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CHARLES D. NASLUND 1/23/2007

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Missouri Public
Service Commission

STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

In the Matter of Union Electric)
Company, d/b/a AmerenUE for)
Authority to File Tariffs) Case No. ER-2007-0002
Increasing Rates for Electric)
Service Provided to Customers in)
the Company's Missouri Service) January 23, 2007
Area.) Jefferson City, Mo.

DEPOSITION OF CHARLES D. NASLUND,

a witness, produced, sworn and examined on the 23rd day of
January, 2007, between the hours of 8:00 a.m. and
6:00 p.m. of that day at the offices of the Missouri
Public Service Commission, 200 Madison Street, Room 810,
in the City of Jefferson, County of Cole, State of
Missouri, before

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

and Notary Public within and for the State of Missouri,
commissioned in Cole County, Missouri, in the
above-entitled cause, on the part of the Staff of the
Public Service Commission.

Staff Exhibit No. 262
Date 3-21-07 Case No. ER-2007-0002
Reporter PC

A P P E A R A N C E S

FOR UNION ELECTRIC COMPANY, D/B/A AMERENUE:

THOMAS BYRNE

Attorney at Law
Ameren Services Company
P.O. Box 66149
1901 Chouteau Avenue
St. Louis, MO 63103
(314)554-2237

FOR THE COMMERCIAL GROUP (VIA TELEPHONE):

RICK D. CHAMBERLAIN

Attorney at Law
6 NE 63rd Street, suite 400
Oklahoma, OK 73105
(405)848-1014

FOR THE STATE OF MISSOURI:

DOUGLAS E. MICHEEL

Assistant Attorney General
P.O. Box 899
Supreme Court Building
Jefferson City, MO 65102
(573)751-3321

FOR THE OFFICE OF THE PUBLIC COUNSEL:

LEWIS MILLS

Public Counsel
P.O. Box 2230
200 Madison Street, Suite 650
Jefferson City, MO 65102-2230
(573)751-4857

FOR THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION:

STEVEN DOTTHEIM

Chief Deputy General Counsel
Missouri Public Service Commission
P.O. Box 360
200 Madison Street
Jefferson City, MO 65102
(573)751-3234

1 ALSO PRESENT: Ryan Kind
Michael Moehn (via telephone)
2 Mark Van Trease (via telephone)
Kevin Higgins (via telephone)
3 Robert Schallenberg
4

5 SIGNATURE INSTRUCTIONS:

6 Presentment waived; signature requested.

7 EXHIBIT INSTRUCTIONS:

8 Retained by Mr. Dottheim.
9

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25

1 CHARLES D. NASLUND, being sworn, testified as follows:

2 DIRECT EXAMINATION BY MR. DOTTHEIM:

3 Q. Mr. Naslund, would you please state your
4 full name.

5 A. Charles D. Naslund.

6 Q. And would you please state your employment.

7 A. I am senior vice president and chief
8 nuclear officer for AmerenUE.

9 Q. And could you provide us with an address,
10 please?

11 A. My mailing address is Post Office Box 620,
12 Fulton, Missouri 65251.

13 Q. Mr. Naslund, have you ever been deposed
14 before?

15 A. Yes, I have.

16 Q. Then you're probably quite aware of the
17 procedure. I, of course, will be asking you a number of
18 questions. When I complete asking questions, other
19 counsel will have an opportunity to ask you questions.
20 Also, if I'm not clear, please ask me to repeat myself or
21 clarify what I'm asking. If at any time you'd like to
22 take a break, please let us know, and we can take a break.

23 And is there any reason why today you would
24 not be able to give truthful responses to questions that
25 would be asked you?

1 A. No.

2 Q. Okay. You're not on any medication that
3 would hinder your ability to respond truthfully to
4 questions asked?

5 A. No.

6 Q. Okay. Very good. Probably the best thing
7 to do before we just start into the questions is just go
8 around the room and identify who is here and also who is
9 on the telephone. Present for the deposition, I, Steven
10 Dottheim, am an attorney with the Staff of the Missouri
11 Public Service Commission.

12 MR. MICHEEL: I'm Doug Micheel. I'm an
13 Assistant Attorney General. I'm here on behalf of the
14 State of Missouri.

15 MR. MILLS: I'm Lewis Mills. I'm here on
16 behalf of the Office of the Public Counsel.

17 MR. KIND: I'm Ryan Kind. I'm the chief
18 energy economist at the Office of the Public Counsel.

19 MR. BYRNE: Tom Byrne on behalf of
20 AmerenUE.

21 MR. DOTTHEIM: And on the telephone, could
22 we have those on the phone that are connected to the
23 deposition identify themselves?

24 MR. CHAMBERLAIN: This is Rick Chamberlain.
25 I'm an attorney representing the Commercial Group.

1 MR. HIGGINS: Kevin Higgins, witness for
2 the Commercial Group.

3 MR. BROSCHE: Michael Brosch, consultant to
4 the State of Missouri.

5 MR. DOTTHEIM: Okay. And I think that, at
6 the moment, identifies everyone who is either present or
7 on the telephone hookup. We've just been joined by one
8 other individual who I'll ask that he identify himself.

9 MR. SCHALLENBERG: Robert Schallenberg,
10 S-c-h-a-l-l-e-n-b-e-r-g.

11 BY MR. DOTTHEIM:

12 Q. Mr. Naslund, did you receive a copy of the
13 Notice of Deposition that was filed with the Commission
14 last week?

15 A. Yes, I did.

16 Q. And the Notice of Deposition, did you
17 receive a copy of Exhibit A that was denominated subpoena
18 duces tecum?

19 A. Yes, I did.

20 Q. And in particular, respecting Item 3 on
21 that Exhibit A, did you bring with you copies of all
22 electric or other communications or correspondence,
23 documents, reports, prior Commission rulings or cases,
24 Data Request responses, periodic monthly reports, letters,
25 calculations, plans, drawings and other information upon

1 which the deponent relied in forming deponent's opinions
2 set out in his testimony in the rate case?

3 A. I have none of those items. I wrote the
4 testimony out of my head.

5 Q. Okay. Do you recall when your testimony
6 was filed, did you provide any work papers?

7 A. I had none.

8 Q. Okay. And Item 6 on Exhibit A is copies of
9 all electronic or other communications or correspondence,
10 documents, reports and other information relating to role
11 of deponent as a member of the EEInc board of directors
12 since January 1, 2003. Did you bring any such materials
13 with you identified in Item 6?

14 A. Yes, I did. I have my file. It's the
15 stack right here (indicating).

16 Q. Could I see those, please?

17 A. Yes, you may (indicating).

18 Q. Mr. Naslund, in looking at the materials
19 which you've handed to me in response to Item No. 6, all
20 but one of those items appears to be from 2006. There's
21 one other item, a -- well, a board of directors report for
22 year ended December 31, 2005, which has a date also of
23 May 17, 2006. There are no materials from any year other
24 than 2006? Item 6 requested going back to January 1,
25 2003.

1 A. No, sir.

2 Q. Is that because there are no such materials
3 or that you no longer have any such materials or --

4 A. I no longer have such materials. I keep
5 only one year's worth of board minutes in my personal
6 file, and that's my personal file.

7 Q. Okay. And there are no electronic or other
8 communications or correspondence or other documents?

9 A. No, sir.

10 Q. Okay. I'd like to have copies made of
11 these materials and have them marked as Exhibit No. 1,
12 Deposition Exhibit No. 1.

13 (NASLUND EXHIBIT NO. 1 WAS MARKED FOR
14 IDENTIFICATION BY THE REPORTER.)
15 BY MR. DOTTHEIM:

16 Q. Mr. Naslund, AmerenUE recently had
17 Callaway's steam generators replaced, did it not?

18 A. Yes, we did.

19 Q. Do you recall approximately how much that
20 cost?

21 A. The work order for that job was
22 \$198.6 million.

23 Q. Are you familiar with the Wolf Creek
24 nuclear generating facility?

25 A. Yes, I am.

1 Q. Do you know if Wolf Creek has had its steam
2 generators replaced?

3 A. They have not.

4 Q. What is the expected useful life of the new
5 steam generators at Callaway?

6 A. The new steam generators at Callaway were
7 specified for a 40-year life.

8 Q. And the steam generators that were
9 replaced, what were they specified as far as their life?

10 A. They were specified 40 years.

11 Q. Do you know why Wolf Creek's steam
12 generators have not been replaced?

13 A. Wolf Creek steam generators are fabricated
14 out of a different steam tube material type. They
15 have alloy 600 heat-treated tubes. Callaway had alloy
16 600 non-heat-treated tubes.

