:4,13,13	140:21	354:20
156:18,22,25	257:20 278:5	111:17 112:8	152:23	<b>cite</b> 243:3
157:2,7,19	291:18,19,20	112:24 114:1	161:21 195:1	<b>citing</b> 347:14
158:3,9	296:8,12,20	114:7 115:2,4	244:23,25	<b>City</b> 101:9
189:18 190:3	306:13 339:5	115:7 116:2	245:2 265:15	102:12,17,22
190:13,16,22	350:19	116:11,17	287:24	102:24 103:6
191:1,5,11	351:23 352:1	117:3 119:11	319:11 325:9	103:9 104:3
192:1,6,10	352:2,15	119:12,19,22	325:15,15	104:10
195:8 202:16	353:8 358:15	123:17	357:22 368:4	105:19 106:1
202:20 203:3	358:19	128:25 130:2	368:9 380:1	106:6,20
203:12,15,18	372:10 375:4	130:5,10,12	<b>cheaper</b> 239:23	107:13,14
203:22	<b>changed</b> 118:8	149:24 150:9	239:23	243:6,11
204:10 207:4	118:14	150:9,11	<b>check</b> 146:18	360:19
210:7 217:6	172:18	175:9,9 176:4	309:4	400:14
217:11,20	173:24 177:5	176:21	<b>Chesterfield</b>	<b>claim</b> 268:6
262:15,16	190:17 224:4	177:15	385:6	<b>claimed</b> 138:8
263:1,21	276:9 281:16	218:22,22	<b>chief</b> 101:17	<b>claiming</b> 137:9
264:18	291:7,10,16	220:23	104:6 113:6	137:10
266:16	297:1 300:17	<b>chart</b> 138:11	244:13	<b>claims</b> 213:8
268:13	<b>changes</b> 141:18	140:2 145:13	<b>chime</b> 116:24	<b>clarification</b>
270:25	149:17 151:5	146:23	<b>chip</b> 223:16	243:1 340:2
271:14 273:1	174:9 178:6	152:18	<b>choice</b> 147:10	<b>clarify</b> 262:19
274:10 275:7	269:8 280:9	195:13 253:9	359:12	285:18
292:9 303:25	291:21	253:25	<b>choose</b> 137:7	<b>clarifying</b>
316:8 323:2	297:13	263:15	213:17	370:21

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>class</b> 188:4,13 188:15,16,23 189:1,3,5,7,8 216:19 395:23	357:12 <b>client</b> 389:20 389:24 390:5 <b>clients</b> 123:14 224:25 227:9	<b>column</b> 375:21 <b>combination</b> 195:20 203:8 326:1 <b>combine</b> 159:3	104:12 105:25 109:3 109:7,14 110:16 111:18 112:10,21,25 116:4,6 117:5 118:9 119:18 120:1,6,8 121:4,6 129:5 130:25 132:14,21 133:4 134:4 136:5,8 137:15,19 140:8,13,17 142:3 143:12 144:2,5,11 145:8 146:6,7 146:17,20,25 147:6,7,22,24 148:9,10,18 149:20,25 151:2,3 154:10,19 155:1,17,18 157:17 160:14 164:8 164:15,17 171:7 172:3 172:10 174:25 175:3 176:5,7 178:1 178:3 180:23 181:17 182:4 185:16 186:4 186:5 188:24 189:14 192:20 198:25 199:2 200:6,12,22 200:25 202:12 211:10,11,19 212:14 213:2 213:16,18 215:3,6,8,11	215:16,20,21 215:24 216:2 216:5,5,9,10 216:13 217:3 217:16 220:20,22 221:18,19 222:21 227:10,11 231:16 238:22 240:16 243:2 246:23,24,25 247:4 259:11 259:21,23 260:2,24 261:1,3,10 264:2 267:25 268:8,15,18 270:4,18 271:6 274:14 277:16 278:19,23 279:24 280:21 281:24 284:6 285:25 291:8 291:19,24 292:7,21,24 295:5 300:11 300:14,16,23 306:13,17 318:20 321:11 326:11,17,19 332:6 340:10 340:23 341:5 341:18 342:6 342:11,18 343:19 344:18 345:10,13 346:17 347:14 349:8 352:25 354:24 355:4 355:6 357:7	
<b>classes</b> 188:10 188:14,17 220:24 221:12	<b>climate</b> 330:2 <b>close</b> 202:11 331:10 389:17	<b>come</b> 123:20 124:25 150:4 150:7 156:4 159:7 177:18 178:22 186:1 192:14 194:25 227:12 242:20 262:14 268:11 287:12 295:5 300:12 304:16 330:10,11 335:4,9,14 349:7 366:20 381:6 387:14 388:24 389:17 391:8 392:2	122:12,14,17 122:24 123:13,20 124:4 125:9 126:20,21 127:9,15,19 134:22 144:18 147:17 148:2 149:21 172:15 174:9 190:24 218:25 223:12,22 224:5,14 225:6,11,13 226:20 235:14 237:4 238:4 262:25 291:22,25 292:1 297:11 304:15,17,21 306:8 343:18	<b>closed</b> 210:22 <b>closely</b> 281:25 <b>closer</b> 225:12 <b>Club</b> 103:24 106:9,13 <b>coal</b> 141:9 175:17 184:7 184:7,9,12,14 184:16 299:13 312:10 <b>coal-fired</b> 305:3 <b>Coffman</b> 103:16 108:6 108:6 123:7,9 222:20 227:23 245:25 246:1 306:23 338:2 394:4 <b>cognizant</b> 145:10 <b>coin</b> 165:21 <b>Coincidentally</b> 135:9 <b>Cole</b> 400:4,15 <b>collapsed</b> 223:2 <b>collect</b> 172:22 236:6 239:6 288:21 <b>collected</b> 172:24 <b>collection</b> 149:6 169:1 <b>college</b> 181:14 <b>Columbia</b> 102:8 105:15	<b>comes</b> 120:23 173:10 193:10 227:20 344:15 <b>coming</b> 127:6 152:5 164:13 195:12 226:3 269:11 290:1 297:3 330:15 <b>commensurate</b> 144:23 197:12 201:23 202:1 226:16 <b>commented</b> 345:7 <b>comments</b> 227:24 <b>commission</b> 101:2 104:8
<b>clause</b> 118:3,6 118:7 121:15 122:12,14,17 122:24 123:13,20 124:4 125:9 126:20,21 127:9,15,19 134:22 144:18 147:17 148:2 149:21 172:15 174:9 190:24 218:25 223:12,22 224:5,14 225:6,11,13 226:20 235:14 237:4 238:4 262:25 291:22,25 292:1 297:11 304:15,17,21 306:8 343:18	<b>clear</b> 112:16 152:21 154:22 186:20 268:17 290:15 304:24 326:9 326:18 346:5 353:6 357:18 371:6 391:1	<b>cleanup</b> 114:12	<b>clearly</b> 152:6 333:10,11		

TRANSCRIPT OF PROCEEDINGS 9/27/2012

358:10,17,23	290:7 291:5,6	<b>commissions</b>	194:17	166:13,23
359:8,12	293:6,22	144:12	195:12	168:22 169:9
369:21 371:1	294:12	145:18 156:5	196:15	169:11
381:5 384:17	295:21	181:21 211:3	203:24 210:9	170:21 172:4
388:23	297:24	216:14 354:8	210:19,24	172:12 177:7
389:12	298:14 299:9	354:25	229:24 242:8	177:9,14
<b>Commissioner</b>	299:20 300:1	<b>commission's</b>	303:1,23	178:20
113:21,23	300:24 303:3	113:2,13	<b>company</b>	179:24 180:7
114:6 115:21	304:3,5,6,13	142:4 143:21	101:12	181:6 183:25
115:25 116:9	305:8,19	159:19	102:14,24,25	184:25
117:1,9,14,23	306:19	205:22	107:15	185:14,25
126:12,14,22	309:22 312:9	215:13,14	110:15,22	187:3 191:16
127:1,20	312:11,13	261:2 268:1	111:6 112:14	191:25 193:3
128:1,5 130:1	320:25	352:22 353:4	112:18	194:14,16,25
130:19 158:6	326:24 328:1	<b>committed</b>	113:13	195:10
158:7,14,17	328:24	222:13	114:24,25	196:14
159:1,8	330:18	309:25	118:12	198:19,25
160:16 161:4	331:13 332:3	356:22	119:20,21	199:6,11,21
161:18,25	333:2,24	<b>committing</b>	120:1,10	199:23 200:2
162:3,16,20	349:9,11,12	350:1	125:7 132:2	204:16 205:1
163:2,5,10,23	349:13	<b>commodities</b>	132:16 133:6	211:1 221:24
164:11	355:23,25	133:12	133:13,15	223:20 224:4
204:13,14,19	356:1 358:14	<b>common</b>	134:6 135:2,4	224:9 226:10
205:5,16	359:5 362:17	179:14,16,21	135:11 136:6	227:1 239:18
206:4,12,21	362:18,20,21	180:18,23	136:9,15,16	243:6 253:16
206:24 207:3	362:22,23	181:4 183:3,4	136:18	256:2,4 259:3
207:8 208:7,9	365:9,10,12	183:6,7,9,12	137:10,17,22	261:13,20
208:10,14,16	369:24 370:1	183:18	137:25 138:5	262:1 269:12
209:4,8,19	370:6,17,19	322:10	138:14,25	273:3 281:25
210:1,5,8,13	370:20	352:12 354:6	139:1,5,11,17	282:5 287:11
210:17 211:2	371:13	366:3 376:3	140:16,23,25	287:16,18
211:6 214:9	373:17,19	<b>compact</b>	141:1,17	289:6 293:19
217:22,23	375:6 378:2	137:2	142:10,12,14	295:1,1
218:5,6,7,14	386:21,22,24	139:21	142:17,20	296:18,21
218:17 219:2	386:25 387:1	141:19	143:8 144:5	302:23 303:9
219:18 220:7	387:2,19,20	154:17	145:2,7,11	303:12 311:3
220:12	394:10,10,11	222:25	147:4,10	314:13
222:10,16	394:11,16,18	265:13 274:4	148:15,20,21	326:25
240:23,24	394:20	274:9 285:16	148:24	329:16
241:14 242:3	<b>Commissione...</b>	285:21 286:3	149:12,14,16	331:19,22
272:23 275:9	101:21	286:4,6,9	149:20 150:8	333:4 336:21
275:10,19	113:20	292:19	150:22 151:1	339:14,17,20
281:8 282:3	130:17,18	338:21 350:3	151:5,18	343:20,25
283:18 285:6	165:24 307:9	354:2,4,13	152:8,25	344:12,22
285:8,9 287:7	309:20	355:18,20,22	154:4,7 155:2	346:7 348:1
288:23	310:13	<b>companies</b>	155:4,5,6,10	350:24
289:10,22	387:15,17	156:3 179:19	165:4,8 166:2	352:20 353:3
		186:18		



TRANSCRIPT OF PROCEEDINGS 9/27/2012

353:7 355:7	<b>comparatively</b>	194:16,16	173:8 234:21	<b>confidential</b>
356:18,23	305:1	196:15	295:9	108:20 322:5
357:1 358:8	<b>compare</b>	204:24 205:4	<b>concern</b> 125:15	376:21
366:20	135:24	293:1,9,9,10	132:21 142:8	377:16
376:19 377:5	181:19	303:22	176:20,21	395:18
379:25	230:16	<b>competitor</b>	177:7 232:2	396:13,18,23
380:19	390:11	293:3,7	307:8,10,14	397:16,22
384:15 391:8	<b>compared</b>	<b>complaint</b>	<b>concerned</b>	398:2
<b>company's</b>	134:11	315:2,5,20	168:24	<b>confirm</b> 309:3
109:25	167:23	<b>complaints</b>	275:17	311:23
110:21 113:8	253:16	210:3 314:25	307:21	<b>confiscate</b>
127:25	274:17 275:4	<b>complete</b>	344:17	182:10
133:10,11,25	276:16	132:13	387:13	<b>confiscating</b>
134:3,15	301:20	133:25	<b>concerning</b>	183:20
135:8,14,22	302:22	206:22 234:1	105:6	<b>confiscation</b>
135:23,24	307:19 311:5	<b>completed</b>	<b>concerns</b>	182:18
136:20 137:4	321:7	112:3 309:7	171:20	183:23,25
137:14,21	<b>comparison</b>	<b>completely</b>	288:24	184:1
138:18 139:3	160:21	119:14	307:13	<b>confiscatory</b>
141:5,8,20	<b>comparisons</b>	146:23,23	<b>concludes</b>	199:7,11
142:23 143:3	172:21	150:16	212:2	227:1
143:14,17	<b>compensate</b>	354:22	<b>conclusion</b>	<b>confuse</b> 264:13
144:25 148:2	236:9	358:19	162:21	<b>confused</b> 108:2
148:14	<b>compensated</b>	<b>compliance</b>	345:12	<b>confusing</b>
149:25	142:20	113:12 222:5	358:10	114:15
150:11,15	182:13	<b>complicated</b>	<b>concrete</b>	373:18
152:1 165:6	<b>compensating</b>	109:17	199:20	<b>consequence</b>
165:13 166:3	143:7	<b>comply</b> 330:9	<b>conditioned</b>	119:17
167:2 168:3,9	<b>compensation</b>	<b>complying</b>	115:13	<b>consequences</b>
170:21	182:12,13	330:7 389:17	<b>conditioning</b>	359:13,21
195:22 196:9	226:9 251:24	<b>component</b>	141:7 277:2	<b>consequently</b>
196:22 205:7	252:16 253:3	179:10,22	289:25	253:22
209:5 221:6	253:4,6,17,21	<b>components</b>	290:19	284:22
241:2 261:21	254:10,14,22	141:10	<b>conditions</b>	328:14
272:20	254:23	179:13 188:8	111:9 167:11	<b>conservation</b>
302:10	255:13,15,16	<b>comprehend</b>	176:7,9,11,19	133:21
304:11	256:10,12	294:7,18,19	197:22 198:1	<b>consider</b>
327:16	292:22 344:4	<b>comprehensive</b>	198:14	111:19
331:18	378:23	310:1	230:17	121:22
<b>comparable</b>	<b>compensatory</b>	<b>compromised</b>	291:16 346:4	122:11,13,14
179:19	338:21	318:9	346:18	122:16,17
214:23	356:21 357:1	<b>computer</b>	<b>conducted</b>	125:11
239:18	<b>competent</b>	228:11	165:5	143:10
302:22	149:3	<b>con</b> 227:1	<b>conducting</b>	146:12,21
<b>comparably</b>	<b>competition</b>	<b>conceived</b>	207:15	202:17
135:21	286:2 292:21	215:8	<b>confident</b>	210:14,19
136:17,21	<b>competitive</b>	<b>concept</b> 123:11	345:10	211:3 212:21

TRANSCRIPT OF PROCEEDINGS 9/27/2012

213:19	<b>Constitution</b>	<b>contemplation</b>	392:10	232:24 233:5
215:18	182:7	191:9	<b>continuity</b>	<b>conversation</b>
221:20	<b>constitutional</b>	<b>contend</b> 129:9	198:9	297:22
234:21	182:9,16	150:19	<b>continuous</b>	<b>converse</b>
<b>considerably</b>	199:4 225:21	184:11	358:22	293:12
140:24	<b>constrained</b>	<b>contending</b>	<b>continuously</b>	<b>conversely</b>
<b>consideration</b>	124:13	141:24	272:11	151:22
118:2 119:8	<b>construct</b> 182:4	<b>contends</b>	<b>contract</b>	325:22
165:25 178:3	348:12	174:23	125:21	<b>convinced</b>
180:21 236:8	<b>construction</b>	<b>contention</b>	132:12	237:1
238:13	111:1 131:22	137:12,12	<b>contracts</b>	<b>cool</b> 233:24
326:20 340:4	144:11	272:24	224:10	<b>copies</b> 252:1
350:4 355:17	170:10	<b>context</b> 219:4	<b>contrary</b>	389:12
369:4	175:25	230:15 249:5	220:25	<b>copy</b> 310:9
<b>considered</b>	<b>constructive</b>	255:7 256:7,9	<b>contrast</b> 231:11	<b>corollary</b> 205:6
151:7 175:1	139:9 140:17	352:5	<b>contributed</b>	<b>Corporation</b>
177:11	268:2 324:10	<b>continually</b>	387:24	170:3 253:15
217:14 256:5	<b>construed</b>	203:23	<b>contributes</b>	301:23 302:4
343:15,16	391:19	344:18	272:21	<b>corporations</b>
<b>considering</b>	<b>consultation</b>	<b>continue</b>	<b>contribution</b>	175:21
211:25	178:20	118:25	221:3	<b>correct</b> 117:20
219:14	<b>consumer</b>	133:11	<b>contributor</b>	117:21
<b>considers</b>	220:6 232:20	135:24	286:25	118:19 126:9
175:15	283:10,11	136:10 139:2	<b>contributors</b>	158:16
<b>consistent</b>	<b>consumers</b>	139:4 145:3	388:2	161:21
139:9 162:17	103:7,11,19	170:14	<b>contriving</b>	190:18,24
162:22 163:3	107:2,22	178:14 215:7	234:9	196:17
163:7,25	108:4,8	219:20 225:3	<b>control</b> 112:17	203:14,17
251:13,16	123:15,22	235:7,10	112:18	206:23 207:2
284:10	168:16 215:9	238:2 239:8	133:13,25	218:1,2,12
286:21 287:3	218:23	275:23	150:15	220:11 243:8
324:10 337:3	222:19,22	281:12 324:9	218:21,24	245:7 246:8
338:21 339:6	223:14,16	325:1 339:6	225:15,17,19	249:21 250:2
349:19	224:1,5	355:10	233:24	253:11 263:4
<b>consistently</b>	225:18	<b>continued</b>	240:16,17	265:16 282:3
213:19	228:14 338:7	133:20	306:3,12	286:23 289:8
251:14	349:25	215:21 290:9	<b>controllable</b>	307:12 308:3
286:18	<b>contacted</b>	<b>continues</b>	151:14	310:3,7,21
287:12	108:13	137:24	<b>controller</b>	312:10 315:1
<b>consists</b> 134:20	<b>contained</b>	138:25	278:14	315:8 320:15
<b>constant</b>	112:9 114:5	140:23	<b>controlling</b>	320:16 323:8
161:22 193:4	202:18 245:6	148:24 149:2	203:6	323:8,11,12
193:7,14	245:11 364:4	238:11 260:6	<b>controversy</b>	337:12 343:9
224:16	364:8 385:16	<b>continuing</b>	123:5	344:9 347:6
<b>constantly</b>	385:20	141:23	<b>convenience</b>	347:16,17
195:12	<b>contemplated</b>	165:17	136:13	348:8,16
223:14	171:7	272:17	<b>conveniently</b>	349:21

TRANSCRIPT OF PROCEEDINGS 9/27/2012

351:17 364:4	<b>cost</b> 115:14	295:15,18	174:14,20,24	332:23 333:6
365:23 366:5	117:19 119:9	296:2 305:5	175:12,18,20	333:6,8,11,12
368:20 371:4	119:16	307:20 321:1	175:25	334:10 371:2
371:17	123:19	321:4 322:10	177:23,24	<b>cost-based</b>
373:22	126:23	322:14,16	184:22 185:1	354:11
374:23 375:3	127:15,21	334:13	185:7,9,20,24	<b>Council</b> 103:19
375:5,22,23	134:21	340:24	186:3,9,22,23	103:23 108:5
377:3,4,10,12	135:15,21	344:19	188:8 189:20	108:8 222:19
377:22 378:5	142:7,20	346:10,14	189:22 190:7	222:22
378:17 380:5	143:6 148:21	353:14 354:7	190:8,8,11	281:12
380:12,13,16	151:4 158:11	354:14 355:1	205:12 206:6	<b>counsel</b> 104:1,1
380:17,23,24	158:20 159:5	356:19,25	206:14	104:4,6,6,7,7
381:2,18	160:6 161:2	357:3,15	209:21	104:8 106:3,7
382:15	161:11	366:2 376:1,1	215:11,17,22	109:1,10
383:10,11,17	169:19	376:9 385:13	215:23 216:4	117:19
383:25 384:4	173:18	385:13	216:11,19	125:22
386:14 387:9	175:10,16	387:25	218:9,11,20	192:18
387:10 391:5	176:6 177:1	395:15,17,23	218:24 219:3	193:18
391:25	178:15,23,24	398:17,20,22	219:5,6,7,8,9	198:24
400:12	179:9,11,12	<b>costly</b> 283:8	219:24,25	200:13 261:7
<b>corrected</b>	179:13,16,20	<b>costs</b> 109:24	221:2 223:24	283:10
245:5 353:2	180:18 183:3	110:25 111:2	223:25	312:22 349:3
361:8,20	183:4,6,9,12	118:14	224:19,24	356:3 362:10
<b>correction</b>	183:17	122:11,15,18	225:2,18,19	364:24
308:10,22	185:11,13,17	122:21,21,23	233:7 235:22	371:20 375:8
337:2 347:23	186:14	123:12,18,20	235:22,23	386:9 387:12
361:16	187:16 188:4	123:23 124:2	236:1 237:7	<b>Counsel's</b>
377:12,23	188:13	124:5 126:17	237:13,13,14	116:21
378:15	196:11,13	126:19 127:4	237:16,16,19	123:10 179:4
379:11,14	200:3 205:23	127:5,6	238:10 239:6	198:5
<b>corrections</b>	212:16,17	128:20	240:18 269:4	<b>count</b> 269:3
244:20	213:1 216:12	129:11	271:11	<b>counted</b> 342:19
336:17,20	218:4,4 219:5	133:10,22,23	272:14,16,17	342:21
337:6,8	219:10,11,13	133:23,23,24	277:7,21	<b>countervailing</b>
361:14,18	219:14 220:3	134:2,23	280:23	219:9,14
363:25	220:3 223:17	135:18 137:4	281:25	<b>counties</b> 168:13
<b>correctly</b>	224:10,11,15	137:4,7	284:12,17,18	<b>country</b> 144:10
216:12	234:20	141:15 147:5	284:19,23,24	156:16
281:23	235:24 237:8	148:17,22	285:5 286:8	201:17
378:20	238:6,8,18	150:7,14,16	287:21	225:25 306:8
<b>corresponding</b>	239:11	150:18,22,24	290:11	<b>county</b> 198:16
144:24	269:12,13	151:5,14,15	291:23 292:3	400:4,15
169:22	272:8,19	151:17,20,24	304:12,12	<b>couple</b> 108:15
226:21 241:3	273:13 279:2	151:25 160:7	306:1 307:11	112:3 130:24
241:23	284:3,20	172:1,2,4,9	307:19	139:14
<b>corresponds</b>	287:19	172:22 173:1	320:22	151:11
241:16	290:11	173:2,5,11,16	331:20,24	152:16 158:8

189:18 201:1 202:16 208:10 227:5 229:11 256:19 262:19 263:21 276:3 290:6,8 327:25 329:14,18 349:12 <b>course</b> 109:17 109:20,21 165:21 182:15 185:21 194:10 200:15 214:21 221:24 224:6 242:11 243:24 283:1 290:14 332:14 357:25 387:15 393:8 <b>court</b> 102:16 103:9 107:19 124:24 181:23,24 182:2,6,21,23 201:9 219:22 232:16 241:9 325:3 <b>cover</b> 166:3 173:19,20 <b>CPI</b> 231:15 <b>crafted</b> 176:7 <b>crazy</b> 153:24 <b>create</b> 115:23 203:25 204:5 329:11 <b>created</b> 306:17 <b>creates</b> 143:16 203:20 207:5 224:16 <b>creating</b> 340:4	<b>credibility</b> 207:19 <b>credit</b> 285:4 306:16 332:19 <b>credits</b> 279:9 311:12,13 312:2,3 315:7 315:13,18 319:3 <b>crews</b> 186:18 186:20 187:4 <b>cripple</b> 266:20 <b>crisis</b> 212:7,8 <b>critical</b> 151:3 345:4,6 <b>cross</b> 320:4 361:25 364:23 384:14 <b>cross-examin...</b> 245:16,22 246:5 258:17 258:24 323:20 324:14,19 337:17,25 338:5 362:9 364:13,21 385:25 386:8 386:13 394:9 394:9,15 <b>cross-examine</b> 120:18,19 124:17 242:12 <b>crucial</b> 215:3 <b>CSR</b> 101:24 400:17 <b>culmination</b> 316:1 <b>current</b> 164:2,5 167:5 197:5 225:13 228:6 231:9 233:13 233:23 241:20	304:11 321:7 346:3 348:13 350:16 356:14 358:12 392:19 <b>currently</b> 176:22 223:22 237:20 241:19 350:22,23 354:20 <b>CURST</b> 169:4 <b>customer</b> 133:20 151:21 188:10 189:7 189:8 216:19 220:23 228:5 228:6 230:6 231:4 259:2,5 276:25 277:23,25 280:22 281:1 289:20 290:14,15,18 290:21,23 291:3,15 292:15 296:10,18 297:1,18,18 303:13 328:8 331:5 <b>customers</b> 136:10,25 137:14 140:22 142:19 143:2 145:4 147:15 150:2,3 151:23 165:22 167:13 168:9 168:11,23 173:5 193:6 193:22 196:1	196:3 197:7,8 197:11,21 200:5,9 216:21 221:1 221:14 228:7 247:14 259:11,15,24 260:5,9,25 270:2 272:12 273:7,11,18 274:1 275:15 275:17,20,21 277:1,3,13 278:10 279:10 282:7 282:8,16,22 283:8,17 284:2 288:7 288:22 292:2 295:13 296:22 298:1 305:11 311:12,14,15 312:4 315:13 315:22 328:10,21 329:3,5 331:12,25 333:5,13,21 356:10 359:14,19 360:2 374:4 <b>cut</b> 141:16 152:2 323:24 331:1,2 <b>cutoff</b> 172:7 283:21 <b>cutting</b> 147:4 <b>CWIP</b> 146:6 155:14 160:3 271:3,4 274:24 352:18 353:13 <b>cycle</b> 291:3 299:25 300:17	<b>cycles</b> 272:11 <hr/> <b>D</b> <b>D</b> 101:19 105:1 131:19 394:1 <b>Dan</b> 172:2 <b>dangers</b> 216:1 <b>data</b> 138:22 170:20 179:18 221:22 222:1 299:21,22 341:14,17 <b>data's</b> 367:7 <b>date</b> 169:14,15 172:7 308:23 340:8 <b>David</b> 103:8 107:17 179:15 181:4 183:10 228:13 396:16,17 397:14,15 <b>day</b> 115:15 131:22 150:20 171:10 185:10 188:5 228:16 271:16,17,18 276:18 278:12 296:1 305:2 329:8,9 331:6 <b>days</b> 109:13,18 109:19,20 125:19 132:7 132:7,23 169:3 267:16 281:18 309:4 <b>dead</b> 373:18 <b>deadline</b> 109:15 <b>deal</b> 108:23 109:22 113:14,16
---	---	---	---	---

TRANSCRIPT OF PROCEEDINGS 9/27/2012

117:2,12	200:11	<b>defeat</b> 235:1	<b>delivered</b> 190:7	161:15
121:13,14,23	206:10 213:2	<b>Defense</b> 103:23	<b>delivering</b>	181:15
125:3,3	215:3 219:22	<b>defer</b> 151:5	136:20	<b>dependent</b>
129:21	255:22 261:2	169:12 186:2	175:16	300:23
147:13	293:23 371:1	200:11 235:4	<b>delivery</b> 133:16	<b>depending</b>
157:16	<b>decisions</b> 145:9	282:10	135:5 141:10	121:17
193:14	154:18,25	288:15	141:21	127:16
279:13,18,22	155:17,19	<b>deference</b>	<b>delta</b> 197:1	207:14 241:6
306:18	182:1 209:1	157:17	342:7	253:18 392:3
330:15,16	209:25	<b>deferral</b> 340:4	<b>demand</b> 194:17	<b>depends</b>
353:25	215:13 293:3	<b>deferrals</b>	280:13	157:14
390:23	293:11,14,21	217:10	297:19 298:2	327:19
<b>dealing</b> 116:10	294:5	<b>deferred</b>	<b>demands</b>	384:11
117:12 128:2	<b>decision-mak...</b>	143:23	289:20	<b>depicts</b> 145:14
142:13	260:7	170:10 172:6	297:25	<b>deployed</b>
160:22	<b>declaratory</b>	172:13 176:5	<b>demonstrate</b>	250:20
329:24	118:10 123:3	359:24 374:6	135:17	<b>deposed</b> 112:11
<b>deals</b> 149:23	128:17,19	<b>deferring</b>	152:25	113:25
279:25	129:4,5	282:20	161:21 205:8	<b>deposition</b>
330:13	<b>declassify</b>	<b>deficient</b> 162:6	205:9 213:22	114:4
<b>dealt</b> 111:21	108:17 167:8	162:10	264:15 287:4	<b>depreciating</b>
123:18	191:14	<b>define</b> 184:3	<b>demonstrated</b>	273:13
126:23 129:8	261:22	255:3 257:9	163:2 267:17	<b>depreciation</b>
131:18	367:22	257:14	<b>demonstrates</b>	140:24
<b>death</b> 223:6	376:20 398:5	<b>defined</b> 182:5	311:7,9	142:25
<b>debris</b> 186:21	<b>declined</b>	217:19 239:4	<b>denial</b> 162:23	158:15,20
<b>debt</b> 143:15	156:22,23,25	<b>definitely</b>	163:5,24	169:12
152:8 232:24	<b>declining</b>	158:24 241:5	<b>denied</b> 113:17	234:19
233:2 236:13	189:14 219:5	<b>definition</b>	113:18 120:8	295:22,23
308:15,25	221:11	114:19 117:4	162:25 163:6	296:1
376:1,8	271:11	137:20	164:6	<b>depressed</b>
<b>decades</b> 278:4	<b>decrease</b>	174:18	<b>denies</b> 164:3	212:14
<b>December</b>	307:19	324:15,18	350:14	<b>Depression</b>
171:15,25	339:16	<b>definitive</b>	<b>denominator</b>	212:7
331:3	<b>decreased</b>	251:25	373:25 375:4	<b>derived</b> 179:18
<b>decide</b> 128:2	140:25 236:9	<b>deflated</b> 344:14	<b>deny</b> 121:16	<b>describe</b> 182:3
143:13 179:1	291:3 297:1	<b>degradations</b>	130:19	191:12
186:6 215:6	<b>decreases</b>	313:10	182:10	<b>deserve</b> 209:6
215:10,10	219:10,14	<b>degrade</b> 140:5	352:15 371:1	<b>design</b> 188:5
300:16	290:10	<b>degrades</b> 140:6	<b>denying</b> 112:21	221:20 228:3
<b>decides</b> 208:18	313:22	<b>degree</b> 267:15	<b>Department</b>	295:8 296:5
<b>deciding</b> 183:3	314:16	267:16	102:18	385:12
259:9	<b>dedicated</b>	<b>delay</b> 295:3	106:14,17	386:13
<b>decision</b> 124:9	350:5	<b>delete</b> 361:17	<b>departure</b>	392:25
165:19	<b>deduction</b>	<b>deliver</b> 135:20	169:19	395:23
166:10 178:3	379:16	139:4 141:17	221:12	398:18,20,23
184:3 191:9	<b>deemed</b> 346:13	273:25	<b>depend</b> 136:12	399:9

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>designed</b> 111:15 151:10 176:7 179:6 235:1 236:3,20,21 293:25 294:2	115:7 126:15 127:22 179:14,16 211:18 377:6	390:4,20 <b>different</b> 114:14 119:12 124:24 129:19 155:18 163:22 182:3 183:8 191:10 194:9,10,11 196:5 243:20 257:16 268:12 279:3 280:2,11 290:4 291:7 297:6,7,24 300:18 303:4 303:15,20 305:7 309:19 312:8 313:10 320:25 321:1 321:6 323:1 351:21 352:14 353:20,21 368:3 369:18 382:25 390:16	347:7,16,24 357:22 360:14 361:5 361:5,17 363:10,21 385:2 388:7 389:12 394:8 394:15,18,24 395:3,6,9,14 395:21 398:9 398:11,15,17 399:7,9,15	306:15 323:2 323:4,7,14 325:10,11 334:3,4,10 343:25 344:3 358:3 380:4 380:11 381:4 381:5,6 382:13
<b>desirous</b> 197:8 <b>despite</b> 133:10 135:23 138:6 138:23 167:1 201:16 212:14 224:15 233:18 236:14 239:2 239:12,16 268:22,23,24 268:25	<b>determines</b> 137:19 253:17 <b>determining</b> 210:10 213:18 227:25 250:17 260:23 302:21 <b>detract</b> 357:2 <b>detriment</b> 360:2 <b>develop</b> 214:3 <b>developed</b> 110:2,18 116:20 117:2 121:12 124:20,21 125:13 208:25 281:19	<b>develop</b> 214:3 <b>developed</b> 110:2,18 116:20 117:2 121:12 124:20,21 125:13 208:25 281:19	<b>directing</b> 314:23 <b>direction</b> 143:19 271:24 <b>directions</b> 366:12,14 <b>directly</b> 111:3 190:6 193:13 <b>directors</b> 253:13,23 255:23,25 <b>disadvantage</b> 223:16 <b>disadvantaged</b> 161:13 <b>disadvantages</b> 329:7 <b>disagree</b> 122:20 124:12 125:15 285:22 344:7	<b>disallowances</b> 148:16 203:5 203:9,10,15 206:22 344:15 345:17 <b>disallowed</b> 148:15 342:5 342:10,17,18 343:14,18,22 347:13 <b>disallowing</b> 219:1 <b>disallows</b> 344:19 <b>Disclosure</b> 257:24,25 <b>disclosures</b> 257:22 <b>disconcerting</b> 231:5 <b>disconnect</b> 278:4 <b>discover</b> 114:7 <b>discovered</b> 110:25 175:5 <b>discovery</b> 221:24 389:1 <b>discretion</b> 178:19 215:5 215:9,14 217:18 <b>discretionary</b> 142:12 278:10 282:10 296:23 318:2 318:3 328:19
<b>destination</b> 209:3 <b>detail</b> 176:11 200:19 201:8 390:1 <b>detailed</b> 176:9 178:7 <b>details</b> 366:18 <b>determinable</b> 127:23,24 128:6 <b>determination</b> 121:10,15 124:2,3,10,20 126:16 130:10 165:15 175:2 <b>determine</b> 118:10 119:9 127:4 128:7 151:2 164:21 165:20 195:22 198:10 203:24 207:11 216:11 294:17 335:1 <b>determined</b>	<b>developing</b> 152:13 366:16 <b>devices</b> 136:11 <b>Diana</b> 103:1 106:22 <b>Diana.vuylst...</b> 103:3 <b>difference</b> 191:13,17,20 192:2 236:7 270:20 278:9 323:15 368:19 371:23,25 372:13 380:9 382:10 383:15,18,21 <b>differences</b> 382:19,23 383:13 384:1	<b>differently</b> 351:3 <b>differs</b> 369:1 <b>difficult</b> 143:19 209:17 303:22 <b>dilemma</b> 142:5 143:20 <b>dioxide</b> 135:10 329:24 <b>direct</b> 109:25 113:5 114:10 164:23 176:1 211:15,16 244:7,16,22 245:6 281:15 336:8,13,19 345:15,20,22 345:23 347:1	<b>disagree</b> 120:7 <b>disagreement</b> 118:22 344:10 <b>disagrees</b> 130:20 <b>disallowance</b> 212:2 250:5,6 250:12 264:5 264:7,9 265:2 265:2 305:25	<b>disallowing</b> 219:1 <b>disallows</b> 344:19 <b>Disclosure</b> 257:24,25 <b>disclosures</b> 257:22 <b>disconcerting</b> 231:5 <b>disconnect</b> 278:4 <b>discover</b> 114:7 <b>discovered</b> 110:25 175:5 <b>discovery</b> 221:24 389:1 <b>discretion</b> 178:19 215:5 215:9,14 217:18 <b>discretionary</b> 142:12 278:10 282:10 296:23 318:2 318:3 328:19

