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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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

Case No. ER-2008-0318

DEPOSITION OF JEREMY HAGEMEYER

NOVEMBER 14, 2008

NATIONWIDE SCHEDULING

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 2 OF THE STATE OF MISSOURI
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 4 In The Matter of Union)
 Electric Company d/b/a)
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 to File Tariffs Increasing) ER-2008-0318
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 Provided to Customers in)
 7 the Company's Missouri)
 Service Area.)
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 15 DEPOSITION OF JEREMY HAGEMEYER
 16 TAKEN ON BEHALF OF UNION ELECTRIC COMPANY
 17 NOVEMBER 14, 2008
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 7 the Company's Missouri)
 Service Area.)
 8
 9
 10 DEPOSITION OF WITNESS, JEREMY
 11 HAGEMEYER, produced, sworn and examined on the
 12 14th day of November, 2008, between the hours of
 13 eight o'clock in the forenoon and six o'clock in
 14 the afternoon of that day, at the offices of the
 15 Missouri Public Service Commission, 9900 Page
 16 Avenue, Suite 130, Overland, Missouri, before
 17 Tara Schwake, a Certified Realtime Reporter and
 18 Notary Public within and for the State of
 19 Illinois, in a certain cause now pending Before
 20 the Public Service Commission of the State of
 21 Missouri, Case No. ER-2008-0318.
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1 APPEARANCES
 2
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 20 (573) 636-6758
 21 By: Mr. James Fischer
 22 jfischer@aol.com
 23
 24
 25

Page 5

1 ALSO PRESENT:
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 7 by: Ms. Tara Schwake, CRR, RPR
 8
 9 Mr. John Cassidy
 10
 11
 12
 13
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1 Q Did you? Okay. So you're familiar
 2 with the process?
 3 A To an extent.
 4 Q It's fairly straightforward. I'll
 5 have some questions for you. And if you don't
 6 understand any of the questions, just ask me to
 7 clarify them and I'll try to do that. And if
 8 your counsel has objections, I'm sure she'll
 9 voice them. But it's my understanding you'll be
 10 expected to answer, unless there's something we
 11 need to have the RLJ resolve. Or we can take up
 12 the objections later, too.
 13 If you do need a break today, a
 14 health break or a coffee break, just let me know
 15 and I'll try to accommodate that, too, and
 16 hopefully we can get this done and get on to our
 17 weekend.
 18 You understand that you're under
 19 oath?
 20 A Yes.
 21 Q Do you have any questions about the
 22 process at this point?
 23 A No.
 24 Q Okay.
 25 MR. FISCHER: Sarah, is there

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1 IT IS HEREBY STIPULATED AND AGREED
 2 by and between Counsel for the Plaintiff and
 3 Counsel for the Defendant that this deposition
 4 may be taken by Tara Schwake, Notary Public and
 5 Certified Realtime Reporter, thereafter
 6 transcribed into typewriting, with the signature
 7 of the witness being expressly reserved.
 8 JEREMY HAGEMEYER,
 9 of lawful age, having been produced, sworn, and
 10 examined on the part of Union Electric Company,
 11 testified as follows:
 12 EXAMINATION
 13 QUESTIONS BY MR. FISCHER:
 14 Q Good morning, Mr. Hagemeyer. My
 15 name's Jim Fischer and I'm representing AmerenUE
 16 in this proceeding, which I believe is the
 17 AmerenUE rate case, No. ER-2008-0318. And for
 18 the record, I'm with the law firm of Fischer and
 19 Dority, PC. And our mailing address is 101
 20 Madison Street, Suite 400, Jefferson City, 65101.
 21 And my phone number is area code 573-636-6758.
 22 Okay. Mr. Hagemeyer, have you ever
 23 had your deposition taken in any other case?
 24 A Yes, in the last AmerenUE rate
 25 case.

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1 anything you'd like to add?
 2 MS. KLIETHERMES: (Nonverbal
 3 response.)
 4 Q (BY MR. FISCHER) Okay. Let's begin
 5 with the beginning then, your background and
 6 education. I believe the Staff report on cost of
 7 service has an Appendix A which includes a
 8 summary of your background, education and
 9 credentials; is that correct?
 10 A Yes.
 11 Q As I understand it, you received
 12 your undergraduate degree from Southwest Missouri
 13 State University in accounting and German in May
 14 of 2001; is that right?
 15 A Yes. Yes.
 16 Q And you've been employed as a
 17 utility regulatory auditor at the Commission
 18 since January 16, 2002; is that right?
 19 A Yes.
 20 Q Is it also correct that this is
 21 your first job after graduation from Southwest
 22 Missouri State University?
 23 A No.
 24 Q No? Okay. What was your previous
 25 job before this one?

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1 A Manager in training, Goodrich
 2 Quality Theaters in Jefferson City, Missouri, the
 3 Capital 8, I believe.
 4 **Q That's where we generally go,**
 5 **unless we go to the Rag Tag.**
 6 **Let's see, you've also included a**
 7 **summary of cases that you've worked on here at**
 8 **the Commission in your Appendix A to the Staff**
 9 **report; is that right?**
 10 A Yes.
 11 **Q And it appears that this is your**
 12 **second AmerenUE rate case; is that correct?**
 13 A Yes.
 14 **Q In that previous AmerenUE rate**
 15 **case, did you address the issues of incentive**
 16 **compensation?**
 17 A No.
 18 **Q Vegetation management or inspection**
 19 **reliability programs?**
 20 A No.
 21 **Q MISO, RSG resettlement expenses or**
 22 **gross receipt taxes?**
 23 A Gross receipt taxes, I did.
 24 **Q What about the Callaway allocation**
 25 **factors?**

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1 A No.
 2 **Q Is it correct that you've not**
 3 **participated in any other electric rate cases**
 4 **with the exception of that Ameren rate case that**
 5 **you just mentioned?**
 6 A That is correct.
 7 **Q And that was ER-2007-0002?**
 8 A Yes.
 9 **Q Is it also correct that you**
 10 **participated in two Missouri American Water rate**
 11 **cases?**
 12 A Yes.
 13 **Q And you participated it looks like**
 14 **in three natural gas cases, one involving Atmos,**
 15 **one involving Laclede, and then a companion**
 16 **AmerenUE gas case; is that right?**
 17 A There was one Laclede case that's
 18 not represented on here that I did not file
 19 testimony in, but I did prepare work papers and
 20 assist.
 21 **Q Okay. What was that one? Was that**
 22 **a rate case?**
 23 A Yes, it was a rate case. I don't
 24 recall, I'm sorry.
 25 **Q Okay. So you've been involved with**

Page 11

1 **two Laclede rate cases, or just one?**
 2 A Two.
 3 **Q Okay. Were there any other cases**
 4 **that I missed in that list that you worked on?**
 5 A Small water, sewer company cases,
 6 but otherwise, yes, that would --
 7 **Q Have you previously testified**
 8 **regarding the issues of vegetation management,**
 9 **inspection reliability programs, the MISO -- MISO**
 10 **-- RSG resettlement expenses, and Callaway**
 11 **allocation factors in any of those cases?**
 12 A I have not.
 13 **Q So, this would be the first case**
 14 **that you have addressed those issues?**
 15 A Yes.
 16 **Q It appears that you may have**
 17 **prefiled testimony on the incentive comp issue in**
 18 **the Atmos energy rate case; is that right?**
 19 A Yes.
 20 **Q Is it correct that the incentive**
 21 **compensation issue was not a litigated issue**
 22 **between Staff and Atmos in GR-2006-0387?**
 23 A That's correct.
 24 **Q In that case the company and the**
 25 **Staff agreed that there would be a zero revenue**

Page 12

1 **requirement increase and there were no revenue**
 2 **requirement issues litigated between Staff and**
 3 **company; is that your memory?**
 4 A That's my understanding, yes.
 5 **Q Is it also correct that you did not**
 6 **take the witness Staff in the Atmos case to**
 7 **defend your position on incentive compensation**
 8 **issues?**
 9 A That's correct.
 10 **Q So, that issue wasn't litigated**
 11 **among any of the parties to that case?**
 12 A Not that I'm aware of, no.
 13 **Q Okay. So, is it correct that this**
 14 **AmerenUE case will be the first case in which you**
 15 **will be taking the witness stand to defend your**
 16 **position on incentive compensation issues,**
 17 **assuming it doesn't settle in the meantime?**
 18 A I have taken the stand in -- it
 19 was --
 20 **Q I'm referring to just the incentive**
 21 **comp issue.**
 22 A I understand.
 23 **Q Okay.**
 24 A I believe it was the 2003 Missouri
 25 American Water Company regarding the customer

Page 13

1 service bonus which was part of the incentive.
 2 **Q Okay. So there's a customer**
 3 **service bonus issue in that 2003 water case?**
 4 A Correct.
 5 **Q Okay. If we go to pages 46 through**
 6 **49 in the Staff report on cost of service --**
 7 A Just a moment, please.
 8 **Q Okay, sure. Begins on page 46,**
 9 **that's where the incentive compensation issue**
 10 **begins, I believe; is that correct?**
 11 A Yes.
 12 **Q Did you draft that section of the**
 13 **Staff report, section 5, on incentive**
 14 **compensation issues?**
 15 A Yes.
 16 **Q Did any other Staff auditors revise**
 17 **your sections of that report on incentive comp**
 18 **before you filed it?**
 19 A They offered suggestions.
 20 **Q Okay. Who would have been involved**
 21 **with that process?**
 22 A That would have been Steve Rackers.
 23 I can't remember which attorney, I believe Sarah
 24 did, but I'm not sure.
 25 **Q But Steve Rackers would be the**