17 Q. And that is the reason why the replacement
18 of the Callaway steam generators, and as far as you're
19 aware, the non-replacement of the Wolf Creek steam
20 generators?

21 A. That is correct. The alloy 600
22 non-heat-treated tubing material for Callaway failed
23 prematurely in life.

24 Q. Was Union Electric Company involved in a
25 lawsuit with Westinghouse regarding the steam generators

1 that were recently replaced at Callaway?

2 A. Yes, they were.

3 Q. Do you know what were the issues in that
4 lawsuit?

5 A. Just on the periphery, the issue was
6 premature failure of a component that was specified
7 originally with a 40-year life.

8 Q. And do you know how the lawsuit was
9 resolved, if it has been resolved?

10 A. No, I certainly do not.

11 Q. Were the issues in that lawsuit related to
12 the reason for the replacement of the Callaway steam
13 generators?

14 A. Yes, they were.

15 Q. AmerenUE recently has had the Callaway high
16 and low pressure turbines replaced, has it not?

17 A. Yes, we have.

18 Q. Do you recall approximately how much was
19 the cost of that replacement of the high and low pressure
20 turbines?

21 A. The work order for that job was
22 \$56 million.

23 Q. What was the expected useful life of the
24 high and low pressure turbines that were replaced?

25 A. 40 years.

1 Q. And what is the expected useful life of the
2 high and low pressure turbines that have been installed
3 recently at Callaway?

4 A. They were specified for a 40-year life.

5 Q. Okay. AmerenUE also has recently replaced
6 Callaway's condensers, has it not?

7 A. Yes.

8 Q. Do you recall approximately how much was
9 that cost?

10 A. Actually, I do not. I was not at Callaway
11 at the time, so I don't know what the dollar value that
12 was.

13 Q. And when did that occur?

14 A. That was during Callaway's refuel 13, which
15 would have been the -- I have to go back in time. Spring,
16 spring of 2004.

17 Q. And when you say you were not at Callaway
18 at the time, what do you mean by that?

19 A. I have only been at Callaway since
20 September of 2004.

21 Q. Do you know what is the expected useful
22 life of the new condensers?

23 A. They also were specified at 40 years.

24 Q. Do you know what was the expected useful
25 life of the condensers that were replaced?

1 A. Original specs were 40 years.

2 Q. Regarding the replacement of the steam
3 generators, turbines and condensers at Callaway, was
4 pursuing a 20-year license renewal considered in any way
5 by AmerenUE in its decision to proceed with those
6 projects?

7 A. No, it was not.

8 Q. Are you saying that those expenditures were
9 considered and taken without any regard to the future
10 impact on pursuing a 20-year license renewal for Callaway?

11 A. The steam generators were replaced because
12 of failing material that would not last 'til the end of
13 life, and the cost justification for doing those
14 replacements was based on that. The turbine generator
15 replacements were based on some premature failure, but the
16 overall economics were due to gaining 49 megawatts
17 additional output by having new material designs.

18 Q. And the condensers, did you address the
19 condensers also?

20 A. The condensers I was not involved with, so
21 I don't know.

22 Q. I'd like to refer you to -- do you have a
23 copy of your direct testimony with you?

24 A. Yes, I do.

25 Q. I'd like to refer you to page 9, lines 10

1 through 12, and on line 11 in particular you use the word
2 normally. What do you mean by the word normally in the
3 context in which you use it?

4 A. The context there is just the length of
5 time that it takes to prepare a license extension package,
6 the NRC review time to review and approve it and leaving
7 adequate time to have that completed before a license
8 would expire, that's what that refers to.

9 Q. Okay. Is that statement presently borne
10 out by what other owners of nuclear generating units have
11 been doing regarding relicensing?

12 A. I have no idea.

13 Q. You also state that the single most
14 critical consideration in determining whether or not
15 relicensing may be feasible is the condition of the
16 reactor vessel itself, do you not?

17 A. Yes, I do.

18 Q. Would you expect a different experience at
19 Callaway than at Wolf Creek?

20 A. I'm not sure I understand your -- in
21 relation to what?

22 Q. As far as the condition of the reactor
23 vessel, would you expect a different experience with the
24 condition of the reactor vessel at Wolf Creek compared to
25 Callaway and Callaway compared to Wolf Creek?

1 A. I really can't speak to their vessel
2 because it's all entirely dependent on how fuel design is
3 done and what the influence from neutrons on the vessel
4 wall is, and I'm not familiar with their core design.

5 Q. And when you say fuel design, you just said
6 core design. Could you expand upon that?

7 A. Each refuel outage, we replace fuel
8 assemblies, and Callaway's reactor has 193 fuel
9 assemblies. And each plant has -- depending on how many
10 full power days you plan on running between cycles, the
11 type of fuel you're using, all of those go in to how you
12 design your core, the reactor core and all the technical
13 parameters for staying within technical specs on the
14 plant, et cetera. So that's all part of fuel design.

15 Q. Okay. Mr. Naslund, what has been your
16 professional or personal involvement with the Electric
17 Energy, Inc. entity?

18 A. I am on their board of directors.

19 Q. And over what period of time have you been
20 on the board of directors?

21 A. I joined their board approximately the end
22 of 1999 or beginning of 2000. I don't know the exact
23 date.

24 Q. Do you know a Mr. Hubert R. Ozment,
25 O-z-m-e-n-t?

1 A. No, I do not.

2 Q. You do not recognize the name?

3 A. No, I do not.

4 Q. As a member of -- director on the board of
5 directors of the Electric Energy, Inc. entity, do you
6 serve for a set term, for a set number of years or a set
7 period?

8 A. The period, I believe, is three-year
9 increments, and then obviously you go back through a
10 reelection process by the owners.

11 Q. And you have been through that election
12 process?

13 A. Yes, I have.

14 Q. And you've been through that election
15 process how many times?

16 A. Let's see. Be twice.

17 Q. How did you get involved the first time in
18 that election process?

19 A. Basically, I was -- I was asked to join the
20 board as an AmerenUE representative.

21 Q. And who asked you to join the board?

22 A. At the time, that would have been Chuck
23 Mueller, Ameren's CEO.

24 Q. And what was the process involved? You've
25 indicated you were asked to join the board by Mr. Mueller

1 as an AmerenUE representative. Could you explain what
2 process occurred?

3 A. The process, after I said I would be
4 interested in being a director, Mr. Mueller submitted my
5 name to the existing board of directors. It was taken to
6 a board meeting. I don't know which one. And I was
7 actually elected during that board and then the following
8 board I was invited to attend.

9 Q. And do you recall the date that you were
10 first elected?

11 A. No, I don't. It was towards the end of
12 1999, but I do not have an exact date.

13 Q. And do you recall approximately the date
14 that you stood for reelection?

15 A. Let's see. It would have been 2003.

16 Q. And in this process, were you again asked
17 to be an AmerenUE representative on the board?

18 A. No, I don't recall any solicitation at that
19 point.

20 Q. Could you explain, then, what process
21 occurred whereby you were elected again as a director to
22 the board of directors?

23 A. No, I cannot.

24 Q. Okay. And presently when is your term up?

25 A. I believe my term is up 2009.

1 Q. So the present time you are serving is for
2 six years?

3 A. No. I believe it was '03, '06, '09.

4 Q. So you were, if I have this correct, first
5 elected approximately in 1999, reelected in 2003,
6 reelected in 2006?

7 A. That's correct.

8 Q. In 2006, when you were reelected, do you
9 recall the process whereby you were reelected?

10 A. No, sir.

11 Q. You don't recall if you were asked to
12 continue to serve on the board by anyone in particular?

13 A. No, sir.

14 Q. Were you just advised that you had been
15 reelected to the board?

16 A. Yes.

17 Q. Were you advised as to when you were
18 reelected to the board?

19 A. I don't recall a date.

20 Q. Were you --

21 A. Or a time.

22 Q. Were you present at any of the three times
23 that you were elected to the board?

24 A. I believe that was all done by a proxy
25 ahead of time. So I was actually at the meeting when, you

1 know, it was read -- read into the minutes that -- that
2 reelection occurred.