328:25 <b>discuss</b> 111:10 131:5 232:2 <b>discussed</b> 146:2 238:3 261:6 307:7 310:9,13,14 329:15 389:10 392:24 <b>discussing</b> 353:24 <b>discussion</b> 140:16 294:8 298:10 301:17 307:9 309:19,22 310:12 348:17,20 352:14 365:18 390:22 393:9 <b>discussions</b> 246:11 392:10 <b>disincentive</b> 142:11 221:5 221:8 328:18 <b>disinterest</b> 237:17 <b>dismal</b> 198:14 198:19 <b>disputed</b> 144:20 <b>disregarding</b> 266:9 <b>dissimilar</b> 181:11 <b>distance</b> 145:16 <b>distant</b> 381:6 <b>distinction</b> 367:13 368:25 <b>distinguish</b> 190:11 355:13 <b>distinguisa...</b>	351:6 <b>distortions</b> 219:16 <b>distribute</b> 307:3 <b>distributed</b> 308:2 <b>District</b> 146:19 157:8,16 <b>divide</b> 372:4 375:18 376:3 <b>divided</b> 206:25 301:22 366:21 368:12 372:11 374:22 376:9 <b>dividing</b> 205:18 <b>DNR</b> 258:17,17 258:18 <b>docket</b> 140:15 200:7 221:19 284:7 301:3 336:13 <b>docketed</b> 200:7 <b>doctrine</b> 219:1 <b>document</b> 108:19 254:7 316:9,18 369:25 377:17,24 <b>documents</b> 164:24 <b>doing</b> 124:15 132:17 136:16,20,20 137:11 149:9 164:14 193:9 196:11,13 222:14 247:22 257:16 283:12 286:4 299:15 305:10 311:3 333:15	349:25 350:2 366:23 391:2 391:4 <b>dollar</b> 144:20 179:1 218:18 218:19 237:18,18 <b>dollars</b> 117:7 123:5 141:2 143:24 170:18,19 185:2 250:13 259:25 269:23 302:9 305:23 330:14 <b>donations</b> 131:16 391:14,18 <b>doorstep</b> 141:13 <b>Dority</b> 102:20 102:21 107:11,12,12 242:8,15 <b>double</b> 248:11 <b>doubt</b> 205:14 <b>Downey</b> 103:4 106:23 335:18,21 338:4,5,6 349:2 356:8 357:6,21 360:14 361:7 361:24 364:23 371:8 371:11,19 387:10 394:15,19,24 <b>downward</b> 180:13,14 <b>dozen</b> 208:2 <b>Dr</b> 178:17 <b>drafted</b> 110:6 <b>drag</b> 226:6 <b>drastically</b> 147:4	<b>draw</b> 215:21 <b>drew</b> 320:4 <b>drive</b> 119:5 232:11 272:17 <b>driven</b> 133:19 155:11 197:4 230:5,21,23 292:6 <b>driver</b> 155:19 158:22 312:16 <b>drives</b> 269:25 328:17 350:21 <b>driving</b> 350:22 <b>dropped</b> 204:7 <b>dropping</b> 226:12 <b>drought</b> 267:20 <b>DSM</b> 222:13,14 <b>dubbed</b> 181:18 <b>due</b> 121:25 122:7 124:12 129:22,23,25 171:24 196:24 214:6 <b>dues</b> 131:16 391:3,14,18 <b>duties</b> 193:20 <b>duty</b> 202:12 249:7,10 <b>dynamic</b> 232:23 233:16 <b>dynamics</b> 230:18 232:14 233:21 <b>d/b/a</b> 101:12 102:14 103:25 <hr/> <b>E</b> <hr/> <b>E</b> 105:1,1 394:1 396:11,12 397:7,12	400:2,2 <b>EAR</b> 319:3 <b>earlier</b> 144:21 199:14 264:6 289:3 290:1 301:10 302:18,20 307:8 313:17 313:23 330:8 332:4 347:18 350:18 377:2 392:15 <b>early</b> 263:9 276:9 280:25 290:13 <b>earn</b> 137:18,21 137:22 138:15 139:18 144:21 145:7 145:12 146:9 147:5,7 148:14,25 152:19,22 153:1 154:10 155:10 162:12,14,24 163:1,7,12,15 164:4 166:5 172:13 180:1 184:19 195:11,13,17 213:9 214:17 223:20 240:4 246:20 247:6 247:11,20 250:18,19 251:14 256:12,14 259:20 264:16 265:6 265:23 266:12 267:11,12,18 268:7,10,11 269:15 272:21 273:2
---	--	--	--	--

TRANSCRIPT OF PROCEEDINGS 9/27/2012

280:17 282:1	271:13 280:5	212:7 217:1,3	224:11 230:5	<b>eligible</b> 216:20
282:1 286:8	302:13	226:4 230:17	237:13	255:14,14
286:15	313:25	291:16	280:14,17,22	<b>eliminate</b>
298:13,19	<b>earnings</b> 138:4	<b>economist</b>	281:3	118:24 119:3
302:22	143:3 161:23	146:4	<b>efficient</b> 154:5	274:8 282:10
307:15	161:25	<b>economy</b>	154:7 155:2	288:15
313:14 327:1	162:23 163:3	133:20 204:7	173:12	294:13,14
327:9 338:23	169:9 211:24	212:15 223:1	224:10,15	359:13
344:24 348:5	212:9 214:3	240:13	281:1	<b>eliminates</b>
350:6,9,11,25	250:10	270:15 276:9	<b>efficiently</b>	383:19
353:19	253:14,16	281:2	173:17	<b>eliminating</b>
354:19	255:1,2,6	<b>ECRM</b> 159:16	195:23,23	352:23 359:6
355:11	265:14 273:3	159:17,19	271:12 295:2	<b>else's</b> 226:2
356:19 357:3	278:12,25	<b>Ed</b> 106:22	<b>effort</b> 287:19	<b>embarked</b>
358:12	279:6 301:16	338:6	<b>efforts</b> 133:11	114:15
<b>earned</b> 138:5	301:18,19,24	<b>EDWARD</b>	133:21	<b>embedded</b>
139:19	301:25 302:7	103:4	<b>eight</b> 165:2	308:15
166:24 167:2	311:7 320:5	<b>effect</b> 128:18	<b>either</b> 121:23	<b>emission</b>
180:3 191:19	327:17	169:20 171:9	195:18	177:24
195:5 212:3	341:14 342:8	178:14 180:6	210:14	<b>emissions</b>
214:14,15	343:20	249:25 251:5	232:20	135:10
229:8,11	344:12,13,18	273:17 279:9	241:17	<b>emphasis</b>
233:15	344:19,24	305:17	257:25 265:4	280:13,15,16
244:24 251:7	345:1,8	307:12 313:2	331:17 339:8	<b>Empire</b> 310:5
251:18	346:10,12,15	321:14	352:6 365:11	<b>employed</b>
263:19,25	348:1,11	325:10	368:2 375:12	146:18 164:6
266:25 267:1	352:25	344:15 354:6	386:20,23	244:10
276:5 278:15	353:25	380:12	<b>electric</b> 101:12	360:20
279:8 310:13	357:17 358:1	<b>effective</b>	101:13	363:16,17
310:15	358:1	159:24 185:4	102:14	385:7
311:10,13,16	<b>EARP</b> 311:14	272:2	135:15	<b>employee</b> 170:3
311:24 319:1	312:3 313:2	<b>effectively</b>	145:17	185:6 233:6
319:2,4	316:1 319:16	142:9 148:15	156:10	292:5
322:19 324:3	321:10,14	295:2 355:21	164:20	<b>employees</b>
325:20,23	<b>Earth</b> 103:24	<b>effects</b> 169:10	175:21	170:5,6
342:8 347:8	<b>easel</b> 138:3,12	266:23	178:15	184:24 185:1
366:7 368:7	<b>easier</b> 114:17	317:16	201:18,22	<b>employment</b>
377:6	194:25	<b>efficiencies</b>	210:10,18	237:14
<b>earning</b> 154:24	<b>easiest</b> 393:3	173:12 174:6	212:11 229:1	<b>employs</b> 340:10
156:4 161:22	<b>east</b> 102:11	184:24 290:9	287:12	<b>enable</b> 350:24
161:23 162:4	105:18 281:6	<b>efficiency</b>	313:14	352:17
187:3 195:1,3	<b>easy</b> 147:7	134:2,23	352:13,15	<b>enactment</b>
195:18 202:7	<b>economic</b> 166:9	202:17 205:9	360:1	130:2
239:10 240:1	167:11,19,23	212:18	<b>electricity</b>	<b>encompasses</b>
246:10	197:22,25	216:17,19	174:21 266:2	389:15
263:16	198:14,19	221:1,1,4,5	266:7	<b>encourages</b>
266:10	201:16 207:1	221:13	<b>element</b> 354:11	194:22



<b>encouraging</b> 184:24 220:25	<b>Ensrud</b> 396:21 396:23	262:21 268:21	201:18 202:1 212:3 214:21	285:24
<b>ended</b> 191:15 264:12 289:9 289:11,15 307:24 326:11 381:10	<b>ensure</b> 143:24 144:25 338:22	281:18 293:1 293:9,11,17 348:7,9 356:14,15 357:3	223:11 224:7 226:21 233:15 239:13,14 240:2,9,21 241:21,23 243:6,13 244:24,24 246:10,19,20 247:11 251:15 263:19 302:7 303:3 310:16 311:10,24 312:2 319:1,4 320:22 322:10,19 324:4 341:22 342:19 347:9 348:6,14 366:3,23 372:6 376:3 377:7	<b>essentially</b> 117:25 118:1 120:11 133:13 137:10 146:22 150:3 150:14,15 151:12 153:1 157:8,20 318:5 344:23 358:22
<b>ends</b> 283:19	<b>entered</b> 107:18 279:23 309:9	<b>environmental</b> 103:21 106:11 139:7 159:4 212:16 221:23 277:17 298:5 329:15,19,22 351:14 357:15	251:15 303:3 310:16 311:10,24 312:2 319:1,4 320:22 322:10,19 324:4 341:22 342:19 347:9 348:6,14 366:3,23 372:6 376:3 377:7	<b>establish</b> 185:16 186:14 187:12 255:9 255:10,11,24 256:3 284:18 292:23 301:12 349:24 355:2 377:20
<b>endured</b> 305:23	<b>Energy</b> 131:23 250:7 264:11 265:4 325:11 325:18,22 380:19,24 382:17 383:15	<b>equal</b> 154:15 160:2 162:23 179:8 188:25 287:15,21 298:23 340:7	303:3 310:16 311:10,24 312:2 319:1,4 320:22 322:10,19 324:4 341:22 342:19 347:9 348:6,14 366:3,23 372:6 376:3 377:7	<b>established</b> 187:20 188:1 201:5 215:8 256:2 321:2 347:12
<b>energetically</b> 173:11	<b>enterprise</b> 207:25 301:5 301:6	<b>equally</b> 206:25	<b>equivalence</b> 135:19	<b>establishes</b> 253:14 255:9 255:11
<b>energy</b> 103:7 103:11 107:2 107:22 133:15 134:2 134:23 135:4 138:18 141:10,21 147:14 150:4 171:21,24 172:2 173:2,5 202:17 212:17,18 216:16,19 220:25 221:4 221:13 228:14 230:5 237:13,13 280:10,14,17 280:21 281:3 281:11 301:14 310:1 338:7 351:13	<b>enterprises</b> 144:24 202:1 202:2 207:10 207:12 208:2	<b>equation</b> 142:8 181:15	<b>equivalent</b> 135:12 170:6 183:2	<b>establishing</b> 247:9 356:25
<b>engage</b> 140:16 392:10	<b>entertain</b> 109:7	<b>equitable</b> 225:8	<b>era</b> 284:12	<b>estimated</b> 179:20
<b>England</b> 102:10	<b>enticement</b> 184:25	<b>equities</b> 225:24	<b>Erin</b> 170:24 171:11 395:25 396:7 396:19 397:1	<b>estimates</b> 207:21
<b>England,P.C</b> 105:18	<b>entire</b> 230:11 239:11 265:6 313:22 393:2	<b>equity</b> 143:15 144:18 152:8 161:3 166:25 167:3,5 169:23 179:14,16,21 180:1,3,18,24 181:4 183:3,4 183:6,8,10,12 183:17,18 184:4 191:19 199:1,6 200:17,19 201:6,13,14	<b>error</b> 326:22 377:12	<b>estimating</b> 369:22
<b>enhancing</b> 194:15	<b>entirely</b> 116:15 119:8 127:14 151:20 181:15 235:24 251:16 266:23 274:8 347:17	<b>equipment</b> 187:4 272:7 295:25,25	<b>errors</b> 245:2	<b>estimation</b> 181:25
<b>enjoy</b> 165:21 168:11	<b>entitled</b> 217:25 219:24 310:15	<b>ER-2012-0166</b> 101:13 105:7	<b>ESOP</b> 170:4,5	<b>ES1</b> 251:17,20 358:4
<b>enjoyed</b> 170:7	<b>entity</b> 205:12 205:13 293:20	<b>especially</b> 215:22 284:17 319:2	<b>essential</b> 111:4 136:9 139:10 215:18	<b>ES2</b> 251:17,20 263:23 <b>ES3</b> 325:16 <b>ES4</b> 249:18,20 325:16 358:4
	<b>entries</b> 105:8			
	<b>environment</b>			

TRANSCRIPT OF PROCEEDINGS 9/27/2012

et 290:19 358:3	226:23	376:18	285:25	371:24
<b>evaluation</b>	243:24	<b>example</b>	<b>excised</b> 368:15	375:16,22,22
178:12,16,19	245:21	119:13	<b>exclude</b> 176:5	376:18 380:2
<b>evaluations</b>	258:15	120:14 129:6	190:12 323:7	382:9,21
178:18	262:11 272:2	129:17 139:9	348:24	384:24 386:6
<b>evening</b> 349:14	272:18	146:7 154:8	<b>excluded</b> 115:3	388:8,17
<b>evenly</b> 205:19	304:24	155:14	177:21 190:9	393:18 395:2
<b>event</b> 185:23	305:13	175:16	<b>excludes</b>	395:4,6,7,9
186:18 197:1	309:16	186:19	323:14	395:10,13,15
207:17	336:23	195:25	344:25	395:17,19,20
314:12	337:24	205:23 279:5	<b>excluding</b>	395:22,24
<b>events</b> 185:18	339:10	291:23	125:2 202:24	396:1,2,4,5,7
212:1	345:15,17	303:22	202:25	396:8,10,12
<b>everybody</b>	358:7 362:8	343:23,25	<b>exclusion</b>	396:14,15,17
113:24	364:20 386:7	344:14 393:4	219:13	396:19,20,22
119:24 132:9	388:18 394:7	<b>examples</b>	<b>excuse</b> 211:16	396:24 397:1
156:9 160:18	394:23	329:19	251:5 257:6	397:3,5,6,8
160:21,24	<b>evidenced</b>	<b>exceed</b> 256:11	308:19	397:10,12,13
228:16	163:7	<b>exceeded</b> 231:6	387:13	397:15,17,19
254:16	<b>evidentiary</b>	<b>exceeding</b>	<b>excused</b> 108:11	397:21,23
334:22	101:7 105:5	256:5	108:14	398:1,3,4,8
<b>everyday</b>	157:14,15	<b>exceeds</b> 211:18	242:10,18	398:10,12,14
236:22	<b>exact</b> 237:18	<b>excellence</b>	334:19 360:6	398:16,19,21
<b>ever-increasi...</b>	345:23	135:18	<b>executive</b> 226:8	398:24 399:1
136:11	<b>exactly</b> 115:24	<b>excellent</b> 136:7	244:13	399:3,5,6,8
<b>evidence</b>	118:11 131:5	136:18	<b>executives</b>	399:10,12,14
117:10,12	190:14	<b>exceptional</b>	224:9 254:25	399:16,17
121:2 122:2	203:21 204:6	141:19	<b>exemplar</b> 178:7	<b>exhibits</b> 245:15
125:7,8,9	259:13 263:2	<b>exceptions</b>	<b>exercise</b> 215:16	245:17
128:7 140:20	280:19 292:4	178:8	<b>exhibit</b> 105:3	336:14
145:21	325:13	<b>excerpts</b>	211:11,14	337:16 342:1
146:24 148:5	371:23 389:7	227:21	213:21	344:22 358:4
148:11,24	389:8	<b>excess</b> 185:25	244:17,18	360:16
149:3,13	<b>exam</b> 192:7	269:23 276:5	245:20 252:4	361:25 362:1
157:22,23	<b>Examination</b>	288:25 311:7	252:8 258:14	364:12,14
163:16,23	244:7 318:16	<b>excessive</b>	261:19 262:3	385:12,17,20
166:10 175:3	336:8 356:7	166:18	262:10 307:3	385:24 395:1
178:4 180:8	360:14	232:19	307:4 309:8	395:12 398:7
183:17 186:6	363:10 379:8	269:20,21	309:15 316:7	399:2
194:12,14	385:2 394:8	274:12	321:17 335:6	<b>exist</b> 137:24
198:8 204:16	394:13,15,16	294:14,15,18	335:7 337:23	159:18
204:20	394:18,22,24	328:3,4,5,10	361:2 362:7	<b>existed</b> 130:5
211:19,20	<b>examine</b>	328:11 329:4	363:5,22,22	<b>existence</b>
212:5 213:23	112:17	329:7 355:14	363:23 364:8	200:10 293:3
214:16,17,21	<b>examined</b>	355:21	364:19	<b>existing</b> 185:17
217:4 224:20	178:2	<b>exchange</b>	365:25	185:19 186:8
225:16	<b>examining</b>	275:14	367:21,23	251:15

TRANSCRIPT OF PROCEEDINGS 9/27/2012

346:20 354:4 359:2 <b>exists</b> 137:23 <b>expand</b> 238:4 <b>expansion</b> 141:6 215:21 240:19 <b>expect</b> 120:12 131:14,14 132:4 134:15 134:17 136:10,10 146:25 225:15 273:7 273:7 335:25 356:15 <b>expectation</b> 298:12 <b>expectations</b> 145:3 147:14 274:1 282:11 <b>expected</b> 119:25 131:21 139:2 139:3 150:17 151:16 177:19 178:16 274:7 <b>expenditures</b> 139:7,11 141:1,2 147:12 152:3 160:8 172:7 250:21 269:2 269:25 281:10 287:20,20 295:11 318:3 331:14,17 <b>expense</b> 140:24 142:25 149:12,12 158:15,20 170:16,18 171:11,13,18 171:20,23 188:9 199:13	199:15 200:7 200:11,14 203:4,7 205:17,19 235:3,7,10,11 235:16,18,20 236:5,6,9,11 236:15,22 237:5,6 238:12 257:3 295:23 342:17,18,22 343:22 356:21 378:7 <b>expenses</b> 119:1 131:17 158:24 166:4 168:22 187:7 187:10 206:1 233:2,24 234:19,24 236:8 237:11 239:5 247:21 342:5,10 343:15,18 347:13,15 366:19 378:3 <b>experience</b> 146:4 197:22 275:17 354:18 359:24 <b>experienced</b> 139:14 198:17 <b>experiencing</b> 212:6 <b>experiment</b> 148:1 <b>expert</b> 129:19 179:14,15 181:6,12 199:9 207:14 207:23 208:1 303:4 <b>expertise</b> 207:18	<b>experts</b> 109:12 109:12 125:21 159:13 181:9 181:12,20 183:5 190:1 197:24 199:22 200:23,25 201:1,4 204:23 206:20 207:20 208:5 208:6 210:12 256:25 <b>expert's</b> 207:18 207:19 <b>expired</b> 381:8 <b>explain</b> 210:23 252:16 253:1 253:3,4,8 267:22 320:23 323:23 325:12 326:15 330:22 367:12 389:7 <b>explained</b> 113:6 263:18 377:6 378:2 <b>explaining</b> 289:5 <b>explanation</b> 225:22 252:21 254:6 <b>explicitly</b> 241:18 <b>exposed</b> 120:11 <b>exposition</b> 225:21 <b>express</b> 152:13 <b>expressing</b> 208:22 <b>extend</b> 313:16 <b>extended</b> 313:23	332:12 <b>extensive</b> 384:14 <b>extent</b> 136:25 205:3 211:14 218:17,21 317:24,25 319:11,15 358:18 <b>external</b> 161:7 268:9 272:18 <b>extraordinary</b> 123:13,21,22 185:23 186:3 272:12 <b>extreme</b> 141:16 251:5 264:10 267:1,14 327:16 <b>extremely</b> 163:21 <b>eyes</b> 152:7	159:4 160:1,7 160:17 174:14,15,24 175:2,4,5,9 175:11 176:1 176:5,24 177:1,15,21 177:25 178:6 198:22 231:21 240:20 250:6 265:2 325:11 325:18,19 331:18,23 332:1,8,13,17 332:24 358:3 381:5 382:24 383:9 <b>face</b> 159:13 201:24 <b>faced</b> 119:21 143:11 <b>faces</b> 139:6 143:12 145:11 146:5 185:24 213:7 227:19 <b>facilitating</b> 317:21 <b>facilities</b> 175:10 184:11 <b>facility</b> 190:6 <b>facing</b> 142:6 329:16,20 <b>fact</b> 109:18 112:8,11,12 114:4,9 122:19 130:4 134:19 135:13 136:2 140:9 145:22 146:24 148:6 150:16 151:11 161:15 162:7 163:17 195:6
--	---	--	--	---

**F**

**F** 103:4 400:2  
**FAC** 110:13,17  
110:20 111:1  
111:5,15,18  
112:8,9,25  
114:1,5,8,12  
114:12,23  
115:3,7,11,12  
116:1,11,17  
117:4 118:14  
118:17  
119:10,15,20  
119:24  
120:24  
122:25 123:6  
128:8,11,17  
128:21,22,25  
130:2,5,11  
147:25 148:7  
149:17 150:7  
150:19,19,21  
150:22,25  
151:17,25

TRANSCRIPT OF PROCEEDINGS 9/27/2012

196:24	<b>failing</b> 194:15	<b>far</b> 130:15	127:17 130:8	219:16
198:15	204:17	144:8 159:25	130:13 131:5	238:21
201:11 202:4	246:19	209:21	167:15	280:22
205:1 210:22	<b>fails</b> 212:5	211:17	171:17 181:7	336:13 369:1
219:4 224:15	213:11	387:13	191:23,25	377:5
224:18,22	<b>failure</b> 138:10	<b>farther</b> 240:14	192:2 194:4	<b>filings</b> 140:11
228:25	<b>fair</b> 113:14,16	240:14	373:1,14	268:24
236:10	137:18	<b>fashion</b> 112:15	374:24	<b>final</b> 134:14,15
239:13,16	143:12	352:6	377:15,17	134:16 194:4
265:23	144:21,22,22	<b>faster</b> 335:25	383:16	236:17
268:23,25	148:14	<b>fatal</b> 225:23	<b>figured</b> 343:8	241:14
269:14	157:13,13	<b>fault</b> 291:8,8	<b>figures</b> 138:17	<b>finally</b> 131:23
270:14,15	158:3,4 166:2	<b>favor</b> 224:13	342:13	134:1 178:5
273:21	166:2,2,4	356:20	347:13	188:3 189:12
275:19	179:23	<b>favorable</b>	373:12 384:3	191:12
283:12	247:11	123:14	<b>file</b> 101:13	230:20
290:25	250:11,11,18	136:17 285:3	110:8 116:21	240:10 359:5
296:15 301:2	250:19,19	296:11	120:12,13	<b>financial</b>
313:16,21	251:8,9	<b>favorably</b>	122:2 125:17	132:16
321:9 338:19	259:20	135:25	126:8 140:4,6	144:25
340:7,23	265:25 286:8	<b>favorite</b> 157:22	140:7 170:22	179:15
351:1 354:9	286:15	<b>features</b> 213:6	176:10 210:3	213:11,12
377:8,20	298:19	<b>February</b>	270:22	250:22
390:19	300:20	164:22 165:3	309:25	257:20
391:15,17	324:23	<b>Feddersen</b>	313:18	261:23 308:1
393:9	338:23 350:6	101:24 400:5	314:13	308:3,6
<b>factor</b> 114:19	350:11,25	400:17	<b>filed</b> 108:18	315:21
117:4 174:19	353:19	<b>federal</b> 351:15	109:1 110:7	317:16 322:8
266:4 271:12	354:19	<b>feedback</b>	131:2,10	323:13
281:7 312:2	355:11	203:20 207:7	132:6 133:7	325:24 348:1
<b>factored</b> 260:7	<b>fairly</b> 131:7,15	226:1	136:22 156:1	358:9 377:2
288:3 326:2	158:25 203:1	<b>feel</b> 124:23	164:22 167:6	380:11
<b>factoring</b> 288:1	207:24	384:18	193:23 219:1	389:13 399:1
288:1	226:23	<b>fell</b> 253:25	243:6,10	<b>financials</b>
<b>factors</b> 124:8	<b>fall</b> 138:25	<b>FERC</b> 218:21	244:16 312:6	368:22
143:6 166:1	165:17	354:25	314:16,25	<b>find</b> 140:17
166:11	255:13	<b>FERC-appro...</b>	315:2,23	147:11
180:22	270:15	218:15	336:21	149:11 152:2
188:11	<b>fallback</b> 118:24	<b>Ferguson</b> 185:3	363:21	167:7 197:10
215:18	<b>falling</b> 180:16	397:20,22	368:22 369:7	198:25 199:7
240:17	240:14	<b>field</b> 160:2,4,18	370:7 376:19	208:2 210:23
259:16,17,21	273:25	160:20 199:9	385:11	223:3 278:8
266:9 268:9	305:14	346:5	391:10,16	284:5 320:4
270:16	<b>falls</b> 180:18	<b>fifth</b> 134:8	<b>files</b> 232:7,9	370:4
<b>facts</b> 136:23	<b>false</b> 316:25	211:12	<b>filing</b> 125:21,23	<b>finding</b> 121:20
137:11,12	<b>familiar</b> 173:8	<b>figure</b> 117:23	138:23	224:19
<b>failed</b> 179:25	377:11	126:18	211:17	246:25

TRANSCRIPT OF PROCEEDINGS 9/27/2012

250:14	391:15	175:8 177:2	<b>forced</b> 135:19	268:25
333:18	392:16	177:25	<b>forces</b> 194:22	329:23 330:5
<b>finds</b> 199:2	<b>fiscal</b> 289:14,15	231:20	293:8	343:19
208:4 317:11	319:19,21	269:23	<b>foregoing</b>	<b>fourth</b> 133:22
317:15,19	<b>Fischer</b> 102:20	288:24	400:11	231:7 330:3
<b>fine</b> 137:3,11	102:21	289:21	<b>foremost</b> 237:3	<b>frame</b> 294:9
141:24	107:12,12	297:21	331:21	350:19 351:7
393:12	<b>five</b> 133:9	332:11	<b>form</b> 200:9	366:8
<b>finish</b> 335:12	138:6 151:8	<b>flowing</b> 175:11	204:19	<b>framework</b>
384:21	154:2,3	175:24 315:7	212:23 217:9	138:25
<b>finished</b> 319:20	156:19	315:13	297:1 354:6	212:11
<b>firm</b> 105:14,18	165:17	331:25	354:10	251:16
106:23 107:6	178:21	<b>flown</b> 134:22	<b>formula</b> 123:19	266:19
400:6	211:12	<b>flows</b> 176:25	253:24	267:24 268:3
<b>firmly</b> 332:7	237:23 239:3	269:22	<b>formulaic</b>	268:4,8 269:7
<b>firs</b> 188:7	240:12	288:10,19	253:21	270:13,17,24
<b>first</b> 109:8	266:25	297:20	274:21	276:20 277:5
110:4 117:18	268:23,24,24	328:12,14	<b>forth</b> 209:22	278:8 284:23
120:4,8 133:9	284:19	<b>focus</b> 223:10	292:16,18	285:15
134:1 138:2	287:11	226:16,22	344:22	286:23 287:4
140:14 143:4	300:16	275:21 342:7	345:16,18	287:8 288:2
147:21,25	357:13	345:20	352:21 353:3	288:15 291:2
148:11	<b>five-year</b>	350:25	400:9	292:25
164:20 170:2	187:16 359:1	<b>focusing</b> 347:2	<b>fortunate</b>	296:25 297:4
171:11	<b>fix</b> 113:10	<b>foisted</b> 223:14	200:23	297:6,8,12,17
172:21 180:9	<b>fixed</b> 188:8	<b>folks</b> 118:22	<b>fortunately</b>	298:21,24
180:10,13	221:2 280:23	161:15	199:19	327:2,7,13
182:23	<b>flat</b> 136:12	222:23 223:8	<b>forward</b> 129:7	328:15
185:11 193:8	141:16	227:4,6,19	152:13 158:4	332:19 339:3
198:1 199:24	277:24 278:1	240:14 280:4	211:25 225:3	340:16
228:20	317:12	301:9	271:2 274:20	345:24 346:3
230:14,15	<b>flattish</b> 291:16	<b>follow</b> 112:3	279:21	346:16,18,20
242:23	<b>flaw</b> 225:23	200:12	284:25 285:2	347:3,16
245:24 254:9	297:17	366:10	353:5 392:8	349:18
262:24 274:2	<b>flawed</b> 164:3	<b>following</b> 232:6	<b>forward-look...</b>	350:13
276:13	201:15,20	232:25	352:17	351:24 352:3
287:10	350:13	237:11	353:13	353:10
294:19 307:3	<b>flesh</b> 120:5	366:12,14	<b>fossil</b> 272:5	358:16
315:10	<b>flip</b> 165:21	<b>follows</b> 244:6	<b>found</b> 183:10	<b>franchise</b>
316:10 326:9	<b>floating</b> 370:15	336:7 360:13	183:13	292:20
331:21 336:1	<b>flood</b> 282:14	363:9 385:1	<b>founded</b> 182:6	<b>franchises</b>
336:16,21	<b>Floor</b> 103:13	<b>follow-up</b>	<b>four</b> 109:13,18	303:13
338:1 340:19	107:7	207:4	125:19 133:8	<b>frankly</b> 110:7
347:17	<b>flow</b> 119:23	<b>footnote</b> 245:4	134:7 135:23	110:19 111:8
349:24	122:23 150:3	<b>forbidden</b>	138:6 141:3	116:13
366:17	161:14	175:22	154:1,1 167:1	181:10 259:6
389:19 391:2	174:14,24	<b>force</b> 319:16	231:2 268:1	271:16 273:7