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1 **auditor?**
 2 A Yes.
 3 **Q Did you determine the position the**
 4 **Staff would be taking on the incentive**
 5 **compensation issue on this case?**
 6 A Would you repeat that, please?
 7 **Q Did you personally determine the**
 8 **position that the Staff would be taking on the**
 9 **incentive compensation issue in this case?**
 10 A Yes.
 11 **Q On page 47 of the Staff report on**
 12 **cost of service, it indicates that the Staff**
 13 **recommends that all incentive compensation**
 14 **directly tied with meeting EPS, which is earnings**
 15 **per share, be disallowed from the cost of**
 16 **service; is that correct?**
 17 A Yes.
 18 **Q Is it your understanding that**
 19 **AmerenUE is not requesting recovery of costs**
 20 **associated with earnings per share goals in the**
 21 **short term executive incentive plan for officers?**
 22 A That is my understanding.
 23 **Q Is it your understanding that all**
 24 **the short term executive incentive plan for**
 25 **officers is tied to those earnings per share**

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1 **goals?**
 2 A I'd have to refer to one of my work
 3 papers. Is that --
 4 **Q Okay. That'd be great.**
 5 A Could you repeat your question,
 6 please?
 7 **Q Sure. Is it your understanding**
 8 **that the -- I'm referring here to the executive**
 9 **incentive plan for officers, that 100 percent of**
 10 **the incentive plan funding comes from earnings**
 11 **per share goals?**
 12 A My understanding was that 50
 13 percent was related to earnings per share and 50
 14 percent was individual goals.
 15 **Q Now, this is for the officers?**
 16 A Correct.
 17 **Q Do you happen to have Krista**
 18 **Bauer's testimony with you?**
 19 A I'm not sure.
 20 **Q I can give you a copy here.**
 21 A Please.
 22 **Q I'd like to refer you to page 5 of**
 23 **her rebuttal testimony. At the top of the page**
 24 **there's a table that lists the various plans and**
 25 **the method of funding. Do you see that?**

Page 16

1 A Yes, I do.
 2 **Q Would this indicate to you that for**
 3 **the executive incentive plan for officers, which**
 4 **is shorthanded EIP-O, that 100 percent earnings**
 5 **per share is the funding mechanism or metric used**
 6 **by Ameren for that?**
 7 A Yes.
 8 **Q Okay. Now, on page 47 of the Staff**
 9 **report on cost of service, it indicates that the**
 10 **Staff recommends that all incentive compensation**
 11 **directly tied with meeting EPS, or earnings per**
 12 **share, be disallowed from the cost of service.**
 13 **Was that your decision, or was that made at a**
 14 **supervisory level?**
 15 A That was my decision.
 16 **Q Okay. Do you know how much short**
 17 **term incentive compensation is included in the**
 18 **executive plan for officers that is not being**
 19 **requested to be included in the test year?**
 20 A Give me a moment.
 21 **Q Sure.**
 22 A My understanding is \$1,923,427 is
 23 tied to the EIP for officers. Executive
 24 incentive plan, excuse me.
 25 **Q Okay. Now, if we change gears and**

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1 **talk about the short term incentive plan for**
 2 **managers and directors, is it correct that the**
 3 **Staff is disallowed other costs with regard to**
 4 **the short term incentive plan for managers and**
 5 **directors because they included an EPS share**
 6 **metric?**
 7 A Repeat, please.
 8 **Q Yes. Is it correct that Staff is**
 9 **disallowed other incentive compensation costs**
 10 **associated with the short term incentive plan for**
 11 **managers and directors, not talking about the**
 12 **officers now but the managers and directors of**
 13 **the incentive plan, because they did include a**
 14 **earnings per share component?**
 15 A Yes.
 16 **Q Do you know how much short term**
 17 **incentive compensation was disallowed by Staff**
 18 **for managers and directors because it was related**
 19 **to earnings per share?**
 20 A Twenty-five percent in the funding,
 21 but there were also I believe KPIs that might
 22 have addressed the earnings per share.
 23 **Q Okay. So there was --**
 24 A I'm sorry, key performance
 25 indicators, which is another 75 percent of that

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1 plan, some of which relate to earnings per share.
 2 **Q Do you have a, an estimate of how**
 3 **much of that, of the disallowances related to**
 4 **earnings per share for the managers and directors**
 5 **plan?**
 6 A Offhand, no, I don't.
 7 **Q Okay. And are there other**
 8 **incentive compensation program costs that have**
 9 **been disallowed by the Staff because they were**
 10 **based on earnings per share goals?**
 11 A There were some key performance
 12 indicators that were disallowed based on earnings
 13 per share.
 14 **Q And other plans, for example, the**
 15 **Ameren management incentive plan for the**
 16 **marketing and trading commodities plan?**
 17 A I believe so, yes.
 18 **Q Do you have an estimate of how much**
 19 **of those were related to earnings per share that**
 20 **you disallowed?**
 21 A Offhand, no.
 22 **Q Would it be correct for me to**
 23 **conclude that one of Staff's objections to these**
 24 **incentive plans are the fact that Ameren ties**
 25 **some of its incentive compensation to earnings**

Page 19

1 **per share goals?**
 2 A Could you repeat the question,
 3 please?
 4 **Q Is it correct to conclude that some**
 5 **of Staff's objections to these incentive**
 6 **compensation plans is the fact that AmerenUE ties**
 7 **some of its incentive compensation to earnings**
 8 **per share goals?**
 9 A Yes, that would be correct.
 10 **Q Staff is not opposed to any form of**
 11 **incentive compensation; is that correct?**
 12 A Could you be more specific? I'm
 13 sorry.
 14 **Q Is Staff opposed to every kind of**
 15 **incentive compensation?**
 16 A No.
 17 **Q So, Staff's not opposed to just the**
 18 **fact that there is incentive compensation, it's**
 19 **for specific reasons like it is tied to earnings**
 20 **per share.**
 21 A Yes.
 22 **Q In fact, would Staff believe that**
 23 **public utilities should be incented to provide**
 24 **good quality of service to their customers?**
 25 A The basis for Staff's position on

Page 20

1 earnings per share is Commission orders. And
 2 turning to the Commission order in EC-87114,
 3 which is an AmerenUE complaint case --
 4 **Q Okay, yeah, I understand that**
 5 **that's what your position is on earnings per**
 6 **share. But I was just asking that Staff works,**
 7 **Staff be opposed to incenting public utilities to**
 8 **provide good quality of her advice to their**
 9 **customers?**
 10 A It would depend on the metrics
 11 used.
 12 **Q If the goals for the incentive**
 13 **compensation were tied to excellent customer**
 14 **service, would Staff be willing to support those**
 15 **kinds of metrics?**
 16 A We'd be willing to look at it, and
 17 if the metrics met our, met the qualifications or
 18 -- I hesitate to the use the word guidelines.
 19 But what was laid out in 87114, if they met
 20 those, that criteria, we would allow.
 21 **Q Would you generally agree that**
 22 **improving the level of customer service would**
 23 **benefit consumers?**
 24 A Yes.
 25 **Q If the goals for the incentive**

Page 21

1 **compensation were tied to reliability metrics,**
 2 **would Staff be opposed to giving incentives for**
 3 **providing reliable service to AmerenUE's**
 4 **customers?**
 5 A Again, it would depend. If
 6 improvement is involved or is required to receive
 7 those incentive payments, we would be willing to
 8 look at that and, quite possibly, supporting it.
 9 **Q Would you agree that improving**
 10 **service reliability would be expected to benefit**
 11 **consumers?**
 12 A Yes.
 13 **Q Is it your understanding that the**
 14 **Commission recently adopted rules designed to**
 15 **monitor the level of reliability for electric**
 16 **companies?**
 17 A That is my understanding.
 18 **Q Do you believe it's reasonable for**
 19 **the Commission to monitor the level of**
 20 **reliability for electric companies?**
 21 A Yes.
 22 **Q Do you believe it would be**
 23 **reasonable for the Commission to give electric**
 24 **companies and their employees incentives to**
 25 **improve reliability of service to their**

Page 23

1 **employee safety is a worthwhile goal?**
 2 A Yes.
 3 **Q Would you agree that customers may**
 4 **benefit from a company that has a lower number of**
 5 **accidents by reducing overall operating costs,**
 6 **for example?**
 7 A Yes.
 8 **Q Customers would also benefit if the**
 9 **employees are successful at creating a safer work**
 10 **environment when they're working on the**
 11 **customers' premises, wouldn't you agree?**
 12 A Yes.
 13 **Q Would you also agree that reducing**
 14 **the time it takes to respond to natural gas leaks**
 15 **or electric service outages would be expected to**
 16 **benefit consumers?**
 17 A Reducing the time it takes to
 18 address these problems?
 19 **Q Yes.**
 20 A Yes, that would be worthwhile to
 21 customers.
 22 **Q So, Staff isn't opposed to increase**
 23 **system reliability as such.**
 24 A Right.
 25 **Q And Staff's not opposed to improved**

Page 22

1 **customers?**
 2 A It would depend on the type of
 3 incentives requested.
 4 **Q Would you generally agree that**
 5 **improving system reliability is a worthwhile**
 6 **activity that benefits consumers?**
 7 A Yes.
 8 **Q Mr. Hagemeyer, do you believe it**
 9 **would be reasonable for the Commission to give**
 10 **electric companies and their employees incentives**
 11 **to improve customer satisfaction?**
 12 A I apologize. Could you repeat the
 13 question, please?
 14 **Q Yes. Do you believe it would be**
 15 **reasonable for the Commission to give electric**
 16 **companies and its employees incentives to improve**
 17 **customer satisfaction?**
 18 A It would depend on the type of
 19 incentive offered. If it required improvement
 20 over current levels, we would.
 21 **Q Would you agree that improving**
 22 **customer satisfaction is a worthwhile goal that**
 23 **would benefit consumers?**
 24 A Yes.
 25 **Q Do you also believe that improving**