3 Q. Now, you indicated that in 1999 Mr. Mueller
4 asked you to serve as the AmerenUE representative on the
5 EEInc board of directors. Have you continued to serve as
6 the AmerenUE representative on the EEInc board of
7 directors?

8 A. Yes, I have.

9 Q. Could you tell me what is involved in
10 serving as the AmerenUE representative on the board of
11 directors?

12 A. We have four board meetings a year, and my
13 role in that board is to look after the fiscal aspects of
14 the operation of Joppa, look after the benefit and the
15 welfare of the employees that are employed there, pension
16 funds, Viva trusts. We also feel I have an obligation to
17 make sure the asset is maintained. One of the reasons I
18 was placed on that board was my operations background, so
19 to provide oversight and input on good operation of the
20 plant to maximize the benefit of the asset.

21 Q. In serving as the AmerenUE representative,
22 do you have any special duties as the AmerenUE
23 representative?

24 A. Again, my responsibilities were to look
25 after the healthy operation of the plant, to maximize the

1 benefit of the plant for the stockholders that own the
2 asset.

3 Q. Who presently are the owners of Electric
4 Energy, Inc.? And if I just refer to Electric Energy,
5 Inc. as EEInc, is that all right with you?

6 A. That would be fine. AmerenUE is a
7 40 percent owner, Ameren Energy Generating is a
8 40 percent owner, and Kentucky Utilities is a 20 percent
9 owner of the facility.

10 Q. Do the other owners have individuals who
11 represent them on the board of directors?

12 A. Yes, they do.

13 Q. Are there other individuals who represent
14 AmerenUE --

15 A. Yes.

16 Q. -- on the EEInc board of directors?

17 A. Yes.

18 Q. And who would those be?

19 A. Dave Whitely is the other AmerenUE member
20 to the board.

21 Q. Could you identify who are the -- presently
22 the AEG representatives on the board?

23 A. AEG are Tom Voss and Dan Cole.

24 Q. And could you identify who presently is the
25 Kentucky Utilities representative or representatives on

1 the board?

2 A. Paul Thompson, and the other gentleman's
3 last name is Voyles. I don't remember his first name.

4 Q. Do you recall how it's spelled?

5 A. I believe it's V-o-i-l-e-s.

6 MR. MICHEEL: V-o-y-l-e-s.

7 BY MR. DOTTHEIM:

8 Q. If I'm counting correctly, those are six
9 individuals. Are there other members of the board of
10 directors?

11 A. Allen Kelly is the chairman of the board.

12 Q. Does he represent any of the owners in
13 particular or does he represent anyone?

14 A. To my knowledge, he's chairman of the
15 board, no specific affiliation.

16 Q. Are there presently any other members of
17 the board of directors?

18 A. I believe that's it.

19 Q. You identified, I think it was AEG as
20 having a 40 percent ownership share of EEInc.?

21 A. Yes, sir.

22 Q. Okay. AEG stands for?

23 A. Ameren Energy Generating.

24 Q. Is Ameren Energy Generating a part of
25 Ameren Energy Resources?

1 A. Yes.

2 Q. And what activities are Ameren Energy
3 Generating engaged in?

4 A. They are Ameren's non-regulated generation
5 business in the state of Illinois.

6 Q. And could you identify what activities
7 Ameren Energy Resources are engaged in?

8 A. I believe they are just the next -- next
9 higher tier company above Ameren Energy Generating.

10 Q. Offhand, can you recall any other specific
11 activities that they are engaged in?

12 A. The generating company or --

13 Q. No. I'm sorry. Ameren Energy Resources.

14 A. There also is a marketing arm, Ameren
15 Energy Marketing, that is part of that organization.

16 Q. What is part of the Ameren Energy
17 Resources?

18 A. Resource company.

19 Q. Mr. Naslund, do you know whether the AEG,
20 the Ameren Energy Generating, generating facilities cost
21 of production is higher or lower than the cost of
22 production of AmerenUE's generating facilities?

23 A. I don't know.

24 Q. You, of course, know who Gary L. Rainwater
25 is?

1 A. Yes.

2 Q. And if you could please identify
3 Mr. Rainwater.

4 A. Mr. Rainwater is president and CEO of
5 Ameren Corporation.

6 Q. Do you report to Mr. Rainwater?

7 A. No, I do not.

8 Q. Who do you report to?

9 A. I report to Tom Voss, the president and CEO
10 of AmerenUE.

11 Q. Mr. Voss just very recently become the
12 president of AmerenUE?

13 A. Yes. That was effective, I believe,
14 January 1st.

15 Q. And who preceded Mr. Voss as president of
16 AmerenUE?

17 A. Basically, there -- Mr. Rainwater was
18 president and CEO of Ameren and there wasn't a specific
19 individual in that slot.

20 Q. Well, then prior to January 1, 2007, who
21 did you report to?

22 A. To Mr. Rainwater.

23 Q. And for what period of time, how many years
24 prior to January 1, 2007 did you report to Mr. Rainwater?

25 A. I reported to Mr. Rainwater from

1 September 1st, 2004 when I returned to Callaway to
2 present, 'til January 1st of this year when Tom Voss was
3 made president of AmerenUE.

4 Q. You returned to Callaway, I think you just
5 indicated, September 1, 2004?

6 A. That's correct.

7 Q. Where were you prior to September 1, 2004?

8 A. From July 1st, 1998 until September 1st,
9 2004, I was vice president of power operations for
10 AmerenUE over the fossil and hydro fleet.

11 MR. DOTTHEIM: Did someone just join us?

12 MR. VAN TREASE: This is Mark Van Trease
13 with Ameren. Is this the Chuck Naslund deposition?

14 MR. DOTTHEIM: Yes, it is.

15 BY MR. DOTTHEIM:

16 Q. Mr. Naslund, do you know whether
17 Mr. Rainwater has had any involvement with Ameren Energy
18 Resources?

19 A. Organizationally, that organization reports
20 up to him, so I would have to say yes.

21 Q. Has he himself been an officer of Ameren
22 Energy Resources, to your knowledge?

23 A. Yes, I believe he has.

24 Q. Do you know if he's had, that is
25 Mr. Rainwater, any involvement with Ameren Energy

1 Generating or Generation?

2 A. Again, as an organization that reports up
3 to him, as president/CEO, yes.

4 Q. And do you know if he has had any official
5 capacity as an officer of Ameren Energy Generation or
6 Generating?

7 A. Sometime in the past, before he was
8 president and CEO of Ameren, he was over the Illinois
9 operations as president after the merger with CIPS, so I
10 would say yes.

11 MR. BYRNE: And, Steve, it is Ameren Energy
12 Generating.

13 MR. DOTTHEIM: Generating. Thank you.

14 BY MR. DOTTHEIM:

15 Q. Has Mr. Rainwater served on the board of
16 EEInc?

17 A. I don't recall whether he's been on the
18 board or not.

19 MR. DOTTHEIM: I'm going to refer to a
20 number of documents several times through the deposition.
21 Probably would make some sense to have them marked at this
22 time as exhibits. They're FERC Form 1s for EEInc.

23 If we could mark as Deposition Exhibit No.
24 2 the FERC Form 1 for EEInc for 2000. If we could mark as
25 Deposition Exhibit No. 3 the FERC Form 1 for EEInc for

1 2001. If we could mark as Deposition Exhibit No. 4 FERC
2 Form 1 for EEInc for 2002. If we could mark as Deposition
3 Exhibit No. 5 FERC Form 1 for EEInc for 2003. If we could
4 mark as Deposition Exhibit No. 6 FERC Form 1 for EEInc for
5 year 2004. And finally if we could mark as Deposition
6 Exhibit No. 7 FERC Form 1 for EEInc for 2005.

7 (EXHIBIT NOS. 2 THROUGH 7 WERE MARKED FOR
8 IDENTIFICATION BY THE REPORTER.)