TRANSCRIPT OF PROCEEDINGS 9/27/2012

278:21	212:15 218:4	226:19 258:4	<b>general</b> 102:15	253:25
291:20	223:12,22,24	258:16 290:3	111:14,20	270:19 271:2
318:24	224:5,13,15	303:25	115:17 116:2	271:4,4
332:11	224:20,23	312:20 349:2	120:24	283:23
<b>Frazier</b> 106:18	225:5,11,13	373:19	141:21	292:12
<b>free</b> 269:23	225:17	375:11	164:19,24	320:12
270:15	226:20 230:5	394:20,21	175:1 188:18	329:18
288:24	234:19	<b>Furthermore</b>	188:18 189:8	332:17 341:7
289:20	235:22,24	221:6	200:17 206:5	381:12
292:20	237:3,5,7	<b>future</b> 143:22	220:24	<b>given</b> 113:14
<b>frequency</b>	238:4 250:13	150:17 151:7	232:14	113:15
309:21	262:25	172:6 176:22	260:13	120:17
<b>frequent</b> 232:3	290:11,11	186:1 216:7	277:19	129:23,24
<b>Friday</b> 178:22	291:22,23,24	216:14 232:4	298:22	135:17 136:8
<b>front</b> 290:24	292:1,3	240:18 300:2	329:15 352:7	157:24
310:10 358:7	297:11	330:15	<b>generally</b>	163:19 200:9
365:24	304:12,15,17		123:22 168:2	202:13 209:9
<b>fronted</b> 142:21	304:21	<b>G</b>	205:13,17	212:24
<b>fruitfully</b>	305:18 306:1	<b>G</b> 105:1	247:1 285:2	233:16 248:3
392:11	306:8 334:10	<b>GAAP</b> 325:21	289:16	248:16
<b>frustrated</b>	343:17	341:18,23	341:20 388:1	281:23
222:23	<b>full</b> 113:14,15	342:2,17,23	388:7	302:24 321:9
<b>fuel</b> 114:20	125:23	343:15 347:6	<b>generating</b>	389:24
115:14 118:3	400:11	347:10,19,21	135:12	400:14
118:6,7 119:9	<b>fully</b> 124:22	348:2,23	149:16	<b>gives</b> 228:16
119:16	178:1 265:9	357:23	302:10	240:17
121:14	296:2 344:13	<b>gain</b> 119:22	<b>generation</b>	272:14
122:11,14,16	345:10	150:6 151:20	133:16 135:5	332:11
122:23	347:19	151:24	188:7 190:5	366:22 376:2
123:12,20	352:21,24	212:14	310:5	376:4,9,9
124:4 125:8	353:1	<b>gains</b> 177:21,22	<b>generic</b> 200:7	<b>giving</b> 112:22
126:17,20,20	<b>function</b> 161:6	194:18	<b>getting</b> 130:15	125:17
126:23 127:4	228:25	204:17 205:7	183:22 196:4	223:20 242:1
127:6,9,15,15	<b>fundamental</b>	<b>game</b> 173:9,9	196:5,5,6,18	247:5
127:19,21	351:23 352:1	173:10,14,21	196:18	<b>glad</b> 188:3
130:8,13	358:15	173:25 174:5	197:12,13	228:12
133:10	<b>fundamentally</b>	191:6 224:3	202:4 210:25	<b>GMO</b> 151:12
134:21,22	124:11	304:10 355:7	239:23 242:1	<b>go</b> 110:4
137:4 144:18	151:19	<b>gap</b> 269:5	255:21	111:18
147:17 148:2	<b>funds</b> 135:3	271:21 273:4	299:23	113:22
148:16,22	136:7	<b>Gary</b> 264:2	<b>Gilbert</b> 396:4	118:18
149:15,21	<b>further</b> 113:19	363:9,15,20	396:25	121:16
172:15,21,25	147:11	394:17 395:9	<b>give</b> 157:16	123:10 125:2
173:10 174:9	160:19 175:7	395:11	172:11 174:5	129:19
175:12,16	177:20 189:2	<b>gas</b> 178:14	227:12	130:16,21
177:1,23	192:17	352:13 360:1	232:12 240:5	131:1 142:18
190:23 212:1	204:11	<b>GDP</b> 167:25	241:21	142:19

TRANSCRIPT OF PROCEEDINGS 9/27/2012

147:11	<b>going</b> 111:1	284:24	332:11	184:23
152:10	115:1,7	287:15,21	349:14,14	219:15,20
174:16	116:19,21,23	290:15	357:13	226:25 233:9
176:23	116:24	292:11	363:11,12	238:19 243:7
192:13	120:13	296:10 298:1	<b>Gorman</b>	243:11
197:17 201:8	121:16	298:3,13,20	146:13	303:19
209:25	122:16 124:9	299:7,25	180:15,25	306:17
219:17	124:10 125:3	300:5 312:23	210:13	<b>greatest</b> 211:13
237:16	127:6 129:7	314:2 316:6	241:24	212:7 215:15
239:22 240:1	130:16,19	321:5 324:13	342:25 343:3	<b>greatly</b> 109:9
241:10	139:2,3,5,12	328:16,20	343:10 344:7	220:5
249:15	141:12,15,22	330:14	384:12 387:7	<b>green</b> 320:6
251:25	144:15	332:12	<b>Gorman's</b>	<b>grid</b> 190:7
252:11,25	151:22 152:1	333:20	213:22	<b>Grissum</b>
253:18	152:10	334:23	214:24	187:21 397:4
257:15	153:24	335:11 339:2	<b>gotten</b> 110:7	<b>group</b> 103:11
273:17	156:16	352:24	148:23 268:4	107:23
276:11,14	157:10,13,16	359:18	<b>government</b>	179:18 204:1
281:17 283:5	160:12	365:17	182:12	207:10,13,22
289:2 290:16	161:12,14,20	373:11 374:4	351:15	223:12
298:10,20	173:19 174:8	377:25	<b>grant</b> 274:14	228:14
299:5 308:20	182:25	379:21	<b>granted</b> 146:15	<b>groups</b> 203:19
309:18	191:16	384:16,22	177:12	207:5,5,13,23
325:22	192:12 193:3	388:9 391:2	226:18	207:24 210:8
327:22	193:5 197:17	<b>Gontard</b>	242:13	210:18
332:10 335:2	197:18 200:8	103:12 107:7	287:13	275:22
335:25	200:16,18	<b>good</b> 105:13	<b>granting</b>	283:11
341:25 360:8	201:8 205:17	107:5 113:24	123:20	302:20
363:3 366:11	215:5 225:2	133:3 142:2	223:19 225:4	<b>Group's</b> 135:16
371:23 373:9	225:10	142:12	<b>graph</b> 191:21	<b>growing</b>
384:7,10	228:15 229:4	165:15	<b>Graphically</b>	141:11,12
387:21	240:5,7	167:12 168:5	231:21	296:15
388:21	247:19	195:11	<b>grateful</b> 225:20	<b>growth</b> 167:25
390:24	252:25	219:21 220:4	227:10	207:21 208:6
392:16	257:18	222:20	<b>great</b> 103:21	276:23
393:11,14	260:22 261:2	228:12 246:6	106:10	290:14,15
<b>goals</b> 256:3	266:2 269:4,4	246:7 262:17	157:16	296:18 297:2
<b>goes</b> 109:6	270:8,20,21	262:18	178:16 212:7	297:18,18
128:10,11	271:23	266:24 270:1	227:11 235:6	317:12,22
149:17	274:25 277:3	270:4 272:7	285:12	351:10,19,19
198:22	277:5,6,7,21	275:11,12	291:22	<b>guarantee</b>
199:10 204:1	277:21,22,24	278:9 282:10	349:16	214:8,14
243:17 261:5	278:22	282:15	361:11	247:9 298:18
267:3 278:16	279:13,19	288:16,17	<b>greater</b> 102:24	<b>guaranteed</b>
280:23 290:3	281:1,17	292:12 301:4	107:15 148:8	177:9 255:14
327:18,20,21	282:13 283:4	316:2 328:4	151:19	303:12
369:1	283:22 284:8	328:25 329:4	159:14	<b>guaranteeing</b>

247:7	292:9 303:25	<b>happening</b>	184:21	197:15 227:9
<b>guardian</b> 215:7	316:8 323:2	140:2,4	185:10	227:14,21
<b>guess</b> 117:22	326:24,24,25	273:14	187:18	259:15 260:4
124:11,23	333:2 394:10	276:18 280:5	195:12	260:9,12,15
134:11 138:6	<b>Gunn's</b> 158:9	283:19 306:4	197:18	261:5,6
159:21 205:6	<b>Guy</b> 396:4,25	<b>happens</b>	204:16 227:4	275:15
222:4 240:5	<b>guys</b> 192:3	160:10	228:16	<b>heart</b> 214:10
243:1 258:21	194:11	176:23	259:15	<b>heavier</b> 148:23
267:22	384:11	186:21,22	264:18	<b>heavy</b> 148:20
270:10	<b>G-A-A-P</b>	254:4	338:13	<b>hedging</b> 177:21
292:24	341:19	<b>happy</b> 192:20	391:14	177:22,24
293:12 296:6		196:4 202:14	<b>heard</b> 109:4	<b>Heights</b> 171:21
299:23	<b>H</b>	390:8	172:17	196:19
305:17	<b>half</b> 145:24	<b>harbor</b> 157:24	178:23 180:1	<b>held</b> 141:16
318:17	146:16	<b>hard</b> 165:3	181:6 185:12	168:15
320:19	168:10	259:13 300:9	196:3 221:17	<b>help</b> 159:19,24
323:17	170:17 180:9	<b>harder</b> 146:8	224:12	160:11,13
365:24 369:7	185:2 218:3	<b>hardships</b>	234:10,11	186:18,20
391:22	<b>hand</b> 232:18	217:3	261:6 275:15	206:14
<b>guiding</b> 181:25	242:24	<b>harm</b> 151:23	284:2 286:16	254:16
<b>Gunn</b> 101:19	251:25	217:1 219:20	303:6 305:2	263:22
117:17,22	283:13 316:6	219:23	338:10,12	264:13
118:15,21	321:20	<b>harmed</b> 218:23	341:6 348:16	274:19
119:7 121:7	370:11	<b>Haro</b> 150:23	348:20 350:2	276:22 292:2
123:25 126:1	<b>handed</b> 321:16	<b>hate</b> 217:17	369:2 376:23	292:2 328:20
126:7 129:15	<b>handle</b> 106:18	234:3 373:17	376:24	329:9 355:8
152:16 153:3	<b>handled</b> 119:11	<b>Hattaway</b>	<b>hearing</b> 101:7	379:22
153:8,11,16	119:11	243:10,19	105:2,6	<b>helped</b> 229:15
153:22 154:3	129:12	<b>Hattaway's</b>	106:19	<b>helpful</b> 227:18
154:14,22	<b>hands</b> 271:24	243:17	108:14	376:13
155:23	278:22	<b>HC</b> 361:5	109:19,20	<b>helping</b> 143:19
156:18,22,25	<b>Hanneken</b>	<b>head</b> 269:3	122:5 125:6	273:18
157:2,7,19	170:16	283:19	130:18 132:4	289:20
158:3 189:18	184:13 398:3	304:20 320:3	165:11 175:6	296:11
190:3,13,16	<b>happen</b> 147:7	<b>headed</b> 220:2	188:5 198:6	<b>helps</b> 228:7
190:22 191:1	240:6	<b>headquartered</b>	227:5,7	264:14
191:5,11	<b>happened</b>	229:17	242:11	<b>Henry</b> 103:20
192:1,6 195:8	138:9 185:24	<b>heads</b> 141:23	245:19	106:10
202:16,20	276:15 277:9	300:7	258:12 262:8	178:11
203:3,12,15	277:23	<b>hear</b> 124:9	309:13	396:11,12
203:18,22	280:25 290:6	161:19	337:21 362:5	397:7
204:10 207:4	291:11	164:21 166:8	364:17 386:4	<b>Hernandez</b>
210:7 217:6	312:12,14,15	168:18	388:15	104:6 105:23
217:11,20	313:21	169:25	392:11	<b>Hevert</b> 145:20
262:16 263:1	323:10,11	170:15,23	<b>hearings</b>	146:3 181:6
263:21	327:12	171:10	168:15 193:2	201:2
271:14 275:7	350:20	178:10 184:6	196:3 197:10	<b>Hevert's</b>



145:25	236:23	327:1,19	357:5	350:4
146:10	247:24	<b>hotter</b> 266:1	<b>immediately</b>	<b>important</b>
<b>he'll</b> 387:8	<b>holistic</b> 352:6	<b>hour</b> 133:18	142:24	121:4 129:12
<b>high</b> 135:12,20	<b>home</b> 136:13	221:16 324:5	232:25 233:3	134:25 152:9
139:4 141:20	240:21	<b>hours</b> 192:12	233:7 235:17	172:16 228:5
181:14	<b>honestly</b> 299:9	221:14	236:13 248:6	285:4 286:14
183:14 208:3	312:14	<b>household</b>	248:22,24	304:14 324:6
226:9 320:15	<b>Honor</b> 105:9	167:25	295:15	<b>importantly</b>
320:21 321:6	105:13,17,22	<b>hovering</b>	<b>impact</b> 212:8	215:2
321:7	108:21 110:5	298:25 320:5	283:4 285:4	<b>imposed</b> 111:9
<b>higher</b> 133:22	111:25 127:3	320:7	330:19,22	148:16,19
146:11	127:13	<b>humming</b>	331:4,7,12	193:20
155:25 156:3	130:23	272:13	368:9,10,18	<b>imposes</b> 139:9
156:4 167:15	164:16 242:9	<b>hundreds</b>	372:3 373:5	176:7
183:14	242:25	141:2 330:14	374:17 378:8	<b>imposition</b>
214:22 221:2	245:14 246:1	<b>hurdles</b> 146:5	379:18	123:21
233:8 273:7,8	262:7 306:23	159:14	<b>impacted</b>	<b>impossibility</b>
283:7 303:11	318:15	<b>hurt</b> 142:10	142:24 331:9	126:10
325:20,24,25	335:17	143:14	380:6	<b>impossible</b>
334:9,14	337:15 360:4	327:16 329:8	<b>impacts</b> 133:12	279:12
340:7 348:25	364:11	<b>hurting</b> 143:2	138:14 198:9	<b>impression</b>
359:18	385:23 387:3	<b>hurts</b> 142:14	263:24	137:1
377:16,18,20	388:21 389:6	328:10	<b>impairs</b> 143:21	<b>improve</b> 164:9
<b>highly</b> 108:20	389:19	<b>hydro</b> 189:20	<b>imperative</b>	216:9
322:5 376:21	390:14		216:18	<b>improved</b>
377:16	<b>hoodwink</b>	<b>I</b>	<b>imperfect</b>	212:12,12,13
395:18	279:24	<b>idea</b> 110:14	163:21	256:16 268:3
396:13,18,23	<b>hope</b> 110:24	114:15 149:8	<b>implement</b>	268:22 305:1
397:16,22	182:1 193:22	205:18	151:4 194:15	354:17
398:2	201:25	223:17,19	204:17	<b>improvement</b>
<b>hire</b> 129:19	211:10	301:4 334:3	238:16 239:9	135:8 262:22
<b>hired</b> 204:22	225:21	382:7	279:20 300:4	358:22
<b>historic</b> 282:19	227:23	<b>IDENTIFIC...</b>	358:18	<b>improvements</b>
<b>historical</b>	228:19 378:1	105:4 252:9	<b>implemented</b>	212:22 213:4
142:13,16	<b>hopefully</b>	262:4 307:5	217:8 241:7	216:8
170:20	222:22	335:8 363:6	291:24 330:9	<b>improves</b> 140:4
234:17,17	305:15	384:25	<b>implication</b>	140:6
284:18,20	<b>hoping</b> 155:18	393:19	311:1	<b>improvidence</b>
341:14	<b>horizon</b> 177:17	<b>ignore</b> 138:13	<b>implications</b>	137:21
<b>historically</b>	<b>horse</b> 373:18	138:14	118:16	<b>imprudence</b>
296:17	<b>Hospital</b>	<b>Iles</b> 106:24	132:16	154:12,14
<b>history</b> 214:3,4	103:15 107:4	<b>illegal</b> 183:19	154:25 161:2	210:6 212:2
<b>hit</b> 136:18	107:9	220:10 241:2	301:14	250:14
283:18	<b>hot</b> 139:14,17	241:6	<b>implicit</b> 162:4	<b>imprudent</b>
<b>Hojong</b> 396:14	155:12	<b>Illinois</b> 229:23	163:10,11	111:17
397:9	174:10 180:7	290:12	298:15	149:14
<b>hold</b> 235:7	266:14,15	<b>imbalance</b>	<b>implies</b> 298:12	206:19

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>imprudently</b>	184:15	168:11 170:1	203:2 208:21	198:20,22
205:10	187:15	170:10	209:6,20,21	216:25 220:5
304:19	212:15,22	178:11,13	217:24,25	231:2,3,4,6,9
<b>inability</b>	231:19 250:4	301:3,21	220:23	231:14,20,24
267:11	250:5,6 264:4	302:4,6	227:20 231:8	231:25 232:3
268:10 327:9	264:9,9 342:5	339:22,25	231:8,10,11	232:12 236:6
344:24	342:10	342:22	233:7,19	238:6,9,15
358:12	371:14 375:1	366:21 368:8	235:17,19,20	239:11
<b>inaccurate</b>	<b>included</b> 112:8	368:11,15	235:24 237:4	268:23,25
319:5,9,12,14	115:18 117:4	369:2 371:16	237:5,7,11,18	269:11,12,13
377:7	124:3 143:25	372:1,3,11,23	239:2,9	283:15,16
<b>inadequate</b>	171:22	372:25	259:10 260:1	287:13,13
232:18 234:4	174:21	373:21 374:6	260:23	289:23
234:6 346:10	184:12,14	374:11,16,18	281:12	301:12
346:15	185:20 187:1	378:4,8,12,15	283:12,16	307:20
348:11	187:12	379:11,13,15	290:17	<b>increasing</b>
<b>inappropriate</b>	189:24	<b>incomplete</b>	313:19	119:25
120:21	221:25	167:20	314:13,15	147:13 152:3
150:24	264:11,12	<b>inconsequent...</b>	339:13,16,18	152:4 219:6
<b>incentive</b>	343:21	121:5	339:19,25,25	220:3 232:8
149:22 216:3	347:13	<b>inconsistent</b>	340:1,6,6	234:1 240:9
224:8,10,11	360:15	288:16	<b>increased</b>	<b>increment</b>
224:14	371:15 374:7	319:10	142:24	197:7
237:16	380:25	<b>incorporated</b>	158:14	<b>incremental</b>
251:24	<b>includes</b>	263:8 360:21	167:15,17	270:6 278:9
252:15 253:3	115:16 265:1	<b>incorrect</b>	189:9 197:2,7	291:19 318:3
253:4,17,20	265:2 344:25	377:18,19	230:16,25	<b>incur</b> 151:20
254:3,10,13	354:11	<b>incorrectly</b>	231:15,16,18	284:25
254:20,21,22	374:12,25	299:6 377:8	235:17 236:9	<b>incurred</b>
254:25	<b>including</b>	<b>increase</b> 101:13	237:23	143:25
255:13,15,15	132:9 133:19	105:7 119:25	240:12	148:16,22
256:9,12	137:4 150:9	134:11,12,18	289:19	150:18
304:12,15	150:22 161:3	137:5 138:7	290:18	174:20
344:4 378:22	175:10,13	164:25 165:7	307:11	175:12
<b>incentives</b>	178:15 185:8	165:9,13,20	317:16 351:9	215:17 286:7
294:25	212:1 214:25	165:22	<b>increases</b> 119:5	333:12
304:14	215:25 259:5	168:17 174:4	127:8,12	334:10
<b>incentivize</b>	259:6,6	176:25 177:1	128:14 134:7	<b>incurring</b>
221:13	290:13	177:6 188:24	134:10,24	284:21
<b>incidental</b>	347:15	189:5,11	135:1,3,24	<b>incurs</b> 142:17
202:14	354:25	193:1,11,11	136:5,8 143:6	<b>independent</b>
<b>incidents</b>	<b>inclusion</b>	193:15,16,17	154:1 167:1	255:23,25
263:11	128:11,12	193:19,24	176:22,23	257:10
<b>include</b> 130:9	150:20	196:2,10,13	177:13,16,16	<b>independently</b>
160:5 170:17	352:18	196:20 197:1	177:18 193:4	255:23
171:13 172:4	<b>income</b> 131:20	197:9 198:10	193:7 196:11	<b>indexed</b> 354:8
175:18 176:9	144:3 168:1	198:17 200:4	197:13	354:8

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>indicate</b> 175:16	341:3	169:8 185:14	247:22	333:14
<b>indicated</b>	<b>inevitably</b>	<b>innovative</b>	<b>interim</b> 353:14	359:16
108:11,13	228:18	281:24	<b>intermediate</b>	<b>investments</b>
132:10	<b>inflated</b> 211:13	<b>inputs</b> 181:11	182:25	133:15 135:6
146:19 151:9	344:14	<b>inquire</b> 244:5	188:11	139:8,8,11
335:11 355:6	<b>inflating</b> 234:6	360:12 363:8	375:14	143:9,13,25
393:7	<b>influence</b>	<b>inspection</b>	<b>interpret</b> 299:6	144:24 197:5
<b>indicates</b>	161:16	187:19	<b>interpreting</b>	248:1 259:20
162:17	<b>information</b>	<b>inspections</b>	123:4	273:8,9,12
201:19	112:15,16,18	237:12	<b>interrupt</b>	277:2 278:1,7
302:10	114:4 138:23	<b>instance</b> 236:12	246:18 361:4	278:10
<b>indicating</b>	153:12,14	260:17 271:2	<b>intervene</b> 225:1	282:12,15,17
108:19	179:22 243:9	<b>instances</b>	<b>intervenors</b>	282:18 283:6
<b>indication</b>	322:6,24	155:11	107:14 165:4	283:21,24
348:10	345:16 364:3	268:14	<b>intimately</b>	286:9 288:11
<b>indicative</b>	366:18	<b>Institute</b>	377:11	288:13
155:13	375:15 380:7	103:24	<b>intimating</b>	289:19,23
163:17	385:16 389:2	<b>institutional</b>	294:4	293:24
<b>indicator</b> 287:6	389:7,8,23	154:17,25	<b>introduced</b>	295:10
<b>indict</b> 345:25	390:5,6,9	266:12	109:8,25	296:14,15,23
346:1	<b>informed</b>	267:11	<b>inventory</b>	328:17,19
<b>indicting</b>	124:22	<b>integrated</b>	184:7	329:1,9,10
346:24	126:24 127:2	136:13	<b>invest</b> 139:2	350:22 351:1
<b>indictment</b>	168:16	145:17,23	140:23	351:2,4,5,11
346:16	<b>infrastructure</b>	302:25	142:12	351:11,12,16
<b>indicts</b> 345:23	147:13 152:5	<b>integrity</b> 145:1	143:16	351:21
<b>individual</b>	187:19	<b>intend</b> 216:5	317:20	359:17,21,25
130:18	237:12	<b>intent</b> 341:3	328:15,16	359:25
164:14	259:18	<b>intentionally</b>	<b>invested</b> 135:4	366:19
197:22	276:19,21,22	131:7	169:12 350:7	<b>investors</b> 152:7
209:25	277:11 278:2	<b>intentions</b>	350:7	212:10
253:22,24	282:25 283:6	357:14	<b>investigating</b>	250:17,21
<b>induce</b> 149:9	290:3,17,20	<b>interest</b> 209:2	193:16	251:21
149:10	291:12 298:1	215:7,19	<b>investigation</b>	306:16
<b>industrial</b>	317:20,21	216:15 236:1	200:7	332:19
103:7 107:2	318:5 351:4,6	282:19 283:7	<b>investment</b>	344:11,13,16
136:25 338:7	351:11,16	292:6 295:19	141:14	345:7 350:1
<b>industrials</b>	<b>inherent</b>	308:8,15	142:18 147:5	356:22 358:9
137:6	166:18	329:1	152:4 158:23	359:4
<b>industries</b>	223:17	<b>interesting</b>	166:6 179:7,8	<b>investor-own...</b>
204:24 205:4	<b>inherently</b>	230:6 373:18	182:9 184:17	136:3
<b>industry</b>	164:3 219:12	<b>interests</b>	234:19,24	<b>invests</b> 143:13
135:13 146:5	296:25	137:13	270:9 277:14	<b>involve</b> 307:14
272:5,12	350:13	140:23 270:1	290:17 292:7	<b>involved</b>
273:22 276:8	<b>initial</b> 238:21	340:11,17	293:7,19	360:24
339:6 359:24	<b>initially</b> 347:19	349:25 359:4	295:4,6,13,15	370:13
<b>ineffective</b>	<b>innovation</b>	<b>interfere</b>	318:5 324:11	<b>involves</b> 340:17

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>involving</b>	147:21 149:2	129:18,20	395:8 396:21	217:1 329:11
128:23	149:5,23	131:12,16,23	396:23	<b>John</b> 103:16
138:10	151:11 157:9	132:1,1	<b>James</b> 102:6,20	108:6 146:3
<b>in-house</b>	160:21,22	140:18	107:12	169:24 170:1
109:12	168:18,19,21	144:15,17,17	<b>Jarrett</b> 101:19	172:3 186:24
<b>in-service</b>	168:25 169:7	145:9 147:18	208:9,10,14	336:7,11
169:14	169:24 170:9	152:10 154:9	208:16 209:4	376:20
<b>Iowa</b> 229:2	170:15,24	154:13	209:8,19	394:14 395:6
<b>ironically</b>	172:16	155:13,17	210:1,5,13,17	395:8,14
224:15	174:10	164:15	211:2,6	396:3 397:23
<b>IRP</b> 222:12	178:11,23,25	165:14,17,19	217:22,23	398:1
<b>Irrespective</b>	184:6,21	170:1,2	218:5 275:9	<b>joined</b> 116:15
128:1	185:1 186:10	185:11 192:9	275:10,19	118:13 121:2
<b>Island</b> 103:24	186:16,23	192:23	282:3 285:6	129:13
135:15 272:6	187:20 188:3	200:18	290:7 291:6	<b>jointly</b> 391:16
305:3	188:6 195:4,6	214:25	309:22	<b>Joun</b> 396:6
<b>isolated</b> 155:11	198:5 199:12	220:21	320:25	397:10
216:12	200:15,16,20	223:10 230:7	328:24	<b>JR</b> 104:1
<b>isolation</b> 220:1	200:24	232:1 268:20	330:18	<b>judge</b> 101:17
<b>issue</b> 109:7	206:13 208:1	270:23	331:13 349:9	105:5,21
110:11,12,18	209:20 210:2	281:19	362:17,18	106:3,8,14,21
111:16	210:7 213:14	285:14	365:9,10	107:3,10,11
112:11 113:4	214:20	292:10 330:1	386:21,22	107:16,20,24
113:12	217:18 219:3	331:16	387:19	108:1,4,9,23
115:22,25	220:9 221:17	332:14 357:8	394:10	109:5 110:3
116:10,14,15	223:18	361:1 365:4	<b>Jefferson</b> 101:9	111:24
116:18 117:3	231:17	391:3,9 392:2	102:12,17,22	113:19,22
117:8,17,18	237:22	393:2	103:6,9 104:3	116:13
118:4,13	238:22,23	<b>item</b> 219:13	104:10	117:16 123:7
119:16 120:3	251:24	221:23,25	105:19 106:1	126:12
120:5,15,17	265:22,23	222:1 235:20	106:6,20	130:14 131:1
120:20 121:1	269:18	236:11,20	107:13	132:17,23
121:2,4,5	270:13	241:11	400:15	152:15 158:6
123:11	275:16 277:8	343:21	<b>Jennifer</b> 104:6	164:12
124:15 126:4	280:22 281:4	<b>items</b> 234:21	105:23	189:17
126:5,15,23	284:3 289:21	249:24,25	106:18	192:11,16
127:7 128:2,8	308:14	250:3,12	<b>Jessica</b> 102:15	204:12 208:5
128:8 129:3,8	335:12	251:10	106:16	208:6,9 211:8
129:10,12,16	352:24 353:1	261:11 265:9	<b>jfischerpc@a...</b>	217:5,22
129:22	359:8,12	325:8,8	102:23	218:6 220:14
130:16	380:20	328:19 345:8	<b>Jim</b> 105:13	220:18 222:9
131:20 132:6	391:14	345:9 348:24	133:4	222:18 228:9
136:23	392:15,17,22	369:4 376:8	<b>job</b> 136:19	240:22 242:4
138:10	<b>issued</b> 109:3	382:2	165:24	242:7,8,13,16
142:16	308:4,7 309:4		216:10 223:3	242:22
144:20	389:1	<b>J</b>	223:4 305:14	243:23 244:1
147:16,19,19	<b>issues</b> 113:9	<b>J</b> 336:11 395:6	<b>jobs</b> 216:23,25	244:4 245:17

245:22 246:2	392:14,21	<b>justified</b>	159:1,8	124:1 125:1
246:4 252:3,7	393:10,13	247:21	160:16 161:4	128:19
258:6,9,12,16	394:19		161:18,25	129:17
258:20	<b>judged</b> 138:4	<b>K</b>	162:3,16,20	140:12
261:17,18	<b>judging</b> 202:8	<b>K</b> 101:24 102:2	163:2,5,10,23	157:24
262:5,8,14	207:25	400:5,17	164:11	160:17
275:9 285:8	<b>judgment</b>	<b>Kang</b> 396:14	204:13,14,19	165:20,22
288:2 304:3	123:4 128:17	397:9	205:5,16	194:22
306:20,24	128:19 215:9	<b>Kansas</b> 102:24	206:4,12,21	203:20 204:2
307:1 309:10	215:16	107:14 229:2	206:24 207:3	204:4,5
309:13	<b>judgments</b>	243:6,11	207:8 208:7	257:18
312:22 314:8	209:24	360:19	210:8 214:9	329:19 399:4
314:20 316:4	<b>July</b> 134:9	<b>Katrina</b> 186:19	218:6,7,14,17	399:5
317:4,7	153:6,12,15	<b>KCP</b> 239:17	219:2,18	<b>kinds</b> 122:23
318:14	307:24	<b>KCPL</b> 107:10	220:7,12	205:2 243:20
324:25	319:20	229:25 242:7	222:10,16	243:21
334:18,20,21	<b>jump</b> 118:23	242:8 309:24	240:23,24	257:17
335:9,19,23	375:9	310:5	241:14 242:3	<b>kitchen</b> 223:5
336:3,5	<b>June</b> 134:8,9	<b>KCP&amp;L</b>	285:8,9	<b>Kliethermes</b>
337:18,21,25	134:12	102:24	312:10,11	104:7 105:23
338:3 349:3,5	139:20	107:15	328:1 332:3	167:10,12
349:7,11	153:10 167:3	151:12	349:11,12,13	198:3,13
355:25 356:2	180:4 191:15	<b>keep</b> 109:22	355:23	384:13
360:5,8,11	233:14 264:8	135:11 146:2	358:14 359:5	387:16,24
361:4 362:1,5	264:12	166:12 217:3	362:20,21	<b>knew</b> 300:1
362:9,12,14	319:19,20,21	223:4,7 233:3	365:12 370:1	<b>know</b> 110:19
362:16,20,22	322:7 348:18	233:17,20	370:6,17	115:12
362:24 363:3	367:1,2,2,3,4	278:16,18	371:13	118:20
363:8 364:14	370:9,10	279:1 306:7	373:17,19	119:10
364:17,21,24	372:19	319:18	375:6 386:24	120:14 123:3
365:1,2,5,8	381:10,11,16	331:23 351:8	386:25	124:11,14,15
370:19,21,23	383:16	<b>keeping</b> 228:4	387:20	125:6 127:6
371:5,9,20	<b>jurisdiction</b>	230:24	394:11,16,18	127:16
375:8 376:15	271:1 300:15	356:20	394:20	129:11,14,16
379:6,19	353:8	<b>keeps</b> 203:22	<b>kept</b> 226:9	129:18 136:4
384:6,9,11,15	<b>jurisdictional</b>	293:19,20	<b>Kevin</b> 101:19	140:9 153:8
384:20 386:1	157:9 366:17	<b>Kellene</b> 101:24	104:6 105:23	153:16,17
386:4,8,11,15	368:25 369:5	400:5,17	192:9 263:18	156:20,20
386:18,21,24	370:14 372:8	<b>Kenney</b> 101:20	375:16	166:21
387:1,4,12,17	372:12,17	113:21,23	<b>kick</b> 120:21	173:19,25
387:21,24	374:1,8	114:6 115:21	311:12	174:1,2,3,4
388:3,9,12,15	<b>jurisdictions</b>	115:25 116:9	<b>kicking</b> 381:4	181:14
388:19,24	156:17 160:3	117:1,9,14,24	<b>kilowatt</b>	186:17
389:4,18	160:3 225:24	126:12,14,22	133:18	192:20 194:4
390:8,21	<b>jurist</b> 181:22	127:1,20	221:14,16	194:5 195:19
391:21,25	<b>justification</b>	128:1,5 130:1	<b>kind</b> 118:4	197:14,17,20
392:1,6,7,12	185:8	158:6,7,14,17	121:9,22	201:2 207:19

TRANSCRIPT OF PROCEEDINGS 9/27/2012

207:21	369:10,11	284:12,16	144:19	218:10 219:3
208:22 210:9	370:3 376:22	288:20	178:25	220:9
227:8,16	378:13 379:1	293:20 294:8	214:20	<b>legislative</b>
237:20	380:20,24	294:13,14,16	<b>Larry</b> 102:20	352:16
241:24 243:1	390:21	294:17,20,23	107:11	<b>legislators</b>
247:3 255:22	391:10	294:25	<b>late</b> 109:2	291:9
256:24 257:2	392:17,19	295:10	110:18 112:2	<b>Legislature</b>
257:5,25	<b>knowing</b> 203:4	296:10,11,17	116:15 131:3	124:15
258:2,3	<b>knowledge</b>	307:8 328:2,3	165:17	129:16
259:13,21	245:7 310:2,5	328:4,6,10,12	224:19	175:18
263:12 264:3	312:1 337:13	329:4 340:25	226:12	208:11,18
265:25	364:5 385:17	341:2,4	<b>latest</b> 192:25	291:24
267:15 269:9	<b>known</b> 171:17	352:24 353:1	<b>law</b> 101:17	<b>Lena</b> 149:5
270:18,20,21	176:22	353:25 354:1	102:2,2,6,10	172:17
271:1,3,4,15	177:15	354:3,9,12,22	102:20,20	174:13 397:5
274:22,23	268:20 306:2	355:8,14,14	103:1,4,8,12	<b>length</b> 166:21
276:3 277:15	332:21	355:15 359:6	103:16,20,21	<b>lengthened</b>
277:19 278:7	<b>knows</b> 110:20	359:13	105:14,18	221:5
278:19	174:16	<b>lagged</b> 167:25	106:11,23	<b>lesser</b> 303:19
279:15 283:9	<b>Kofi</b> 169:6	<b>laid</b> 253:4	107:6 111:3	<b>letting</b> 125:16
284:4,25	185:15	<b>land</b> 253:19	175:22	125:24,24
287:18	186:13 396:1	<b>Lange</b> 397:12	205:11	<b>let's</b> 130:21
288:13	397:17	<b>Langeneckert</b>	214:16 224:4	190:5,6
289:10 291:5		103:12 107:5	225:6 226:24	229:14
291:9 293:22	<b>L</b>	107:6 220:16	<b>lawsuit</b> 299:13	230:12
294:4 296:1	<b>L</b> 101:17	246:3 306:25	<b>lawyer</b> 158:2	234:14
298:8,14	102:10,15	<b>language</b>	<b>lawyers</b> 263:14	236:24
299:9,10,10	360:13,17	114:16,22	267:23	296:20,20
299:10,11,15	395:3,4 396:7	118:8,11	<b>lead</b> 207:15	320:6 335:9
299:15,20,21	397:1 398:9	123:4	228:18 230:2	335:23
299:23	398:13	<b>languages</b>	232:3 238:19	345:20 360:8
300:24	<b>Labadie</b>	118:7	340:7	375:15 380:1
302:19	135:14 272:6	<b>laptops</b> 136:12	<b>leads</b> 233:2,6	382:7 384:7
304:21 305:9	305:3,6	<b>large</b> 151:15	240:9	387:21 388:3
305:19,19,20	<b>labor</b> 133:23	156:10	<b>leap</b> 291:18	<b>level</b> 136:11
311:18,19	230:5	158:25	<b>learn</b> 110:23	140:25
312:7,7,12,15	<b>lack</b> 163:24	186:17	<b>learned</b> 115:6	141:21 160:4
312:15 314:5	<b>lag</b> 158:19	188:18,19,19	<b>leave</b> 118:6	167:23 172:4
314:6,6,10	159:10	215:22 220:3	216:25	172:6 186:15
315:2,3,12	160:22	223:23	<b>leaves</b> 120:10	197:2,11,25
319:13,14	166:18,20	353:14	326:3 334:22	198:16 221:2
320:18	169:1,3,10	<b>largely</b> 149:6	<b>led</b> 359:25	225:2,8 226:9
321:18	213:8 214:6	158:1 230:23	<b>leeway</b> 209:10	241:8 256:24
332:16 334:6	269:20,22	<b>larger</b> 231:8	<b>left</b> 118:4 223:2	257:6,9,21
342:12 344:2	274:4,6,11,12	232:3 238:15	<b>legal</b> 104:7,8	259:9 274:10
348:13	274:19 277:7	<b>largest</b> 134:2	162:21,21	279:2 281:9
366:16	283:22	135:14	205:18	303:9,10