Page 24

1 **performance by employees generally?**
 2 A No. Staff is not opposed to
 3 improved performance.
 4 **Q And Staff's not opposed to a**
 5 **company trying to reduce the number of workdays**
 6 **lost to accidents?**
 7 A No, Staff is not opposed to that.
 8 **Q Would you agree with me that a**
 9 **public utility must be able to attract capital if**
 10 **it is to continue to build new power plants and**
 11 **improve its distribution infrastructure?**
 12 A Could you rephrase that?
 13 **Q Sure. I'll try to break it down.**
 14 **Would you agree that a public utility must be**
 15 **able to attract capital if it's to build new**
 16 **power plants?**
 17 A Attract new capital?
 18 **Q Attract capital generally.**
 19 A Attract capital generally, yes.
 20 **Q And that would probably be true for**
 21 **major improvements to the distribution system as**
 22 **well, the infrastructure?**
 23 A I would assume so.
 24 **Q And would you agree with me that**
 25 **the construction of adequate capacity benefits**

Page 25

1 ratepayers?
 2 A Yes.
 3 **Q Without adequate capacity or the**
 4 **ability to purchase capacity and energy on the**
 5 **wholesale market, electric companies like**
 6 **AmerenUE would not be able to provide safe and**
 7 **adequate service to its customers over the long**
 8 **run. Wouldn't you agree?**
 9 A Would you mind repeating that? I
 10 apologize.
 11 **Q Sure. Without adequate capacity or**
 12 **the ability to purchase capacity or energy from**
 13 **the wholesale market, an electric company like**
 14 **AmerenUE would not be able to provide safe and**
 15 **adequate service to its customers over the long**
 16 **term. Is that correct?**
 17 A Yes.
 18 **Q And if a public utility did not**
 19 **have any earnings over the long term, do you**
 20 **believe it would be able to attract investors to**
 21 **fund its construction program?**
 22 A Any earnings?
 23 **Q Yes.**
 24 A No. Well, wait. Let me make sure
 25 I understood the question. Could you repeat

Page 26

1 that? I apologize.
 2 **Q Yeah. I asked if a public utility**
 3 **did not have any earnings over the long term, do**
 4 **you believe it would be able to attract investors**
 5 **to fund its construction program?**
 6 A If they had no earnings over the
 7 long term, they would not be able to.
 8 **Q Would you also agree that public**
 9 **utilities may use some of their retained earnings**
 10 **to fund construction programs?**
 11 A Yes.
 12 **Q Without any retained earnings,**
 13 **would it be necessary for a public utility to**
 14 **finance its construction program using outside**
 15 **sources of capital? Would you agree with that?**
 16 A Is this also assuming no earnings?
 17 Or is this assuming earnings that could help it
 18 --
 19 **Q I'm assuming here no retained**
 20 **earnings.**
 21 A Okay. With no retained earnings, I
 22 would assume that in addition to using the funds
 23 provided by customers, they would have to seek
 24 outside capital.
 25 **Q And by having some retained**

Page 27

1 earnings, it's possible to fund a portion of the
 2 public utilities construction program through the
 3 use of those retained earnings; isn't that true?
 4 A Yes.
 5 **Q And the utility could use some of**
 6 **its retained earnings to help fund its ongoing**
 7 **maintenance programs; isn't that correct?**
 8 A Yes.
 9 **Q And would you agree that it's**
 10 **important to ratepayers that a public utility**
 11 **adequately maintain its facilities?**
 12 A Yes.
 13 **Q Now, on page 2 of your surrebuttal,**
 14 **at lines 5 through 7, you indicate that the**
 15 **Staff, at the time of its August 28, 2008, cost**
 16 **of service report filing, had not been provided**
 17 **with adequate information to evaluate the portion**
 18 **of incentive compensation related to KPIs and the**
 19 **exceptional performance benefit plan; is that**
 20 **correct?**
 21 A Yes.
 22 **Q KPI refers to a key performance**
 23 **indicator; is that right?**
 24 A Yes.
 25 **Q What's your understanding of what**

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1 is a key performance indicator in AmerenUE's
 2 incentive compensation plans? Just generally how
 3 you understand that.
 4 A My understanding are, these are
 5 performance targets or goals that the company is
 6 measuring its employees on to ensure that it
 7 meets the various aspects of performance,
 8 finance, safety, customer service, and
 9 operational. But these are, these are goals that
 10 they are measured against.
 11 **Q And they are goals specific to**
 12 **different employee groups; is that right?**
 13 A Yes.
 14 **Q Now, on page 2 at lines 8 through 9**
 15 **you say, given this lack of information, the**
 16 **Staff proposed a disallowance of these incentive**
 17 **packages. Is that right?**
 18 A Yes.
 19 **Q Then you go on to state, since that**
 20 **time the company has provided summaries of KPIs**
 21 **and made personnel available to explain the**
 22 **specific measurements and definitions utilized in**
 23 **determining that portion of the company's**
 24 **incentive plans; is that right?**
 25 A Yes.

Page 29

1 **Q Could you elaborate on what you**
 2 **mean when you say that the company made available**
 3 **personnel to explain those measurements?**
 4 A Yes. I had a meeting with several
 5 members of the company's personnel, Ken Varel,
 6 Krista Bauer, there were some other people in the
 7 room whose names I didn't catch but, yes, that's,
 8 they went through the KPIs with me.
 9 **Q Did they spend several days doing**
 10 **that? Or --**
 11 A The meeting describing the KPIs was
 12 one, one day, but there were discussions over the
 13 phone to clarify some of the KPIs later.
 14 **Q Okay. Did you feel satisfied with**
 15 **the explanations that were given by the company**
 16 **to explain what these were and how they worked?**
 17 A Yes.
 18 **Q Based upon the additional**
 19 **information provided by the company, has Staff**
 20 **now revised its disallowance for incentive**
 21 **compensation plans?**
 22 A Based on the meetings and the
 23 information provided, yes, we have.
 24 **Q How much of the Staff's**
 25 **disallowance has been reduced as a result of that**

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1 **information being provided?**
 2 A Our disallowance is now, I don't --
 3 I have the information -- well, I apologize. We
 4 are now proposing an allowance of 426,545.
 5 That's our allowance. We've reduced our
 6 allowance -- we've reduced our disallowance to
 7 allow \$426,545.
 8 **Q Okay. So that's how much money you**
 9 **have included in your cost of service related to**
 10 **incentive plans, all the incentive plans, is**
 11 **\$426,545; is that right?**
 12 A Yes.
 13 **Q Okay. Can you explain to me why**
 14 **you have included that amount in there which --**
 15 **why did you change your position on that?**
 16 A The position was changed to reflect
 17 that we had more information, and we agreed with
 18 some of the measurements that were being used.
 19 However, that was tempered by the response to a
 20 question relating to how much incentive payment
 21 was tied to performance less than targeted for
 22 those KPIs.
 23 **Q Okay. I'd like to talk to you**
 24 **about that in a minute. What percentage does**
 25 **that \$426,545 represent of the total incentive**

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1 **compensation plan costs that were included in the**
 2 **test year by Ameren?**
 3 A I don't know offhand.
 4 **Q Do you know, okay, do you -- your**
 5 **disallowance, according to the reconciliation**
 6 **that I had, it was a total disallowance for**
 7 **incentive compensation of \$13,737,755. Is that,**
 8 **is that the right number?**
 9 A That is the right number for just
 10 the incentive plans excluding the long term,
 11 which is the restrictive stock and performance
 12 share unit plan which is below.
 13 **Q Which is reflected at just a little**
 14 **under \$7 million?**
 15 A Yes.
 16 **Q So, it looks like the total would**
 17 **be a little over \$20 million; that's what the**
 18 **disallowance is?**
 19 A Twenty-two.
 20 **Q So, I was asking the question,**
 21 **trying to get a handle on what percent of the**
 22 **426,000 allowed compared to \$22 million total**
 23 **disallowance, so that would be, what would that**
 24 **be in terms of rough percentages?**
 25 A I'd have to calculate that.

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1 **Q Could you do that for me real**
 2 **quick?**
 3 A You're wanting the percent allowed
 4 out of the total?
 5 **Q Yes.**
 6 A That would be roughly two percent.
 7 **Q Two percent? Okay. Do you have**
 8 **any work papers that summarize the amount of the**
 9 **various incentive plans that are being**
 10 **recommended to be included in rates? That two**
 11 **percent?**
 12 A Where that, where the amount comes
 13 from? Yes, I do.
 14 **Q Okay. Have you provided those to**
 15 **the company?**
 16 A Yes, I have.
 17 **Q Okay. And do you have similar work**
 18 **papers that summarize the amount of the various**
 19 **incentive plans that are being recommended to be**
 20 **excluded from the rates by the Staff? The other**
 21 **98 percent?**
 22 A Yes.
 23 **Q And have those been provided to the**
 24 **company?**
 25 A Yes.

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1 **Q Now, is it your understanding that**
 2 **AmerenUE has revised its short term incentive**
 3 **compensation plan from its previous plan that was**
 4 **reviewed in the last AmerenUE rate case?**
 5 A That's my understanding, yes.
 6 **Q And have you reviewed the rebuttal**
 7 **testimony of Krista Bauer regarding the revisions**
 8 **to the AmerenUE short term incentive plan?**
 9 A From this case?
 10 **Q Yes.**
 11 A Yes.
 12 **Q Is it your understanding that**
 13 **AmerenUE removed the earnings per share as the**
 14 **primary funding mechanism for all of the plans,**
 15 **but with the single exception being the executive**
 16 **incentive plan for officers?**
 17 A I believe there were some KPIs that
 18 were tied to earnings per share.
 19 **Q But none of them had the majority**
 20 **of their earnings per share as a metric; is that**
 21 **your understanding?**
 22 A That's my understanding.
 23 **Q Does Staff consider that to be a**
 24 **step in the right direction?**
 25 A You mean, does Staff believe that

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1 moving away from earnings per share is, as a
 2 funding mechanism is appropriate?
 3 **Q Yes.**
 4 A We do believe that's a step in the
 5 right direction.
 6 **Q Okay. And is it your understanding**
 7 **that AmerenUE worked with external advisors to**
 8 **review and refine their short term incentive**
 9 **plans?**
 10 A That's my understanding, but can I
 11 go back to the previous question?
 12 **Q Sure.**
 13 A You said a step in the right
 14 direction? It would depend. I mean, I don't
 15 want to say blanket that just earnings per share
 16 is not acceptable. It's when you get into
 17 financial performance measures similar to
 18 earnings per share; we also disagree with those
 19 as well.
 20 **Q But in the last case, it's my**
 21 **understanding that the plans were all funded by**
 22 **earnings per share metrics; is that right?**
 23 A I'd have to look at the work papers
 24 from the last case. I'm sorry, I don't have
 25 those in front of me.