9 BY MR. DOTTHEIM:

10 Q. Mr. Naslund, I'd like to refer you first to
11 what's been marked Deposition Exhibit No. 2, the FERC
12 Form 1 for EEInc for the year 2000. I'd like to refer you
13 to page 105.

14 MR. BYRNE: Mr. Dottheim, I'd like to
15 interpose an objection. I know he still needs to answer
16 your questions, but I would interpose the objection that
17 there's been no foundation laid that he's ever seen these
18 documents before, so he's not prepared to answer any
19 questions about them.

20 THE WITNESS: Steve, what page do you want
21 me to turn to?

22 BY MR. DOTTHEIM:

23 Q. To page 105.

24 A. Okay.

25 Q. And at the top of the page, it states,

1 report below the information called for concerning each
2 director of the Respondent who held office at any time
3 during the year. Include in Column A abbreviated titles
4 of the directors, officers of the Respondent. Did I read
5 that correctly, Mr. Naslund, up at the top of the page
6 under Item 1?

7 A. Yes, sir.

8 Q. And I'd like to direct you to line 13, and
9 it's in the column that has at the top name and title of
10 director; is that correct? There's the identification at
11 the top of the column, name and title of director?

12 A. Yes.

13 Q. And for line 13, your name appears, does
14 it not, Charles D. --

15 A. Yes, it does.

16 Q. -- Naslund?

17 And you were a director of EEInc in the
18 year 2000, were you not?

19 A. Yes, I was.

20 Q. In the next column over, which has at the
21 top of the column principal business address, it has the
22 address P.O. Box 66149, St. Louis, Missouri 63166-6149,
23 does it not?

24 A. Yes.

25 Q. And on line 16, shown the name Gary L.

1 Rainwater, correct?

2 A. Yes.

3 Q. Okay. And for the adjoining column
4 where it says principal business address, is the address
5 607 East Adams Street, Springfield, Illinois 62739 --

6 A. Yes.

7 Q. -- is that correct?

8 And this page would indicate that
9 Mr. Rainwater in the year 2000 was a director of EEInc?

10 A. Yes.

11 Q. Do you recognize the other names that are
12 shown on that page, that are shown as directors of EEInc?

13 A. Yes, I do.

14 Q. The first name that's shown on line No. 1,
15 Justin A. Bradshaw, could you identify who Mr. Bradshaw
16 is?

17 A. He was a director from Illinois Power,
18 Dynegy.

19 Q. And could you identify who's also shown in
20 that column, Richard Elmer, Junior?

21 A. He also was an Illinois Power Dynegy
22 representative.

23 Q. And then there's R. Allen Kelly, if you
24 could identify Mr. Kelly.

25 A. Mr. Kelly was chairman of the board.

1 Q. And then there's a Charles W. Mueller,
2 spelled M-u-e-l-l-e-r. Could you identify Mr. Mueller?

3 A. He was an Ameren CEO, president.

4 Q. Is that the same Mr. Mueller who asked you
5 to serve on the EEInc board?

6 A. Yes.

7 Q. And then your name is shown, is it not,
8 Charles D. --

9 A. Yes, it is.

10 Q. -- Naslund?

11 And then Mr. Rainwater's name, then there's
12 a Roger Smith. Could you identify who Mr. Smith is?

13 A. He was a Kentucky Utilities, LG&E Company
14 director.

15 Q. Then there's the name Paul W. Thompson.
16 Could you identify who Mr. Thompson is?

17 A. He also was a Kentucky Utilities, LG&E
18 director.

19 Q. And finally there's a David A. Whitely.
20 Could you identify who Mr. Whitely is?

21 A. Mr. Whitely was an AmerenUE director.

22 Q. I'd like to direct you next to Deposition
23 Exhibit No. 3, which is the FERC Form 1 for EEInc for the
24 year 2001, and again I'd like to direct you to page 105.

25 MR. BYRNE: Mr. Dottheim, for each of the

1 documents I would have the same objection.

2 MR. DOTTHEIM: Certainly.

3 BY MR. DOTTHEIM:

4 Q. And I'm not going to take you through all
5 of the names, but again, on page 105, which it has up at
6 the top of the page, says directors, and then has Item 1,
7 record below the information called for concerning each
8 director of Respondent who held office at any time during
9 the year, including Column A, abbreviated titles of the
10 directors or officers of the Respondent.

11 On line 16, your name, Charles D. Naslund,
12 appears, does it not?

13 A. Yes.

14 Q. And on line 19, Mr. Rainwater's name
15 appears, does it not?

16 A. Yes, it is.

17 Q. I'd next like to refer you to what's been
18 marked as Deposition Exhibit No. 4, which is FERC Form 1
19 for EEInc for 2002, and again direct you to page 105,
20 which again has up at the -- near the top of the page the
21 word directors, and on in the column name and title of
22 director on line 13, your name appears, does it not,
23 Charles D. Naslund?

24 A. Yes, it does.

25 Q. And on line 16, Mr. Rainwater's name

1 appears, does it not?

2 A. Yes, it does.

3 Q. I'd next like to refer you to what's been
4 marked as Deposition Exhibit No. 5, which is the FERC
5 Form 1 for the year 2003. I'd like to direct you to
6 page 105, which again near the top of the page has the
7 title directors and in the column labeled name and title
8 of director, line 13, your name appears, Charles D.
9 Naslund, does it not?

10 A. Yes.

11 Q. And in line 16, Mr. Rainwater's name
12 appears, does it not?

13 A. Yes, it does.

14 Q. On the first line appears the name
15 Rick A. Bowen, with a Houston, Texas address. Could you
16 identify Mr. Bowen?

17 A. I believe Mr. Bowen's an Illinois Power,
18 Dynegy director.

19 Q. I'd next like to refer you to what's been
20 marked as Deposition Exhibit No. 6, FERC Form 1 for the
21 year 2004 for EEInc and, again, direct you to page 103 --
22 excuse me -- 105, I meant to say, and at the top of the
23 page again it's titled directors. I'd like to refer you
24 to line 13, where your name appears, does it not,
25 Charles D. Naslund?

1 A. Yes, it does.

2 Q. And also underneath your name we have both
3 a couple of titles and the name of the utility, do we not?

4 A. Yes.

5 Q. The title is senior vice president and
6 chief nuclear officer, and the utility AmerenUE appears
7 under your name, do they not?

8 A. Yes, they do.

9 Q. And I'd like to direct you to line 17,
10 where Mr. Rainwater's name appears, does it not?

11 A. Yes, it does.

12 Q. And under Mr. Rainwater's name are two
13 lines. One line states chairman, president and chief
14 executive officer, and the line underneath that states
15 Ameren Corporation, does it not?

16 A. Yes, it does.

17 Q. And finally I'd like to direct you to
18 what's been marked as Deposition Exhibit No. 7, and direct
19 you again to page 105 that has the title at the top
20 directors, and in the column name and title of director,
21 line 7, your name appears, does it not, Charles D.
22 Naslund?

23 A. Yes, it does.

24 Q. And underneath your name, the lines senior
25 vice president and chief nuclear officer AmerenUE appear,

1 do they not?

2 A. Yes, it does.

3 Q. And this time Mr. Rainwater's name does not
4 appear in the column under directors, does it?

5 A. No, it does not.

6 Q. And Mr. Voyles' name does appear on that
7 page, who you've previously identified, and it is spelled
8 V-o-y-l-e-s?

9 A. Yes, it is. I can't spell it.

10 Q. Okay. Thank you. I'd like to direct
11 you to your direct testimony, page No. 1, and lines 10 and
12 11 -- really, it's lines 9 and 10. Line 9, the question,
13 what is your position with Ameren Services? Line 10, the
14 answer, I'm senior vice president, chief nuclear officer.

15 In your testimony it identifies your
16 position with Ameren Services, and in the 2004-2005 FERC
17 Form 1s for EEInc it identified, I believe, your positions
18 as senior vice president, chief nuclear officer, but
19 AmerenUE instead of Ameren Services. Is both your
20 testimony and the FERC Form 1 correct, or is one not
21 correct?

22 A. The testimony, there's a typo off of the
23 standard form that was used. That should be AmerenUE, not
24 Ameren Services.