TRANSCRIPT OF PROCEEDINGS 9/27/2012

305:1,9,10	143:14	155:7 156:23	155:21	<b>looked</b> 108:1
306:17 313:4	180:16	195:18	<b>long-term</b>	156:7 196:21
344:18,24	198:23	196:21,23	140:22 230:1	211:4 259:1,5
346:5,9	215:21	197:5 209:9	254:20 376:1	259:8 314:7
348:11 355:5	221:21 226:4	243:5 264:3,6	376:8	341:24
357:17,18	234:2 239:7	267:5,7	<b>look</b> 152:13	342:15,15
358:12 369:2	240:10 275:5	277:24 290:4	156:15	343:20 344:1
<b>leveling</b> 160:20	304:7 309:8	295:12	157:10,13	345:15,18,19
283:15	313:4,6 319:5	330:19,22	158:4 194:12	357:23
<b>levels</b> 147:5	319:23,24,25	331:7	194:16	<b>looking</b> 140:14
160:18	320:1,2,4,5,6	<b>live</b> 111:8	195:13,15	201:13 202:6
257:15,17,19	320:6,19,21	116:22 168:6	199:24	226:2 231:22
257:22 279:1	327:3 330:4	176:14,18	207:22,23	234:16
346:13	333:19	<b>llangenecker...</b>	213:17 220:1	245:23
<b>Lewis</b> 102:6	336:21,25	103:14	226:7,15	247:10 250:9
104:1 105:14	337:2,4	<b>LLP</b> 102:6	229:2,5 230:1	284:7 289:3
106:5 181:3	361:17 369:3	103:1,5	231:23	298:18
<b>liabilities</b>	369:3 374:17	105:14	234:18,19	302:21,25
277:20	378:3,3,4,7,9	106:23	236:24	344:21 347:5
<b>liar</b> 174:3	378:10,10,11	<b>load</b> 135:14	239:21	358:10,23
<b>liberal</b> 243:2	378:16,16,23	141:8 150:11	250:17,22	381:22,24
<b>lies</b> 181:11	378:24,25	276:23 277:1	251:21 256:1	391:23
183:12	379:1,12,12	289:25	263:22	<b>looks</b> 143:4
356:14	379:14,14,17	290:18,21	264:23	156:9 182:23
<b>life</b> 223:6	379:17 380:6	291:4 297:2	266:18 267:5	211:24
<b>Light</b> 102:24	380:7	317:12,22	272:4,10	245:24 279:8
107:15 243:6	<b>lines</b> 117:23	351:9	278:6 279:7	334:23
243:11	175:25	<b>loads</b> 141:11	279:23	335:11 338:1
<b>lighting</b> 188:16	<b>Lisa</b> 103:12	291:15	281:24	348:1 381:20
<b>liked</b> 157:21,23	107:5 170:16	<b>loan</b> 295:19	283:13	392:3
<b>likes</b> 134:24	184:13 185:3	<b>local</b> 168:15	287:24	<b>loop</b> 203:20
<b>limit</b> 216:3	397:19,21	193:2 196:3	288:23 299:6	204:9 207:7
257:2,5	398:3	197:10,15	299:17,25	226:1
352:14	<b>list</b> 158:25	227:21 260:9	300:8 301:23	<b>lose</b> 111:6
<b>limited</b> 175:11	245:24 335:1	260:15	301:23,24	280:23
220:20	335:13 387:7	275:14	302:5 303:1	295:14
302:25	<b>listed</b> 174:15	<b>locked</b> 306:3	303:22	323:18
324:22	174:16 178:8	<b>log</b> 329:7	316:17 320:2	<b>losing</b> 273:11
344:10	<b>listen</b> 261:3	<b>long</b> 155:9	321:25 324:3	273:12,13
378:15 388:7	<b>literate</b> 192:4	162:9 180:7	325:14	296:1 333:13
<b>limits</b> 115:13	<b>litigated</b> 178:2	219:19	327:13,13	<b>loss</b> 143:8
143:21	<b>Litigation</b>	229:13 329:3	341:22	158:11,19
<b>limit's</b> 302:14	101:24 400:6	339:1	344:11 345:7	333:14
<b>line</b> 111:2	<b>litmus</b> 390:15	<b>longer</b> 108:20	345:10 358:1	<b>losses</b> 142:17
114:18 136:6	<b>little</b> 140:5	224:2 231:25	358:5,9	158:19
139:24	144:6 146:10	235:9,25	369:23	177:21,22
142:24	147:17 155:4	<b>longstanding</b>	381:11	283:25

TRANSCRIPT OF PROCEEDINGS 9/27/2012

284:21	239:13 251:7	386:19	<b>making</b> 124:1,3	172:17
305:23	311:13 355:1	387:12 394:2	128:19	174:13 175:7
328:16	355:2 372:5,6	394:15,16	139:12 141:1	176:3 177:20
<b>lost</b> 138:18	375:20,21	<b>lowery@smit...</b>	143:9 149:9	397:5
177:6 190:20	381:19	102:9	155:20 213:3	<b>Mantle's</b> 149:5
216:22	<b>lowered</b> 368:11	<b>lowest</b> 136:3	266:14 278:1	<b>manufacturing</b>
237:15	368:13	182:20,21,24	283:11	216:23
273:16 331:9	<b>lowers</b> 226:19	183:12	287:22	<b>March</b> 128:18
<b>lot</b> 123:25	280:17	<b>lows</b> 282:19	289:19 293:2	133:17 134:8
124:24 165:3	<b>Lowery</b> 102:6	<b>luck</b> 155:11	293:11,20,24	167:21 331:2
180:1 191:9	105:13,14	<b>lunch</b> 242:19	305:10	<b>mark</b> 252:3,5
197:15,20	111:25	242:22	340:15	<b>marked</b> 105:4
254:16	113:24 114:3	<b>Lutesville</b>	351:12	244:17,18
257:15	116:4 119:7	111:2	359:21	245:20 252:8
311:20	122:20	<b>Lynn</b> 258:2	<b>Maloney</b> 396:7	262:3 307:4
348:16	126:14,18		397:2	316:6 335:7
353:10	127:13,23	<b>M</b>	<b>manage</b> 216:4	363:5,22,23
381:19	128:4,9,15	<b>M</b> 101:19,20	223:21 224:8	384:25
<b>lots</b> 156:16	130:4,23	107:12	247:13	385:11,14
<b>Louis</b> 102:4	131:2 132:19	395:25	<b>managed</b> 154:5	393:19 395:1
103:2,13,17	133:3,4	396:19	154:7	<b>market</b> 119:23
103:22	152:23 153:5	397:19,21	<b>management</b>	151:25
105:11	153:10,13,17	<b>macro</b> 197:25	187:19	233:10
106:12,25	154:2,6,20	<b>Madison</b>	212:18	272:15 293:8
107:7 108:7	155:3 156:7	102:21 104:2	237:12	346:4 348:1
216:23	156:20,23	104:9 107:13	247:13 263:5	352:1 357:19
229:18	157:1,5,12	<b>Madrid</b> 389:14	271:19	<b>marketplace</b>
<b>Louisiana</b>	158:1,13,16	<b>magnitude</b>	<b>manager</b>	346:19
186:19,20	158:21 159:6	165:8 231:2	143:10	<b>markets</b> 133:12
<b>love</b> 234:2	159:11 161:1	238:14 334:4	363:19	150:4,14
377:25	161:10,23	<b>main</b> 149:23	<b>mandated</b>	276:8
<b>low</b> 131:20	162:2,7,19,25	324:8 366:1	281:10	<b>Maryland</b>
135:21	163:4,9,13	<b>maintain</b>	<b>mandates</b>	171:21
136:21 144:3	164:5 167:16	134:25	139:7 277:16	196:19
178:11,13	178:23	234:23 270:4	277:17,18,18	<b>match</b> 281:25
181:5 193:25	185:12	<b>maintenance</b>	277:19 278:2	<b>matched</b>
208:4 225:21	190:25 195:9	135:18	291:14 298:5	351:19
228:5,7	201:12	141:15 166:4	317:16	<b>material</b>
253:18,25	228:21,21	188:9	329:15,19	257:22 346:9
272:14 301:3	230:4 258:19	<b>major</b> 164:20	353:9	348:11
308:21 329:1	264:6 273:21	246:14,16	<b>mandatory</b>	357:17
356:21	286:16	263:10	119:21	359:25
<b>lower</b> 133:18	335:16 336:2	286:24 325:8	123:16 318:6	<b>materiality</b>
156:6 168:1,4	336:8 337:15	352:22 353:5	<b>manipulate</b>	256:24 257:2
187:5 210:25	356:7 360:3	<b>majority</b>	232:13,22	257:5,6,9,14
226:5 230:6	362:15	225:24 306:9	<b>Mantle</b> 114:3	257:15,17,19
233:2,6	384:15 386:3	313:24	114:11	257:19,21



TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>math</b> 192:4,7 334:15	182:24 205:12	<b>measure</b> 158:25 212:8	340:24 341:1 352:19	222:4,6,10,14 222:15
<b>mathematical</b> 181:13	206:13 207:11 209:9	221:4 344:9	353:15,24 354:21	<b>mercury</b> 222:2 330:13
<b>mathematica...</b> 311:16	246:18 249:5 249:24 255:7	<b>measures</b> 341:11	357:14	<b>merely</b> 202:14 205:9 216:10
320:12,14	255:20 257:9	<b>MECG</b> 107:18 107:21	<b>medical</b> 133:23 <b>MEEIA</b> 134:3	270:17 271:10
<b>matter</b> 101:12 173:16	270:12 285:17	125:20 228:10	134:23 137:4 137:7 218:4	<b>merits</b> 112:20 <b>message</b> 220:25
179:13 185:20	288:20 297:8 297:18 300:4	<b>MECG's</b> 241:1 <b>mechanism</b>	220:25 221:9 237:12	<b>methodologies</b> 179:17
255:17 266:13	300:5 301:6 306:1 311:12	119:4 148:3 159:5,16,17	280:22	<b>methods</b> 181:9 181:12
275:23 288:7 325:18	315:13 325:13	172:23,24 173:3,7,22,24	<b>meet</b> 139:5 141:17 145:3	187:11 <b>MEUA</b> 107:16
330:15 346:6 346:14,14	333:17 343:11 348:6	190:18 203:13 221:9	145:5 147:14 240:6 249:7	107:24 <b>Michael</b> 180:25
388:22	351:9 355:9 355:16	225:14 226:17	249:10 282:11,16	360:13,17 394:24
<b>matters</b> 108:15 130:24	366:14 <b>meandering</b>	234:25 235:13,14,22	<b>meeting</b> 255:1 255:6 281:11	395:21 396:9 396:21,23
142:23 254:4 260:3,4	149:6 <b>meaning</b>	236:3,4,17 238:20,24	<b>meetings</b> 221:18	398:9,11,13 <b>microphone</b>
325:19 341:14	112:23 265:3 <b>meaningful</b>	271:5 284:8,9 300:21 301:1	<b>Meghan</b> 104:7 105:24	379:20 388:24
<b>Maurice</b> 211:14 385:1	287:22 291:13	304:9 305:16 305:18	<b>Meisenheimer</b> 198:2,4,23	<b>midpoint</b> 180:19,21
385:5,10 398:15,17,19	299:14 306:15 329:2	333:25,25 350:23	261:8 384:13 387:16 388:4	181:1 <b>Midwest</b>
398:22	330:1 <b>meaningfully</b>	357:16 <b>mechanisms</b>	399:7,9,11,13 <b>Meisenheim...</b>	101:24 107:22
<b>max</b> 222:4 <b>maximum</b>	269:5 279:3 <b>means</b> 115:1,19	123:13,15 140:14 142:4	326:5,10,16 326:21	228:14 400:6 <b>MIEC</b> 106:21
205:9 255:11 255:14	118:11,12,12 123:4 137:16	142:6 159:12 159:25 160:4	<b>member</b> 332:5 <b>memory</b> 201:3	113:7,17 119:13
<b>McClowery</b> 105:24	145:8 195:16 205:2 217:13	161:8 164:1 210:2 213:14	<b>mention</b> 131:6 164:13 228:3	120:13,19 146:13
<b>McCLOWRY</b> 104:7	227:15 253:21 255:7	216:6 232:2,9 232:11 234:9	231:24 335:18,19	150:21 157:3 180:25 211:9
<b>MDNR</b> 242:4,5 <b>mean</b> 116:9	266:1 288:12 325:14	234:12 236:24,25	335:18,19 <b>mentioned</b>	214:23 215:20
117:9,25 118:1,3,18	328:12 <b>meant</b> 115:17	237:10 238:2 239:9 240:17	134:6 144:4 149:23	216:17 246:4 252:8 258:14
121:9,21,25 124:13,14,24	175:18 176:17	241:19,22 256:16	152:10 180:5 280:9 290:7	307:1,3,4 308:2 309:15
144:22 147:10 157:9	<b>measurable</b> 171:17 306:2	274:18,20 283:14 285:2	312:9 325:17 330:18	335:6 338:3
164:1 176:15 176:16			<b>Meramec</b> 221:23 222:3	

TRANSCRIPT OF PROCEEDINGS 9/27/2012

356:3 360:16	376:6 378:8	364:25	<b>MISO</b> 110:12	172:22,23
360:23 361:2	378:13	371:21	110:19	173:9 175:8
362:7 364:22	<b>millions</b> 141:2	373:15	111:13 114:7	175:14,22,23
371:9 375:8	305:22	375:10,11	115:2,4 116:1	180:24 184:8
384:24	330:14 334:7	376:12	116:10	184:15 185:5
385:11,14	<b>Mills</b> 104:1	386:10 388:5	117:19	186:20 193:6
386:6 389:2	106:4,5 109:3	388:11 391:6	119:21,23	194:22,25
390:10	109:5 110:6	392:1 394:3,9	124:2 129:18	197:23
<b>MIEC's</b> 112:21	111:12,22	394:12,20,21	130:1,9	198:14 201:3
113:7 179:3	112:4,6,13,20	<b>mind</b> 146:2	147:20	201:13
217:24 220:9	113:11,17	159:7 166:12	149:24 150:1	205:12
394:23 398:7	115:22,24	209:14 217:4	150:5,6,8,12	211:23
<b>Mike</b> 133:5	116:3,13	226:8 240:19	150:13,25	212:11
188:7 213:22	117:5,11,17	267:6 278:16	151:19,25	213:23
214:24	117:21 118:5	278:18 306:7	174:14 175:8	216:22 217:1
217:17	118:18	319:18	176:3,21	217:3 219:22
335:21	119:17 120:9	<b>minds</b> 225:10	177:18	228:22,23,24
<b>mild</b> 327:20	120:18 122:6	<b>mini</b> 164:14	190:11 218:9	229:16,17,20
<b>million</b> 133:17	122:13,19	192:22	218:10,12,22	229:21,22,24
134:10	125:14 126:4	200:18 223:9	224:19	232:14,14,16
148:21,23	126:9,24	<b>minimize</b> 234:5	331:24 332:6	233:17,21
149:12	129:15 181:3	237:16	332:6	234:16
164:25 165:9	192:19	<b>minimizes</b>	<b>missed</b> 345:3	238:24 241:8
168:19	202:19,25	238:24	<b>missing</b> 159:5	242:17 243:7
170:17,19	203:8,14,17	<b>minimizing</b>	<b>Missouri</b> 101:1	243:12
171:2,5,16	203:21 204:6	236:1	101:9 102:18	244:11 248:4
172:5,25	204:14,18,21	<b>minimum</b>	102:24 103:7	248:17
173:4,5 179:2	205:11,21	255:10,13,16	103:11,19,25	251:15
179:3,5 185:2	206:8,16,23	256:14	104:8,11	256:16 259:7
185:22,25	207:2,7,17	<b>minus</b> 254:1	105:11,12,15	262:22 268:4
186:12,15	208:11,13,15	<b>minuses</b> 327:24	105:16,19,20	278:7 282:24
193:1,24	208:20 209:7	<b>minute</b> 114:25	105:25 106:1	282:25
194:2,5,7	209:12,23	<b>minutes</b> 227:6	106:6,9,12,13	284:17 288:8
198:21,21	210:4,11,16	<b>miscalculated</b>	106:20 107:1	302:1 307:10
199:15	210:21 211:4	376:10	107:1,8,13,15	308:7,10,12
204:21	211:7,8	<b>miscellaneous</b>	108:7,8,10	308:13,24
211:22 269:2	230:11	131:17	134:3 136:2,3	312:18
273:10,17	243:16	<b>mischaracter...</b>	140:10	316:16
308:7 331:4	258:23,24	311:1	145:19 146:5	317:11,15,19
331:10	261:16	<b>misleading</b>	146:8 156:1	321:13 324:7
343:24 368:8	275:14	276:12	160:23	324:12
368:11,12,14	312:23,25	279:14 299:5	161:13	333:21 338:7
371:14 372:2	314:4,11,18	318:21,21,22	164:19	338:20
372:4,11,25	324:13 326:4	319:24	165:20	345:24 346:3
373:6,20,21	326:9 335:24	<b>misled</b> 137:2	166:16,19,24	346:16
374:11,12	349:4 356:4	<b>mismatch</b>	167:22 170:5	353:10,15
375:1,13	362:11	351:20 378:9	170:8,25	356:16,16

357:7 358:13	393:12	<b>month</b> 153:8	393:17	<b>Murray</b> 146:22
360:19	<b>mix</b> 348:2	162:13	<b>MORRIS</b>	146:25
363:17 372:8	<b>MO</b> 102:4,8,12	191:22 223:5	101:17	179:15
372:11,17	102:17,22	263:17,24	<b>motion</b> 108:17	180:15,17,22
373:25 374:7	103:2,6,9,13	<b>monthly</b> 112:9	108:24,25	183:10 210:9
385:6 390:9	103:17,22	114:2,5	109:1,5 110:6	396:16,17
400:3,15	104:3,10	176:10	110:10	397:14,15
<b>Missourians</b>	<b>model</b> 288:20	<b>months</b> 134:5	111:13,22	<b>Murray's</b>
168:6	296:4 338:20	152:18,21	112:2,20,21	181:4,5 199:8
<b>Missouri's</b>	342:3,4,9	153:4 162:10	113:17,18	199:8
101:12 105:6	351:3,18,18	162:11	120:8 121:16	<b>myriad</b> 212:13
111:3 156:11	355:2,2 359:2	164:21 165:2	121:24	
165:22 167:5	<b>models</b> 181:13	165:3 167:1,3	123:10	<b>N</b>
167:11,13,14	<b>modern</b> 320:22	169:5 177:17	130:19 167:8	<b>N</b> 105:1 394:1
167:19,25	<b>modified</b>	180:3,11,13	174:11	<b>nail</b> 283:18
168:1,4,10,14	174:19	191:15	176:14	<b>name</b> 133:4
169:21,23	225:14 297:9	233:14	191:14	228:13 244:8
175:24	339:3 355:12	263:19	230:11	244:9 336:9
178:13	<b>modify</b> 225:7	264:12 266:6	261:22	336:11
179:16,23	<b>moment</b> 130:9	266:15	367:21,21	360:16
180:2,18	134:6 140:3	267:18	376:19 398:5	363:13,15
182:8 184:10	144:4 159:17	268:12 322:7	<b>motions</b> 108:16	385:4 387:7
184:22 198:1	184:8 314:8	381:10	<b>motivation</b>	<b>narrowed</b>
198:15,16	390:24	<b>monumental</b>	224:11	269:5
199:14	<b>moments</b>	213:2	<b>move</b> 114:16	<b>nation</b> 167:21
215:15	178:24 180:6	<b>Moore</b> 104:8	130:21 190:4	167:24 168:2
360:24 398:5	<b>Monday</b> 109:3	105:24	240:7 282:17	<b>national</b> 136:1
<b>misspoke</b>	169:7,25	<b>mooted</b> 221:17	282:22	145:17,23
326:20	<b>money</b> 161:13	<b>moratorium</b>	305:24 306:4	156:14 168:4
<b>mistaken</b> 131:7	161:13	279:20	306:20 309:9	168:10,11
152:20	166:14 171:2	<b>Morgan</b> 392:17	328:25	180:9
<b>mistakes</b> 131:3	171:4 177:8	392:25	379:11 393:2	<b>nationally</b>
131:8	177:10	393:11	<b>moved</b> 279:21	135:25
<b>misunderstood</b>	183:21 187:3	<b>morning</b>	280:1 379:13	<b>natural</b> 102:18
311:5	187:5 194:13	105:13 107:5	379:17	103:23
<b>mitigate</b> 292:3	206:19 266:5	113:24 132:9	<b>moving</b> 189:25	106:14,17
296:11	266:6,9,14	133:3 144:16	312:8 378:15	110:15 113:4
<b>mitigates</b>	269:1 273:11	147:18	<b>MPG-21</b> 313:2	178:14
142:11	273:12	156:14	314:24	285:23
<b>mitigating</b>	295:14,18	174:12	318:18	329:13
177:23	315:14,16	200:21	<b>MPG21</b> 289:3	<b>naturally</b> 111:7
<b>Mitten</b> 102:10	331:9 333:13	222:20	299:5 310:9	228:24
105:17,17	<b>monitoring</b>	228:13	<b>multiple</b> 252:1	<b>nature</b> 120:25
133:5 388:21	261:23	230:10 243:1	<b>multiplying</b>	274:6 377:23
388:25 389:7	<b>monopoly</b>	243:5 276:1	179:10	<b>near</b> 143:11
389:11,20	285:23,23	338:14	<b>multi-year</b>	202:4
390:8 392:14	286:1 292:20	391:22	389:13	<b>nearly</b> 165:2

TRANSCRIPT OF PROCEEDINGS 9/27/2012

269:3 273:17	206:20	327:21	277:25	251:3,6,6
<b>necessarily</b>	208:24	<b>negatively</b>	281:16,18,23	263:16 265:5
112:14	209:21	284:13	298:2 300:23	269:15,16
116:11	213:11,12	<b>negotiations</b>	310:5 329:11	327:8 347:20
117:19	230:4 240:4	132:12	346:18	367:7,14
119:14	241:12 249:2	<b>neither</b> 368:24	357:19	380:15 382:2
124:14	249:5 271:17	<b>NERC</b> 139:9	389:14	382:8,9
128:19	278:7,8	281:11	<b>news</b> 165:15	383:14
129:18	291:18,21	<b>nesting</b> 131:18	168:5 308:1,3	<b>north</b> 103:2
206:13	292:8,10	<b>net</b> 119:9,16	308:13 399:1	106:25 201:6
246:12 270:8	294:4 317:24	126:16,22	<b>night</b> 165:18	281:11
297:17	324:6,9 335:2	127:4,5,15,21	<b>nitrogen</b>	<b>NOS</b> 105:3
303:19	340:10	130:8,12	329:25	245:20 335:6
339:15 348:6	346:17,21	133:10	<b>nonadjusted</b>	335:7 337:23
348:8 391:6	362:25	134:21 137:4	264:16	362:7 363:5
<b>necessary</b>	371:22	173:2,4	<b>nonrecurring</b>	364:19
114:21 117:7	379:19	179:21 221:8	236:20 345:9	384:24 386:6
123:15 127:4	384:18 387:5	301:21 302:4	<b>non-equity</b>	393:18
135:1 151:24	390:21,23	302:6 368:10	254:21	<b>notably</b> 136:24
166:7 168:21	391:14 392:4	369:1 372:23	<b>non-fuel</b> 160:8	<b>note</b> 138:16
176:12 248:1	393:14	372:24	188:8	171:6,8
248:1,6,10,21	<b>needed</b> 141:14	374:16	<b>non-GAAP</b>	216:16
248:23 270:9	143:15 213:7	<b>netted</b> 172:6	357:24 358:2	252:14
294:16 354:3	216:25	<b>neutral</b> 188:14	<b>non-labor</b>	334:23
354:5,12	296:15	188:22	188:8	<b>noted</b> 221:22
355:15,17,19	338:20,22	189:10	<b>non-operatio...</b>	390:16
393:4	358:25 359:8	<b>never</b> 157:21	175:21	<b>notes</b> 400:12
<b>necessitated</b>	<b>needs</b> 126:15	157:21,23	<b>non-regulated</b>	<b>notice</b> 125:19
133:8	139:1,11	177:7 184:14	204:23	<b>noticed</b> 221:10
<b>necessity</b>	145:10	204:7 217:2	<b>non-revenue...</b>	222:1
294:10,10	147:14	219:21	169:13	<b>notion</b> 235:1
<b>need</b> 108:23	166:14	266:24,25	<b>non-weather...</b>	354:2
111:21	259:17 260:6	296:2 298:17	153:20	<b>notions</b> 206:5
116:11 118:8	278:6 335:14	300:8 316:13	<b>Noranda</b>	<b>now's</b> 130:20
118:9 124:8	335:21	380:4 382:13	389:12,14	<b>NOX</b> 177:23
131:14 132:4	346:25 347:3	383:23	390:12	<b>NP</b> 361:5
132:13 137:5	348:10	<b>nevertheless</b>	<b>normal</b> 204:23	<b>NRDC</b> 106:8
143:11 148:5	349:18 356:9	238:1 390:18	274:8 298:24	106:12
148:12	358:16	<b>new</b> 109:7	299:3	220:18 228:4
149:10 159:9	<b>negative</b>	115:22,25	<b>normalization</b>	<b>nuclear</b> 272:12
161:3 166:14	170:12	169:15	187:11,17	<b>number</b> 112:5
173:18 175:5	188:20	171:20 196:6	265:15	112:6 126:11
183:18 184:3	266:22	203:25	347:21 358:6	127:15,17,18
192:4,12	269:22	212:15 213:6	<b>normalized</b>	127:20,21
196:23 197:6	288:19,24	213:10 215:2	119:1 127:5	128:5,6,10
199:5 200:2	289:20	221:21	138:3 152:24	148:22 152:9
201:24	297:20	240:19	166:25 187:1	158:24

TRANSCRIPT OF PROCEEDINGS 9/27/2012

197:12	<b>objecting</b>	<b>occurred</b> 134:8	176:24	380:9,14,18
200:23	115:23	134:17	180:13	381:3,9,15,19
203:25 204:1	<b>objection</b>	186:19	196:17 218:5	381:25 382:5
220:21 229:4	132:10,15,20	191:24	245:5 249:15	382:12,16,19
248:4,17	262:6 314:9	308:23	249:23	384:1 387:21
275:22,24	325:1,3	382:13	252:25 254:8	388:19 389:4
279:11	364:15 386:3	383:23	254:13 267:9	392:6 393:13
282:16	388:13	<b>occurring</b>	287:1,9	<b>Oklahoma</b>
287:14	<b>objectionable</b>	141:7	289:13	229:3
301:25	151:10	<b>occurs</b> 185:23	291:17 297:4	<b>old</b> 141:9 222:6
305:20	<b>objections</b>	<b>October</b> 169:5	299:4 303:16	280:11
321:17 328:7	245:18	184:6,21	306:19 307:7	281:18
334:6 340:23	258:10	187:18 188:6	308:22	291:14
353:14	309:11	393:1	309:24 316:2	<b>Olive</b> 103:21
357:21	337:19 362:2	<b>offer</b> 166:4	316:17,24	106:11
367:14	386:2,4	245:14 258:6	317:2 318:4	<b>once</b> 110:25
381:21 391:9	<b>objective</b>	262:1 337:16	318:11 319:8	142:19 153:5
<b>numbers</b>	333:22	361:24	319:15 320:8	155:12
156:10	<b>objectives</b>	364:11	320:18	159:22 200:1
181:15	339:7 349:19	385:23 388:1	321:13 322:6	200:22 203:9
196:22	349:22	388:5,9	322:7 323:17	203:15,25
203:25 226:3	<b>obligation</b>	<b>offered</b> 180:15	323:17 326:4	211:12
226:5 243:14	141:17 286:5	245:18 258:9	334:15	218:21 300:9
254:17	286:6 303:5	262:5 309:11	336:24 338:3	314:23
264:11	303:10,11,24	337:18	338:10	391:10,20
301:10,11	<b>obligations</b>	353:21 358:8	339:19,24	<b>ones</b> 159:7
320:18	351:14	362:2 364:15	340:15,19,22	208:4 324:24
336:22	<b>obtain</b> 173:18	386:2 388:12	341:10,13,18	<b>one's</b> 134:25
345:10 347:9	<b>obtained</b>	<b>office</b> 104:1,4	341:21 342:4	141:23
347:10,24	170:20	106:1,5,6	342:24 343:2	158:24
348:2 367:8	<b>obviously</b>	129:15,17	343:7 345:20	<b>one-sentence</b>
367:10	223:11	283:10	346:20 347:1	338:18
370:15	224:25 234:5	400:14	347:12	<b>one-time</b>
<b>numerator</b>	250:25 251:7	<b>officer</b> 244:14	348:21,25	299:12
373:23	280:20 290:9	<b>offset</b> 170:8,11	353:22	<b>ongoing</b> 177:8
374:15	299:3 375:14	187:2 296:16	355:23	<b>OPC</b> 115:22
<b>numerous</b>	<b>occasion</b>	307:20 346:7	361:11,20	145:15 198:2
216:12	326:25	<b>offsetting</b>	366:2,25	203:5 204:15
	<b>occasional</b>	143:7	367:24 368:5	228:4 258:22
	265:24	<b>off-system</b>	369:17 371:5	388:17
<b>O</b>	<b>occasionally</b>	149:15	371:6 373:6	393:18
<b>O</b> 105:1	152:25	272:14 332:1	373:11	<b>OPC's</b> 147:1
<b>oath</b> 245:12	269:16	<b>oh</b> 125:3	375:17,20,24	399:2
361:21 364:9	<b>occasions</b>	195:13	377:1,14,23	<b>open</b> 221:19
<b>object</b> 123:11	327:25	310:11	377:25 378:2	228:8
243:4 314:2	<b>occur</b> 172:7	<b>okay</b> 130:21	378:22 379:1	<b>opened</b> 210:22
324:13	233:13	164:11	379:9,24	<b>opening</b> 130:21
391:11,20				

TRANSCRIPT OF PROCEEDINGS 9/27/2012

133:1 164:18 191:18 192:13,17,22 197:17,18 198:12 199:3 199:13 200:17,18 202:11 211:9 220:16 230:12,13 242:5,9,18 243:3,15,24 261:24 263:15 265:12 272:24 275:25 286:16 302:19 304:9 310:25 322:23 338:13 341:6 394:2,2,3,3,4 394:4,5 <b>openings</b> 108:14 164:14 192:22 223:9 <b>open-ended</b> 213:10 <b>open-hanging</b> 118:4 <b>operate</b> 168:22 193:4 286:1 292:20 295:1 304:18 <b>operated</b> 351:3 <b>operates</b> 138:25 149:16 <b>operating</b> 133:24 166:3 184:23 195:22 199:16 205:8 272:2,10 281:18	287:19 289:6 293:10 295:11 366:19,21 368:7,11,15 372:1,3,23,25 373:21 374:11,16,18 378:4 <b>operation</b> 141:14 188:9 271:11 272:20 <b>operations</b> 102:24 107:15 110:21 135:18 243:7 243:12 271:10,15 298:24 305:1 <b>opine</b> 217:17 <b>opinion</b> 116:4 159:13 173:21 203:19 227:12 282:5 288:2 307:16 307:18 311:23 343:8 347:25 356:13 357:5 357:10,12 358:17 359:3 359:11 <b>opportunities</b> 214:5 227:11 227:13 230:20,25 <b>opportunity</b> 110:1 112:22 113:14,16 120:16 124:16,17,17 125:17 126:2 131:4 137:18 144:21 145:7	145:12 147:6 162:24 163:1 163:6,7,15,16 163:18,19,24 164:4,7,9 166:4 214:2 223:20,21 224:7 228:17 232:19,21 233:12 234:2 234:6 238:19 242:12 247:6 247:11 250:18,19 259:19 266:12 282:1 282:1 286:8 286:15 298:19,22 338:23 350:6 350:9,14,25 353:19 354:19 355:11 356:19 359:16,19 <b>opposed</b> 110:10 111:12,22 282:20 <b>opposes</b> 169:17 <b>opposing</b> 193:17 <b>opposite</b> 325:23 <b>opt</b> 137:6 216:20 <b>options</b> 352:21 353:4,11,12 <b>order</b> 109:2 112:21 119:9 119:22 121:13,18,23 123:16 125:12 126:16 129:4 129:5 131:15	140:14 145:6 150:12,13 159:9 171:9 172:4,10 186:2 191:6 209:1 215:25 216:1,1,4,20 234:15 239:20 249:10,11 270:12 335:9 389:1,3,11,21 392:25 393:3 393:5,8 <b>ordered</b> 188:24 250:13 389:3 <b>orders</b> 215:24 <b>ordinary</b> 222:23 <b>organization</b> 305:7 <b>original</b> 113:17 245:2 260:22 <b>originally</b> 171:4 351:17 <b>originates</b> 181:22 <b>ostensibly</b> 292:22 <b>ought</b> 129:11 147:12 318:17 <b>outage</b> 135:19 196:22 <b>outcome</b> 176:16 193:21,22 194:9,10,23 <b>outcomes</b> 194:8 <b>outdated</b> 286:22 348:12 <b>outgrowth</b> 110:15 113:4 <b>outlays</b> 247:21 <b>outline</b> 253:2 <b>outlined</b>	254:11,16 <b>outside</b> 109:12 125:21 144:3 144:6 146:16 146:23 199:22 206:20 210:9 210:19,24 256:25 324:19 <b>outstanding</b> 301:22,23 <b>overall</b> 180:20 181:2 188:23 189:4,5 196:20,22 198:6 226:13 322:14,16 344:17 366:2 366:22 372:5 372:6 375:19 <b>overcollection</b> 187:24 <b>overearn</b> 235:7 235:10 238:11 239:8 279:12 <b>overearned</b> 237:24 <b>overearning</b> 235:19 236:10,14 237:8 239:1 250:25 279:22 310:20,24 311:4 <b>overearnings</b> 214:4 236:14 238:13,19 310:14,18 314:25 315:5 315:20 <b>overly</b> 293:11 293:13,20 <b>overrule</b> 314:9 <b>overspending</b>
--	--	--	--	---