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1 **Q Okay. Well, is it your**
 2 **understanding that the Staff's criticism and the**
 3 **Commission's criticism of the plan was that it**
 4 **was principally driven by earnings per share**
 5 **metrics?**
 6 A From the last case?
 7 **Q Yes.**
 8 A My understanding from reading Lisa
 9 Hanneken's testimony in that case was that there
 10 was an earnings per share trigger that was
 11 required to be met, similar to what is on some of
 12 these plans currently, but that she didn't have
 13 the information regarding to that. Or regarding
 14 the programs offered. The specific criteria
 15 used, similar to the KPIs. But that would have
 16 to be subject to check. I'd have to go back and
 17 look at that.
 18 **Q But in this case the company has**
 19 **taken steps away from just using earnings per**
 20 **share metrics for funding their various plans; is**
 21 **that your understanding?**
 22 A There are other metrics used than
 23 earnings per share.
 24 **Q And I guess my question was, is**
 25 **that considered a step in the right direction**

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1 **from Staff's perspective, to get away from the**
 2 **use of earnings per share metrics?**
 3 A Moving away from earnings per share
 4 provided that they are service oriented is a good
 5 thing in the Staff's mind.
 6 **Q Okay. Let's turn to the, the**
 7 **executive incentive plan for managers, that plan?**
 8 A Okay.
 9 **Q Is it your understanding that 25**
 10 **percent of the managers or directors award is**
 11 **still based upon earnings per share goals?**
 12 A The managers 25 percent, yes.
 13 **Q The remainder of the manager**
 14 **director incentives are based upon other goals**
 15 **such as leadership and contribution achievements**
 16 **related to specific key performance indicators,**
 17 **or KPIs; is that right?**
 18 A Among other things, yes.
 19 **Q Did Staff disallow all of the costs**
 20 **associated with the executive incentive plan for**
 21 **managers?**
 22 A Did we disallow all --
 23 **Q Yes.**
 24 A No, we did not.
 25 **Q What amount did you include for the**

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1 **executive plan for managers?**
 2 A I don't have that specifically
 3 broken out. I'm sorry.
 4 **Q Okay. Do you have an estimate at**
 5 **all?**
 6 A No.
 7 **Q Would that be included in your work**
 8 **papers?**
 9 A You could derive that from my work
 10 papers, but they are not -- that specific
 11 calculation is not in there.
 12 **Q Okay. Did you personally make the**
 13 **decision on how much of these incentive plan**
 14 **costs would be included in Staff's cost of**
 15 **service study?**
 16 A Could you repeat that? I'm sorry.
 17 **Q I was just asking whether you**
 18 **personally made the decision on how much of the**
 19 **executive incentive plan for managers, how much**
 20 **of those incentive plan costs that were going to**
 21 **be included in the Staff's cost of service, did**
 22 **you make that decision?**
 23 A I made the decision to -- or -- I
 24 was the one that calculated what I thought should
 25 be allowed, yes. I'm sorry, I did not answer

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1 your question?
 2 **Q Okay, let me rephrase it, then.**
 3 **Did you make the final decision on how much would**
 4 **be allowed regarding that particular program?**
 5 A Yes. And when you say "that
 6 particular program" --
 7 **Q I'm talking about here, the**
 8 **executive incentive plan for managers.**
 9 A Yes.
 10 **Q That one had the 25 percent**
 11 **earnings per share and the 75 percent related to**
 12 **KPIs and other metrics?**
 13 A Yes.
 14 **Q And I don't think you knew off the**
 15 **top of your head or your work papers would show**
 16 **how much of that plan was allowed?**
 17 A Right. It would not show that, no.
 18 **Q But would it be around the two**
 19 **percent, do you think?**
 20 A Potentially. I believe it actually
 21 might be less than that.
 22 **Q Okay. Let's turn to the Ameren**
 23 **management incentive plan for management**
 24 **employees.**
 25 A The AMIP?

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1 **Q Yes. Is it your understanding that**
 2 **100 percent of the incentive awards are based**
 3 **upon the achievement of predefined KPIs on that**
 4 **plan?**
 5 A Yes.
 6 **Q Did Staff disallow all the costs**
 7 **associated with the Ameren management incentive**
 8 **plan for managers?**
 9 A Did we disallow the entire thing?
 10 **Q Yes.**
 11 A No, we did not.
 12 **Q What did you allow?**
 13 A We allowed the KPIs that we thought
 14 were appropriate, and that included safety and
 15 operational goals and customer service goals as
 16 well. But that was also, like I said, prior,
 17 against the prior plan. That was also tempered
 18 by the idea of the -- that a lot of the payouts
 19 were for performance below the targeted amounts
 20 which were stretch goals established by the
 21 company. So the amount that was, that failed to
 22 meet those targets was disallowed.
 23 **Q Okay. I'd like to talk to you**
 24 **about that a little bit later, too, but --**
 25 **understand whether you looked at that on an**

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1 **individual basis or whether you looked at that in**
 2 **big groups of aggregate numbers, but I'll visit**
 3 **with you about that in a minute.**
 4 **Do you know how much roughly of the**
 5 **Ameren management incentive plan for managers was**
 6 **allowed?**
 7 A Offhand, like I said for the
 8 executive incentive plan for managers, I don't
 9 have that calculation specifically but it
 10 probably can be derived from my work papers.
 11 **Q Would it probably be two percent or**
 12 **less?**
 13 A I don't know.
 14 **Q Did you personally make the**
 15 **decision on this plan on what the level of**
 16 **compensation -- incentive compensation cost would**
 17 **be included in Staff's cost of service?**
 18 A I was the one that made the
 19 incentive compensation adjustment, yes.
 20 **Q Turning next to this Ameren**
 21 **marketing, trading and commodities plan, which I**
 22 **think is an extension of the Ameren management**
 23 **incentive plan for managers?**
 24 A Mm-hmm.
 25 **Q Is it your understanding that a**

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1 **small number of management professionals and**
 2 **supervisors are included in that particular**
 3 **incentive plan, probably less than a dozen or so?**
 4 A That's my understanding. If I
 5 remember correctly, it was about ten.
 6 **Q Okay. Is it your understanding**
 7 **that there are two components to this plan, the**
 8 **first component is a base plan which is**
 9 **essentially the same as the Ameren management**
 10 **incentive plan, but then there's a second**
 11 **component that's called a supplemental component**
 12 **that provides additional group or position**
 13 **specific metrics that are, that these particular**
 14 **gentlemen or women need to address?**
 15 A I'd need to review. I don't have
 16 that in front of me.
 17 **Q Okay. Did Staff disallow all of**
 18 **the costs associated with the Ameren marketing**
 19 **and trading commodities plan?**
 20 A In the test year there were no
 21 costs associated with this plan.
 22 **Q So, there are no costs included in**
 23 **your recommendation related to this particular**
 24 **plan?**
 25 A Right. Right.

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1 **Q Okay. Let's turn then to the**
 2 **Ameren incentive plan for union employees.**
 3 A The AIP?
 4 **Q Yes. Is it your understanding that**
 5 **this incentive plan applies to union employees?**
 6 A That's my understanding.
 7 **Q Is it your understanding from Miss**
 8 **Bauer's rebuttal testimony that the AIP is 100**
 9 **percent on incentive -- on key performance**
 10 **indicator performance, that's how it's funded,**
 11 **100 percent?**
 12 A Yes.
 13 **Q Did Staff propose to disallow all**
 14 **the costs associated with this plan?**
 15 A No.
 16 **Q How much did you allow?**
 17 A Again, I don't have that number
 18 specifically. Or, well, wait. No, I'm sorry.
 19 Let me rephrase that. You said, did we disallow
 20 that completely?
 21 **Q Yes.**
 22 A Yes. And that was based on the
 23 performance less than target.
 24 **Q And did you personally make the**
 25 **decision on how much of that plan you disallowed?**

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1 A Yes.
 2 **Q Okay. On page 2 of your rebuttal**
 3 **testimony, lines 13 through 14 --**
 4 A You mean surrebuttal?
 5 **Q Is it surrebuttal? I guess Krista**
 6 **had rebuttal, you had surrebuttal. Okay. Page**
 7 **2, lines 13 through 14.**
 8 A Okay.
 9 **Q There you state, the Staff proposes**
 10 **a disallowance of financial KPIs and project**
 11 **based KPIs. Is that correct?**
 12 A Yes.
 13 **Q Would you define there for me what**
 14 **you mean by the financial KPIs?**
 15 A If you go down to line 14, I define
 16 it as, the financial KPIs relate to maintaining a
 17 proximity to the operations and maintenance
 18 budget or capital budgets or achievement of a
 19 certain earnings per share, EPS, level.
 20 **Q Okay. And that's what you're**
 21 **referring to there as the financial KPIs?**
 22 A Yes.
 23 **Q Then you go on to state, these**
 24 **measures do not allow the flexibility to address**
 25 **unanticipated operational issues; is that**

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1 **correct?**
 2 A Yes.
 3 **Q Mr. Hagemeyer, are you suggesting**
 4 **there that the incentive compensation plan costs**
 5 **should be disallowed because employees are**
 6 **incented to stay within their operation and**
 7 **maintenance or capital budgets?**
 8 A Could you repeat that, please?
 9 **Q Yeah. Are you suggesting there**
 10 **that the incentive compensation plan costs should**
 11 **be disallowed because employees are incented to**
 12 **stay within their operation and maintenance or**
 13 **capital budgets?**
 14 A I'm suggesting that the budget
 15 numbers alone are not a sufficient reason to
 16 award an incentive payment.
 17 **Q Well, when you state that these**
 18 **measures do not allow the flexibility to address**
 19 **unanticipated operational issues, what do you**
 20 **mean by that?**
 21 A What I mean by that is, if
 22 something operationally occurred, a repair was
 23 needed that may not have been anticipated, and
 24 they had to fix it and that was not budgeted,
 25 that repair was not budgeted and they went

1 outside of those budget parameters in the KPI,
2 that they would not receive that payment or would
3 receive a reduced payment.