25 Q. So line 9, it should be, what is your

1 position with AmerenUE?

2 A. AmerenUE. And line 11 should be AmerenUE.

3 And line 7 should be AmerenUE.

4 Q. Mr. Naslund, do you know, is there any set
5 allotment of the number of directors on the board of
6 directors among the owners of EEInc?

7 A. I believe there are two per, per owner.

8 Q. Do you know if that allotment is determined
9 by the EEInc articles of incorporation or by the EEInc
10 bylaws?

11 A. I do not know.

12 Q. Mr. Naslund, can you identify who Craig D.
13 Nelson is?

14 A. Who?

15 Q. Craig D. Nelson is?

16 A. Craig is a vice president in Ameren
17 Services Company.

18 Q. At this time I'd like to have marked
19 as Deposition Exhibit No. 8 the copy of prepared
20 direct testimony of Craig D. Nelson on behalf of
21 Ameren Corporation dated March 25, 2004 in FERC Docket
22 No. EC-04-81.

23 MR. BYRNE: Mr. Dottheim, might it be
24 possible that we could take a break now?

25 MR. DOTTHEIM: Yes.

1 MR. BYRNE: Maybe he could read that if
2 you're going to ask him questions about it.

3 (A BREAK WAS TAKEN.)

4 (EXHIBIT NO. 8 WAS MARKED FOR
5 IDENTIFICATION BY THE REPORTER.)

6 BY MR. DOTTHEIM:

7 Q. Mr. Naslund, before we went on break, I
8 made reference to the testimony of Craig D. Nelson in FERC
9 Docket No. DC-04-81 merger application of Ameren, Dynegy
10 and Illinova, and I've asked that a copy of Mr. Nelson's
11 prepared direct testimony in that docket dated March 25,
12 2004 be marked as Deposition Exhibit No. 8. I'd like to
13 direct you to page 10 of 11, and in particular I'd like to
14 direct you to line 15.

15 On line 15, Mr. Nelson, starting at that
16 point, states that the EEInc bylaws currently provide for
17 the allocation of capacity and energy from the generation
18 facilities owned by EEInc in proportion to the owners'
19 ownership shares. This provision, however, may be changed
20 by a 75 percent vote of the outstanding shares, close
21 quote.

22 Mr. Naslund, do you agree with that
23 statement of Mr. Nelson?

24 A. I don't know what's specifically in the
25 bylaws, so I don't know if it's a correct statement or

1 not.

2 Q. Mr. Naslund, are you a director on the
3 board of directors of any other -- of any Ameren affiliate
4 company?

5 A. No, I am not.

6 Q. Are you a director on the board of
7 directors of any non-Ameren company?

8 A. No, I'm not.

9 Q. What entity or entities pay your salary?

10 A. AmerenUE.

11 Q. Do you have any compensation from EEInc?

12 A. No, I do not.

13 Q. Do you keep any time -- excuse me. Do you
14 keep any record of your time spent on activities for
15 EEInc?

16 A. No, I do not.

17 Q. Is it part of your job duties with AmerenUE
18 to serve on the board of directors of EEInc?

19 A. Part of my job duties? I'd say no. This
20 is a special assignment.

21 Q. Does the EEInc board of directors have any
22 committees?

23 A. I'm not aware of any.

24 Q. Not being aware of any committees, then,
25 you don't serve on any such committees; is that correct?

1 A. No, I do not.

2 Q. Are there any companies that are controlled
3 by EEInc?

4 A. Yes.

5 Q. Could you identify those companies?

6 A. I'm not sure I can name all of them.
7 Midwest Energy is a company under EEInc. There is also an
8 ash subsidiary, but I don't remember the correct legal
9 title of the company. And then there's a railroad
10 subsidiary, and once again, I don't remember the legal
11 name of the railroad subsidiary.

12 Q. Are those all the subsidiaries or
13 affiliates that you can recall?

14 A. Those are the only ones that come to mind,
15 yes.

16 Q. I'd like to direct you to what's been
17 marked as Deposition Exhibit No. 7, the FERC Form 1 for
18 2005 for EEInc, and if I could direct you to page 103, and
19 I'd like to direct you to the top of the page where
20 there's a line that has the title corporations controlled
21 by Respondent, and then approximately a third down the
22 page there are several columns, one of which is titled
23 name of company controlled, kind of business, percent
24 voting stock owned. I'd like to ask you to take a look at
25 that page.

1 A. Okay.

2 Q. Does that refresh your recollection any
3 about the affiliates or other companies controlled by
4 EEInc?

5 A. Yes, it does.

6 Q. And is that a correct characterization in
7 the column that says kind of business for each of those
8 companies?

9 A. I believe it is.

10 Q. Do you have any idea as to the approximate
11 size of any of those companies?

12 A. Talking dollar size or --

13 Q. Yes, dollar size, for example, or any other
14 means of giving a relative ranking in size, revenues,
15 assets.

16 A. Midwest Electric Power has an asset base of
17 about \$100 million, very little revenue. Joppa & Eastern
18 Railroad have assets of 10 million. Might mention Midwest
19 Electric Power, maybe three employees; railroad none, no
20 employees. Met South is an ash wholesaler. I believe
21 they have one employee, and maybe a million dollars worth
22 of assets. Massac Enterprises, which is their trader,
23 maybe three to four employees in that company, not an
24 asset-based company. And then the actual power plant
25 itself is the generating station.

1 Q. And how many employees, approximately?

2 A. Approximately 300.

3 Q. Do any of these companies have boards of
4 directors?

5 A. Our EEI board is the only board for those
6 companies, to my knowledge.

7 Q. Mr. Naslund, what communications do you
8 receive about EEInc board meetings prior to the EEInc
9 board meetings?

10 A. I receive a board notification letter, and
11 then approximately one week before the board, I normally
12 receive the board package, copies of which are similar to
13 what I provided you earlier today.

14 Q. Do you receive any electronic
15 communications, e-mails?

16 A. No, I do not.

17 Q. Have you received the notification letters
18 and board packages for all prior years that you have
19 served on the EEInc board?

20 A. Yes, I have.

21 Q. And in none of those years have you saved
22 the prior year's letters of notification or board
23 packages?

24 A. No, I have not. Only 2006, which I
25 provided you earlier.

1 Q. Is there an AmerenUE document retention
2 policy that you're aware of?

3 A. For these particular files, no.

4 Q. Is there an EEInc document retention
5 policy?

6 A. Yes, I'm sure there is.

7 Q. Do you know what it is?

8 A. I cannot quote what the retention is, but
9 they will have a policy, yes.

10 Q. And you're indicating that AmerenUE has a
11 document retention policy, but it doesn't cover such
12 things as the communications you receive as a director of
13 the EEInc board of directors?

14 A. That is correct.

15 Q. When you attend the EEInc board meetings,
16 are there documents that are distributed at those
17 meetings?

18 A. No, only the board package that was
19 presented ahead of the meeting.

20 Q. Do you ever take notes at board meetings?

21 A. Only on my board package.

22 Q. And so whatever notes you take are disposed
23 of when you dispose of your board package?

24 A. That is correct.

25 Q. Where do the EEInc communications, the

1 board packages originate from?

2 A. From the Joppa plant.

3 Q. And do they originate from one office or
4 one source generally?

5 A. Yes, they do.

6 Q. What is that source?

7 A. The executive secretary for the Joppa
8 plant.

9 Q. And who is that individual?

10 A. May I look at one of my packages?

11 Q. They're being copied. Sorry.

12 MR. BYRNE: I think I know who it is, if
13 that helps.

14 MR. DOTTHEIM: Yes, Mr. Byrne?

15 MR. BYRNE: Isn't that Jim Helm?

16 THE WITNESS: No, he's not the secretary.

17 MR. BYRNE: Never mind.

18 THE WITNESS: Jim Helm is at all the board
19 meetings, but his secretary puts the package together. I
20 don't remember her name off the top of my head. Angie
21 Biggerstaff.