195:17 <b>overstated</b> 378:12 <b>overstates</b> 211:21 <b>overuse</b> 216:6 <b>overwhelmed</b> 193:14,18 <b>over-earned</b> 213:20 321:14 <b>owners</b> 179:7 182:8 <b>ownership</b> 170:4 <b>oxide</b> 329:25 <b>O&amp;M</b> 158:24 160:8 235:23 <b>o'clock</b> 242:20	<b>paradigm</b> 281:16,23 291:7 296:12 297:7 <b>paradigms</b> 296:8 <b>paraphrase</b> 161:20 <b>parcel</b> 150:25 <b>part</b> 114:18 122:10 131:19 138:8 142:5 150:10 150:25 165:13 166:10,11 167:24 168:24 174:11 203:2 223:23 227:14 247:17 270:10 274:4 274:7 286:3,4 286:17 292:1 309:25 318:21 329:11 340:13 344:16 354:3 354:12 355:17,19 365:18,25 378:9,10,10 <b>participate</b> 150:13 <b>participating</b> 170:5 221:1 <b>participation</b> 149:25 150:1 150:6,25 233:10 <b>particular</b> 111:1 192:23 200:15 214:10 235:9 241:11 247:5	263:17 293:18 324:16 325:9 343:14 352:11 366:8 <b>particularly</b> 109:10 175:9 340:16 <b>particulate</b> 330:15 <b>parties</b> 108:9 109:10,10 110:1 111:19 113:15 118:19 120:5 122:2 125:17 125:20,20,22 126:11 128:23 165:12 166:12 178:2 209:18 210:3 238:21 243:2 252:2 272:4 321:3 391:17 <b>partly</b> 208:22 208:23 <b>parts</b> 242:16 <b>party</b> 108:12 161:7 195:3 <b>part's</b> 286:14 <b>pass</b> 124:4 128:14 218:19 236:2 238:6,10,12 239:5 <b>passed</b> 165:2 <b>pass-through</b> 306:10 <b>path</b> 147:12 216:13 <b>patience</b> 189:15 <b>pattern</b> 140:8 140:12,21 155:9,12,22 158:22	161:22 299:3 <b>patterns</b> 267:1 <b>pay</b> 119:22 150:8,11 168:22,23 184:18 196:4 205:25 206:3 221:2 223:4 224:6 227:19 241:12 255:12 261:4 295:19 332:5 <b>payback</b> 221:4 <b>paying</b> 137:6 151:23 197:8 221:3,15 338:7 <b>payment</b> 169:2 <b>payout</b> 254:3 <b>payroll</b> 185:6,6 233:6 <b>pays</b> 218:11 <b>PC</b> 107:12 <b>peak</b> 188:11 <b>peaks</b> 265:13 <b>peculiar</b> 352:8 352:8,10,10 <b>peers</b> 135:25 159:14 274:17,18 275:4 <b>penalty</b> 306:4 <b>pending</b> 239:17 <b>penny</b> 166:6 186:7,8 223:7 284:4 331:6 <b>pension</b> 133:23 292:5 <b>pensions</b> 237:14 <b>people</b> 161:12 193:15,16 199:24 223:2 266:1,6 271:16 278:21 279:18	297:11 330:2 370:24 <b>perceive</b> 197:11 332:20 344:20 <b>perceives</b> 247:19,19 <b>percent</b> 119:23 134:11,13,18 134:19,20,21 135:8,10 136:1,2 139:20 145:24 146:14,22 147:1 148:3,4 150:2 156:21 160:7,9 167:4 167:4,15,17 167:22,24 168:8 172:19 172:19,19,19 173:2,4,15 180:4,10,11 180:12,19,19 180:20,20,21 180:24 181:1 181:2,5,7 183:11,11,14 188:15,17,21 189:10 191:6 194:1,18,18 194:18 196:10,10,13 197:3,9 199:10 201:6 201:7 202:4 211:22 212:3 214:25 216:24 223:25 224:2 224:4 226:24 231:6,10,12 231:15,16,18 233:15,19 235:23 237:6
<b>P</b>				
<b>P</b> 105:1 395:14 396:3 397:23 398:1 <b>page</b> 252:12,18 253:2,5,9 254:6,11,15 316:18,18,21 316:22,25 321:25 322:2 322:3,11 336:21,25 337:2,4 361:17 366:1 367:23,25 368:1 376:18 380:2 382:8 <b>pages</b> 244:23 366:17 367:16 390:17 <b>paid</b> 171:4,15 173:5 184:16 185:1 199:25 <b>painful</b> 223:5 <b>paint</b> 239:20 <b>pair</b> 169:25				

TRANSCRIPT OF PROCEEDINGS 9/27/2012

239:15,18	<b>perfect</b> 141:13	<b>periodically</b>	134:25 259:5	391:18
240:3,5,8,12	155:1,4,5	242:10	<b>persuasive</b>	<b>plant</b> 138:19
243:13	163:21	<b>periods</b> 128:24	199:8	142:10
252:15,19,24	271:15 299:1	139:19 240:4	<b>phase</b> 189:9,9	143:18,20
253:18 254:1	299:1	240:7 318:23	<b>Phoenix</b> 103:12	144:6,7,10,14
254:1,2,3	<b>perfectly</b> 154:5	319:6,16	107:6	158:9,10
255:20,21	154:5,7,7	<b>permanent</b>	<b>phones</b> 136:12	159:3 160:19
264:8 265:5	155:2,6 205:8	143:8 158:19	<b>phrase</b> 162:4,5	169:7,10,13
267:2 269:3	326:9	172:5 217:1	298:11,15	169:17
273:23 279:4	<b>perform</b>	<b>permissible</b>	350:15	175:17 196:6
279:5,6 280:5	253:22	207:9	<b>phrases</b> 285:17	196:19
284:20	<b>performance</b>	<b>permission</b>	<b>pick</b> 209:10	212:22,23
299:18	141:21	242:10,14	<b>piece</b> 261:12	213:10 215:1
305:16,17	<b>performer</b>	304:18	286:13	217:7,12,14
306:9 308:9	135:16	<b>permitted</b>	295:24	222:3 239:3
308:16,16,21	255:18	175:8 182:11	296:16	270:6 271:22
308:21	<b>performs</b>	233:20	<b>piecemeal</b>	272:5,10
311:15,16,17	253:16	236:15	213:14	274:14,22
311:21 312:3	<b>period</b> 153:7	<b>persistent</b>	<b>piecemealed</b>	276:17 282:6
313:4,6,9,10	162:9 169:14	286:21 287:2	223:18	283:3,23
313:11 320:3	171:3 191:22	346:9 357:16	<b>pieces</b> 326:19	292:16 298:7
320:9,11,13	191:24 212:4	358:11	337:9	300:4,12,21
320:15,20,21	213:17,20	<b>persistently</b>	<b>PISA</b> 339:19	300:25 330:9
322:12,20,22	220:10 221:4	346:12	340:16	330:16,19,25
322:23	231:19	<b>person</b> 361:11	<b>place</b> 120:4,8	333:1 339:11
327:12	234:17,17	365:22	148:20	339:17 340:3
334:13,14	237:25	<b>personal</b>	236:25 237:1	353:22 374:3
337:1,1	240:13 263:9	167:25	274:19	374:5
348:15	267:16	168:11,14	278:20	<b>plants</b> 135:12
367:13	283:21	<b>personally</b>	289:17 300:5	135:14,15,17
368:13,17	287:18	316:11 400:7	300:10	135:20 141:8
375:19	289:16 290:5	<b>perspective</b>	324:11	141:9 149:16
379:25 380:1	290:5,13	144:20	330:25 332:7	272:6,9
380:2,3,10,15	294:17	156:15 231:4	333:20 400:9	304:19 305:3
381:1,10,20	295:25	250:10 259:2	400:13	305:4 331:2
382:6,20,21	307:24 311:2	259:12,24	<b>placed</b> 158:12	351:8
<b>percentage</b>	311:20,25	260:25	175:2	<b>plant's</b> 158:12
124:4 147:19	312:15 313:1	264:20	<b>places</b> 155:25	<b>play</b> 381:7
147:21 148:6	315:24 319:3	266:18 285:4	<b>plan</b> 170:4	<b>played</b> 227:22
148:8 149:4	319:16,22,23	285:19 290:6	192:21	<b>playing</b> 160:2,4
172:18	320:25	296:7 301:14	278:20,24	160:18,20
188:25	321:14 331:2	305:8 324:8	279:17 284:7	346:5
304:22	339:18 340:5	328:8 329:5	285:3 289:7	<b>pleading</b>
306:14	348:18	331:23	295:19 299:7	261:21
313:14 369:6	366:25 367:1	332:18	310:1 313:13	<b>please</b> 133:4
<b>percentile</b>	369:9 381:16	356:15	384:10	164:17
146:15	<b>periodic</b> 309:25	<b>perspectives</b>	<b>planning</b>	192:19



TRANSCRIPT OF PROCEEDINGS 9/27/2012

211:11	156:1 291:6	120:10	132:6 135:17	<b>prejudices</b>
220:19	<b>pointing</b> 251:4	128:24 152:2	150:12,13	109:9
222:20 244:8	252:23	164:2 165:6,9	173:1,10	<b>preliminary</b>
252:20	<b>points</b> 119:20	169:3 170:6	174:19	108:16
334:12	146:1 184:2	170:13 171:5	175:12,17	130:24
335:10 336:9	198:11	171:14,22	177:2 180:7	<b>premarked</b>
360:16	246:16 250:3	175:24 179:2	186:21 196:6	336:14
363:13 385:3	251:12	179:3,4	223:24	<b>premise</b> 154:4
<b>pleased</b> 280:21	283:12	189:13,19,23	224:24	154:8
<b>pleases</b> 130:24	323:23,25	190:17,20	225:18	<b>prepare</b> 365:20
<b>plug</b> 181:15	324:2,17,18	198:24	229:23 243:6	377:8
<b>plugging</b>	324:22	206:17	243:11 271:7	<b>prepared</b>
207:20	372:13 379:2	217:24 220:9	280:16,16,16	238:21
<b>plus</b> 189:10	<b>policies</b> 139:10	231:17	280:18 281:6	244:23
198:21 268:8	247:9 292:12	237:22 241:1	284:13	250:16 264:2
<b>pluses</b> 327:24	324:6,11	298:17 300:6	303:13	264:2,24
<b>point</b> 109:9	<b>policy</b> 129:12	313:3 331:18	304:12 330:9	266:22
112:7 118:2,5	142:2 152:7	341:13	330:16	276:12
120:23 124:1	166:8,9,23	343:13 347:2	<b>PP</b> 114:19	336:12
124:1 125:18	167:9 179:24	<b>positions</b>	117:4 174:19	342:22
126:6 129:14	192:8 198:6	202:22	<b>practice</b> 164:15	361:12
135:7 138:22	208:23 213:3	<b>positive</b> 188:15	175:24	365:14 368:4
161:21 164:3	217:16	188:16	<b>practices</b>	389:14
173:7 182:17	220:25	224:11	221:20	<b>preparing</b>
182:20,20	221:13	266:22	<b>pre</b> 134:12	109:19 112:1
190:23 191:5	301:13,13	<b>possibility</b>	<b>precautions</b>	251:11
196:9 199:15	333:19	391:19	189:3	366:13
228:21	354:23	<b>possible</b> 132:14	<b>preceding</b>	370:12
230:11 245:3	355:16 359:7	156:3,7	251:17	<b>present</b> 124:16
246:14,20	365:3,6,10,13	177:16 194:8	<b>precludes</b>	165:14 167:9
248:3,16	365:18	211:14 249:1	125:19	209:11
260:8,8,17	386:16,20,22	307:18	<b>predecessor</b>	211:20
263:22 267:3	388:6 394:6	321:13	107:25	212:20
267:4,13	<b>poor</b> 255:2,3,7	<b>Possibly</b> 241:6	<b>predict</b> 300:2	213:17,21
271:12 294:3	256:6,8	<b>post</b> 106:1,5	<b>predictable</b>	264:20
294:17,24	<b>portfolio</b> 237:6	237:14	238:8	317:11 400:7
296:6 303:17	237:9 241:20	<b>pot</b> 128:11	<b>predicted</b>	<b>presentation</b>
313:13	<b>portion</b> 108:17	177:10	215:14	263:15
319:13	169:21	<b>potential</b> 122:1	<b>prefer</b> 116:13	<b>presented</b>
323:21 324:8	196:20	176:8	225:2	138:17,17
324:16,21	206:16	<b>potentially</b>	<b>preferred</b>	152:18
344:23	254:18	121:22 283:5	176:16,17	153:22
377:20	350:14	<b>Powder</b> 290:12	376:2,8	174:25 178:1
390:23	376:20 398:5	<b>power</b> 102:24	<b>prefiled</b> 245:6	191:18,22
391:13,22,23	<b>posed</b> 337:9	107:14	245:11 364:4	264:15
393:2,5	<b>position</b> 118:24	114:20,21,21	<b>prehearing</b>	278:13
<b>pointed</b> 155:24	119:18,19	115:14 129:4	174:12	299:22

TRANSCRIPT OF PROCEEDINGS 9/27/2012

319:11	<b>price</b> 257:11	334:23	<b>process</b> 112:1	134:3,23
<b>presents</b> 131:7	275:18,23	368:24	122:8 124:13	194:16
213:15	293:5	370:11 383:1	125:5 129:22	202:17 205:2
<b>preserve</b>	<b>primarily</b>	384:21	129:23,24,24	272:17
216:14,20	277:25	<b>problem</b> 115:1	160:23 161:6	<b>progress</b>
<b>president</b>	<b>primary</b>	120:2 122:10	181:25 183:1	170:11
137:25	155:19	125:16 129:2	193:5,13	287:23
244:13 385:9	158:21	137:23,24	194:21,24	<b>progressed</b>
<b>Presiding</b>	188:18,19	139:15 141:4	213:24	240:14
101:17	246:8,12	143:10	214:11 215:5	<b>prohibits</b>
<b>pressed</b> 212:14	323:21,23,25	155:20	216:18	125:19,22
<b>pressure</b>	324:1,20,22	158:18	222:23	<b>project</b> 222:2
141:16 298:6	<b>principal</b>	159:20	224:21 229:6	249:9,12
<b>Prestigious</b>	131:12	160:13,13	238:24 294:9	330:8
135:16	202:12	162:8,18	295:7 344:12	<b>projected</b>
<b>presumably</b>	<b>principles</b>	220:6 266:12	344:17	346:4 350:16
374:12	169:20 207:1	267:5 269:8,9	358:22	<b>projections</b>
<b>presume</b>	341:20	270:8 271:20	<b>produce</b> 377:24	170:21
348:19	<b>prior</b> 134:7,9	273:5 274:11	<b>produced</b>	389:14
<b>presumed</b>	135:3 234:22	288:5,6	135:6,7	390:11
205:13	311:2	296:13	148:11	<b>projects</b> 142:12
<b>presumption</b>	<b>priority</b> 260:5	297:12,13,21	181:10	150:10 248:5
205:15	275:22	344:21	243:21	248:9,18,21
209:13,16	282:17	352:23 358:9	<b>product</b> 293:4	248:23 249:2
<b>pretend</b> 382:12	328:21	<b>problems</b>	348:12	270:1 282:11
383:22	<b>private</b> 182:12	159:24 291:1	<b>production</b>	<b>promises</b> 336:2
<b>pretends</b> 380:3	<b>privilege</b>	301:8 358:24	188:9 194:19	336:2
<b>pretty</b> 130:15	149:22 225:5	<b>procedural</b>	<b>productivity</b>	<b>promote</b> 270:9
243:2 276:19	226:17	121:8 391:16	194:15,18	<b>proof</b> 149:14
311:21	304:16	<b>procedurally</b>	204:17,22,25	209:5,10,13
<b>prevalent</b>	<b>proactive</b>	238:25	205:7	209:15
141:7	268:19	<b>procedure</b>	<b>products</b>	<b>proper</b> 234:23
<b>prevent</b> 150:22	328:18	347:21,22	288:16	264:21
218:25 293:2	<b>probability</b>	<b>procedures</b>	<b>profess</b> 344:2	<b>properly</b>
293:9	239:10	185:18,19	<b>profit</b> 223:20	113:12 121:1
<b>prevented</b>	<b>probably</b>	186:8 211:23	302:11,15,16	122:23
226:3	120:13 121:3	248:2 307:10	<b>profits</b> 230:25	129:13
<b>prevents</b> 219:1	140:13	<b>proceed</b> 121:17	232:23 233:7	151:10 294:7
<b>previous</b> 133:8	141:15 152:3	192:17 336:6	233:12,18,18	<b>property</b>
231:9 238:2	156:14 159:6	<b>proceeding</b>	233:21 234:3	170:24,25
381:7	222:24	125:4 128:23	234:7	171:10,12,13
<b>previously</b>	234:10	188:1	<b>program</b> 134:2	171:15,19,20
107:18	241:18	<b>proceedings</b>	134:23	171:23
202:21	287:17 288:5	101:6 400:8	178:13	175:21
<b>pre-recession</b>	289:22,23	400:11	184:23 185:7	182:10,12
167:23	290:1 298:6	<b>proceeds</b>	221:2 256:13	282:9 284:5
168:13	304:19	308:14	<b>programs</b>	<b>prophecy</b> 204:5

TRANSCRIPT OF PROCEEDINGS 9/27/2012

207:9 240:8	<b>protected</b>	252:12 253:5	227:6,9,12,14	368:21
<b>proportion</b>	221:7 237:6	256:21 258:7	227:21	<b>pursuant</b> 134:4
170:4,7	303:13	274:23	259:15 260:4	308:6
179:12	<b>prove</b> 209:5	292:22,25	260:9,11,12	<b>pursue</b> 248:5
<b>proposal</b>	<b>proven</b> 357:14	301:18 302:7	260:15 261:5	248:18,21,24
115:23 144:7	<b>proves</b> 233:13	302:13,20	261:6,7,9	249:2,3,5,13
144:14	<b>provide</b> 112:22	369:8 398:24	275:15	<b>pursued</b> 248:6
147:22	137:17 179:6	<b>prudence</b>	283:10	248:22
148:19	214:18	111:16	285:24	249:10,12
169:18	247:13,15,22	138:10 154:9	288:18	<b>pursuing</b> 200:3
213:12	248:2,24	154:12	292:21,24	<b>purview</b>
217:10	249:8,11	181:23	295:5 312:22	352:22
218:19 261:7	273:5,6,19	205:15 206:9	322:5 349:3	<b>push</b> 237:2
282:6 283:3	280:15	206:13,17,18	350:2,5 356:3	267:7 392:8
339:20	288:21 293:4	209:14,20	362:10	<b>pushing</b> 301:11
340:17	294:25	210:2 224:16	364:24	<b>put</b> 114:22
<b>proposals</b>	298:21	224:23	371:20 375:8	118:17
220:2 339:13	317:24,25	<b>prudency</b>	377:17 386:9	127:24
<b>propose</b> 151:7	350:1 354:18	209:24	<b>publicly</b> 369:25	130:11 138:2
203:11	355:1,10,12	<b>prudent</b> 166:3	<b>pull</b> 236:15	141:23
238:20	389:3,12,23	205:13 206:1	<b>pulled</b> 235:11	142:21 152:1
274:22	389:24 390:7	<b>prudently</b>	<b>punitive</b> 147:3	161:12 175:6
<b>proposed</b>	390:18	143:25	<b>purchase</b>	186:11 190:4
110:15 111:7	<b>provided</b> 136:7	148:16,22	174:20	195:1 230:14
164:23	150:20 187:4	175:12 216:4	<b>purchased</b>	237:1 272:8
185:14 203:5	227:11	286:7 333:12	114:19,20	277:2,11,14
213:13 215:1	338:23 350:6	334:10	115:14 173:1	282:23
223:14 339:8	366:18	<b>public</b> 101:2	173:10	284:16 292:8
<b>proposes</b> 148:1	389:20,22,25	104:1,1,4,5,8	174:19	295:13,24
169:9 215:2	390:5,9	104:11	175:12 177:2	298:6 300:9
<b>proposing</b>	<b>provides</b> 136:9	105:25 106:3	223:24	324:11
142:3 241:17	232:19	106:7,7 109:1	224:23	329:22 330:3
<b>prosecute</b>	285:23	109:10	225:18	331:5,8,10
194:2	328:18	116:21	304:12	332:15
<b>prospect</b>	<b>providing</b>	117:18	<b>Pure</b> 132:6	333:18,19
168:17	136:15 187:7	123:10	<b>purely</b> 367:8,9	340:8 344:22
293:18 295:6	187:7 273:20	125:22	367:10	345:16,18
<b>prospective</b>	297:20 350:4	165:24	371:18	352:20 353:3
128:21	353:19	168:15 179:4	<b>purportedly</b>	375:16
<b>prospectively</b>	389:24	192:18 193:2	391:16	391:20
350:24	<b>proving</b> 209:20	193:18 196:3	<b>purpose</b> 183:16	<b>puts</b> 223:16
358:24,25	<b>proxies</b> 226:6	197:10,15	294:8,19,23	305:5
<b>protect</b> 176:8	<b>proxy</b> 179:19	198:5,24	329:12	<b>putting</b> 138:12
176:19 193:6	203:19 204:1	200:13	351:21	145:13
202:13 215:8	207:4,5,10,13	208:23 209:2	<b>purposes</b> 184:5	273:18
216:15	207:13 210:8	215:7,18	294:24	276:19,20,22
237:11	210:18 252:1	216:15 227:4	325:21,24	277:1 298:1

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>P.C</b> 102:10	259:23	317:5 318:12	400:2	169:15,15
<b>P.O</b> 102:3,7,11	260:20,22	318:19 326:4	<b>rail</b> 115:20	170:11,12,15
102:16 104:2	264:18	326:6,23	<b>raise</b> 238:23	170:18,22
104:9 105:14	270:10	328:1 329:14	239:14	171:8,12
106:20	274:13	333:23 337:9	242:24	172:12 175:1
360:19	276:13,14	338:2 341:25	<b>raised</b> 198:12	176:23 177:5
	286:17 287:2	349:4,6,9,13	250:24	177:6,11,18
<b>Q</b>	300:20	356:1 357:22	332:14 361:1	178:1 179:6
<b>quality</b> 135:20	312:13 315:9	360:4 361:21	<b>raising</b> 205:14	179:23
139:4 329:23	316:9 330:18	362:11,13,15	<b>random</b> 162:11	180:20 181:2
330:2	331:13	362:16,19,23	<b>range</b> 180:18	182:22,24,24
<b>quantified</b>	334:12	362:25 364:7	181:1,10	183:13
241:25	354:24	364:25 365:3	183:10 194:8	184:11,18
<b>quantifies</b>	369:18	365:6,8,11,12	194:11,12	186:4 188:5
241:15	370:22	365:13,21	199:2,10	188:24 189:4
<b>quantities</b>	384:18 390:1	370:18,20,23	201:5 204:3,4	190:17 193:1
183:8	390:6	371:7 373:15	214:24	193:4,7,10,11
<b>quarter</b> 180:12	<b>questioning</b>	373:19	243:17,20,22	193:15,16,17
355:3	304:7 309:8	376:14 379:4	319:25	193:19,24
<b>quarterly</b>	327:3	384:16,19	<b>ranging</b> 308:16	195:2,4,5,11
167:6 180:5	<b>questions</b>	385:19	<b>rare</b> 224:22	195:14,16,17
261:23	110:23	386:10,17,20	<b>rate</b> 105:6	196:2,10,10
301:24 369:8	113:20	386:23 387:2	111:14,20	196:22 197:9
<b>question</b> 109:6	117:15	387:4,15,18	119:5 120:24	198:9,9,10,20
109:23	152:15,17	390:3 394:10	122:25 123:2	199:13,14
115:21	158:5,8,9	394:10,11,11	133:8,16	200:3,7,11,14
116:16 117:6	189:17,19	394:16,18,19	134:7,10	202:11 203:2
117:13 121:8	192:7 195:9	394:20	135:3,23	203:4,6
122:22,24	198:6 201:12	<b>quick</b> 217:6	136:5,8 137:5	205:17,19
159:2 160:16	202:15	362:25	138:7,23,24	209:6,11,19
161:19	208:11 214:9	<b>quickly</b> 132:14	138:24 140:4	209:21
162:22	217:5 222:8,9	140:5 296:5	140:6,7,11,14	211:13,17
163:22	228:8,9	<b>quite</b> 200:6	140:19	213:23 215:5
171:12,19	240:22,24	201:10	142:17	215:25,25
182:15,17	245:10,25	319:12 329:6	143:22,23	216:7,23,25
189:13 193:5	246:1,3	<b>quo</b> 137:13	144:1,4 145:6	217:25 219:1
193:8,12	256:19 258:4	<b>quote</b> 138:10	151:6,7	219:7,10,16
195:7,10,11	258:18	139:15	153:23 154:1	221:6,20
197:6 199:4,5	262:13,15,16	148:19	156:1,10,12	227:20 228:3
205:6 206:11	263:13 274:2	232:16	156:16	228:23,25
206:17,18,18	275:10,13	<b>quote/unquote</b>	158:12,18	229:5,5,8
214:10	285:7,9,11	211:25	160:10	230:5 231:2,6
217:11,23	304:1,4,6	212:21	164:19,20,24	231:14,19,24
218:8,10,10	306:21,21,23	<b>quoting</b> 349:19	165:7,9,13,20	232:7,9,12
220:8 241:14	307:3 312:9		165:22,25	233:19,25
248:9,12	312:20,24	<b>R</b>	166:1 167:1	235:15
258:25	314:18 317:3	<b>R</b> 104:1 105:1	168:17,20	236:16 238:8

TRANSCRIPT OF PROCEEDINGS 9/27/2012

238:14 239:2	220:9 223:17	189:14 197:3	340:20	154:16,23
243:7 246:25	230:19,20	200:4 208:6	342:24	157:15 174:6
259:9,22,25	232:14,15,22	215:10,11	<b>readily</b> 214:5	196:12
260:23 268:1	233:21	219:21	251:22	200:10
268:23,24,25	234:16 235:2	221:11 223:7	<b>reading</b> 227:17	259:14 268:7
269:11	238:24 241:7	224:6 230:16	<b>reads</b> 136:24	278:5,6 288:5
270:11,12,22	241:13 340:3	230:22	<b>ready</b> 133:1	303:17 306:5
273:10,13,16	354:8	231:18,22	192:17	316:24
277:4 278:20	<b>ratepayer</b>	232:1,8,18,19	<b>real</b> 142:8	324:16
279:17,21	206:19	233:23 234:1	219:23	<b>reasonable</b>
283:14,17,20	<b>ratepayers</b>	234:4,6,16	225:23	136:16,17
283:25 284:7	166:2 169:22	235:17,19	280:20 301:7	137:16,18
287:13,13	171:3,5	236:5 237:5,7	<b>realities</b> 221:21	144:21 145:2
301:3,4,12	173:19,19	237:21 238:6	226:4	145:7,11,22
304:25	175:22 176:8	240:11 241:8	<b>reality</b> 161:11	146:11
305:12 308:8	176:19,25	241:10,11	161:17 186:6	147:10
308:25	183:20 184:1	247:5 254:19	269:6 277:20	162:24 163:1
309:21,25	187:5,6	254:21,24	289:22	163:6,6,14,16
313:18,21,25	199:25	259:1,4,19	290:25	163:17,19,24
314:13,15,16	202:13	273:17	<b>realize</b> 158:2	164:4,7
315:17 322:8	203:11	274:21	<b>realized</b> 170:3	165:25 166:1
328:17 331:1	205:19,23,25	279:20	<b>really</b> 113:4	166:5 182:22
331:7,11	205:25 206:2	280:20	121:9,25	182:24
332:25	206:2,6,7,11	282:19 283:2	129:3,4,7,11	183:13,21
333:14 352:5	206:25 213:5	283:5,7	131:18	199:2,11
352:11,18	230:24	284:18,20	136:23 137:5	201:5 211:18
353:13 357:1	234:10 235:8	292:7,23	140:8 144:8	215:10 225:2
360:24 366:4	235:12,25	307:11,20	149:8 157:23	227:13,25
366:21	236:18 237:2	308:15 329:2	159:23	239:18,21
368:12 371:2	241:11	330:20,23	160:22 183:5	247:10
371:15 372:4	312:18 315:8	340:1,6,7,8	194:4 206:13	250:19 259:1
372:8,12,12	333:18 340:1	349:25	208:3,3,4,4	259:4 282:1
372:17 374:1	340:12 359:4	353:14	209:14,17,20	283:1 286:8
374:3,8,22,24	<b>rates</b> 119:1	356:21	243:4 266:11	286:14
382:1 385:12	128:12 134:2	<b>rating</b> 306:16	276:22	298:19,21
386:13	134:12,25	332:19	280:16	338:23
392:25	135:19,22,23	<b>ratio</b> 376:3	295:17 296:2	340:14
395:23	135:24	<b>rationality</b>	297:12	346:13
398:18,20,23	136:17,21	183:16	327:11	349:24 350:6
399:9	137:16,17	<b>reached</b> 131:11	341:25	350:9,14,25
<b>ratemaking</b>	138:4 143:1	261:19	351:22	353:19
123:19	144:3 166:22	<b>reaction</b> 115:4	369:11,22	354:19
139:10 152:7	167:14 168:4	306:16	379:13	355:10
169:20	168:12,13	<b>read</b> 227:17	<b>reason</b> 113:10	356:19
181:22	172:5 177:4	254:8 267:25	116:25 120:3	<b>reasonableness</b>
213:14	181:5 185:4	326:20	132:20 138:9	146:17,18,24
219:23 220:2	185:20,21	336:22	148:10 151:1	157:4,10,21

TRANSCRIPT OF PROCEEDINGS 9/27/2012

157:25	<b>receipt</b> 245:18	151:14 199:9	109:1,2 116:6	333:7
181:18,19,22	258:10 262:6	201:1,4	<b>record</b> 106:4	<b>recovered</b>
182:3,6,22	309:11	215:24 224:8	107:20 110:2	177:7 185:5
183:24	337:19 362:3	291:20	116:20	186:7,7
226:14 228:2	364:15 386:2	<b>recognizes</b>	120:11	<b>recovering</b>
247:2	388:13	149:20	121:11,11,13	295:17 333:6
<b>reasons</b> 110:23	<b>receive</b> 168:9	<b>recollect</b> 334:8	121:20	333:8,11,12
113:16 133:8	171:5 188:15	<b>recollection</b>	123:10	<b>recovery</b> 111:6
146:2,9	188:16,20	191:1	124:19,21,21	159:5 167:19
155:24	189:3 233:9	<b>recommend</b>	125:12	177:9,11
172:20	253:17	180:25 189:2	152:13	212:16,18
276:16 281:2	254:25	345:13	179:13	235:5,8,12
296:8 306:10	255:15,16,19	<b>recommenda...</b>	193:23	236:23 340:4
328:7	255:20	145:15,22,25	195:19,21	340:24
<b>rebase</b> 133:10	262:24 389:9	146:10,21	197:16	353:15
134:21	<b>received</b>	147:1,2 149:7	208:25	357:16
<b>rebasing</b> 137:3	135:15 171:2	183:7,13	210:19,21	<b>recross</b> 306:21
<b>rebuild</b> 371:2	186:25	200:13	227:24 243:4	356:2 363:1
<b>rebuttal</b> 114:25	245:19,21	239:20	243:8 260:11	371:6 387:5
117:20	258:13,14	243:14,22	260:14 261:4	<b>Recross-Exa...</b>
211:16 312:6	262:9,10	326:10,16	261:4,11	307:6 312:25
336:13	272:4 305:4,6	392:8	305:13 309:9	314:22
363:22 395:8	309:14,15	<b>recommenda...</b>	326:8 336:10	371:11,21
395:11,25	337:22,24	145:14 147:8	359:1 360:15	375:11
396:1,3,4,6,7	362:6,8	147:9 180:15	361:8 363:14	376:16
396:9,11,12	364:18,20	181:20	375:16 385:4	394:12,12,13
396:14,16,17	380:19 386:5	241:21	385:24	394:19,20,21
398:19 399:4	386:7 388:16	<b>recommended</b>	387:15	394:21
399:11,16	388:17 389:2	145:19	388:22	<b>recurring</b>
<b>rebutting</b> 113:7	389:16 390:2	146:12	390:22,25	348:24
<b>recall</b> 115:12	390:12 395:1	151:12	393:15	<b>red</b> 139:23
152:17	<b>receives</b> 189:5	188:22	<b>recorded</b>	313:6 320:2,5
167:18	<b>receiving</b>	243:12	366:20 378:6	320:19
179:24 180:2	231:13	<b>recommending</b>	378:8 380:5	<b>redirect</b> 318:14
263:7,9 313:7	<b>recession</b>	231:11 334:1	<b>records</b> 127:25	318:16
314:15,16,24	167:19,20	<b>recommends</b>	<b>recover</b> 115:9	323:24 356:6
315:11,12,23	<b>recited</b> 136:24	146:14	115:10	356:7 363:1
315:25	<b>recognition</b>	172:10	173:15 177:9	379:6,8 387:5
319:17	156:5	180:23	186:5 219:7	394:13,16,22
321:25 326:6	<b>recognize</b>	<b>reconciliation</b>	219:13,24,25	<b>reduce</b> 131:14
326:12 327:3	123:16	118:19 131:2	235:16	169:9 220:4
327:4 329:16	200:24	131:10	236:16	230:10 234:9
330:20	226:18,24	192:25	237:18 286:7	236:3 237:1
331:14 343:6	296:20	193:23	293:18 295:6	240:20 241:5
343:24	316:10,18	<b>reconsider</b>	296:2,5 317:3	241:22
348:21	357:9	116:6	331:11	269:25
356:10 359:9	<b>recognized</b>	<b>reconsiderati...</b>	332:23 333:6	274:15,16