4 **Q So, there are times from your**
5 **perspective where they need to exceed the budget**
6 **in order to address unanticipated operational**
7 **issues; is that right? Is that what you're**
8 **saying?**

9 A Yes.

10 **Q Are you suggesting that staying**
11 **within budget is an inappropriate goal for**
12 **management to seek to achieve for its customers?**

13 A No. I am saying that it's
14 inappropriate for a basis for an incentive plan.

15 **Q Does Staff believe it would be**
16 **better to send the signal to employees that it's**
17 **not important to stay within budget?**

18 A No. Staff is not saying that.
19 There -- Staff is saying that it's an
20 inappropriate basis for awarding an incentive
21 payment.

22 **Q Are you suggesting that it would be**
23 **more appropriate for the company's incentive plan**
24 **to build into the incentives incentives for the**
25 **employees to do whatever it takes to address the**

1 **unanticipated operational issues?**

2 A What I'm saying is, we want to
3 focus more on the things, service oriented, not
4 necessarily financial, but maintaining a safe and
5 adequate service. We also want customer,
6 customer goals to be a part of that as well,
7 maintaining that the customer service is improved
8 as well.

9 **Q Are you suggesting that it would be**
10 **more appropriate for the company's incentive plan**
11 **to build into them incentives for the employees**
12 **to do whatever it takes to address the**
13 **unanticipated operational issues?**

14 A Could you repeat the question,
15 please?

16 **Q Are you suggesting that it would be**
17 **more appropriate for the company's incentive**
18 **compensation plan to build into the plan**
19 **incentives for employees to do whatever it takes**
20 **to address unanticipated operational issues?**

21 A I wouldn't say whatever it takes.
22 I would suggest that it would be appropriate to
23 look at metrics that require improvement on
24 service oriented goals.

25 **Q Well, would Staff be opposed to an**

1 **incentive compensation plan that contained KPIs**
2 **which incented employees to stay within budget if**
3 **there was an exception for circumstances when**
4 **there were unanticipated operational issues that**
5 **needed to be addressed?**

6 A Well, when I say unanticipated
7 operational issues, I'm also including
8 efficiencies that could be gained that may be
9 utilized that would allow the company to come in
10 way under budget as well. I mean, it's not just
11 repairs or unanticipated things that would cause
12 the increase, an increase.

13 **Q Well, is staying within budget a**
14 **bad management goal, from your perspective?**

15 A No.

16 **Q Is staying within budget a bad**
17 **regulatory goal?**

18 A Well, I just don't think that it's
19 an appropriate basis for awarding an incentive
20 payment. There are operational issues either
21 that would increase the cost or reduce the cost.
22 And just by basing it on financial alone, you
23 don't take the -- or on budget alone, you do not
24 take those into account.

25 **Q If I understand your testimony, and**

1 **you're saying it's because there are some times**
2 **whenever there are unanticipated operational**
3 **issues that need to be addressed?**

4 A Yes.

5 **Q That's the reason just staying**
6 **within budget's not a good goal; is that right?**

7 A I'm saying staying within budget
8 doesn't necessarily anticipate either increases
9 to costs or decreases to costs that could occur,
10 and that therefore it's an inappropriate goal, or
11 inappropriate basis for awarding an incentive
12 payment.

13 **Q Mr. Hagemeyer, isn't it true that**
14 **Staff has routinely reviewed in past cases**
15 **whether a completed power plant was built within**
16 **budget costs?**

17 A I don't know that. I'm sorry.

18 **Q Okay. Would you agree that staying**
19 **within budget can be an appropriate goal, at**
20 **least in some regulatory contexts?**

21 A Yes.

22 **Q On page 2, lines 19 through 21 of**
23 **your surrebuttal, you state, Staff opposes the**
24 **project based KPIs because they do not promote**
25 **improvement or performance beyond what should be**

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1 reasonably expected of an employee; is that
 2 correct?
 3 A Yes.
 4 Q Now, here, what's your definition
 5 of a project based KPI as you use that term?
 6 A Well, if you turn to the next page
 7 on the top, I provide an example. And I can read
 8 that for you, if you'd like.
 9 Q No, that's okay. I read the
 10 example. Could you define for me what you mean
 11 by project based KPIs, just at a more general
 12 level?
 13 A At a general level, it's a KPI that
 14 does not call for improvement. It just says, do
 15 this and you'll get an incentive payment. A
 16 percentage of the --
 17 Q On a specific kind of project
 18 oriented, not earnings per share, but more on a
 19 particular metric or reliability metric or a
 20 customer service metric or something like that?
 21 A Yes.
 22 Q Okay. Now, you were involved in
 23 the preparation of the Staff cost of service
 24 report that was filed in this case; is that
 25 right?

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1 A I was involved in that, yes.
 2 Q I'm not as familiar with it as I
 3 might, should be, probably, but I didn't find any
 4 disallowances by Staff related to the company's
 5 call centers. Do you know of any?
 6 A In the service report?
 7 Q Yes.
 8 A No. Wait. Are you talking
 9 incentive only?
 10 Q No, I'm talking about in, across
 11 the company, across the Staff's case. Were there
 12 disallowances related to call centers that you
 13 know of?
 14 A I don't know. I'm sorry.
 15 Q Okay. Do you know if Staff has
 16 found any call center problems which warranted a
 17 disallowance?
 18 A I don't know.
 19 Q Mr. Hagemeyer, would you agree with
 20 me that AmerenUE needs to be able to compete in
 21 the employment marketplace to attract employees
 22 to Ameren to serve its customers over the long
 23 term?
 24 A Over the long term, yes.
 25 Q And compensation is a factor that

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1 prospective employees and current employees will
 2 take into account when they decide whether to
 3 accept a job at Ameren or stay on their current
 4 job, wouldn't you agree?
 5 A I would say so.
 6 Q If Ameren fails to pay a
 7 competitive compensation package over the long
 8 term, AmerenUE will not be able to attract and
 9 retain a high quality work force, wouldn't you
 10 agree?
 11 A Could you repeat the question,
 12 please?
 13 Q Sure. If AmerenUE fails to pay a
 14 competitive compensation package over the long
 15 term, AmerenUE will not be able to attract or
 16 retain a high quality work force, wouldn't you
 17 agree?
 18 A I would agree.
 19 Q It's my understanding that the
 20 State of Missouri sometimes grants merit pay
 21 increases to its employees; is that true?
 22 A If so, I've never received one.
 23 I'm sorry.
 24 Q Okay.
 25 A I don't know.

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1 Q Is it your understanding that merit
 2 pay increases are sometimes designed to provide
 3 an incentive for employees to continue to serve
 4 the public well?
 5 A Again, not having reviewed that
 6 program, I can't say.
 7 Q Okay. Let's turn, then, to the
 8 exceptional performance bonus program, EPBP. Is
 9 it your understanding that all non-Ameren
 10 leadership team personnel, which I think includes
 11 all employees except the officers, managers, and
 12 directors, all of the folks other than that group
 13 are eligible for this exceptional performance
 14 bonus program award?
 15 A I believe that's correct, yes.
 16 Q Has the Staff disallowed all the
 17 costs of the exceptional performance bonus
 18 program?
 19 A Yes.
 20 Q How much of that, of those costs
 21 were disallowed?
 22 A \$848,075.
 23 Q And nothing was included for that
 24 program in Staff's cost of service?
 25 A That's correct.

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1 **Q And did you personally make the**
 2 **decision to exclude 100 percent of the costs**
 3 **associated with the exceptional performance bonus**
 4 **program?**
 5 A Yes.
 6 **Q Mr. Hagemeyer, let's discuss the**
 7 **Ameren long term incentive plan for just a**
 8 **minute, and we'll go back to the short term here**
 9 **in a minute, too. Have you reviewed the rebuttal**
 10 **testimony of Krista Bauer at page 19? And I'm**
 11 **going to refer to lines 13 through 14.**
 12 A Give me just a moment, please.
 13 **Q Sure. There she testifies that**
 14 **long term incentive programs have become a common**
 15 **component of the executive level total rewards**
 16 **package. Do you see that?**
 17 A Yes.
 18 **Q In your audit, did you have any,**
 19 **come across evidence that would, or studies to**
 20 **dispute her statement that such long term**
 21 **incentive programs are a common component of**
 22 **executive level total rewards packages?**
 23 A Did I come across anything that
 24 would contradict that?
 25 **Q Yes.**

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1 A No, I haven't.
 2 **Q She refers on line 16 through 19 to**
 3 **a survey conducted by Hewitt and Associates that**
 4 **found that 100 percent of Ameren's peer companies**
 5 **had utilized one or more long term incentive**
 6 **vehicles. In your audit, did you review that**
 7 **Hewitt and Associates study on that point?**
 8 A No. Not on that point, no.
 9 **Q Do you have any studies or evidence**
 10 **that would indicate or dispute the finding that**
 11 **Ameren's peer companies have utilized long term**
 12 **incentive vehicles as part of their executive**
 13 **total compensation plans?**
 14 A You are asking if I found anything
 15 that would say any of those have not used those
 16 plans?
 17 **Q Correct.**
 18 A Okay. No, I have not seen anything
 19 like that.
 20 **Q And in your previous employment or**
 21 **your employment here at the Commission, have you**
 22 **ever participated in the hiring process, trying**
 23 **to attract people to come to the Commission or to**
 24 **your previous employer? Have you been involved**
 25 **with human resources interviews or --**