22 BY MR. DOTTHEIM:

23 Q. How would you spell that name?

24 A. Very carefully.

25 MR. BYRNE: B-i-g-g-e-r-s-t-a-f-f.

1 BY MR. DOTTHEIM:

2 Q. Are there ever any meetings in advance of
3 EEInc board of directors meetings?

4 A. No.

5 Q. Are there ever any meetings after EEInc
6 board of directors meetings?

7 A. No.

8 Q. Do you -- are there any -- are there ever
9 any conference calls other than the board of directors
10 meetings?

11 A. No.

12 Q. Do you do any preparation in advance of the
13 EEInc board of directors meetings?

14 A. I review the board package that is sent to
15 me.

16 Q. We've -- or I should say I've had marked
17 for purposes of identification the FERC Form 1s for EEInc
18 for the years 2000 through 2005. Are the FERC Form 1s
19 ever reviewed by the EEInc board of directors?

20 A. No, they are not.

21 Q. Do you know who prepares the FERC Form 1s
22 for EEInc?

23 A. No, I do not.

24 Q. If I could direct you, Mr. Naslund, to
25 what's been marked as Deposition Exhibit No. 7, the FERC

1 Form 1 for the year 2005, page 1. About a third of the
2 way down the page there's a line, annual corporate officer
3 certification. Then it says, the undersigned officer
4 certifies that I have examined this report. To the best
5 of my knowledge, information and belief all statements of
6 fact contained in this report are correct statements of
7 the business affairs of the Respondent, and the financial
8 statements and other financial information contained in
9 this report conform in all material respects to the
10 Uniform System of Accounts.

11 And then there's the name James M. Helm,
12 title secretary/treasurer, and it appears it would be the
13 electronic signature of James M. Helm. Do you see that?

14 A. Yes, I do.

15 Q. Can you identify who James M. Helm is?

16 A. He's the secretary/treasurer of the Joppa
17 plant.

18 Q. Does he attend the board of directors
19 meetings?

20 A. Yes, he does.

21 Q. I'd like to refer you again now to the
22 individual annual reports, and if we could start with
23 what's been marked as Deposition Exhibit No. 2, the FERC
24 Form No. 1 for the year 2000, and I'd like to direct you
25 in particular to page -- pages 123 to 123.1.

1 MR. BYRNE: Mr. Dottheim, could we
2 stipulate that my objection continues --

3 MR. DOTTHEIM: Yes.

4 MR. BYRNE: -- to the reference, every
5 reference to these documents?

6 MR. DOTTHEIM: Yes.

7 MR. BYRNE: Okay.

8 MR. DOTTHEIM: Yes. We can stipulate to a
9 continuing objection.

10 BY MR. DOTTHEIM:

11 Q. And I'd like to direct you in particular to
12 the paragraph 1, paren C, paren. It's denominated
13 operating revenues, and I'd like for you to read that
14 paragraph, if you would.

15 A. Okay.

16 Q. And have you had an opportunity to look at
17 the entire paragraph, or I should say the -- well, the
18 entire section, subsection C?

19 A. Yes, I have.

20 Q. And in particular, I'd like to ask you
21 about the third paragraph, which states, under the
22 contract and agreement, the DOE and the sponsoring
23 companies are required to make monthly payments for power
24 which will enable EEI to pay all of Joppa Generating
25 Station's operating expenses, taxes and interest, plus

1 generate a prescribed rate of return on equity capital of
2 15 percent net of federal income tax. Mod 15 provides EEI
3 the opportunity to earn a profit on other services
4 provided to the DOE.

5 Mr. Naslund, is that an accurate statement?

6 MR. BYRNE: Do you mean is that an accurate
7 recitation of what's in here or is it substantively
8 accurate?

9 BY MR. DOTTHEIM:

10 Q. Is that substantively accurate? As you
11 understand it, is that substantively accurate?

12 A. I believe it is.

13 Q. Okay. And I'd also like to direct you to
14 the last paragraph, which states, the obligations of each
15 of the sponsoring companies and DOE are absolute and
16 unconditional and shall not be discharged or affected by
17 the failure, impossibility or impracticability of EEI to
18 generate or deliver electricity.

19 Mr. Naslund, is that a substantively
20 accurate statement?

21 A. I don't have an opinion on that. You'd
22 have to have a lawyer review that.

23 Q. You've had an opportunity to review the
24 other paragraphs in that subparagraph C. I'd like to
25 direct you to them, and if you could indicate whether

1 those other paragraphs are substantively accurate, if we
2 could start with the first one.

3 A. Okay.

4 MR. BYRNE: I'm going to object on the
5 grounds that the questions call for a legal conclusions,
6 depending on what the proper legal interpretation to the
7 underlying count is.

8 BY MR. DOTTHEIM:

9 Q. Proceed with your answer. I think your
10 counsel would indicate unless --

11 MR. BYRNE: Yes.

12 BY MR. DOTTHEIM:

13 Q. -- unless there's some privilege,
14 attorney/client or what have you that you should proceed
15 with your answer, and if at some further date, what have
16 you, he wants to take this before a Regulatory Law Judge,
17 we could do so.

18 A. Could you ask your question again?

19 Q. Yes. I'd like to ask you with the
20 remaining paragraphs in that Section C -- or subparagraph
21 C, if there are other paragraphs whether you can indicate
22 whether they are substantively accurate, correct, to your
23 knowledge.

24 A. In paragraph 1, yes.

25 Q. Okay. If we go next to paragraph 2.

1 A. Yes.

2 Q. We've already addressed paragraph 3. If we
3 could go to paragraph 4?

4 A. Yes. The last paragraph, I do not know.

5 Q. Yes. You've already addressed -- you've
6 already addressed that. And again, you were looking at
7 which FERC Form 1, the date on it?

8 A. I have December --

9 Q. The Exhibit 2?

10 A. -- 2000.

11 Q. 2000. Okay. Because I'd like to direct
12 you to next to Deposition Exhibit No. 3, which is -- which
13 is a FERC Form 1 for the year 2001 for EEInc, and direct
14 you to paragraphs 123, 123.1.

15 A. Okay.

16 Q. And again, paragraph C, which is identified
17 as operating revenues, if you would read that paragraph,
18 please, or that section. I'm going to ask you the same
19 questions.

20 A. Okay. I've read it.

21 Q. Okay. Could you indicate for me whether
22 each of the subparagraphs is, to your knowledge,
23 substantively correct?

24 A. All the first four paragraphs, yes. The
25 last one, again, I can't say for certain.

1 Q. Okay. Let's next go to Deposition Exhibit
2 No. 4, and again, pages 123 to 123.1, and this time it's
3 paragraph or subsection D that's denominated operating
4 revenues on pages 123 and 123.1. And if you'd look at
5 that section, I'd like to ask you the same questions,
6 whether you could identify whether those statements, those
7 paragraphs are substantively correct.

8 A. Paragraphs 1 through 4, yes. Again,
9 paragraph 5, I don't have an opinion on that. Paragraph 6
10 in this case, yes.

11 Q. All right. I'd next like to direct you to
12 Deposition Exhibit No. 5, and I'd like to ask you to look
13 at page 123.8. Excuse me. It's not 123.8. It's 123.1
14 and 123. It's subsection D, operating revenues, and I'd
15 like to ask you the same question, if you'd review those
16 paragraphs and whether you could identify whether those
17 paragraphs are to your knowledge substantively correct.

18 A. In paragraphs 1 through 4, yes.
19 Paragraph 5, I don't have an opinion. Paragraphs 6 and 7,
20 yes.

21 Q. Next I'd like to direct you to Deposition
22 Exhibit No. 6, pages 123.1 to 123.2, Section D, operating
23 revenues, and I'd like to ask you the same question again,
24 whether you could identify to your knowledge whether those
25 paragraphs are substantively correct.

1 A. Paragraphs 1 through 4, yes. Paragraph 5,
2 no opinion. 6 and 7, yes.

3 Q. And finally I'd like to direct you to
4 what's been marked as Deposition Exhibit No. 7, the FERC
5 Form 1 for EEInc for 2005, and I'd like to direct you to
6 pages 123.2 to 123.3, subsection D, operating revenues,
7 and ask you the same question, whether to your knowledge
8 the paragraphs therein are substantively correct.