TRANSCRIPT OF PROCEEDINGS 9/27/2012

275:1,2,3 304:12,22 340:24 341:2 341:4 372:3 <b>reduced</b> 135:9 141:1 214:23 269:2,3 359:20 <b>reduces</b> 224:14 241:2 275:4 344:19 378:12 <b>reducing</b> 147:12 230:12 247:21 272:16,19 <b>reduction</b> 169:22 189:4 226:21 239:12 241:3 241:5,16,23 241:25 279:21 287:19 315:18 360:1 372:1 <b>Reed</b> 146:3 156:13 335:2 335:12,23 336:7,11,12 336:16 337:16 338:6 356:8 360:3,5 394:14 395:6 395:8 <b>refer</b> 181:25 249:15 252:12 253:1 254:6 308:1 309:19 310:8 340:24 <b>reference</b> 199:16 252:15 310:18 <b>referenced</b>	243:17 276:4 <b>references</b> 232:17 243:13 <b>referencing</b> 276:4 <b>referred</b> 261:24,25 322:21,22 343:5 351:10 <b>referring</b> 220:8 249:18 253:6 257:23 310:19 322:15 325:15 348:19 <b>refers</b> 319:15 <b>refinance</b> 236:12 308:15 <b>refinancing</b> 232:24 233:2 233:4 308:23 308:25 <b>reflect</b> 106:4 133:12,14 134:1 138:17 143:23 184:17 235:17,20 265:9 266:11 311:13,24 323:3 336:20 339:5 342:2 346:18 347:9 347:19,25 378:21 <b>reflected</b> 137:25 166:22 241:19 245:1 245:4 254:18 254:20,23 264:6 265:10 280:20 325:25 369:7	369:9 371:24 <b>reflecting</b> 224:6 265:5 <b>reflects</b> 239:24 243:8 254:17 254:19 264:4 311:11 323:12 382:1 <b>refund</b> 170:24 171:1,6 250:13 264:11 299:12,16 312:10,17,18 325:11 380:19,24 382:17 383:15 <b>reg</b> 299:7 <b>regard</b> 112:23 206:21 216:16 282:16 339:9 350:21 390:13 <b>regarding</b> 128:8 304:9 307:8 309:8 309:20 356:13 358:17 <b>regardless</b> 344:25 390:4 390:19 <b>regional</b> 150:10 <b>regionally</b> 135:25 <b>regular</b> 123:19 128:12 231:14 <b>regulate</b> 301:6 <b>regulated</b> 194:23 196:14 201:14,18,22 202:3,7 207:5 210:25 232:6	293:17,20 301:5 302:25 <b>regulation</b> 166:19 206:5 214:12 229:21,25 274:7 278:20 278:24 279:17 285:24 329:22 339:7 349:20,22 353:9 354:7 354:11,15 356:17 <b>regulations</b> 330:6,10 <b>regulatory</b> 101:17 137:2 138:24 139:10,21 141:19 146:3 146:5 152:6 154:16 158:18 159:10 160:22 161:6 164:1,2,5 166:9,18,20 169:8,10,13 183:16 184:5 185:13 186:3 187:22 193:5 193:13 194:21 198:6 199:19 207:1 211:3,23 212:11,13,21 213:3,4,7,8 213:10 214:1 214:6,11 216:8 222:24 247:9 250:10 256:16 262:21,21 265:13,22 266:19	267:24 268:3 268:4,8,21 269:20,21 270:13,17,24 274:4,4,6,9 274:11,12,19 276:20 277:5 277:7 278:8 283:22 284:12,16,22 285:3,15,15 285:20 286:22 287:4 288:2,15 289:7 291:2 292:13,19 294:8,9,13,14 294:16,17,19 294:23,25 295:10 296:4 296:9,11,17 296:25 297:4 297:6,8,12,17 298:20 307:8 307:10 324:11 327:2 327:7,13 328:2,3,3,4,6 328:10,11 329:4,7 332:19 338:20,21 339:3 340:10 340:16,25 341:2,4 342:3 342:4,9,14,16 343:5,16 344:8,16 345:1,5,11,17 345:24 346:3 347:16,21 348:6,9,12 349:18 350:3 350:13 351:23 352:1 352:2,24 353:1,25
--	---	--	---	---

TRANSCRIPT OF PROCEEDINGS 9/27/2012

354:1,1,3,4,9	141:20 197:2	<b>remove</b> 110:16	348:17,20,22	368:16
354:11,13,22	197:8 247:16	111:4 118:17	366:13,24	<b>request</b> 105:6
355:8,14,14	260:6,10	142:7 250:11	367:17,18	110:16
355:15,18,20	273:22	251:9 354:22	368:3,25	134:16,18,20
355:22	275:16,18,23	<b>removed</b>	369:1,5,7,8	165:13
358:13,16	275:24 282:9	151:17	369:10 370:8	211:13
359:6,13	282:10,15	249:25 250:4	371:13,17	216:24
363:19	284:5 292:9	250:8 325:12	372:16,19	221:22 222:1
370:14	292:11 305:5	333:9 373:20	377:3 380:7,8	233:19 240:7
<b>reinstated</b>	328:20,22	374:9 382:25	380:10	242:10
304:18	329:9 359:22	<b>removing</b>	382:21	392:19
<b>reiterate</b>	360:1	112:24	387:25	<b>requested</b>
142:15	<b>reliable</b> 135:20	116:10 325:7	395:15,17,23	165:8
<b>reject</b> 216:13	136:21 139:4	325:10,18	<b>reported</b>	<b>requesting</b>
218:18 225:7	214:19	378:18	101:23	232:2
<b>rejected</b> 147:23	247:14,23	<b>Renew</b> 103:25	112:12,16	<b>require</b> 215:3
147:23	249:8 259:18	106:8,13	114:2 183:10	<b>required</b>
<b>related</b> 153:2	282:25	<b>renewable</b>	250:22	235:15
153:15 170:1	328:22	171:21 172:2	264:22	317:20,23
170:10	<b>Reliance</b>	212:17	323:13	318:1,5
175:20	281:11	237:13	325:20	<b>requirement</b>
193:13 222:3	<b>relied</b> 342:13	277:18	341:15	114:11
244:23	<b>relief</b> 200:9	280:10 281:5	348:22,24	118:16 119:2
<b>relates</b> 170:2	<b>relies</b> 152:8	351:13	368:21	119:6 166:22
<b>relating</b> 135:18	<b>rely</b> 121:13	<b>renewables</b>	372:24 373:4	168:20 170:8
<b>relationship</b>	207:18	139:7 222:15	377:7 379:25	170:17
234:23	266:19	280:10	391:7	171:14,23
301:16	341:14,17	<b>reparation</b>	<b>reporter</b>	185:9 186:11
<b>relatively</b>	<b>remain</b> 127:14	315:22	107:19	187:2,6
196:19 214:4	127:18	<b>repeat</b> 178:9	393:19 400:6	211:15,17,21
302:8	<b>remainder</b>	<b>repeating</b>	<b>reporting</b>	222:1 331:4
<b>release</b> 308:2,3	106:18	228:18	176:10 183:5	355:3 385:11
308:7,13	<b>remaining</b>	<b>replace</b> 222:14	325:21,24	387:25 388:7
399:1	188:17	<b>replaced</b>	370:14	398:9,11,13
<b>releases</b> 301:25	203:10	141:11	380:11	398:15 399:7
302:5	<b>remains</b> 149:6	222:11	<b>reports</b> 112:9	<b>requirements</b>
<b>relevance</b>	167:20 188:2	<b>replacement</b>	112:17 114:2	350:21
160:24 161:1	<b>remember</b>	351:11	114:5 156:8,9	351:19
<b>relevant</b> 124:8	191:24	<b>reply</b> 345:17	366:17 377:7	<b>requiring</b>
160:21 166:1	237:21 276:6	347:19	377:9	351:13
166:11	276:7 289:15	<b>report</b> 114:11	<b>represent</b>	<b>RES</b> 172:1
180:22	315:24	121:12,18,23	133:6 228:13	<b>reserve</b> 192:21
215:18 228:1	<b>remind</b> 202:11	125:11 167:6	235:22 338:6	<b>residential</b>
231:24	223:7	169:4 171:9	<b>representing</b>	188:15 189:7
<b>reliability</b>	<b>reminded</b>	180:5 261:23	360:23	220:23
135:8 136:11	227:18	264:1,4,13,17	<b>represents</b>	221:11 331:5
136:15 139:8	<b>removal</b> 116:1	323:7,15	254:22	<b>resolution</b>



TRANSCRIPT OF PROCEEDINGS 9/27/2012

171:7	280:13	<b>resulting</b>	180:23 181:2	338:24 342:8
<b>resolve</b> 119:15	309:12 312:9	166:17	181:4 182:9	342:9,19
143:19	318:19	180:19 181:2	182:10,14,16	343:8 348:5
<b>resolved</b>	326:23 328:1	347:14	182:16,19	348:14 350:7
131:20,23,25	329:14	<b>results</b> 153:20	183:7,17	350:7,11
132:3 165:17	330:17	155:7 158:19	184:3,19	351:1 353:19
174:12 391:3	333:23	179:11	191:19 195:2	354:19 355:2
392:18	337:20 362:4	181:11,14	195:4,5,11,14	355:5,11
<b>resort</b> 353:16	364:16	188:13 254:2	195:16,17	357:1 359:18
<b>resources</b>	367:21	269:19	199:1,6	366:22,23
102:19	376:19	323:13 326:2	200:17,19	368:13 372:5
103:23	379:10	353:17 355:9	201:22,25	372:6,12
106:15,17	388:14 389:5	356:17	202:8 211:1	375:19 377:6
122:4 124:13	389:16,20	<b>Retailers</b>	212:3 213:9	378:12
225:1	390:1,5,12	108:10	214:8,13,15	381:15
<b>respect</b> 313:1	398:5	242:17	214:17,21,22	<b>returned</b> 319:2
382:14	<b>responses</b>	<b>retain</b> 214:5	217:2 223:11	<b>returns</b> 138:19
390:10	390:2	228:6 308:24	224:7 225:24	144:23 147:5
<b>respectfully</b>	<b>responsibility</b>	<b>retained</b>	226:21,24	199:10 201:5
163:13	138:21	109:12	227:25 229:8	201:13,14,18
<b>respects</b> 209:23	247:13,15	<b>retire</b> 222:14	229:12	208:3 210:25
271:25	271:20	<b>retired</b> 222:7	233:15,16	226:16
276:24	<b>responsible</b>	<b>retroactive</b>	239:13,14,16	251:18
277:13 291:9	187:6	241:7,12	239:18 240:9	259:19 292:7
339:4	<b>responsive</b>	<b>retrofitted</b>	240:21	311:17 321:9
<b>respond</b> 110:1	112:22,25	222:6	241:21,23	341:22 347:8
110:4 121:7	<b>rest</b> 158:5	<b>retrofitting</b>	243:5,12	358:2
123:8 132:24	204:7,8 237:8	222:3	244:24,24	<b>revenue</b> 114:11
193:19	<b>restoration</b>	<b>return</b> 137:18	246:10,19,20	118:16 119:2
228:17	142:7 185:17	137:22 138:5	247:11,20	119:6 143:6
266:16	185:20 186:9	138:15	250:19,20	151:4 166:22
389:21,22	186:14	139:18,19,23	251:15	168:20 170:8
<b>responded</b>	<b>restore</b> 186:21	143:12	259:20	170:17
114:24	359:3	144:18,21,22	263:19,25	171:14,22
<b>respondent</b>	<b>result</b> 191:23	144:23 145:5	265:6 286:9	176:6 185:9
192:5	207:16	145:8,9,14,19	286:15	186:11,17
<b>responding</b>	218:14	146:9 148:14	298:19 302:6	187:2,5,15
136:19 142:8	243:22	148:25 153:1	303:3 307:15	188:14,22
316:8 360:25	253:20 263:7	154:11	310:13,15	189:9 211:15
<b>response</b>	269:9 286:22	155:10	311:7,10,13	211:17,21
108:18 110:6	299:16	162:13,14	311:24 312:2	216:17,18
112:1 113:19	315:24	166:5,24	314:1 319:1,4	221:25
142:8 167:7	325:19	167:2,5	321:5 322:9	234:24
191:14	329:13	169:12,23	322:19 324:4	280:18 331:4
221:23 222:2	353:18	172:13 179:6	325:20,23	339:14,16,18
258:11	<b>resulted</b> 250:14	179:7,8,23	327:1,10	339:25
261:21	315:7,21	180:1,3,6,20	331:10	350:21

TRANSCRIPT OF PROCEEDINGS 9/27/2012

351:19,19	124:9,24	342:12,20	233:22,25	<b>Robertson's</b>
355:3 371:16	128:8 130:14	350:10	234:3,5,9,10	205:16
385:11,12	131:1 133:1	355:23 362:1	235:9,24	<b>Robin</b> 167:10
387:25 388:7	137:7 143:19	362:24 365:4	236:4,18	198:3
398:9,11,13	149:22 158:4	365:15,18	237:1 239:11	<b>robots</b> 155:5
398:15,17,20	163:12,14	370:1,5,8,9	239:12 241:2	<b>robust</b> 290:1
398:22 399:7	174:7 176:18	370:12,16,17	241:5,9,16,20	290:14
<b>revenues</b>	177:2 182:9	373:13,21,24	241:22 242:1	<b>ROE</b> 144:18,20
101:13	184:19	374:2,8,13,15	274:15,16	145:14
110:13,17,20	190:16 191:4	374:21 375:6	275:1,3,3	146:13,14,15
111:5 150:24	191:11	377:9,21	293:19 295:7	152:19
151:5 174:24	192:11 204:6	379:15,18	302:23 303:2	154:24 156:6
176:4,21	204:12	381:16,17,20	303:9,10,11	156:18 157:3
177:24	220:12 225:4	382:7,13	304:22	161:22 162:6
186:25 187:9	225:6 242:24	383:3,5,8,16	306:18	163:12 180:6
188:23 189:1	243:9 244:2	383:23 384:2	332:11 333:4	181:25 192:8
189:4 234:20	263:2,13	384:5,6 388:3	333:9,16	194:1 203:19
269:4 277:6	266:20	389:18	346:6,7,7,14	203:24
280:23	269:22	393:13,16	355:1,5	210:10 212:9
287:15,21	271:24 277:4	<b>rights</b> 122:8	<b>risks</b> 303:15	239:24,25
296:10 331:9	280:19 281:8	124:13	<b>risky</b> 293:2,7	240:3 241:3,6
339:19 340:6	282:7,24	<b>right-hand</b>	293:11,21,23	246:25 247:1
380:25	283:19 284:1	375:21,21	293:25 294:6	247:5,6,10
<b>revenue-pro...</b>	286:19 288:7	<b>rigorous</b>	303:7	249:25 251:7
277:3 351:2,6	288:10 289:9	194:15	<b>risk-adjusted</b>	264:16
351:15	291:6 292:4	204:17	359:19	265:24
<b>review</b> 360:24	293:21	<b>rise</b> 133:11	<b>River</b> 290:12	266:10,12,25
<b>reviewing</b>	295:20,20	150:17	<b>Rivers</b> 103:21	267:12,19
389:21	296:14 297:4	151:16	106:11	268:7,10,12
<b>reviews</b> 224:17	297:5,9,23	<b>rising</b> 150:16	<b>rmitten@bry...</b>	269:15
<b>revised</b> 131:10	299:1,2,2	223:8 284:12	102:13	271:13
175:13,23	300:1,14	284:17,19	<b>road</b> 120:22	272:22 273:2
243:12,14	301:21 302:2	<b>risk</b> 143:16	385:6	276:5 282:2
391:16	302:11,11	144:24	<b>Roam</b> 106:24	298:13,23,25
<b>revisions</b>	304:16,20	169:21	<b>Robert</b> 101:20	301:17
134:16	305:10,15,16	179:21	145:20 181:6	302:21,21
<b>reward</b> 232:15	305:20	201:23 202:2	<b>Roberta</b> 187:21	337:1 343:4
<b>RGDP</b> 198:15	306:20	202:3 207:11	397:3	344:9 345:5
<b>rhetorical</b>	309:10	207:12,25	<b>Robertson</b>	348:22 368:7
159:2	310:10 313:4	210:24 213:7	103:20	369:20
<b>rider</b> 271:4	314:12 317:4	220:5,6	106:10,10	377:15 387:8
274:20 285:2	320:17 323:3	223:21,23,25	132:9 200:13	<b>ROEs</b> 146:18
<b>riders</b> 353:14	325:6 327:19	225:8,12,14	220:19	155:25 156:4
<b>Ridge</b> 385:6	332:7 333:7	226:16,19	222:12,17	180:9 181:21
<b>right</b> 108:15	334:16	230:10,12,19	392:15,18	203:22 226:3
110:22 116:4	335:10 339:9	230:23	393:7 394:4	226:12
118:2 122:1	339:14 340:9	232:15,17,21	399:15,16,18	278:15 279:8

TRANSCRIPT OF PROCEEDINGS 9/27/2012

299:18 347:2 347:5,8,14 <b>ROE's</b> 146:12 <b>role</b> 208:22 <b>rolled</b> 187:25 <b>room</b> 278:21 279:18 392:11 <b>roughly</b> 218:3 <b>routine</b> 231:3 <b>routinely</b> 233:13 <b>row</b> 231:7 <b>RPR</b> 101:24 400:17 <b>RRA</b> 156:8 <b>rule</b> 127:17 222:4 <b>ruled</b> 113:2 116:5 154:10 381:5 <b>rules</b> 113:13 159:19 215:4 <b>ruling</b> 116:7 117:25 118:1 130:16 <b>run</b> 114:1,8 127:8 128:20 130:2 132:24 272:11 329:3 334:24 342:14 <b>running</b> 115:2 155:2,5 271:11 <b>runs</b> 132:7 <b>Rush</b> 135:15 272:6 305:3 <b>Russ</b> 105:17 133:5 <b>RUSSELL</b> 102:10 <b>Ryan</b> 399:4,5	363:15,20 395:9,11,21 396:9 <b>Sadly</b> 226:19 <b>safe</b> 141:17 157:24 214:18 247:14,16,22 247:25 248:2 248:24 249:8 249:11,13 259:17 273:5 273:6,19,19 317:24 318:1 318:8 <b>safeguarding</b> 111:9 <b>salary</b> 199:24 254:17,18 <b>sale</b> 174:21 <b>sales</b> 133:19 149:15 233:8 272:14 332:1 <b>Samuel</b> 243:10 <b>sand</b> 141:23 300:7 304:20 <b>Sandberg</b> 103:12 107:6 <b>Sarah</b> 104:7 105:23 <b>sat</b> 278:21 <b>satisfied</b> 108:20 <b>Saturday</b> 132:7 <b>Sauk</b> 138:9,19 212:1 250:5 250:12 264:5 264:7,9 265:2 323:2,3,7,14 325:10,18,19 343:22 358:3 368:10,15 370:25 371:2 372:2 373:2,3 373:4 374:8 374:13,16 375:1,2 376:6	378:6,19,21 379:12,16 380:4,12 382:13 383:20,22 <b>save</b> 327:9 <b>savings</b> 143:6 185:5 214:6 233:4 308:25 <b>saw</b> 264:5 290:5,8,10 <b>saying</b> 111:16 111:17 112:13 114:20 115:8 115:9,10 122:3,15,20 125:2 154:15 154:23 161:7 194:9 195:12 249:6 250:25 268:16,17 270:24 281:15 289:2 294:14 303:8 303:9 319:5 326:11 351:25 352:9 355:15,19 391:14 <b>says</b> 121:18 161:5,11 228:16,22 253:12 268:1 269:17 288:4 305:13 310:15 318:25 319:1 322:5,19 328:15 382:1 389:9 <b>scenario</b> 232:20 <b>schedule</b> 138:12 143:4 153:19 174:14	191:13 245:2 249:18,23 250:16 263:23 264:1 279:7 310:15 310:19,20 311:6 325:20 325:25 376:21 377:2 383:14 389:22,25 391:16 392:22 <b>scheduled</b> 131:17,19,24 233:1 <b>schedules</b> 139:16 164:24 245:1 251:13,16,19 251:21 264:5 264:24 265:1 390:20 395:19 <b>scheduling</b> 131:13 <b>Scheperle</b> 188:7 189:2,6 189:12 395:21 396:9 <b>school</b> 181:14 <b>Schroeder</b> 108:12 <b>Schwarz</b> 108:10 <b>science</b> 217:13 <b>scope</b> 212:24 324:14,19 390:2,17 <b>screens</b> 136:13 <b>script</b> 232:6 <b>scrubber</b> 330:8 <b>scrubbers</b> 196:1 <b>scrutinize</b> 224:21 <b>scrutiny</b> 224:17	<b>season</b> 327:19 <b>SEC</b> 368:21,22 369:1,3,7,10 370:14 <b>second</b> 140:10 153:25 170:9 171:19 178:18 180:12 186:10 191:2 193:12 221:10 276:13 277:15 306:6 323:4,5 <b>secondly</b> 119:17 133:14 148:13 279:14 287:16 <b>section</b> 174:12 175:13,23 <b>securities</b> 308:15 <b>security</b> 136:13 <b>see</b> 140:8 143:5 147:7 153:21 156:16 159:23 211:11 220:6 225:23 226:19 229:9 229:13,14 231:1,3 232:17 235:8 236:7 240:11 241:1 245:23 251:17 252:23 253:2 254:21 263:17 265:12,13,15 265:19,21 269:9,10,10 269:14 272:15 279:8
---	---	---	--	---

**S**

TRANSCRIPT OF PROCEEDINGS 9/27/2012

285:1 287:25	280:18	145:3 158:9	354:14 355:1	255:1,6 279:4
297:3 298:8	<b>send</b> 169:2	158:10,12	374:3,5	301:17,18,19
300:3 301:25	186:18	159:3 160:19	385:13,13	301:24,25
302:5 304:11	220:24	165:24	387:25	302:7,9,14
308:20	240:21	167:11,16	395:15,17,23	306:9
310:22 336:3	<b>Senior</b> 104:6,7	168:1,6,14	398:17,20,22	<b>shared</b> 221:8
349:23	<b>sense</b> 297:14	169:8,11,17	<b>Services</b> 101:24	<b>shareholder</b>
351:13	299:11	169:19	400:7	292:14 302:3
356:15 382:3	352:25	183:22	<b>serving</b> 273:10	328:11 329:5
382:7 384:21	<b>sent</b> 186:20	187:16 188:4	277:13	<b>shareholders</b>
391:22	<b>sentence</b>	188:13,18,18	295:13	166:5 184:17
<b>seeing</b> 139:22	174:22	188:19,19,20	333:13	200:2,3
158:22 205:1	338:16,25	189:8 196:4	<b>set</b> 119:16	203:11
270:13	339:1	196:20 197:2	127:10 138:4	205:20,24,24
271:21	<b>Seoung</b> 396:6	197:12,23	165:25 177:5	206:14,15,25
280:25	397:10	198:1,8,9,16	178:9 181:5	259:6 282:5
287:15	<b>separate</b> 125:1	212:11,22,23	181:24	288:6,7 328:9
<b>seek</b> 174:6	125:4 138:7	213:10	183:17 184:3	333:21
<b>seeking</b> 173:17	165:14	214:19 215:1	194:24	340:12
231:8,10	184:25	217:7,12,14	219:21 225:2	356:10
346:7 371:15	<b>September</b>	220:24	234:16 241:8	<b>shares</b> 301:20
<b>seeks</b> 216:9	101:8 179:22	223:17	254:14	301:22,22
255:24	243:10 308:4	227:14	307:19	<b>sharing</b> 147:18
<b>seen</b> 121:24	308:8,14	230:17 239:3	352:21 353:3	147:21 148:2
140:10 146:8	<b>series</b> 164:20	247:14,16,23	400:9	148:6,8,13
165:3 174:1	313:21 330:6	247:25 248:2	<b>sets</b> 145:8	149:4 172:18
226:11	<b>serious</b> 167:18	248:24 249:8	208:12 247:4	173:2,7,22,23
287:11	205:14	249:12,13	353:20	190:18
293:16 299:3	<b>seriously</b>	259:18 270:7	<b>setter</b> 208:24	203:12 225:7
316:11,13,20	222:25 223:1	271:22 273:5	<b>setting</b> 137:15	225:14 304:9
316:21	<b>serve</b> 142:19	273:6,19	137:17	305:16
354:17	202:12 286:5	274:14,22	176:11	306:14 313:7
359:23 391:9	286:6 298:2	276:17 282:6	<b>settled</b> 126:25	313:8,9,11,14
<b>sees</b> 169:18	303:5,10,11	283:3,23	230:8 392:3	320:11
214:2	303:24 374:4	285:24	<b>settlement</b>	333:25,25
<b>segregates</b>	<b>service</b> 101:2	288:21,22	131:11	334:11
177:10	101:13 104:8	292:16	299:13 391:8	<b>Shawn</b> 397:12
<b>self-correcting</b>	104:12	295:13 298:7	391:20 392:3	<b>sheet</b> 400:9
351:18	105:25	300:4,12,21	<b>settlements</b>	<b>sheets</b> 164:23
<b>self-fulfilling</b>	123:19	300:25 305:9	134:17	174:15 178:7
204:5,8 207:9	135:20 136:9	317:24 318:1	<b>seven</b> 132:23	<b>Sherry</b> 108:12
<b>self-perpetua...</b>	136:21 139:5	318:8 328:22	<b>severance</b>	<b>shift</b> 169:20
240:2,8	141:17,18	330:19,25	184:22 185:1	230:23 234:9
<b>self-sustaining</b>	142:10,18,20	331:3 333:2	233:6 272:17	236:18
351:18	142:22	339:11,17	<b>SGS</b> 221:12	239:11
<b>sell</b> 272:15	143:18,20	340:3 350:2,5	<b>share</b> 225:12	<b>shifted</b> 235:25
<b>selling</b> 114:21	144:7,10,14	353:22	253:14,16	357:4

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>shifting</b> 333:4 333:16	191:15 211:14,19,20	292:4 <b>simple</b> 150:7	238:12 <b>single-issue</b>	284:6 <b>sneak</b> 175:4
<b>shifts</b> 188:23	213:23	193:8 266:24	219:23 220:8	<b>SNL</b> 156:8
<b>shock</b> 283:14	214:21 251:2	276:10	<b>Sioux</b> 131:21	<b>solar</b> 189:20
292:3	251:18	279:24	195:25 330:9	190:3
<b>shook</b> 278:22	263:24	329:21	<b>SIPCO</b> 229:23	<b>sole</b> 329:12
<b>short</b> 131:15	266:10 322:2	<b>simplified</b>	<b>sir</b> 222:18	<b>solely</b> 142:18
136:19 139:1	368:3 372:14	157:19	<b>sit</b> 300:17	292:2
227:5 273:25	381:15,16	<b>simplify</b> 248:12	<b>sitting</b> 223:4	<b>solid</b> 226:23
<b>Shorthand</b>	393:11	<b>simply</b> 109:11	<b>situation</b> 129:7	<b>solution</b> 278:8
400:6	<b>shred</b> 148:5	109:22 116:3	129:15 140:4	353:6,20
<b>shortsighted</b>	<b>shut</b> 227:3	120:21 123:2	223:6 233:13	<b>solutions</b>
142:1	317:7	130:12	236:13	140:18
<b>short-term</b>	<b>side</b> 125:24	140:21	317:12,15	353:17,20
229:10 230:2	165:21 354:6	148:13	<b>six</b> 172:14	<b>solve</b> 146:6
254:22	<b>Sierra</b> 103:24	151:23	180:13	160:13,13
<b>shouting</b>	106:9,13	177:10	<b>size</b> 231:4	270:8,23
145:16	<b>signal</b> 229:5	181:13 186:1	288:24	271:23 273:3
<b>show</b> 139:17	<b>significant</b>	195:1,21	<b>sizes</b> 287:14	273:4 284:9
140:21	150:2 152:5	196:11 206:9	<b>skin</b> 173:8,9,10	301:7 358:23
145:21	154:9 166:17	208:4 215:11	173:13,21,25	<b>solved</b> 139:15
146:24	177:19 184:9	226:22 229:9	174:4 191:6	<b>solving</b> 181:9
149:13 180:8	196:1 202:18	232:1,8 235:7	224:2 304:10	<b>somebody</b>
194:14 195:1	202:23 203:1	236:2 238:7	355:7	365:14
195:3 213:11	214:4 239:12	238:15	<b>skip</b> 258:21	<b>someplace</b>
213:12	269:1,13	240:20	<b>skipped</b> 258:17	352:7
216:17	278:5 281:9	247:10	<b>skyrocketed</b>	<b>somewhat</b>
225:16	283:4,22	250:22 251:2	231:22	160:2 182:3
252:19	287:22	263:9 273:4	291:15	183:14
263:24 264:6	290:10 292:8	277:4 284:16	<b>skyrocketing</b>	<b>soon</b> 110:24
313:3,24	330:6,12	284:21	291:23	132:18
322:10,18	332:4,18,21	296:19	<b>slide</b> 231:1	295:16
382:6 389:16	<b>significantly</b>	298:18	<b>slight</b> 317:12	<b>sooner</b> 282:18
390:8	213:20	299:10	<b>slightly</b> 376:11	<b>sorry</b> 107:21
<b>showed</b> 152:18	214:22	319:13 331:8	<b>slipped</b> 224:20	113:24
191:21	277:17	340:3 348:4	<b>slow</b> 167:20	204:13
263:15,15	<b>SILCO</b> 229:23	<b>simultaneously</b>	<b>sluggishness</b>	219:17
273:21	<b>similar</b> 117:23	230:24 237:8	133:20	246:18
<b>showing</b>	158:8 197:25	239:10	<b>small</b> 188:17	248:10
140:21	198:11 202:2	<b>single</b> 162:13	188:18 189:8	252:18,25
191:21	202:3 207:11	178:25 189:8	196:19 197:7	256:21
323:20	207:12 208:2	191:23	220:24	258:21 293:6
<b>shown</b> 323:6	210:24 226:8	213:14	<b>smart</b> 136:12	302:12 322:4
382:20,22	302:23 303:2	214:20	<b>smelter</b> 389:15	325:2,4
<b>shows</b> 138:3,12	390:1,13	223:18,18	<b>Smith</b> 102:6	369:23 379:7
138:23 140:3	<b>similarly</b>	235:20	105:14	<b>sort</b> 115:6
153:19	231:15 233:5	236:11,15,20	<b>smooth</b> 283:24	118:10 129:6