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1 A No.
 2 **Q And have you ever designed a**
 3 **incentive compensation program for any employer**
 4 **you've worked with?**
 5 A No.
 6 **Q Okay. Let's talk a little bit more**
 7 **about these key performance indicators. Did you**
 8 **review the key performance indicators used by**
 9 **Ameren in its incentive compensation plans?**
 10 A Yes.
 11 **Q Did you review all of them or just**
 12 **a handful, sampling?**
 13 A All of them.
 14 **Q All of them? Okay. So you would**
 15 **have reviewed, for example, the Missouri customer**
 16 **service scorecard that would apply to customer**
 17 **service representatives?**
 18 A Do you have a copy of that?
 19 **Q I bet I do.**
 20 A I want to make sure I have the
 21 right one.
 22 **Q Here's the one I was looking at,**
 23 **it's ED Missouri customer service scorecard.**
 24 A Yes. I believe I did review that.
 25 **Q Okay. One of the KPIs for this**

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1 **group is to successfully communicate power on**
 2 **project information to AmerenUE customers. Is**
 3 **that your understanding?**
 4 A That is my understanding.
 5 **Q And another one relates to reducing**
 6 **the number of gas leak responses solely**
 7 **attributable to calls being mishandled in the**
 8 **call center. Is that correct?**
 9 A If you wouldn't mind giving me just
 10 one moment?
 11 **Q Oh, sure. I'm sorry. I was**
 12 **referring to the second one, the number of**
 13 **delayed gas leak responses solely attributed to**
 14 **calls being mishandled in the call center.**
 15 A If you look at that, there is no
 16 money bag next to it, so that's not a KPI upon
 17 which incentive payments are tied.
 18 **Q Okay. The next one seems to have a**
 19 **money bag, the management -- or manage annual**
 20 **average speed of answer for calls queued to**
 21 **agents. Would that be a money bag one that you**
 22 **referred to?**
 23 A Yes.
 24 **Q Then there, there's also KPIs**
 25 **related to the percent of customers that are**

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1 highly satisfied with new services or upgrades.
 2 **Did you review these KPIs particularly?**
 3 A Yes.
 4 **Q Would you agree that increasing the**
 5 **number of customers that are highly satisfied**
 6 **would benefit customers?**
 7 A Yes.
 8 **Q Do you believe that increasing the**
 9 **percentage of highly satisfied customers is a**
 10 **reasonable key performance indicator to include**
 11 **in an Ameren incentive plan?**
 12 A Could you repeat your question?
 13 I'm sorry.
 14 **Q Would you believe that increasing**
 15 **the percent of highly satisfied customers is a**
 16 **reasonable metric to include in a Ameren**
 17 **incentive compensation plan?**
 18 A And you're referring specifically
 19 to this KPI?
 20 **Q Just generally. Isn't that a**
 21 **metric that would be, one of those kinds of**
 22 **metrics that the Staff would find to be**
 23 **attractive?**
 24 A Potentially. I mean, in this
 25 instance, though, that's not one that's --

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1 **incentive compensation for call center employees**
 2 **in your cost of service?**
 3 A They would fall under -- would the,
 4 do you know what, are they union? Or -- I'm
 5 sorry.
 6 **Q You know, I don't know if they all**
 7 **are union or not. I was really just asking**
 8 **whether you had included any call center**
 9 **employees.**
 10 A I mean, some of these metrics we
 11 did agree --
 12 **Q None of the union guys got**
 13 **anything, right? I think they are union.**
 14 A All right. Well, if they are
 15 union, they did not perform anything for
 16 performance less than target.
 17 **Q Okay. Now, would you just**
 18 **generally explain how you personally evaluated**
 19 **the KPIs related to, say, the customer service**
 20 **scorecard?**
 21 A You're specifically wanting this
 22 card?
 23 **Q Yes. That would be fine just as an**
 24 **example.**
 25 A Just a moment. Sir, I believe,

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1 **Q Has a money bag next to it?**
 2 A Right. Exactly.
 3 **Q But it's one that they're trying to**
 4 **promote.**
 5 A Right.
 6 **Q Do you believe it's reasonable to**
 7 **include a KPI for average speed of answer at the**
 8 **call centers?**
 9 A If it calls for improvement, yes.
 10 **Q Now, did Staff include any**
 11 **incentive compensation for call center employees**
 12 **-- I'm sorry?**
 13 A I'm sorry. May I -- I apologize
 14 for interrupting, but I think that would also
 15 need to be in context. I mean, if their average
 16 speed of answer and then just hang up, I mean,
 17 you would, I mean, obviously find that
 18 unattractive.
 19 **Q That is an objective kind of**
 20 **performance metric that you could include that**
 21 **would make sense to try to incent employees to do**
 22 **a better job at?**
 23 A So long as the customer was getting
 24 their question answered, yes.
 25 **Q Okay. Did the Staff include any**

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1 looking at this again, I believe there's
 2 something I need to clear up. The contract
 3 portion was the next scorecard, which is the --
 4 it only has four KPIs listed. This is the
 5 management piece, as far as I know. The one
 6 we're referring to where it has the percentage of
 7 customers highly satisfied.
 8 **Q Okay. You say this is the**
 9 **management, this ED Missouri customer service**
 10 **scorecard you believe is management?**
 11 A No, no, no. Where it's titled 2008
 12 ED Missouri customer service scorecard, and if
 13 you look over -- sir, I can show you which one
 14 I'm looking at. This is the contract piece. And
 15 I don't believe that -- yeah. That's the
 16 contract -- um, yours doesn't match mine but --
 17 **Q Okay.**
 18 A You know, it's this right here, to
 19 -- my understanding is, this relates to
 20 management employees.
 21 **Q Okay.**
 22 A So a percentage of this, when I
 23 said that none of them was allowed --
 24 **Q Included?**
 25 A Yes. That would sort of have to be

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1 clarified.

2 MS. KLIETHERMES: Are there any

3 page numbers we can refer to for the benefit of

4 the court reporter?

5 THE WITNESS: No.

6 MS. KLIETHERMES: Could you give

7 the full title of the page?

8 THE WITNESS: Sure. The 2008

9 Missouri customer service scorecard. And below

10 that, it says, YTD June 2008. And the line below

11 that is, forecasted incentive compensation payout

12 for 2008, scorecard equals 110 percent.

13 **Q (BY MR. FISCHER) Mr. Hagemeyer,**

14 **would you perhaps just use that particular**

15 **example as a, and explain to me how you would**

16 **evaluate that particular KPI and those metrics**

17 **that are used in that?**

18 A Okay. Looking at this, I thought

19 that the financials should not be allowed.

20 **Q That's because they're budget**

21 **oriented?**

22 A Budget oriented and, in this case,

23 net write-off, which is more impacted by the

24 economy, I would think, than efforts from the

25 company. I agreed with the idea of safety/lost

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1 work DLWA cases.

2 **Q So you would have included some**

3 **related to that in the cost of service study?**

4 A When you say cost of service

5 study --

6 **Q The Staff's rates, proposed rates?**

7 A Yes. That would have been

8 included.

9 **Q Do you know how much would have**

10 **been included related to that?**

11 A Below it there's a weighting which

12 says 20 percent. But again, that would also flow

13 through the performance less than target

14 disallowance.

15 **Q And that, that particular part of**

16 **your analysis overrides all the other individual**

17 **KPIs?**

18 A I wouldn't say that it overrides

19 it. It complements. .

20 **Q Okay. It complements it. But if**

21 **they didn't reach the target that y'all got**

22 **thrown out; is that right?**

23 A Yes.

24 **Q Okay.**

25 A I also agreed with the manage

Page 63

1 annual average speed of answer per queued calls

2 to agents. I also agreed with the calls sent to

3 center index.

4 **Q Okay. And if, if any of the target**

5 **amounts did not, if they didn't reach the target**

6 **amount then that would not, then you wouldn't**

7 **have included anything related to those specific**

8 **KPIs; is that right?**

9 A Right. Well, let me be a little

10 bit more clear. I apologize. The, that would

11 have been allowed. But again, when we asked how

12 much of the plan participants for each plan did

13 not -- not how many, but how much of the payout

14 was tied to performance less than target, the

15 number allowed would have been reduced for that.

16 And I just want to make sure I said that right.

17 **Q It would have been eliminated,**

18 **wouldn't it?**

19 A Depending. I mean, for the AIP,

20 all of it would have been eliminated. But for

21 the, for the programs not AIP, that would have

22 been reduced.

23 **Q Okay. Well, I'd like to go through**

24 **that and understand a little bit more.**

25 A Okay.

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1 **Q You also reviewed the KPIs related**

2 **to the nuclear performance scorecards, I assume?**

3 A Yes.

4 **Q Do you recall that there were some**

5 **related to radiation exposure or total lost**

6 **workdays?**

7 A I believe so, yes.

8 **Q Would you think having KPIs related**

9 **to reducing radiation exposure would be a**

10 **reasonable thing to include in an incentive comp**

11 **for that section of the employees?**

12 A If you're reducing it, yes.

13 Basically looking for improvement, yes.

14 **Q It would benefit the general public**

15 **if we had less radiation exposure?**

16 A Yes.

17 **Q Do you think that having KPIs**

18 **related to lost workdays would also be a**

19 **reasonable metric?**

20 A Yes. And generally those were

21 allowed.