9 A. Paragraphs 1 through 4, yes. Paragraph 5,
10 no opinion. 6, yes.

11 Q. Mr. Naslund, have you reviewed the power
12 supply agreement that was in effect from 1987 to
13 December 31, 2005?

14 A. No, I have not.

15 Q. Have you reviewed the modifications
16 associated with the power supply agreement?

17 A. No, I have not. And I'll just make a
18 comment. Other than summary, high-level summaries that
19 were in the board packages, bulletized summaries presented
20 in board packages.

21 Q. Are those -- do you recall how many
22 modifications there were to the power supply agreement
23 that was in effect from 1985 -- excuse me -- from 1987 to
24 December 31, 2005?

25 A. No, I do not.

1 Q. To your knowledge, when did the EEInc board
2 first address the matter of the expiration of the power
3 supply agreement that expired on December 31, 2005?

4 A. As I recall, sometime in the middle of
5 2005, prior to the expiration of the contract.

6 Q. Did you ever discuss the expiration of the
7 power supply agreement with any representative of
8 AmerenUE?

9 A. I recall discussing it with Dave Whitely.

10 Q. And Mr. Whitely was also a director of the
11 EEInc board of directors?

12 A. That is correct.

13 Q. And was he also an AmerenUE representative
14 on the EEInc board of directors?

15 A. Yes.

16 Q. What was the substance of your discussion
17 with Mr. Whitely about the expiration of the power supply
18 agreement?

19 A. I don't recall any details. Just general
20 discussion on what it meant, the contract come to an end
21 going from cost based to market based, what that meant.
22 It's more education for myself.

23 Q. And education for yourself was -- do you
24 mean to indicate that Mr. Whitely was doing some educating
25 in that instance?

1 A. That is correct.

2 Q. And do you recall what was the nature of
3 the education he was providing?

4 A. Mainly since he has had more involvement
5 with the markets and I have not, was to give me an
6 understanding of what type contracts we were in and what
7 we were going to, so again, just general knowledge of
8 market-based contracts.

9 Q. Were there ever any discussions that you
10 had with him about a possible continuation of or a new
11 contract with AmerenUE on a cost-based basis?

12 A. I don't recall any such discussions.

13 Q. Are you aware of whether there ever was an
14 inquiry or a request of AmerenUE to continue the power
15 supply agreement or enter into a new power supply
16 agreement on -- on cost-based terms?

17 A. I'm not aware of any.

18 Q. Mr. Naslund, were you aware of any request
19 by Kentucky Utilities to buy a share of the energy and
20 capacity from EEInc on a cost basis similar to the terms
21 under the power supply agreement that existed from 1987 to
22 December 31, 2005?

23 A. No, I'm not.

24 MR. DOTTHEIM: At this time I'd like to
25 have marked as Deposition Exhibit No. 9 the meeting

1 minutes of the EEInc board of directors from 2005.

2 MR. BYRNE: Is there a specific date?

3 MR. DOTTHEIM: There's several dates.

4 (NASLUND EXHIBIT NO. 9 WAS MARKED FOR
5 IDENTIFICATION BY THE REPORTER.)

6 BY MR. DOTTHEIM:

7 Q. Mr. Naslund, have you had an opportunity to
8 review what's been marked as Deposition Exhibit No. 9?

9 A. Yes, I have.

10 Q. Do you recognize, though, at least some of
11 the minutes of the meeting of the board of directors of
12 EEInc?

13 A. Yes.

14 Q. I first would like to direct you to on the
15 page at the top of the page that has in the bottom corner
16 marked as 2.1. It has the word typed in draft.

17 MR. DOTTHEIM: And maybe at this time I
18 should note that the meeting minutes are marked highly
19 confidential, and as a consequence, I would ask Mr. Byrne
20 whether this part of the transcript needs to be under
21 seal.

22 MR. BYRNE: I would think so.

23 MR. DOTTHEIM: So if we could put this part
24 of the transcript under seal.

25 MR. BYRNE: And I assume those people on

1 the telephone have all signed confidentiality agreements
2 that would allow them access to highly confidential
3 information?

4 MR. HIGGINS: This is Kevin Higgins. Yes.

5 MR. CHAMBERLAIN: Rick Chamberlain, yes.

6 MR. BROSCHE: Mike Brosch, yes, also.

7 MR. BYRNE: Any other non-American people
8 on the phone? Okay.

9 BY MR. DOTTHEIM:

10 Q. Mr. Naslund, I'd also like to direct you to
11 several pages further back there's a page that has in the
12 bottom right-hand corner typed 1.1, and again in the upper
13 right-hand corner, it has the word draft typed in. I'd
14 like to ask you, is it typical that the minutes of the
15 board of directors meetings of EEInc remain in draft form?

16 A. No. They're draft until they're approved
17 by the board and then taken final.

18 Q. But the document that I've provided you
19 that's been marked as Deposition Exhibit No. 9 does have
20 on the first page of what appears to be the meeting
21 minutes for January 28, 2005, and then the meeting minutes
22 for the date December 22, 2005, the word draft in the
23 upper right-hand corner, do they not?

24 A. Yes, they do.

25 Q. Do you recall ever receiving or seeing

1 meeting minutes for those dates that do not have the word
2 draft on them?

3 A. Actually, I don't, because the minutes come
4 out in the board package stamped draft and then they are
5 documented. You know, vote on the minutes occurs during
6 the board meeting and then after that, as a board member,
7 I do not see them again.

8 Q. But it's your understanding that once the
9 minutes are adopted, a non-draft form, that is a form or
10 copies without the word draft, go into the corporate
11 records for EEInc?

12 A. That is correct.

13 Q. And the meeting minutes without the word
14 draft on it would also reflect any changes that might be
15 made in the context of a review of the draft meeting
16 minutes at a board meeting; is that correct?

17 A. That's correct.

18 Q. What I provided you a copy of is the
19 meeting minutes that the Staff received by Data Request
20 when it sought a copy of the company's response to certain
21 Data Requests of the Office of Public Counsel and the
22 Attorney General's Office. In particular, the meeting
23 minutes that the -- or Deposition Exhibit No. 9 are
24 meeting minutes that were provided in response to Office
25 of the Public Counsel's Data Request No. 2005.

1 The Data Request itself, if I can refer you
2 to that, via the second page, which has highly
3 confidential stamped on it rather large, the Data Request
4 asked, please provide access to the Electric Energy, inc.
5 board of director meeting minutes, board of director
6 committee meeting minutes and all related reports for the
7 period covering January 1, 2003 through June 30, 2006.
8 Please provide notice to OPC on a going-forward basis as
9 new information beyond June 30, 2006 becomes available.

10 Response, see attached minutes relating or
11 pertaining to a power contract between EEInc and AmerenUE
12 or to EEInc's decision not to contract with AmerenUE
13 post-2005. Did I read that accurately?

14 A. I believe so.

15 Q. And there's an indication that
16 Mr. Michael L. Moehn prepared the response; is that
17 correct?

18 A. That's correct.

19 Q. And could you identify Mr. Moehn?

20 A. He's a vice president of corporate planning
21 for Ameren.

22 Q. And does he attend EEInc board meetings?

23 A. No, he does not.

24 Q. Do you know what access in general he has
25 to the minutes of EEInc board meetings?

1 A. No, I don't.

2 Q. I'd like to direct you to what has stamped
3 or typed at the bottom page 2.2, and I'd like to refer you
4 to the second paragraph on that page, which the first
5 sentence in that second paragraph says, the minutes of the
6 meeting of the board of directors held on October 29th,
7 2004, copies of which have been sent previously to each
8 member, were discussed.

9 The paragraph goes on to state, Mr. Powers
10 reported representatives of LG&E while subsequently
11 reviewing the October 29th, 2004 minutes, noted that the
12 proposed resolution of modification No. 16 and letter
13 supplement to the power supply agreement should have an
14 effective date of January 1, 2003 instead of January 1,
15 2005.

16 That paragraph indicates, does it not,
17 that the power supply agreement was discussed in the
18 October 29, 2004 board of directors meeting?

19 A. Yes, it does.

20 Q. This packet that's been marked as
21 Deposition Exhibit No. 9 does not contain any minutes for
22 the board of directors meeting for October 29, 2004, does
23 it?

24 A. I do not see anything.

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

1 BY MR. DOTTHEIM:

2 Q. Mr. Naslund, you don't know, do you, why
3 the October 29, 2004 board of directors meeting minutes
4 weren't provided?