TRANSCRIPT OF PROCEEDINGS 9/27/2012

139:15 156:9	312:14	111:3,8	362:12 365:1	201:24
160:1,4 177:8	<b>speculation</b>	112:10,17	371:24	207:24
203:8,12	314:3,4	113:6 114:7,8	375:22	237:13
207:20	<b>spend</b> 194:3,3	114:15 115:6	376:15,17	247:24 249:6
293:25	194:7,13	115:16	380:2 382:9	249:7 271:3
315:21	199:22	116:22	382:21	330:13
319:19	288:14	118:11	386:11 391:8	351:14
<b>sought</b> 118:14	<b>spending</b>	119:13 125:7	393:4 395:15	359:15
216:12	195:18	129:9 131:6,9	395:17,19,23	<b>standards</b>
<b>sounds</b> 264:14	330:14	131:12 132:2	<b>Staff's</b> 108:17	145:6 181:24
<b>source</b> 190:5	<b>spent</b> 206:19	132:3 137:1	110:16	217:12
<b>South</b> 102:7	<b>spiking</b> 292:3	146:21	112:11 113:8	280:11 281:5
229:19	<b>spirit</b> 292:17	147:22 148:1	114:10 115:4	281:12
<b>Southwestern</b>	393:10	148:4 149:5	119:19	320:22
229:16	<b>split</b> 203:11	150:21	120:19	<b>standpoint</b>
<b>so-called</b> 216:8	<b>spoke</b> 144:20	151:11,12,13	148:19,23	277:23
<b>SO2</b> 177:23	147:20 227:4	151:13	165:6,8 167:8	<b>stands</b> 299:21
<b>sparingly</b>	227:6 326:21	164:13 165:4	169:2,5,23	<b>star</b> 255:17
216:2	<b>spoken</b> 130:17	165:5,12	170:1,6,13,16	<b>start</b> 152:17
<b>speak</b> 113:10	329:6	167:9 168:24	171:4,11,14	221:3 242:25
130:20 164:9	<b>sponsor</b> 243:19	169:17,18	171:21	275:13
261:1 269:12	<b>sponsored</b>	170:24 172:2	173:21	295:17
287:16,17	347:19 358:5	172:10,13,17	175:23	318:17
304:11	<b>sponsoring</b>	173:23	176:16 179:2	362:18 371:9
341:24,25	360:25	174:13,23	179:15 185:7	375:15
<b>speaking</b>	<b>spot</b> 149:1	175:15 176:4	189:19,22	<b>started</b> 229:20
205:18	<b>squander</b>	176:10,11,14	190:16	280:25
222:21 302:8	163:20	176:15	191:14	320:11
387:13	<b>ss</b> 400:3	178:11	193:25	<b>starts</b> 140:5
<b>speaks</b> 109:6	<b>St</b> 102:4 103:2	179:20	231:17	142:24
339:10	103:13,17,22	184:13 185:3	237:22	278:16
<b>special</b> 177:10	105:11	185:15	261:22	<b>state</b> 101:1
189:3 212:17	106:12,25	186:24	365:25	114:13 134:3
213:25	107:7 108:7	187:21 188:6	367:23	136:1 140:11
226:17,17	216:23	189:13	376:19	145:18
240:20	229:18	190:23	387:25	174:19 201:2
299:11	<b>stability</b> 221:6	191:22	395:12 398:5	208:24
<b>specific</b> 203:5,9	<b>stabilization</b>	193:16,25	<b>stake</b> 117:7	212:24
260:17 334:6	140:14 144:4	198:2,13	<b>stakeholders</b>	221:12
339:9	284:7 301:4	210:3 225:8	175:1 178:20	226:15 244:8
<b>specifically</b>	<b>stable</b> 109:11	231:11	333:20	259:7,17
174:15,16	125:23	261:17,19	<b>stand</b> 192:3	269:11 270:2
184:7 218:8	203:22	262:3,10	211:5 213:5	278:7 282:24
230:19	<b>Staff</b> 104:6,11	314:20,25	242:23	282:24
339:10	105:3,21,24	315:4,20	299:21	285:25
341:12	108:20 110:4	316:7 321:17	335:13 361:8	287:12 288:8
<b>speculating</b>	110:5,9,19,20	334:1 349:5	<b>standard</b> 172:2	292:15

TRANSCRIPT OF PROCEEDINGS 9/27/2012

303:14 324:7	304:9 322:23	<b>steward</b> 136:7	186:10	<b>studies</b> 275:21
324:12 329:8	338:13 341:7	<b>sticking</b> 300:7	<b>story</b> 251:13,14	<b>study</b> 131:18
333:21 336:9	398:24	<b>stipulate</b>	251:20	188:13
351:13 359:8	<b>states</b> 156:11	261:20	<b>straight</b> 231:5	221:23
359:17	181:23 182:5	<b>stipulation</b>	<b>strategic</b>	<b>stuff</b> 267:21
360:16	211:3 212:6	132:6,11,15	120:15	<b>subject</b> 160:8,9
363:13 385:3	212:25 226:7	134:4 262:1	<b>Street</b> 102:7	309:3,19
400:3,15	228:23	391:11	103:5,21	321:9
<b>stated</b> 216:2	233:22	<b>stock</b> 170:4	104:2,9	<b>subjective</b>
247:1 260:3	353:12,18	254:19	106:11 161:5	207:14
307:10 377:8	<b>stationed</b>	301:20 376:2	161:11,16	<b>submit</b> 112:10
<b>statement</b>	229:17	376:8	268:1	<b>submitted</b>
192:14,22	<b>status</b> 137:13	<b>Stoll</b> 101:20	<b>strengths</b>	348:17
198:13,24	<b>statute</b> 115:13	304:3,5,6	215:15	<b>subsequent</b>
199:4,13	115:13	306:19	<b>strides</b> 352:23	178:18
200:17	120:25 137:8	333:24	<b>strike</b> 112:22	<b>substantial</b>
220:17	175:11 176:2	355:25 356:1	120:8 340:11	133:14
230:12,13	216:17	362:22,23	369:19	141:10
242:6,9 243:3	<b>Statutes</b> 175:14	370:19,20	<b>strong</b> 214:3	142:11,17
244:2 246:24	175:23	387:1,2	224:9 287:6	149:3 169:21
252:1,12	<b>statutorily</b>	394:11	<b>strongly</b> 123:14	<b>substantially</b>
256:22 258:7	159:18	<b>stone</b> 177:5	141:25	151:16
261:24	<b>statutory</b>	<b>stood</b> 149:1	301:14	274:15,16,25
272:25	216:20	<b>stop</b> 323:5	<b>struck</b> 113:1	275:2
278:11	<b>stay</b> 119:14	<b>stops</b> 378:4	278:14	<b>subtract</b>
284:11	160:7 290:24	<b>storage</b> 189:20	279:25	375:25 376:1
286:16	<b>stayed</b> 297:18	190:6	<b>structural</b>	376:7
301:18 304:8	<b>staying</b> 278:1	<b>storm</b> 141:13	111:15	<b>suburban</b>
310:25 311:4	<b>Stenotype</b>	142:6,8 144:8	155:13,17	141:6
342:22 343:6	400:10,12	144:9,13	265:22,23	<b>successfully</b>
347:18	<b>step</b> 143:18	159:3 160:6	266:11	193:10
349:17 369:8	144:5 152:6	185:11,12,17	267:11	<b>suddenly</b> 213:1
369:8 394:2,2	182:25	185:18,19,23	338:19	<b>suffered</b>
394:3,3,4,4,5	269:18 270:6	186:9,14,16	351:23 352:1	166:16
<b>statements</b>	271:23	186:16,17,25	358:15	<b>suffering</b>
130:22 133:1	283:16	187:7,9,15	<b>structure</b> 164:2	317:15
191:18	285:13 301:7	212:25	164:6 179:10	<b>suffers</b> 143:8
192:17	324:2 332:18	238:17 242:1	253:6 262:21	<b>suffice</b> 132:22
197:18	334:18 353:5	263:11 270:7	322:8 350:18	<b>sufficient</b> 110:1
200:18	360:6 363:1	292:16	352:14,16	121:11,20
202:11	384:7 387:6	339:11,15	358:13,18,19	144:25 166:3
242:19	<b>STEPHEN</b>	353:23	<b>structured</b>	186:9 233:23
243:15,24	101:20	<b>storms</b> 136:18	159:18	241:10,12
250:22 253:5	<b>steps</b> 199:21	136:19 142:9	<b>structures</b>	346:21
257:21	268:19 341:6	196:25	154:18	<b>sufficiently</b>
265:11,12	357:8,9,10,18	<b>storm-related</b>	<b>struggle</b> 148:25	117:2
276:1 302:19	375:14	185:11	<b>stuck</b> 304:20	<b>suggest</b> 183:2,9

TRANSCRIPT OF PROCEEDINGS 9/27/2012

183:15 184:2	157:15	273:6,23	261:23 264:1	230:1 232:15
214:16,18	205:18,22	276:11 280:4	264:13,17	269:10
224:18	324:11	285:14,16	322:8 323:6	331:24
259:10	326:21 339:9	286:12	348:20	<b>systematic</b>
<b>suggested</b>	341:13 347:2	289:15	367:17,18	267:5 346:2
326:25 327:2	<b>supported</b>	293:22 294:6	371:13,17	<b>systematically</b>
<b>suggesting</b>	183:16	294:7 295:1,9	372:16,19	137:22
112:14	326:10	299:6,20	377:3,7 380:7	<b>systemic</b> 155:9
173:23	<b>supporting</b>	305:10	380:10	162:8,12,18
268:22	123:10	311:21	382:20	269:9 270:24
282:13	326:15	316:23	<b>surveying</b>	287:25 327:9
291:17	<b>supports</b> 148:5	318:24	226:9	<b>systemically</b>
326:16	157:22,23	320:10	<b>sur-surrebut...</b>	298:21
329:12 345:4	<b>suppose</b> 316:24	321:17 324:9	109:8 125:18	<b>systems</b> 133:16
346:22 392:1	<b>supposed</b> 175:4	365:3 378:14	126:6 238:23	135:5 136:13
392:4	193:15,17	379:21	<b>suspect</b> 155:7	141:22
<b>suggests</b> 141:25	232:21	380:24 389:8	<b>sustain</b> 324:25	277:10,12
172:14,24	233:22	389:9 391:1	329:11	360:1
319:2	292:22	391:24	<b>sustainable</b>	
<b>Suite</b> 102:7,21	302:21,22	<b>surprised</b>	141:22	<b>T</b>
103:2,5,21	<b>supposedly</b>	132:11	<b>sustained</b>	<b>T</b> 337:3 400:2,2
104:2 106:12	392:3	<b>surprises</b>	162:17 325:3	<b>table</b> 223:5
106:25	<b>supposition</b>	174:17	<b>Swearengen</b>	278:22 321:3
107:13	149:7	<b>surrebuttal</b>	102:10	347:9 353:11
<b>sulfur</b> 329:24	<b>supremacy</b>	108:18 113:9	105:18	353:15
<b>sulphur</b> 135:9	218:25	126:3,5 138:1	<b>Swingley</b> 385:6	<b>tables</b> 345:18
<b>sum</b> 338:16	<b>Supreme</b>	138:13	<b>switched</b>	347:18,25
<b>summary</b>	102:16	139:16 143:5	290:11	<b>tablets</b> 136:12
338:18	181:23,24	244:17,25	<b>switching</b>	<b>take</b> 108:16
<b>summer</b> 180:7	182:2,6,21	245:3,6	333:24	116:15 118:3
233:24	219:22	249:16,19	<b>sworn</b> 244:3	118:6 121:4,9
267:20	232:16 241:8	250:3 263:23	336:4 360:10	121:17,23
327:20,20,21	<b>sur</b> 125:18	264:24	363:7 384:23	122:4,10
<b>summing</b>	<b>surcharge</b>	281:15	<b>swung</b> 356:20	128:24 129:2
179:11	212:16,17,17	325:16 361:6	<b>symmetrical</b>	130:10
<b>sums</b> 191:23	214:1 220:4	381:13 395:4	139:25	136:23
269:1	<b>surcharges</b>	396:19,21,23	<b>system</b> 139:2	150:13 169:7
<b>sunset</b> 300:22	215:22	396:25 397:1	139:24,25	172:15
<b>supervisor</b>	223:13,15	397:3,5,7,9	140:24 141:5	177:15
215:12	<b>sure</b> 122:7	397:10,12,14	141:10,24	182:12 186:4
<b>suppliers</b>	153:13,23	397:15,17,19	142:13	188:6 192:13
299:14	155:7 162:2	397:21,23	143:17	192:14 198:7
<b>support</b> 116:23	166:20	398:1,3,6,13	189:11	199:20
121:11,12	202:23 243:8	398:22 399:5	199:19	202:14
125:7,8,9	248:11,14,16	399:13,18	228:22,24	208:24 212:5
137:11,12	252:21,23	<b>surveillance</b>	229:9,10,13	214:2 227:24
149:3 157:14	257:8 266:17	167:6 180:5	229:14,15	229:10



TRANSCRIPT OF PROCEEDINGS 9/27/2012

232:17 239:5	206:8 208:6	<b>tangible</b> 135:7	171:10,12,13	313:18
242:19 248:1	227:2 234:14	<b>tanked</b> 204:8	171:15,19,20	<b>tend</b> 216:3
248:15	260:5 267:5	<b>tantamount</b>	171:23,24	319:13
259:11,11,14	275:16,20	334:2	185:6 378:8	<b>tender</b> 245:15
259:24 260:2	276:11,14	<b>target</b> 252:15	378:15	337:16
260:24 261:8	280:3 290:2	253:1,7,14	379:11,13,15	361:25
261:10 266:2	294:15	254:4 255:6	380:12	364:12
266:3 279:9	324:23,24	255:10,20	<b>taxes</b> 372:3	385:24
285:13	365:17 380:1	256:2,5,11,13	374:6 378:12	<b>tens</b> 305:22
304:23	<b>talked</b> 147:17	<b>targeted</b>	<b>tbyrne@ame...</b>	334:7
323:17	190:1 210:8	252:19	102:5	<b>ten-year</b>
326:11,17,19	230:10	<b>targets</b> 252:22	<b>Technically</b>	295:25
332:16	234:11	253:2 255:1,9	340:2	<b>term</b> 161:24
334:21 335:4	260:16	255:12	<b>technology</b>	181:21 182:2
341:7 373:6	277:15 294:5	<b>tariff</b> 114:12,19	290:9	182:5 189:24
373:10,13	325:9 328:1,2	128:17	<b>Ted</b> 200:13	229:13
375:25	330:8 333:3,5	164:23 174:9	399:15,16,18	285:15
381:11	368:6 370:24	174:15 178:6	<b>tell</b> 116:25	315:18,19
390:22 393:3	<b>talking</b> 123:2	178:7 218:15	120:15	350:2,3 369:2
393:14	131:8 144:3,4	218:22	160:12	<b>terminology</b>
<b>taken</b> 122:25	154:15	<b>tariffs</b> 101:13	161:20	114:14
124:6 131:17	174:10	114:13,16	166:13,16,23	<b>terms</b> 145:2
131:19,21,24	178:24 196:8	355:1	168:3 184:13	168:20
132:4 142:25	243:5 252:19	<b>task</b> 209:17,18	185:12	178:25
157:8 177:3	259:25	<b>Tatro</b> 102:2	187:14	182:16
189:3 192:15	260:11,12,14	105:10 133:5	199:21,23	196:22
219:4 229:19	267:10	316:15	200:1 239:19	204:24 206:9
242:21,23	269:21	<b>Taum</b> 138:9,19	241:10 249:4	250:17
264:25	276:17 280:8	212:1 250:5	251:13,19	257:10,17,19
268:19,25	289:24	250:12 264:5	254:10 255:3	257:22
335:13,21	292:10	264:6,9 265:1	255:5 271:14	259:17,18,22
341:5 347:24	293:23,24	323:2,3,7,14	271:16	259:25
357:7,9,11	294:5 295:17	325:10,18,19	285:21,21	264:21
376:6 383:15	296:9 297:16	343:22 358:3	287:7 298:6,8	265:14,14
392:16 393:5	301:2 302:5,6	368:9,14	300:2 304:14	273:1,25
<b>takes</b> 120:9	302:18,20	370:25 371:2	318:21	276:15
166:21	306:11	372:2 373:2,3	320:20 322:3	278:15
327:23	315:15,17,18	373:4 374:8	324:21	281:11
353:10 369:3	320:19,21	374:13,16	341:18	292:23
382:16	323:2 324:5	375:1,2 376:6	358:24	320:22
388:20	325:7 328:9	378:6,18,21	371:25	329:15 333:5
<b>talk</b> 125:10	333:1 347:6	379:12,16	381:21	347:8 359:22
144:16	351:7,22	380:3,12	390:12	<b>territory</b> 168:7
147:16 166:9	352:8 371:3	382:13	<b>telling</b> 183:5	168:14
167:10 174:8	372:7 383:24	383:19,22	<b>tells</b> 110:22	197:23 198:1
200:14,21	<b>talks</b> 198:13	<b>tax</b> 170:1,2,7	184:8 212:10	198:17
204:23 205:1	206:10 230:4	170:10,24,25	<b>ten</b> 132:7	227:15 286:1

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>TERRY</b> 101:19	<b>testimony</b>	332:9 336:20	108:22	222:16 367:6
<b>test</b> 171:2	109:9,15,15	337:10	111:23 123:9	386:25
192:7 234:15	109:22,24	338:10,12	152:12,14	387:20
234:18,20,22	112:23 113:1	340:20	158:7 164:11	<b>theme</b> 338:17
234:22,23	113:5,13	341:15,16	164:12,16	<b>theoretically</b>
235:2,3,4	114:25 116:8	342:2,24	189:15	174:5,5
236:23 239:5	116:22,23	345:4 357:23	192:10,11,19	<b>theorizes</b>
271:2 274:20	117:2,20	360:15,25	204:12,14	239:25 240:3
285:1,2	120:12,13	361:2,12,15	208:8 211:6,8	<b>theory</b> 240:2
307:11,19	121:25 122:2	361:21	217:4,5,20	<b>thereof</b> 400:9
352:17	125:18,21,23	363:21,23	218:5 220:12	<b>theses</b> 236:1
353:13	125:23,25	364:1,4	220:14	<b>thing</b> 118:12,12
390:15	126:8 132:2	367:15	222:18 227:9	132:5 146:19
<b>testified</b> 201:2	136:22 138:1	372:10	227:23 228:9	153:25
244:6 262:20	139:16	373:13	240:21,25	182:23 196:7
318:20 336:7	141:25 143:5	376:20,21	242:3,4,7,15	199:20
360:13 363:9	149:5 152:24	377:16	244:4 251:23	230:15,17
385:1 388:2	164:23	381:13	254:5,8	260:10 277:7
<b>testifies</b> 211:22	167:10	385:11,13	256:23 258:5	277:15 282:4
387:8	176:10 178:8	387:14,22,23	258:8 261:16	282:7 287:10
<b>testify</b> 149:19	178:9 181:4	388:6,6	261:18	292:9,17
150:23	197:20,25	393:17 395:4	262:12 275:7	297:10 305:6
156:13	198:24 199:8	395:6,8,9,11	280:7 285:7	305:10 306:6
167:12	199:9 200:23	395:14,21,25	285:10 304:2	311:19 328:4
170:16,25	201:5 211:15	396:1,3,4,6,7	304:13	328:5,6
172:3,18	211:16,17,24	396:9,11,12	306:19	329:10
174:13,18	213:22 214:7	396:14,16,17	308:22	332:16
175:7 176:3	214:24 239:4	396:19,21,23	312:21	367:22
177:20 178:5	241:15	396:25 397:1	314:21 317:3	<b>things</b> 110:21
178:12,17	243:11,20	397:3,5,7,9	318:12,13	110:23 111:7
179:25	244:16,17,21	397:10,12,14	321:16	111:11 112:4
180:17,22	244:22 245:1	397:15,17,19	323:17,18	112:5,7
181:7 185:3	245:3,7,11	397:21,23	334:16,20	118:16
185:15	246:9,12,15	398:1,3,9,11	336:5 349:2,6	125:10
186:13,24	246:17,21	398:13,15,17	349:9 355:24	133:19,23
187:21 188:7	249:16 250:3	398:19,22	356:4,5 360:3	134:20 135:7
188:12 189:6	250:24 253:5	399:4,5,7,9	360:7,11	155:24
189:12	261:9,12	399:11,13,15	362:21 363:2	157:14
205:17 335:2	263:23	399:16,18	365:7,11	158:23
335:14 383:4	264:24	<b>testimony's</b>	370:18	161:16 164:8
391:23	281:14,22	197:16	371:19 375:6	166:15
393:11	299:22	<b>testing</b> 222:2	376:12 379:4	167:12 175:3
<b>testifying</b>	300:25	257:18	384:5 386:17	177:1 183:6
384:12 387:8	323:21,25	<b>thank</b> 105:9,21	<b>thankful</b>	189:25 190:1
<b>testimonies</b>	324:2,9,21	105:22 106:2	225:22	191:10
336:13,18	325:16 326:5	106:7 107:3	<b>thanks</b> 192:9	198:12
338:17	326:12,19,21	107:11	204:11	201:10

TRANSCRIPT OF PROCEEDINGS 9/27/2012

224:21	191:1,12,20	297:15,24	390:15	391:25
228:17,18,21	195:8 197:9	298:11	393:11	392:24 394:2
230:2,7 243:3	197:10 199:7	300:24 301:2	<b>thinking</b> 137:2	394:13,21
250:5,6,6,7	200:10,24	301:3,4,7	370:2 379:15	<b>Thompson's</b>
250:17	201:9 202:6	302:13,24	<b>thinks</b> 118:11	151:9 164:13
257:16 259:7	204:21,25	303:17,22	118:12	199:3
262:19	207:17,25	304:24	<b>third</b> 133:18	<b>thorny</b> 188:6
263:21 264:4	209:16	305:23 306:6	138:12 161:7	<b>thorough</b> 165:5
264:10 270:4	210:16,23	312:13 313:5	186:16	<b>thought</b> 126:22
271:7,8 272:8	213:3 214:8	313:6,12,20	216:22	153:22 191:5
274:21	218:3,9	318:18,19	221:22 265:3	311:1,2,3
277:10	219:21,22	319:14	272:4 316:17	316:8 359:7
282:20,23	220:1,7	320:24 321:4	337:2	<b>thoughtful</b>
283:8,14	226:11,23	322:21 323:3	<b>thirdly</b> 279:16	324:6
287:7,9,14,20	227:3,18	323:22,22,23	<b>THOMAS</b>	<b>thoughts</b> 149:6
290:6,8 291:7	228:1,5,25	324:1,2,23	102:2	<b>thousands</b>
291:10,20	229:9 243:9	325:9,11,17	<b>Thompson</b>	222:22
292:14 293:2	243:13,16,17	326:5,8,11,24	104:6 105:22	<b>three</b> 140:12
298:23 300:9	246:16	326:24 327:6	105:23	141:3 149:18
300:14 323:1	248:11	327:11,12,14	108:21 110:5	149:24 156:2
324:4 325:17	250:15,15	327:23,25	112:6,7 113:3	165:15
326:1 329:24	251:2,19	328:3,5,7,8,8	113:23 114:6	172:11
329:25 340:6	255:6 256:11	328:9,23	114:10	180:10
358:2 374:4	257:17,19	329:6,7,18,21	116:14 130:7	185:10
<b>think</b> 109:5,21	258:1 259:4	330:7,17	164:16	187:24 189:9
113:11	260:2,4 261:1	331:21,22	189:21	199:16
115:15	261:5 268:18	332:1,3 333:2	190:10,14,19	226:12 231:5
116:19 117:5	269:4,7 270:9	333:3,7,10	191:4,8,20	263:10
117:6,11	271:22 275:4	334:2 335:24	192:4,10,21	264:25
118:21,24	275:5 279:4	338:25	198:12	277:10
119:24 120:6	279:14,15	340:13 341:3	201:10	284:19
120:7 122:10	280:4,4	343:4,14	225:20	325:17
122:20,22,24	282:24	344:10,22	261:18	329:22
128:9 130:14	283:18,23	349:17,18	262:12 304:8	334:15
131:3,7,8	284:6 285:6	350:3,12,16	314:21,22	336:25
132:21 140:7	285:21 286:3	350:20 351:7	316:3,5 317:2	384:21
140:12 144:2	286:10,24	351:25	317:5,9	<b>threshold</b>
153:5,6,10,15	287:2,6,7	352:23	318:11	255:10,11
154:6 156:13	288:16,23	354:12,16,17	321:16,18,19	285:14
156:15	289:6,10,11	354:17,20,23	321:22,24	<b>thrive</b> 229:25
157:12,13,16	289:25 291:5	355:5,6,11	349:6 356:5,6	<b>throughput</b>
157:22 158:3	291:6,19	356:8,18,20	362:13 365:2	221:8
158:4 159:13	292:5,9	357:6,8,18	365:6 376:16	<b>throughs</b>
161:10,19,24	294:16,18,24	358:6,8,20,21	379:4,10	218:19
162:21,25	295:11	369:2,13,15	384:9 386:12	<b>throwing</b>
186:11	296:24 297:3	372:19 381:8	386:16	268:14
190:19,19,20	297:6,15,15	382:7,12	387:23	<b>thrust</b> 246:9,13

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>Thursday</b>	319:13,23	298:4,9	328:21 366:2	218:9,19,23
178:10 188:5	321:1,6,8	301:10	<b>topic</b> 169:6	219:3,6,12,15
<b>tie</b> 131:4	327:12 329:1	334:24 335:2	217:16 312:8	219:20 220:4
<b>tied</b> 271:24	339:18 340:5	335:12,14,14	<b>total</b> 172:25	236:4,4
<b>time</b> 109:8,14	347:10	335:22	235:23	237:10
129:21 130:5	350:19 351:7	348:17	<b>totaled</b> 134:10	238:16,17,18
130:20 138:5	361:24 364:1	360:22	<b>totaling</b> 198:20	241:22 242:1
138:15	366:8 369:9	361:21 364:8	<b>totality</b> 213:24	242:2 263:5
139:20 143:2	381:8 382:17	365:17	<b>totally</b> 332:2	270:7,19
147:12 148:8	383:1,6	384:10,12	<b>touch</b> 201:11	271:7 292:8
151:8 158:11	392:10,16	385:20	<b>toxic</b> 330:13	292:12,16
162:9,15,15	400:9,13	388:20	<b>track</b> 118:1	300:4 331:18
165:16	<b>times</b> 149:24	<b>today's</b> 166:10	127:8 128:13	332:10,10,15
166:21 185:4	198:19	<b>told</b> 174:3	236:11,15	332:17,24
186:22	199:16	186:11	359:1	339:12,16
187:21 191:9	214:14,15	312:11 320:6	<b>tracked</b> 152:1	353:23
193:10	221:18	327:14,23	160:9 219:11	<b>trackers</b> 144:9
196:14	224:13	<b>Tom</b> 105:9	331:18,19,20	187:20 213:3
198:15 200:6	265:17	133:5	<b>tracker</b> 109:23	215:22 216:1
206:10	281:16 321:7	<b>tomatoes</b>	110:10,11,14	216:2 220:10
211:12 212:4	334:9,14,15	268:14	111:7,8	223:13,15,19
212:4 215:17	350:19	<b>tomorrow</b>	112:24	226:20
232:9,24	<b>timing</b> 178:18	109:16	115:23 116:3	234:12
233:6 238:7	231:1	120:13 122:1	116:7,20,23	237:15
240:13	<b>tiny</b> 201:19	126:8 129:6	116:24,25	240:19 241:1
242:19 248:3	<b>title</b> 249:23	131:17	117:13,20	241:2,17
248:16 262:2	<b>titled</b> 322:4	132:25	118:25 119:3	<b>tracking</b> 216:6
263:9 267:2	<b>today</b> 105:7	168:18	121:11,12,14	218:23
267:16	106:19	176:10	123:13,21	<b>traditional</b>
273:17	108:11	232:12	125:10 126:5	169:19
275:20,20	164:18 166:8	295:14	128:2,8 129:3	187:11
277:6 280:2,9	192:24 198:6	334:25 335:3	129:10	214:12
280:9,11	208:21 211:5	335:15	130:11 142:7	339:18 354:1
287:18,24	222:21	390:23 391:2	144:8,13	<b>traditionally</b>
288:20,21	231:24	391:4,15,18	151:4,10,13	288:18
289:1,16	232:11	391:22 392:5	151:18,22	<b>train</b> 175:17
290:13 294:8	234:11	392:9,17,23	159:3 160:6,6	184:10
295:4,4	239:24	393:10	174:11 176:6	<b>transcript</b>
299:14	245:11	<b>tool</b> 181:17	176:15,15,20	101:6 400:12
300:18	249:13	201:15	177:8,13,14	<b>transcripts</b>
304:16 311:2	273:11,18	300:13	185:12,13,17	227:17
311:21,25	276:16,21	<b>toolbox</b> 164:8	186:15	<b>transforms</b>
313:2,17,22	277:13 278:2	<b>top</b> 135:16	187:12,20,23	149:7
313:24,24	280:20	184:1 260:5	188:2 212:19	<b>transit</b> 184:7
315:25	282:18 291:1	273:23,23,24	212:25 213:1	184:12
317:11	291:7,13	282:9 284:5	213:13,25	<b>translates</b>
318:24	297:7,24	310:17	215:2,12	372:5,12

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>transmission</b>	170:14	369:15	197:24	208:18 209:4
109:24	172:12	<b>try</b> 114:15	223:10	216:9 254:2
110:11,12,14	240:20	140:17	226:11 229:2	259:21 261:2
111:2 112:23	<b>tremendous</b>	147:11	229:3,3,3	266:20
114:1,7 115:2	139:6	204:22 253:8	239:22,23,24	269:25
115:4,16,18	<b>trend</b> 180:12	268:13 270:7	243:21	282:21
116:1,7,10	180:14,16	283:20 284:5	244:23	288:11,12
117:3,19	<b>tried</b> 174:3	285:18	248:13	297:13
119:1,10,12	265:8 324:21	288:14	251:21	328:12,16
119:22	<b>tries</b> 228:21	291:18 301:7	264:11,25	<b>ultra-low</b> 147:8
123:17	229:7 275:5	379:24 392:8	272:8,9,11	<b>unable</b> 106:19
128:20 130:1	<b>Tripp</b> 133:5	<b>trying</b> 117:22	274:2 277:10	138:15
130:10 139:8	<b>troublesome</b>	122:13 125:8	284:19 292:5	152:22
147:19	238:18	192:2 228:12	300:6 305:3,6	155:10
149:24 150:8	<b>troubling</b>	249:6 251:12	310:6 323:1	195:13
150:10 151:4	295:12	256:7 265:9	324:5 333:3	214:18
160:6 174:11	<b>true</b> 128:4,4,9	270:3,6	337:9 339:11	251:14
174:20,23	149:4 167:21	271:18,18,21	339:13,16	356:18
175:9,10,18	168:5,8	273:2,25	341:12,14	<b>unacceptable</b>
175:19,25	208:11 215:7	279:24 280:3	353:23,23	213:7
176:4,6	245:7 287:17	290:24	366:17 376:8	<b>unamortized</b>
188:19	293:12,13	293:14 294:3	382:1 384:3	187:22,25
189:23 190:8	297:23	294:6,22	<b>two-way</b> 142:6	<b>unavoidable</b>
190:11 213:1	307:23 308:6	322:4 333:19	144:13	150:14
213:13 215:2	308:12,18,24	342:7 382:5	185:17	<b>uncertainty</b>
215:23 218:8	310:4,14	<b>Tuesday</b>	186:14	224:1
218:9,11	313:20 315:6	170:23 172:1	<b>type</b> 300:21	<b>unconstitutio...</b>
238:6,18	321:11	<b>turmoil</b> 201:16	<b>types</b> 250:16	182:11,18
242:2 277:18	337:12	<b>turn</b> 251:24	329:25	<b>uncontrollable</b>
281:4,5,9	344:25 364:4	379:20	<b>typically</b>	119:21
331:14,17,24	371:12 380:4	<b>Tuxedo</b> 103:17	234:21 238:7	123:16 332:5
<b>transmit</b>	382:14,17,18	108:6	344:17 345:7	332:22
184:15	385:17	<b>twice</b> 229:4	352:13	<b>uncontrolled</b>
<b>transparent</b>	400:11	<b>two</b> 109:19,20	356:24	292:6
150:4	<b>true-up</b> 134:14	123:23		<b>undelivered</b>
<b>transparently</b>	134:16 171:3	134:20	<b>U</b>	184:9
112:9,19	172:7 215:12	135:14	<b>UE</b> 363:22,23	<b>undermine</b>
114:5	233:1 307:24	137:25	<b>Uh-huh</b> 208:15	223:19
<b>transportation</b>	308:23 309:5	144:16	372:22	<b>undermined</b>
115:14,16,19	<b>true-ups</b>	147:18	<b>ultimate</b> 209:3	143:16
175:13,15	224:17 355:2	152:23 154:9	315:24	<b>undermines</b>
189:20,22,24	<b>truly</b> 270:13	171:6 183:6,8	<b>ultimately</b>	355:21
190:8	<b>trust</b> 217:2	184:2 185:19	121:10,19	<b>understand</b>
<b>treated</b> 123:12	272:3	187:24	124:10,19	114:17 120:9
170:11,13	<b>truth</b> 150:8	190:22	125:11	158:17 192:1
383:9	167:1 239:22	192:12	129:11	230:15,18,21
<b>treatment</b>	<b>truthfully</b>	195:20	207:12	234:15,15

TRANSCRIPT OF PROCEEDINGS 9/27/2012

256:7 257:8 281:14,22 284:3,3 294:21 296:24 319:12 322:25 353:5 367:12 377:19 378:14 379:24 382:5 386:12 389:8 <b>understanda...</b> 143:11 <b>understanding</b> 242:11 285:17,22 286:11 321:10 344:5 344:13 365:5 380:3,14,18 386:15 391:2 391:7 <b>under-earn</b> 213:8 <b>under-earned</b> 286:18 <b>under-earning</b> 195:16 286:22 287:3 287:25 <b>under-earnin...</b> 162:1,4,17,23 163:8,25 166:17 213:18 298:11,12,16 310:14 323:21 <b>undeveloped</b> 121:13 <b>undo</b> 300:9 <b>unduly</b> 199:7 <b>unemployment</b> 168:12,13 198:17 216:23	<b>unfair</b> 151:19 238:25 <b>unfinished</b> 175:25 <b>unfortunately</b> 137:23 <b>unhappy</b> 168:17 <b>unheard</b> 144:9 <b>uniform</b> 217:12 <b>Union</b> 101:12 102:14 140:11 313:13 <b>unions</b> 108:12 132:8,11 242:17 <b>unique</b> 232:5 353:9 <b>United</b> 181:23 182:5 212:6 212:25 <b>unjustified</b> 169:19 <b>unknown</b> 181:10 <b>unlawful</b> 182:18 219:21 <b>unmistakable</b> 137:23,24 <b>unmistakably</b> 138:23 <b>unpredictable</b> 306:12 <b>unrealistic</b> 207:21 <b>unreasonable</b> 147:2 148:14 <b>unsustainable</b> 140:22 147:11 <b>untrue</b> 316:25 <b>unused</b> 341:2 357:15 <b>unusual</b> 211:25 249:24,25	250:12 265:9 382:2 <b>unwieldy</b> 207:13 <b>unwise</b> 142:2 <b>unworkable</b> 350:20 357:15 <b>update</b> 346:17 346:21 <b>updated</b> 244:25 336:23 348:10 349:18 <b>updates</b> 336:20 <b>updating</b> 346:25 347:3 347:15 <b>uphold</b> 249:6 <b>uproar</b> 174:22 <b>upset</b> 274:8 <b>urge</b> 121:3 132:13 213:2 224:10 225:7 225:13 226:13,18,22 <b>urgent</b> 110:16 <b>urges</b> 176:4 198:4,7,25 215:20 <b>urging</b> 144:5 <b>usage</b> 178:14 178:15 228:7 230:6 270:16 277:5,23,25 280:23 281:1 291:15 296:10 <b>use</b> 114:14,16 142:1 160:3 162:3 181:12 201:24 210:9 221:11,14 226:13 228:11 234:23 266:6	280:16 281:1 285:15 308:14 344:8 345:14 354:8 392:10 <b>uses</b> 182:2 <b>usually</b> 178:25 202:10 <b>Utilitech</b> 360:21 <b>utilities</b> 136:2,3 136:4 145:17 145:23 159:23 161:9 187:1 201:14 201:18,22,23 202:3,7 207:5 210:10 214:23 226:7 229:1,4 232:6 232:13,17,22 234:2,3 288:18 303:1 306:7 352:13 352:13,15 359:21 <b>utility</b> 134:24 135:15 143:10 151:15 164:20 166:19 179:7 186:18 187:3 194:23 202:14 216:11,13 218:24 219:6 219:13 220:5 222:4 224:7 225:15,17 226:17 229:16,17,20 229:22 230:19 232:7 232:9,15,20 232:23 233:5 233:8,9,11,25	234:4,18 235:1,2,6,6,9 235:10,15,16 235:18 236:4 236:6,10,12 236:14 241:9 247:6,12,18 247:20 250:18 269:10 276:8 285:23,25 287:12 292:20,21,24 295:5 338:22 339:6 340:11 346:4,18 348:5 350:5 355:10 357:19 359:24 <b>utility's</b> 179:8 202:8 216:3 219:16 250:10 <b>utilized</b> 247:1 <b>utilizing</b> 255:23 <b>U.S</b> 354:7,10 354:18 <hr/> <b>V</b> <hr/> <b>vagaries</b> 160:10 291:3 299:24 300:23 <b>valid</b> 283:11 <b>valleys</b> 265:14 <b>value</b> 138:19 191:21 198:8 202:23 203:1 374:7 <b>variability</b> 346:8,8 <b>variety</b> 281:2 <b>various</b> 221:18 221:18 223:13 252:1
---	--	---	--	--