22 **Q Did Staff include any short term**

23 **incentive compensation related to the nuclear**

24 **group?**

25 A Were they contract employees?

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1 **Q I don't know.**
 2 A Okay. If you'll give me a moment.
 3 Do you have a specific scorecard you're referring
 4 to?
 5 **Q Oh, I'll probably find one here.**
 6 **Let's see.**
 7 A Oh, wait. I believe I found it.
 8 **Q I have a third quarter nuclear**
 9 **performance scorecard I could show you.**
 10 A Okay.
 11 **Q Can you tell if you included**
 12 **anything related to the nuclear group?**
 13 A Yes. We allowed 80 percent of the
 14 KPIs, but then that got filtered through the
 15 performance less than target.
 16 **Q So none was included?**
 17 A That's not true.
 18 **Q That's not true?**
 19 A Right. For the contract piece --
 20 **Q Explain what you mean when you --**
 21 **got filtered through.**
 22 A I apologize for the imprecision
 23 there, but what I mean is if the scorecard was
 24 related to AMIP -- AMIP, eight percent was
 25 allowed of the total, and that would depend on

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1 the scorecard itself from there on out as to
 2 whether or not those were goals allowed. And in
 3 this case, 80 percent of the management piece was
 4 allowed of that. And then the contract piece,
 5 none of it was allowed because they fell under
 6 the AIP. That was completely -- the AIP did not
 7 meet target completely.
 8 **Q But some of the management KPIs did**
 9 **meet the target, so you included those?**
 10 A Yes.
 11 **Q Okay. Did you also, I saw one**
 12 **scorecard called Twin Rivers division. Would**
 13 **that be a scorecard that you would have looked**
 14 **at? It included --**
 15 A Do you have the title?
 16 **Q Yeah.**
 17 A Is it the ED distribution services
 18 Twin Rivers?
 19 **Q The one I was looking at, it was**
 20 **actually, has scorecard under LaBoube?**
 21 **L-a-B-o-u-b-e? Something like that?**
 22 A Give me just a moment.
 23 **Q Sure. Mine has Twin Rivers**
 24 **division scorecard in parentheses at the top.**
 25 **Perhaps we can short circuit and I can just ask**

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1 **you a couple questions about some of the metrics.**
 2 A Okay.
 3 **Q The KPI would include a completed**
 4 **project which -- completed projects, which are**
 5 **expected to reduce the number of customers with**
 6 **four or more outages by 100 percent. Would that**
 7 **be a KPI that would seem reasonable to you to**
 8 **include in an incentive plan?**
 9 A Reduce the number of outages?
 10 **Q Yes.**
 11 A Yes.
 12 **Q It's reasonable to try to incent**
 13 **employees to reduce the number of customers with**
 14 **four or more outages. Wouldn't you agree?**
 15 A Yes.
 16 **Q Are you also familiar with some of**
 17 **the reliability measures like SAIFI?**
 18 A Yes.
 19 **Q Does it seem reasonable to incent**
 20 **employees to improve reliability indexes such as**
 21 **SAIFI?**
 22 A Yes.
 23 **Q Mr. Hagemeyer, is it your**
 24 **understanding that AmerenUE has reviewed its**
 25 **short term incentive plan to try to meet the**

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1 **criteria the Staff and the Commission included in**
 2 **their last rate case, to come closer to what they**
 3 **understood the Commission's concerns were?**
 4 A Could you repeat your question?
 5 **Q Is it your understanding that**
 6 **AmerenUE has revised its short term incentive**
 7 **plan to try to meet the criteria the Staff and**
 8 **Commission -- that was announced in the last rate**
 9 **case?**
 10 A Is there a specific mention of this
 11 in the testimony? In Krista Bauer's?
 12 **Q Yes. Krista Bauer talks about it**
 13 **at --**
 14 A Page 9.
 15 **Q Page 9, line 13. "Why did AmerenUE**
 16 **revise its short term compensation plans." Down**
 17 **at line 20 she says, "As a part of the review**
 18 **process, we considered prior feedback from the**
 19 **Commission, and as a result, removed earnings per**
 20 **share as the primary funding mechanism for all**
 21 **but the AIPO plan." Is that your understanding?**
 22 A That it says that there, yes.
 23 **Q Do you think some of the revisions**
 24 **that were made to the incentive plan since the**
 25 **last case are improvements to the plan? From**

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1 **your perspective as an auditor?**
 2 A My understanding of, again, I did
 3 not see the KPIs that were used in the last case.
 4 But we do agree with a lot of the KPIs that are
 5 used and, you know, as to whether it's an
 6 improvement over the last case, I'd be --
 7 **Q Okay, well, you've looked at this**
 8 **plan and obviously you've disallowed 98 percent**
 9 **of the costs. How would you suggest that Ameren**
 10 **improve its incentive compensation plan in the**
 11 **future?**
 12 A I would suggest they reduce the
 13 emphasis on financial and project based KPIs.
 14 **Q Okay. And by financial you mean**
 15 **the staying within budget type goals?**
 16 A Among, yeah, that and the earnings
 17 per share KPIs and --
 18 **Q Which they did for the, for all but**
 19 **the 25 percent?**
 20 A There are still KPIs with those
 21 requirements in there.
 22 **Q Okay. And you'd suggest reducing**
 23 **those further?**
 24 A Yes.
 25 **Q Anything else?**

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1 A Just so long as it would stay
 2 within the ideas laid out in the Commission's
 3 EC-87114 case, and so that -- and the service
 4 oriented type goals, stuff like that.
 5 **Q If Ameren made those kinds of**
 6 **improvements, would you expect it to be less**
 7 **objectionable from the Staff's perspective?**
 8 A It would, again, it would depend on
 9 the goals that they use.
 10 **Q If they eliminated the earnings per**
 11 **share and the staying within budget type goals,**
 12 **would that be less objectionable to the Staff?**
 13 A I believe so.
 14 **Q Be more likely to be found to be an**
 15 **includable cost in a rate case?**
 16 A Well, we didn't want to include
 17 performance measures that don't require
 18 improvement. So, so long as improvement can be
 19 shown, we would consider them. It would depend
 20 on the specific measures used.
 21 **Q Okay. On page 3 of your rebuttal**
 22 **--**
 23 A Give me just a minute.
 24 **Q Sure. At lines 10 through 12, you**
 25 **state, the Staff reduced the amount of KPI**

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1 **related incentive compensation allowed by the**
 2 **amount that the company paid for performance that**
 3 **did not fully meet the targets; is that correct?**
 4 A Yes.
 5 **Q Did you review the performance of**
 6 **each individual employee to determine if he or**
 7 **she fully met the KPI target?**
 8 A No.
 9 **Q Did you just review the aggregate**
 10 **data regarding larger groups of employees to**
 11 **determine if that larger group met the target?**
 12 A Yes.
 13 **Q If all call center employees, for**
 14 **example, with the exception of a single employee**
 15 **fully met the KPI target, how would Staff have**
 16 **treated the costs associated with that incentive**
 17 **compensation?**
 18 A Could you repeat your question?
 19 I'm sorry.
 20 **Q Yeah. For example, I'm just**
 21 **asking, I'm trying to understand how you did**
 22 **this. If all the call center employees with the**
 23 **exception of just one person met, fully met the**
 24 **target of the KPI, but because the one employee**
 25 **didn't meet that target, and as a result the**

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1 **group as a whole didn't meet the target, would**
 2 **you have disallowed all of those costs?**
 3 A I mean, it would depend. If the
 4 group itself got, I mean, if the --
 5 **Q If the group was 99 percent of the**
 6 **target, it would have been disallowed; is that**
 7 **right?**
 8 A If they failed to meet the target,
 9 that percentage which they didn't meet the target
 10 would be disallowed, yes.
 11 **Q And if you had ten employees that**
 12 **fully met the target, or nine employees that**
 13 **fully met the target but one employee that did**
 14 **not, that would mean that the total of ten didn't**
 15 **fully meet it. Correct?**
 16 A One out of ten doesn't make the
 17 target.
 18 **Q The result would be that the whole**
 19 **group would be disallowed because they didn't**
 20 **have the whole group meeting the target.**
 21 A I'm sorry, I'd have to go back and
 22 review the plan documents for that. I mean, in
 23 my understanding was, this was a, um, when we
 24 asked the question, we asked what percentage of
 25 payouts were related to performance less than

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1 target. And if the group didn't meet the target,
 2 then that would have been within that percentage.
 3 **Q And it would have been disallowed.**
 4 A Yes.
 5 **Q So, it's hypothetically possible**
 6 **that all but one of the employees of a particular**
 7 **group could have fully met the target, but**
 8 **because one person didn't, the group as a whole**
 9 **didn't meet the target. Wouldn't that be true?**
 10 A Potentially.
 11 **Q And in that set of circumstances,**
 12 **the whole group would have been disallowed**
 13 **because they didn't fully meet the target.**
 14 **Correct?**
 15 A If the group didn't receive a
 16 payout based on that one person, yes, you're
 17 correct.
 18 **Q And even if they did, but it wasn't**
 19 **at the targeted level, that's where the Staff**
 20 **made the disallowance; isn't that true?**
 21 A Yes.
 22 **Q So, in that circumstance, if they**
 23 **had made the first level as a whole group but**
 24 **then they didn't get to the full target level**
 25 **because one person didn't meet it, the whole**

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1 **group would have not been included in the Staff's**
 2 **rates. Right?**
 3 A Performance less than target was
 4 not in Staff's rates. Yes.
 5 **Q Okay. Now, on page 16 you state,**
 6 **the Staff believes that performance that falls**
 7 **short of the, quote, stretch goals, unquote --**
 8 A Excuse me, sir, which --
 9 **Q I'm sorry. Page 16.**
 10 A I don't have a page 16.
 11 **Q You don't have a page 16. Okay.**
 12 **Let me find it, then. Sorry.**
 13 A Unless I'm missing something.
 14 **Q I'm sure you're right. Do you know**
 15 **where you address stretch goals in your**
 16 **testimony?**
 17 A I believe it's page 3.
 18 **Q Okay.**
 19 A Lines 12 and 13. Or I'm sorry --
 20 okay, the Staff believes that performance that
 21 falls short of --
 22 **Q Yeah. I was trying to quote line**
 23 **16, not page 16. Okay. Here on page 3 at line**
 24 **16 you say, the Staff believes that performance**
 25 **that falls short of these stretch goals is**