TRANSCRIPT OF PROCEEDINGS 9/27/2012

252:21 253:2 287:13 <b>vast</b> 306:8 <b>vastly</b> 194:8 <b>vegetation</b> 187:19 212:18 237:12 263:5 <b>verify</b> 272:25 <b>versed</b> 129:18 <b>version</b> 377:2,5 <b>versus</b> 305:21 323:16 324:3 334:4,11 351:11 358:2 368:3 379:25 382:6 <b>vertically</b> 302:25 <b>video</b> 227:6,21 <b>view</b> 109:9 115:17 120:21 183:21 185:7 196:9 229:10 230:2 344:16 346:15,17 358:8 <b>viewed</b> 213:24 <b>views</b> 214:8 <b>violate</b> 271:3 <b>violates</b> 219:22 <b>violation</b> 124:12 176:1 <b>violative</b> 111:3 122:7 <b>virtually</b> 159:25 306:7 <b>virtue</b> 288:19 <b>vision</b> 216:10 <b>voices</b> 227:18 <b>voided</b> 359:25 <b>volatile</b> 306:11 332:21 <b>volatility</b> 177:23 223:25	<b>Volume</b> 101:9 <b>voluntarily</b> 184:24 <b>voluntary</b> 272:16 <b>von</b> 103:12 107:7 <b>VS11</b> 184:22 185:7 <b>Vuylsteke</b> 103:1 106:22 106:22 211:10 217:9 217:15 218:2 218:7,13,16 219:2,19 220:11,14 246:5,7 248:8 249:4 250:2 252:5,10 255:4 258:4,8 264:19 278:13 307:2 307:6 309:7 309:17 312:20 323:20 324:15 325:7 385:2,23 389:6,19 390:14 394:3 394:9,12	<b>waive</b> 242:9,12 <b>waiver</b> 391:19 <b>walk</b> 368:2 <b>walking</b> 376:12 <b>Wall</b> 161:5,11 161:15 267:25 <b>want</b> 107:21 108:16 109:3 112:7,15 123:9,11 128:24 147:16 150:21 152:11,12 154:22 166:12 190:12 199:12 200:21 201:11 202:20 203:18 204:15 209:11 218:7 223:6,10 227:9 228:3 228:20 229:10 230:14,15,18 232:10,10 234:5 237:21 239:13 243:8 243:25 252:3 260:10 262:19 280:3 280:7 282:4 282:11,14 283:1 284:5 285:13,16 294:10 298:10 299:4 299:5 309:3 324:24 328:22 334:22 346:5 350:17 353:1	353:6,25 355:16 371:5 372:24 375:8 377:19 379:24 381:9 384:19 388:5 389:8 390:24 391:15,18 <b>wanted</b> 123:7 131:6 153:23 202:23 275:13 286:12 324:23 391:1 <b>wanting</b> 111:6 225:11 253:8 <b>wants</b> 120:20 140:8 149:11 176:15 177:14 199:22 229:10 230:9 238:1,2,3,4,5 238:9,15,16 238:17,17 239:1,3,8,9 239:11,14,16 239:21,22 282:25 <b>warm</b> 233:8 327:21 <b>Warner</b> 138:1 244:6,9,15 394:8 395:3,4 <b>warranted</b> 165:7,10 <b>Warren</b> 178:12 178:17 396:11,12 397:7 <b>Washington</b> 103:13 107:7 <b>wasn't</b> 114:8 121:20 153:24 263:16 265:13 272:6	277:7 280:5 280:15 289:11 297:12 305:5 308:19 321:7 338:7 383:2,6 <b>water</b> 330:1 <b>Waterhouse</b> 257:12 <b>wave</b> 152:4 <b>way</b> 114:14 118:10 120:4 120:5 127:24 137:6 147:11 152:2,5 159:17,18 161:14 166:15,18,20 184:10 187:8 189:25 190:4 194:24 195:15 207:22 208:5 219:21 226:8 226:14 248:15 261:8 266:22 272:2 272:21 277:22,22 280:6 284:6 296:11 305:15 319:25 321:5 325:23 327:6 327:7,13,22 327:22 331:3 332:8 333:3,7 339:16 343:8 347:25 353:7 353:8 369:22 372:15 373:4 373:7,9 <b>ways</b> 123:25 124:24,25 199:18 207:24 281:24
---	--	---	---	---

TRANSCRIPT OF PROCEEDINGS 9/27/2012

293:15	392:15 393:6	242:19,20	293:23,24	149:14
327:18 333:3	<b>weekly</b> 168:9	262:14 296:2	294:5 295:14	<b>wheat</b> 125:1
333:18	231:14	306:20	296:1,8,19	<b>wheel</b> 115:20
342:16 344:1	<b>weeks</b> 165:15	334:21,24	297:16 298:1	<b>wheels</b> 189:21
344:22	<b>weighs</b> 217:4	335:4 336:3	300:22 301:5	<b>whining</b> 277:20
345:19 358:5	<b>weighted</b> 179:9	349:7 363:3	302:21 303:8	<b>wholesale</b>
358:10,20	376:1,9	373:14	303:24	233:10
<b>weak</b> 148:24	<b>Weiss</b> 264:3	384:20,21	305:10,13	<b>wide</b> 181:10
<b>weather</b> 138:3	341:16,22	390:23 391:4	321:5 322:6,7	<b>widely-used</b>
139:14,17	342:13 363:4	391:22	329:24 330:7	179:17
152:24 153:2	363:9,11,15	392:12	330:13	<b>wildly</b> 168:17
153:15	363:16,20	<b>we're</b> 111:12	332:13	<b>willing</b> 332:13
155:12	364:12,25	111:16,17,22	333:13,19	<b>wind</b> 182:25
166:25 233:8	365:3,7,14	113:10 115:8	334:23	189:20 190:3
251:3,5,6	371:12,22	115:9,10	335:10,11	281:6
263:16,24	376:17 379:9	116:9 118:4	336:3 347:6	<b>windfall</b>
264:10 265:4	384:7 394:17	121:16	365:17 371:3	232:23 233:9
265:5,15	395:9,11	122:15 124:3	387:13 391:1	233:12,18,21
266:1,19,21	<b>Welcome</b> 105:5	124:7,9,10,23	391:17,23	234:3,7
266:23 267:1	<b>well-respected</b>	125:3 129:6,7	<b>we've</b> 115:2	<b>Winston</b> 103:9
267:4,14,15	179:17	130:15	117:9 121:24	<b>winter</b> 221:11
267:16	<b>wending</b>	155:18	127:10 132:3	<b>win-win</b> 333:20
269:15,16,17	184:10	157:10	138:17,17	<b>wish</b> 110:3
288:1,1,3,3	<b>Wendy</b> 102:2	158:22 160:1	139:14 146:8	129:23 258:6
326:2,3 327:2	105:10 133:5	160:14	147:17,20	356:2
327:8,8,10,11	316:15	163:19,21	163:15,17	<b>withdrew</b>
327:14,16,18	<b>went</b> 147:8	164:10,18	184:14	159:22
327:18	193:1 196:2	173:8 174:8	192:12 204:3	<b>withholding</b>
344:15 345:8	197:9,14,15	192:16,17,24	264:25	112:15
347:20,20	229:24	196:2,8 198:5	265:10	<b>witness</b> 111:10
348:3 358:6	311:15 312:3	200:17	266:24	112:11
367:7,14	332:25 378:7	221:18	267:15	113:25
380:15 382:2	<b>weren't</b> 241:11	242:22 266:2	268:23,24,25	145:20
382:8,9	257:11 276:1	268:14 270:3	269:2,2,12,17	146:13,22
383:14	279:24	270:6,25	269:22	149:5 150:23
<b>weatherization</b>	292:13,13,14	271:6,21	277:15	169:5,23
131:20	332:24 345:3	272:16	293:16 302:6	170:1,16,24
178:11,13,14	<b>west</b> 281:6	273:11,12,13	306:10 324:4	171:11
<b>Wednesday</b>	<b>Western</b>	273:20,24,24	328:8 330:24	172:17
172:16 174:8	146:19 157:7	273:24	347:12	174:13
<b>weed</b> 207:20	157:8,16	276:17 278:1	353:24	178:11
<b>weeds</b> 130:15	<b>we'll</b> 105:7	278:3 279:19	354:17	180:25
<b>week</b> 112:12	110:4 111:9	280:2,20	376:18 381:4	184:13 185:3
132:18	125:3 144:16	281:17,18	384:13	185:15
170:23	152:11 169:7	288:13,15	<b>whack</b> 222:25	186:24
172:16	172:15	291:17	223:1	187:21 188:7
178:10,22	192:14 223:9	292:11	<b>whatsoever</b>	192:3 194:1



TRANSCRIPT OF PROCEEDINGS 9/27/2012

198:2,2,5,13 200:13 214:24 217:16 239:17 242:23 244:3 258:1 261:8 273:15 304:2 314:6,10 318:13 334:20,22 336:4 360:7 360:10 361:25 363:2 363:7 370:5 384:23 392:16 393:1 393:4,8 <b>witnesse</b> 335:25 <b>witnesses</b> 120:18,19 132:3 142:15 145:15 146:13 149:18 153:18 166:8 166:13,23 168:3 172:2 179:25 192:8 210:15,18,23 241:25 242:12 261:13 312:5 326:12 334:24 335:1 341:21 384:16 387:14 393:3 <b>WLB-ES1</b> 245:1 <b>WLB-ES2</b> 153:19 245:2 <b>WLB-ES3</b> 381:12,24 382:16,22 383:14,16	<b>WLB-E3</b> 383:14 <b>won</b> 170:25 396:6 397:11 <b>wonder</b> 181:8 <b>wondered</b> 108:1 <b>wondering</b> 252:16 <b>Woodruff</b> 101:17 105:5 105:21 106:3 106:8,14,21 107:3,10,16 107:20,24 108:1,4,9,23 110:3 111:24 113:19,22 117:16 123:7 126:12 130:14 131:1 132:17,23 152:15 158:6 164:12 189:17 192:11,16 204:12 208:9 211:8 217:5 217:22 218:6 220:14,18 222:9,18 228:9 240:22 242:4,7,13,16 242:22 243:23 244:1 244:4 245:17 245:22 246:2 246:4 252:3,7 258:6,9,12,16 258:20 261:17 262:5 262:8,14 275:9 285:8 304:3 306:20 306:24 307:1 309:10,13 312:22 314:8	314:20 316:4 317:4,7 318:14 324:25 334:18,21 335:9,19,23 336:3,5 337:18,21,25 338:3 349:3,5 349:7,11 355:25 356:2 360:5,8,11 361:4 362:1,5 362:9,12,14 362:16,20,22 362:24 363:3 363:8 364:14 364:17,21,24 365:1,5,8 370:19,21,23 371:5,9,20 375:8 376:15 379:6,19 384:6,11,20 386:1,4,8,11 386:15,18,21 386:24 387:1 387:4,17,21 388:3,9,12,15 388:19,24 389:4,18 390:21 391:21 392:6 392:12,21 393:13 394:19 <b>Woodsmall</b> 103:8 107:17 107:17,22,25 108:3 118:23 119:20 127:3 128:10 228:11,13 240:25 241:4 241:18 243:16 261:25 394:5	<b>word</b> 115:18,19 175:15,19 299:2 304:20 310:20 345:6 345:25 346:1 361:17 <b>words</b> 135:19 137:10 142:1 161:5 173:15 189:23 345:23 <b>work</b> 111:16 114:13,17 140:17 165:4 170:10 174:1 174:2,4 175:4 199:21 214:11 293:15 350:19 357:25 359:2 <b>workable</b> 353:6 354:16 <b>worked</b> 137:3 228:12 229:13,14 <b>working</b> 139:21 141:19,24 154:17 168:19,20 193:24 229:20 285:3 391:4,24 392:9,13 <b>works</b> 170:19 173:25 230:1 255:16 293:15 327:10 359:2 <b>workshop</b> 140:15 221:19 <b>world</b> 201:17 204:8 210:25 229:19 <b>worry</b> 173:17	173:20 224:2 <b>worrying</b> 223:2 283:25 301:12 <b>worse</b> 142:23 231:19 233:18 238:19 <b>worth</b> 149:12 168:19 179:2 179:3,4 185:1 308:7 335:24 374:11 <b>wouldn't</b> 121:21 155:20 159:12 209:8 209:9 246:12 266:13 297:19,21 309:24 320:8 343:16 <b>Wow</b> 179:5 <b>wrap</b> 222:13 <b>wringing</b> 204:24 <b>writeoff</b> 368:10 370:25 372:2 374:17 378:7 379:16,18 382:24 383:10,20,22 <b>writing</b> 131:14 <b>written</b> 107:18 110:6 112:1 319:24 <b>wrong</b> 118:20 162:14 206:10,10 220:24 233:14 276:13 296:25 345:6 <b>W-E-I-S-S</b> 363:15 <hr/> <b>X</b> <hr/>
---	---	--	--	---

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>X</b> 302:9 394:1	140:12 141:3	<b>you-all</b> 208:21	373:20	202:4 204:3
<b>XYZ</b> 253:24	141:8,9 146:4	227:16 301:2	374:12	269:3 281:20
<hr/>	151:8,11	301:11	<b>\$556.8</b> 368:8	299:17,18,19
<b>Y</b>	154:1,2,3	340:24	374:11	<b>10Q</b> 370:10
<b>yardstick</b>	156:2,11,19	<hr/>	<b>\$581,000</b>	<b>10th</b> 146:15
201:20	171:6 172:11	<b>Z</b>	187:15	187:18
<b>yeah</b> 190:10	172:14	<b>zero</b> 225:19	<b>\$6</b> 331:4	<b>10.15</b> 145:24
209:19	178:21	253:18 254:1	<b>\$6.8</b> 374:24	240:5
241:12	181:19	255:17,18	<b>\$600</b> 134:10	<b>10.2</b> 239:14
290:24 293:8	185:24	<b>zone</b> 146:17,24	<b>\$604</b> 198:21	240:3 299:19
295:24	187:24	157:3,10,21	<b>\$7</b> 185:22,25	322:12
303:21	190:22	157:24	186:12,15	348:15,25
312:23	196:24 201:9	181:18,19,21	<b>\$70.4</b> 179:3	366:3 369:18
322:16	201:18,22	182:2,6,22	<b>\$700</b> 133:17	369:20
370:10	211:13	183:24,25	<b>\$8</b> 228:6	<b>10.27</b> 145:24
371:22	212:12 224:3	226:13 247:2	<b>\$83.1</b> 179:2	<b>10.3</b> 243:13
388:11	226:4,11,12	<hr/>	<b>\$89</b> 343:24	<b>10.36</b> 156:21
<b>year</b> 134:9	229:11 231:5	<b>\$</b>	<b>\$9</b> 189:7	180:10
145:24,24	237:23 239:3	<b>\$1,000</b> 295:24	<b>\$90</b> 378:8	<b>10.5</b> 145:19
146:16,16	239:22,23,24	<b>\$127.2</b> 171:16	<hr/>	181:7 239:15
147:23 148:4	240:12	<b>\$140</b> 193:24	<b>0</b>	381:10
149:1 153:3,6	266:25	<b>\$147.3</b> 179:5	<b>0.93</b> 189:10	<b>10.50</b> 337:1
170:19 171:2	269:24 270:5	<b>\$170</b> 211:22	<b>0036</b> 156:21	<b>10.52</b> 376:4
180:11,13,14	274:20	<b>\$2</b> 194:2,5,7	<b>05</b> 279:19	<b>10.53</b> 167:4,4
194:17,17,17	281:20	199:15	<b>0501</b> 360:16	180:4 191:18
194:19,19,20	282:21	204:21 289:1	<b>0503</b> 360:16	233:15
208:14 219:7	287:11	<b>\$2.9</b> 171:2,5	<b>07</b> 286:20	263:20 264:8
219:8,8,8,9	291:12,14	<b>\$202</b> 165:9	<b>08</b> 299:18	322:20,22,23
219:17 231:7	300:6,16	<b>\$22.5</b> 148:21	<b>09</b> 299:18	348:24 366:6
234:15,18,21	305:6 310:6	<b>\$235</b> 198:21	<hr/>	367:13 368:7
234:22,22,23	313:2,18	<b>\$3.5</b> 135:4	<b>1</b>	368:13,22
235:2,3,4,11	319:21	<b>\$30</b> 149:12	<b>1</b> 128:18	369:12,16
236:23 239:5	331:11	<b>\$30.6</b> 173:5	188:15,21	371:24 373:8
253:13	343:19	<b>\$300</b> 269:2	244:17	373:10
255:18	352:17	<b>\$300-plus</b>	245:15,17,20	374:10,20
262:24 265:6	353:13	371:14	268:14	375:12 376:4
269:24	354:18	<b>\$345</b> 193:1	277:10 324:9	379:25 380:1
270:22 271:2	357:13	<b>\$375.6</b> 164:25	333:15 368:1	380:2,3,10,15
281:10 285:1	359:23	<b>\$4.7</b> 172:5	395:2	381:1 382:6
285:2 289:12	389:15	<b>\$40</b> 273:17	<b>1,000</b> 295:24	382:20
289:14	<b>year's</b> 196:14	331:10	<b>1.1</b> 173:2	383:13,24
307:11,19	<b>yep</b> 300:18	378:13	<b>1.4</b> 173:1	<b>10.54</b> 264:17
308:8 319:19	<b>yesterday</b>	<b>\$485</b> 308:7	<b>1.68</b> 368:17	<b>10.75</b> 337:1
355:3 371:1	108:10,13	<b>\$5.8</b> 168:19	<b>1.78</b> 368:16	<b>10.8</b> 240:8
<b>years</b> 118:9	109:2 112:2	<b>\$55</b> 372:11	<b>10</b> 184:21	<b>10.84</b> 180:11
133:9 136:9	127:2 131:3	373:6	196:10,10,13	<b>10:45</b> 192:14
138:6 139:15	135:13	<b>\$55.7</b> 368:14	197:3,8 201:7	<b>100</b> 173:15

TRANSCRIPT OF PROCEEDINGS 9/27/2012

224:4,13	<b>12th</b> 243:10	<b>1980s</b> 280:14	213:21	264:12 265:7
255:20,21	<b>12-month</b>	<b>1990s</b> 276:4,9	292:10	308:4 348:18
265:5 267:15	139:19	276:15,18	<b>2007</b> 134:8,12	367:2 381:11
267:16 279:5	191:24	278:12	135:3 139:20	381:16
279:6 306:9	237:24	280:14	167:14	383:16
311:16	348:18	<b>1995</b> 278:17,19	168:12	389:15 390:3
313:10	366:25 367:1	319:18	198:15	390:10
<b>100/zero</b> 174:1	<b>12.6</b> 279:2,3,4	<b>1996</b> 213:20	211:25	<b>2013</b> 171:25
<b>1000</b> 221:14	313:8,14	278:16	213:17	<b>2015</b> 222:5
<b>101</b> 102:21	320:12	<b>1999</b> 311:22	256:17	299:25
103:5 107:13	<b>120</b> 252:15,19		262:20 263:3	389:16
<b>105</b> 395:14,16	252:24	<u><b>2</b></u>	263:4,6,8	<b>2016</b> 390:11
395:18,19,21	<b>13</b> 244:23	<b>2</b> 194:18	268:3,5,19	<b>202HC</b> 395:17
395:23,25	<b>13.39</b> 231:10	244:18	278:17 280:3	<b>203</b> 395:19
396:1,3,4,6,7	233:19	245:15,17,20	286:21	<b>204</b> 395:20
396:9,11,13	<b>133</b> 394:2	367:23 380:2	291:20 311:2	<b>205</b> 395:22
396:14,16,18	<b>14</b> 197:3,9	395:4	318:25 319:8	<b>206</b> 395:24
396:19,21,23	244:23 279:4	<b>2nd</b> 131:19	<b>2008</b> 167:19	<b>207</b> 396:1
396:25 397:2	279:5 311:15	<b>2-something</b>	215:25 216:4	<b>208</b> 396:2
397:4,5,7,9	311:17 313:4	302:14	223:1 225:25	<b>209</b> 396:4
397:11,12,14	313:6,11	<b>20</b> 279:9 280:5	270:15	<b>21</b> 337:2
397:16,18,20	320:3,9,11,12	311:21 312:3	286:18	361:17
397:22,24	320:13,15,21	331:11	299:17	<b>21.11</b> 169:3
398:2,3	336:21	<b>200</b> 102:7	<b>2009</b> 128:18	<b>210</b> 396:5
<b>11</b> 134:18	<b>15</b> 139:20	104:2,9 105:3	134:8 263:1	<b>211</b> 103:2
188:6 204:3	172:19 212:3	254:3 372:13	269:3 299:17	106:25 394:3
267:16 331:2	267:2 279:9	395:13	<b>201</b> 395:15	396:7
337:4	281:20 313:9	<b>2000</b> 216:22	<b>2010</b> 134:9	<b>212</b> 396:8
<b>11th</b> 393:1	327:12	314:25 315:3	169:5 215:25	<b>213</b> 396:10
<b>11-month</b>	334:13	315:9,10,10	216:1 299:21	<b>214HC</b> 396:12
160:23	<b>15th</b> 103:13	315:11	319:12	<b>215</b> 396:14
<b>11.09</b> 167:17	107:7	<b>2000s</b> 276:4,9	<b>2011</b> 133:17	<b>216</b> 396:15
<b>11.1</b> 231:15	<b>15.3</b> 172:25	276:16	135:16	<b>217HC</b> 396:17
<b>11.6</b> 231:16	<b>150</b> 253:18	280:25	171:15	<b>218</b> 396:19
<b>111</b> 102:7	<b>164</b> 394:2	<b>2001</b> 278:19	179:23	<b>219</b> 396:20
<b>114</b> 354:18	<b>16690</b> 385:6	289:6,9,11	198:18	<b>220</b> 394:4
<b>12</b> 134:18	<b>17</b> 101:9 136:2	319:18,20	222:12	<b>220HC</b> 396:22
167:3 169:5	<b>18</b> 177:17	<b>2002</b> 278:20	249:24	<b>221</b> 103:5
180:3 191:15	<b>18-month</b>	279:19	307:24 367:1	396:24
197:3,8	170:18	289:15 299:7	367:2	<b>222</b> 394:4
233:14	<b>19</b> 165:14	299:19	<b>2012</b> 101:8	397:1
259:15	319:17	319:21	164:22 167:3	<b>223</b> 397:3
260:15	336:25	<b>2003</b> 299:8	167:22 180:4	<b>2230</b> 104:2
263:19	<b>1901</b> 102:3	312:10	180:10	106:5
264:12	105:11	<b>2006</b> 135:9,10	191:16	<b>224</b> 397:5
320:20 322:7	<b>192</b> 394:3	198:18	233:14	<b>225</b> 397:6
331:3 381:10	<b>1979</b> 232:16	212:15	249:24	<b>226</b> 397:8

TRANSCRIPT OF PROCEEDINGS 9/27/2012

<b>227</b> 397:10	165:3	106:1 394:24	<b>405</b> 399:12	<b>501.1</b> 368:12
<b>228</b> 394:5	<b>3.3</b> 173:4	<b>3600</b> 103:2	<b>406NP/HC</b>	<b>502</b> 335:6
397:12	<b>3.9</b> 308:9	106:25	399:14	361:6,9,25
<b>229</b> 397:13	<b>3:30</b> 335:5	<b>362</b> 398:9,11,13	<b>407NP/HC</b>	362:2,7
<b>230HC</b> 397:15	<b>30</b> 141:9	<b>363</b> 394:18	399:16	398:12
<b>231</b> 397:17	145:25 146:4	395:9,11	<b>408</b> 393:18	<b>503</b> 361:3
<b>232</b> 397:19	148:23 322:7	<b>364</b> 395:9,11	399:17	384:24
<b>233HC</b> 397:21	331:11	<b>365</b> 394:18	<b>45</b> 141:8	385:12,24
<b>234</b> 397:23	361:17	<b>37</b> 309:4	211:22	386:1,6
<b>235</b> 398:1	<b>30th</b> 167:3	<b>370</b> 394:19	<b>45.9</b> 173:4	398:14
<b>236</b> 105:3	179:22 180:4	<b>371</b> 394:19,20	<b>456</b> 102:11	<b>504</b> 384:24
398:3	191:15	<b>373</b> 394:20	<b>46</b> 337:4	385:14 386:1
<b>237</b> 261:19	233:14 367:1	<b>375</b> 394:21	<b>47</b> 168:8	398:16
262:3,5,10	367:2,2	<b>376</b> 394:21	<b>481934</b> 360:19	<b>505</b> 384:24
316:7 321:19	381:11,16	<b>379</b> 394:22		385:12 386:1
321:20,24	<b>30.09</b> 167:15	<b>384</b> 398:15,18	<u>5</u>	398:19
365:25	<b>304</b> 394:11	398:20,23	<b>5</b> 160:7 172:19	<b>506</b> 384:24
367:23	<b>307</b> 394:12	<b>386</b> 398:15,18	191:6 194:18	385:14,24
375:22	399:1	398:20,23	224:2 253:2	386:1,6
376:18 398:4	<b>309</b> 399:1	<b>386.266.1</b>	254:6,11	398:21
<b>244</b> 394:8	<b>31</b> 169:5	175:13	305:17	<b>51.54</b> 376:3
<b>245</b> 395:3,3,5,5	389:11	<b>388</b> 399:7	308:21	<b>5144</b> 376:9
<b>246</b> 169:4	<b>31st</b> 307:24	<b>393</b> 399:4,5,7,9	334:14	<b>525</b> 252:7,8
394:9	389:1	399:11,13,15	336:21 363:5	258:6,9,14
<b>25</b> 136:1	<b>312</b> 102:11	399:16,18	363:22 364:8	398:24
145:25	105:18	<b>393.135</b> 175:23	364:12,14,19	<b>526</b> 307:3,4
273:23	394:12		376:4 395:9	308:2 309:10
<b>252</b> 398:24	<b>314</b> 394:13	<u>4</u>	<b>5th</b> 387:11	309:15 399:1
<b>258</b> 394:9	<b>314)231-4181</b>	<b>4</b> 194:18 335:7	<b>5.1</b> 308:21	<b>53</b> 139:19
398:24	103:22	336:14 337:2	<b>5.42</b> 376:2	152:22
<b>262</b> 394:10	<b>314)259-2543</b>	337:16,18,23	<b>50</b> 235:23	166:25 337:5
398:6,6	103:3	376:7 395:7	237:6 254:1,2	<b>54</b> 336:22
<b>27</b> 101:8	<b>314)446-4238</b>	<b>4.6</b> 376:9	279:4	337:4
134:11 135:8	103:14	<b>40</b> 239:2	<b>50s</b> 277:11	<b>55</b> 373:2 376:6
135:10	<b>314)554-2237</b>	291:14	<b>50/50</b> 225:12	<b>55.6</b> 374:18
165:16 337:4	102:4	331:11	225:14	<b>55.7</b> 368:11
<b>275</b> 394:10	<b>318</b> 394:13	<b>40.27</b> 231:18	<b>500</b> 272:9	372:2,4
<b>285</b> 394:11	<b>335</b> 395:6,8	237:23	305:4 335:6	374:25 375:2
	398:9,11,13	240:12	361:5,9,25	<b>556</b> 374:11
<u>3</u>	<b>336</b> 394:15	<b>400</b> 102:21	362:1,7	<b>556,765</b> 375:18
<b>3</b> 188:17	<b>337</b> 395:6,8	107:13	<b>500HC</b> 398:8	<b>556.8</b> 372:25
321:25 322:2	<b>338</b> 394:15	393:18 399:3	<b>500-some</b>	373:21
322:3 335:7	<b>349</b> 394:16	<b>401</b> 399:5	375:13	<b>573)424-6779</b>
336:14	<b>350</b> 192:25	<b>402</b> 388:8,10,12	<b>501</b> 335:6	103:18
337:16,18,23	<b>356</b> 394:16	388:17 399:6	361:2,5 362:2	<b>573)443-3141</b>
395:6	<b>36</b> 359:23	<b>403</b> 399:8	362:7 375:1	102:8
<b>3rd</b> 164:22	<b>360</b> 104:9	<b>404</b> 399:10	398:10	<b>573)556-6622</b>

TRANSCRIPT OF PROCEEDINGS 9/27/2012

103:6 <b>573)635-7166</b> 102:12 <b>573)636-6758</b> 102:22 <b>573)751-3234</b> 104:10 <b>573)751-3321</b> 102:17 <b>573)751-4857</b> 104:3 <b>573)797-0005</b> 103:10	<b>63103</b> 102:4 105:12 <b>63119</b> 103:17 108:7 <b>65</b> 252:12,18 253:5,9 <b>650</b> 104:2 <b>65101</b> 102:22 103:9 107:13 <b>65101-1575</b> 103:6 <b>65102</b> 102:17 104:10 106:1 106:6,20 <b>65102-0456</b> 102:12 <b>65102-2230</b> 104:3 <b>65205</b> 105:15 <b>65205-0918</b> 102:8 <b>66149</b> 102:3	199:10 201:6 226:24 336:22 376:10 <b>8.0</b> 180:19 181:5 <b>8.24</b> 375:22,25 <b>8.4</b> 375:19 <b>8.5</b> 180:19 <b>8.85</b> 368:13,23 369:14,16 371:25 373:7 373:10 375:12 <b>8.93</b> 376:10,11 376:11 <b>8:30</b> 392:12 393:17 <b>8:32</b> 105:2 <b>80s</b> 141:6 276:25 314:14 <b>807</b> 103:9 <b>85</b> 172:19 <b>85/15</b> 148:3 172:24 173:3 174:2 190:20 225:9 305:17 305:21,24 306:4,14 333:25 334:5 334:11 <b>871</b> 103:17 108:6 <b>89.7</b> 167:22 <b>899</b> 102:16 106:20	<b>9.2</b> 181:1 214:24 <b>9.3</b> 146:14 <b>9.30</b> 181:1 <b>9.4</b> 181:1 214:25 <b>9.5</b> 381:20 382:6,21 383:13 <b>9.8</b> 239:18 243:18 <b>9.92</b> 180:12 <b>9/4</b> 131:21 <b>90s</b> 276:24 289:24 290:4 290:5,13 314:14 <b>918</b> 102:7 105:14 <b>95</b> 119:23 134:21 150:2 160:9 172:19 223:25 289:5 299:7 305:16 <b>95/5</b> 148:3 172:22 173:25 190:23 305:21,24 306:4,14 333:24 334:4 334:11 <b>97</b> 167:24
<hr/> <b>6</b> <b>6</b> 308:16,19 363:5,23 364:8,12,14 364:19 375:13 395:10 <b>6th</b> 308:4 <b>6,753,411</b> 375:18 <b>6.7</b> 308:16,19 <b>6.8</b> 372:20,21 374:1 <b>6.99</b> 180:20 <b>60</b> 134:19,20 <b>60s</b> 141:6 277:11 290:2 <b>60-month</b> 186:12 <b>600</b> 103:13 107:7 <b>61</b> 168:13 <b>614</b> 103:21 106:12 <b>62</b> 139:19 152:21 167:1 336:23 337:5 <b>63017</b> 385:6 <b>63101</b> 103:13 103:22 106:12 107:8 <b>63102</b> 103:2 107:1	<hr/> <b>7</b> <b>7</b> 134:13 231:6 336:25 <b>7.2</b> 216:24 <b>7.25</b> 180:21 <b>7.42</b> 376:7 <b>7.52</b> 180:20 <b>7.64</b> 181:2 <b>7.83</b> 231:12 <b>70s</b> 141:6 276:25 277:12 290:2 290:2,16,18 291:14 297:5 351:8 <b>700</b> 273:9 <b>705</b> 103:21 106:11 <b>750</b> 221:14 <b>76</b> 254:15	<hr/> <b>9</b> <b>9</b> 146:22 183:11,14 184:6 336:22 <b>9th</b> 102:7 131:24 <b>9.something</b> 369:18 <b>9.0</b> 180:19,24	
<hr/> <b>8</b> <b>8</b> 147:1 183:11 185:2 194:1			