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1 **already compensated at market rates through the**
 2 **employees' base pay and represents performance**
 3 **that should currently be expected of the**
 4 **employees. Is that right?**
 5 A That's in there, yes.
 6 **Q Is that your personal belief here,**
 7 **that's what you're reflecting?**
 8 A Yes.
 9 **Q Would you describe for me what you**
 10 **mean there by the stretch goal term?**
 11 A The stretch goal term I believe is
 12 used in Krista Bauer's rebuttal testimony on page
 13 10, line 13, she defines that. A goal that
 14 AmerenUE employees are striving to achieve.
 15 **Q Okay. Now, as we discussed a**
 16 **minute ago, if everyone in the employee group met**
 17 **the stretch goal but one employee only met 95**
 18 **percent of that stretch goal, so everybody except**
 19 **one had got there, but one only got 95 percent of**
 20 **the way, would Staff have disallowed all of the**
 21 **costs associated with that group because the**
 22 **group as a whole didn't get to that stretch goal?**
 23 A Yes.
 24 **Q Or let's say that if all the**
 25 **employees came within 99 percent of achieving the**

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1 **stretch goal but they didn't get there as a**
 2 **group, would Staff have disallowed all the costs**
 3 **associated with that particular KPI?**
 4 A Yes.
 5 **Q Mr. Hagemeyer, have you done any**
 6 **studies to determine if AmerenUE's base pay**
 7 **levels are comparable to other public utilities**
 8 **if there's no incentive compensation included in**
 9 **employees' paychecks?**
 10 A If their base pay is? Well, I had
 11 a meeting with Ameren personnel where I did
 12 review salary surveys with this individual and
 13 their base pay was solidly within the middle, is
 14 what I was told. Within the market range.
 15 **Q Okay. When you state that Staff**
 16 **believes that performance that falls short of**
 17 **these stretch goals is already compensated at**
 18 **market rates through the employees' base rates,**
 19 **what is that based on? What is that opinion**
 20 **based on?**
 21 A Well, the response based on the
 22 fact that the stretch goals require improvement.
 23 That actually means they have to go beyond normal
 24 performance. Normal performance is included in
 25 their market pay.

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1 **Q Okay. So it's your perspective or**
 2 **opinion that the base rate is for normal**
 3 **activities or normal performance, and that that**
 4 **is -- that anything above that is -- would be --**
 5 **let me withdraw that. That's not a good**
 6 **question.**
 7 **Have you ever performed a study to**
 8 **compare compensation rates with existing market**
 9 **rates yourself?**
 10 A Myself? Have I collected data from
 11 multitudes of utility companies to compare
 12 salaries?
 13 **Q Compare salary levels or wage**
 14 **levels?**
 15 A No. I have not. And let me be
 16 clear, you're asking if I, like Hewitt and
 17 Associates, did the study?
 18 **Q Right.**
 19 A No, I did not.
 20 **Q And you didn't look at the Hewitt**
 21 **and Associates study?**
 22 A I don't remember which study it
 23 was, but I believe that was one of the ones that
 24 AmerenUE relies upon.
 25 **Q But you haven't done anything --**

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1 **the work papers dealing with these initiatives?**
 2 A Yes.
 3 **Q And if -- has Staff now determined**
 4 **the appropriateness of an adjustment for these**
 5 **programs from test year levels?**
 6 A I believe the, that we're on the
 7 verge of making that determination, yes.
 8 **Q Okay. And you'll let the company**
 9 **know what your thoughts are?**
 10 A Yes.
 11 **Q Have you supported anything in the**
 12 **case up until now related to that adjustment?**
 13 A I'm sorry, can you --
 14 **Q Have you included anything in**
 15 **addition to --**
 16 A Test year levels?
 17 **Q Yes.**
 18 A No.
 19 **Q Okay. Will you do that at true up**
 20 **or when will that happen?**
 21 A Yes, that would be part of true up,
 22 if it's deemed that those are adjustments that
 23 are necessary and appropriate.
 24 MR. FISCHER: Okay. I appreciate
 25 your time and effort on a Friday. That's all I

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1 **for example, state Personnel Advisory Board does**
 2 **those kinds of things.**
 3 A I don't, no.
 4 **Q Do you know how you would go about**
 5 **structuring that kind of a study?**
 6 A No.
 7 **Q Or how you would go about gathering**
 8 **the data for that?**
 9 A No.
 10 **Q Just a couple other quick issues to**
 11 **tie up here at the end of your testimony. In**
 12 **your surrebuttal at page 6, line 13 through 16,**
 13 **you're discussing the vegetation management**
 14 **infrastructure and reliability programs.**
 15 A I'm sorry, which lines? 13 through
 16 16?
 17 **Q 13 through 16, I believe. You say**
 18 **there, to date, the Staff has not received an**
 19 **update of work papers dealing with these**
 20 **initiatives. Once these updates are received,**
 21 **the Staff will determine the necessity and**
 22 **appropriateness of an adjustment from test year**
 23 **expense levels; is that right?**
 24 A Yes.
 25 **Q Has Staff now received an update of**

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1 have.
 2 THE REPORTER: What would you like
 3 to do about signature?
 4 MR. DOTTHEIM: Yes.
 5 THE REPORTER: He'll read and sign?
 6 MR. DOTTHEIM: Yes.
 7 MR. FISCHER: And I, we've got a
 8 hearing coming up beginning next week. Is it
 9 possible to get this expedited a bit?
 10 THE REPORTER: Yes.
 11 MR. FISCHER: Can you send it
 12 electronically, and I'd take a hard copy, too.
 13 MR. DOTTHEIM: And we'll take
 14 everything. Electronically and, you know, single
 15 page and the script.
 16 MR. FISCHER: Yeah, I like the four
 17 pages, too. That's really handy.
 18 (Wherein, the taking of the instant
 19 deposition ceased.)
 20 (Deposition to be read and signed
 21 by the witness.)
 22
 23
 24
 25

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1 CERTIFICATE OF REPORTER
 2
 3 I, TARA SCHWAKE, a Registered
 4 Professional Reporter and Notary Public within
 5 and for the State of Illinois, do hereby certify
 6 that the witness whose testimony appears in the
 7 foregoing deposition was duly sworn by me; that
 8 the testimony of said witness was taken by me to
 9 the best of my ability and thereafter reduced to
 10 typewriting under my direction; that I am neither
 11 counsel for, related to, nor employed by any of
 12 the parties to the action in which this
 13 deposition was taken, and further that I am not a
 14 relative or employee of any attorney or counsel
 15 employed by the parties thereto, nor financially
 16 or otherwise interested in the outcome of the
 17 action.
 18
 19
 20
 21 _____
 22 Notary Public in and for
 23 The State of Illinois
 24 My commission expires June 7, 2009
 25

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1 STATE OF _____)
 2 COUNTY OF _____)
 3 I, JEREMY HAGEMEYER, do hereby certify:
 4 That I have read the foregoing deposition;
 5 That I have made such changes in form
 6 and/or substance to the within deposition as
 7 might be necessary to render the same true and
 8 correct;
 9 That having made such changes thereon, I
 10 hereby subscribe my name to the deposition.
 11 I declare under penalty of perjury that
 12 the foregoing is true and correct.
 13 Executed this ____ day of _____,
 14 2008, at _____.
 15
 16 _____
 17 Notary Public
 18 My commission expires: _____
 19
 20
 21 JEREMY HAGEMEYER
 22
 23 TRS/JEREMY HAGEMEYER, 11/14/08
 24 In Re: Union Electric ER-2008-0318
 25

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1 Midwest Litigation Services
 2 711 North 11th Street
 3 St. Louis, Missouri 63101
 4 Phone (314) 644-2191 * Fax (314) 644-1334
 5
 6 November 17, 2008
 7 Staff of the Commission Office of the
 8 General Counsel
 9 Missouri Public Service Commission
 10 Governor Office Building
 11 200 Madison Street, Suite 100
 12 Jefferson City, Missouri 65101
 13
 14 Attn: Mr. Steven Dottheim
 15
 16 In Re: Union Electric ER-2008-0318
 17
 18 Dear Mr. Dottheim:
 19
 20 Please find enclosed your copy of the deposition
 21 of JEREMY HAGEMEYER, taken on November 14, 2008,
 22 in the above-referenced case. Also enclosed is
 23 the original signature page and errata sheets.
 24 Please have the witness read your copy of the
 25 transcript, indicate any changes and/or
 corrections desired on the errata sheets, and
 sign the signature page before a notary public.
 Please return the errata sheets and notarized
 signature page to Mr. James Fischer for filing
 prior to trial date.
 Thank you for your attention to this matter.
 Sincerely,
 Tara Schwake, CRR, RPR, CSR
 Enclosures
 Cc: Mr. James Fischer

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1 WITNESS ERRATA SHEET
 2 Witness Name: JEREMY HAGEMEYER
 3 Case Name: Union Electric ER-2008-0318
 4 Date Taken: 11/14/08
 5
 6 Page # _____ Line # _____
 7 Should read: _____
 8 Reason for change: _____
 9
 10 Page # _____ Line # _____
 11 Should read: _____
 12 Reason for change: _____
 13
 14 Page # _____ Line # _____
 15 Should read: _____
 16 Reason for change: _____
 17
 18 Page # _____ Line # _____
 19 Should read: _____
 20 Reason for change: _____
 21
 22 Page # _____ Line # _____
 23 Should read: _____
 24 Reason for change: _____
 25 Witness signature: _____

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