5 A. No, I do not.

6 Q. Do you recall any discussion of the
7 October 29, 2004 board of directors meeting in particular
8 regarding the impending date of December 31, 2005,
9 regarding the power supply agreement with the sponsoring
10 companies?

11 A. No.

12 Q. On the bottom of the page, there's
13 reference to the company's strategic plan and 2005
14 performance objectives. Could you identify what is the
15 company's strategic plan?

16 A. Well, that is the Joppa station's annual
17 strategic plan and its associated goals, what they're
18 trying to accomplish in a given year.

19 Q. And what would those goals be? Could you
20 identify what the goals have been for 2005?

21 A. Their goals normally are set in three
22 areas. One is personnel safety for the plant employees.
23 Second area is availability of the units and the
24 associated capacity factor. Then the third area they
25 always set goals is environmental emissions, MPDS permits,

1 violations, et cetera. So those three areas.

2 Q. And that was the strategic plan?

3 A. Strategic plan.

4 Q. Okay. And what would be the performance
5 objectives?

6 A. I can't quote you what the perform -- each
7 of those areas have measures in them.

8 Q. Okay. It would be those three areas you
9 identified or other areas or --

10 A. Those three areas. I would suggest the
11 documents I provided you earlier, the annual report that
12 is in that document pile has in their annual report what
13 those objectives are.

14 Q. The January 28, 2005, it indicates that you
15 were not in attendance. Do you recall why you weren't in
16 attendance?

17 A. No, I do not.

18 Q. I think there's indication that a power
19 supply agreement again was discussed. Do you recall
20 whether that was the first time that power supply
21 agreement was discussed?

22 A. No, I do not.

23 Q. If I could refer you to the page that has
24 at the bottom of the right-hand corner 2.3, and it's the
25 third to last paragraph which starts with the sentence

1 which notes that Mr. Powers brought up for the discussion
2 the matter of a power supply agreement beginning in 2006.
3 The next sentence says, Mr. Powers recommended that a team
4 be formed and a member of each sponsor appoint a
5 representative for their company to the team. Was a --
6 was a team formed?

7 A. I would assume, yes, it was.

8 Q. Do you recall whether a member of each
9 sponsor company appointed a representative from their
10 company to the team?

11 A. Based on this, I would say yes.

12 Q. Do you know who from AmerenUE was appointed
13 to the team?

14 A. No, I do not.

15 Q. Can you provide any details regarding the
16 formation of the team?

17 A. No.

18 Q. Can you provide any details regarding the
19 activities of the team?

20 A. No, I cannot.

21 Q. The next paragraph says, it was agreed that
22 the next board of directors meeting would be held on
23 Friday, May 13, 2005 in St. Louis, Missouri. Do you
24 recall whether that meeting occurred?

25 A. I'm sure it did. It was a scheduled

1 meeting.

2 Q. Do you have any recollection regarding that
3 meeting?

4 A. No, I do not.

5 Q. Again, I'd like to direct you back to the
6 third to last paragraph and the last sentence, Mr. Powers
7 reported he would provide a draft of a power supply
8 agreement to the sponsors by the third week of February.
9 Do you recall whether Mr. Powers provided a draft of the
10 proposed power supply agreement to the sponsors by the
11 third week of February?

12 A. No, I do not.

13 Q. Do you recall whether there was a draft of
14 a proposed power supply agreement?

15 A. No, I do not.

16 Q. Can you identify Mr. Powers, Mr. Robert L.
17 Powers?

18 A. Yes, he is the -- is the site vice
19 president of the Joppa plant.

20 Q. And as the site vice president of the Joppa
21 plant, what were his responsibilities?

22 A. Basically responsible for the safe,
23 efficient, reliable operation of the plant. Looking back
24 in the minutes here, it looks like at that point he had
25 transitioned from vice president to president of the

1 plant. So I was wrong. He was president of the Joppa
2 plant at the time. He previously was site vice president.

3 Q. How was he elected site president? Was
4 that by a vote?

5 A. That was by a board of director vote.

6 Q. Did you vote for Mr. Powers?

7 A. Yes, I did.

8 Q. Who preceded him as president, do you
9 recall?

10 A. I don't recall.

11 Q. All right. I'd like to direct you to the
12 next page that's marked at the bottom 1.1, first
13 paragraph. And at the top of this page, it says -- it's
14 printed Electric Energy, Inc. special meeting of the board
15 of directors held December 22, 2005. The first sentence
16 states, a special meeting of board of directors of
17 Electric Energy, Inc. convened at Electric Energy, Inc.,
18 Joppa, Illinois via teleconference on Thursday, December
19 22, 2005, at 10 a.m. central time pursuant to a waiver of
20 consent signed by all the members of the board of
21 directors stating the time, place and purpose of the
22 meeting.

23 Mr. Naslund, do you recall the
24 teleconference meeting of December 22, 2005?

25 A. No.

1 Q. There are in this packet no meeting minutes
2 respecting that December 22, 2005 teleconference, are
3 there?

4 A. It looks like to me these are the minutes
5 from December 22nd, 2005 teleconference (indicating).

6 Q. I'm sorry. Excuse me. Yes. I'm sorry.
7 Excuse me. I'd like to refer you to the page that's
8 marked at the bottom right-hand corner 1.3. And I'd like
9 to refer you to the fourth from the -- fourth paragraph
10 from the bottom of the page.

11 It starts, Mr. Powers then summarized the
12 key points of the proposed power sale agreement between
13 the company and the owners. Mr. Powers reported he
14 received a letter indicating Kentucky Utilities Company
15 did not wish to participate in the power sale agreement
16 effective January 1, 2006. Mr. Powers reported the
17 counter party to the agreement would be Ameren Energy
18 Marketing, participating at 100 percent.

19 I'd previously asked you about Kentucky
20 Utilities Company. Do you recall Mr. Powers reporting
21 that he had received a letter from Kentucky Utilities
22 Company?

23 A. Yes.

24 Q. Did Mr. Powers provide a copy of the letter
25 from Kentucky Utilities Company?

1 A. No, he did not.

2 Q. Was there any discussion of the letter from
3 Kentucky Utilities Company, as you recall?

4 A. In the context of them not taking
5 the 20 percent, yes.

6 Q. And what do you recall as the discussion?

7 A. As I recall, the discussion was that they
8 opted not to take their 20 percent, and as this says, as a
9 result of that, Ameren Energy Marketing ended up with
10 100 percent of the plant.

11 Q. And do you remember why they opted not to
12 take the 20 percent?

13 A. No, I do not.

14 Q. Do you know whether Kentucky Utilities has
15 any power sales agreement with Ameren Energy Marketing?

16 A. No, I do not.

17 MR. DOTTHEIM: Could we take a break?

18 (A BREAK WAS TAKEN.)

19 BY MR. DOTTHEIM:

20 Q. Mr. Naslund, if I could refer you back to
21 Deposition Exhibit No. 9 and to the meeting minutes for
22 December 22, 2005. Has at the bottom of the page typed in
23 No. 1.1. I was asking you about the December 22, 2005
24 meeting minutes, and I wound up asking you about the first
25 paragraph about another meeting.

1 I meant to refer you to an October 28, 2005
2 meeting, but I said December 22, 2005. I meant to refer
3 you to -- it's the second to last paragraph on the page
4 where it says, the minutes of the meeting of the board of
5 directors held on October 28, 2005, copies of which have
6 been sent previously to each member, were approved.
7 Minutes of that meeting are not included in this packet,
8 are they?

9 A. I did not see them, no.

10 Q. Do you recall anything regarding that
11 October 28, 2005 meeting?

12 A. No, I do not.

13 Q. I'd like to refer you, I'm going to hand
14 you back one of the documents that you brought with you
15 today and that we are going to mark or I asked to be
16 marked as Deposition Exhibit No. 1, the packet, and it's
17 the Electric Energy, Inc. annual report for 2005. I'm
18 going to hand it to you. And what you brought with you, I
19 would refer you to page 13, and it actually has a tab on
20 it, and that page 13 has a number of paragraphs,
21 Section D. It's denominated operating revenues, and
22 there's a paragraph therein that states, the obligations
23 of each of the sponsoring companies and the DOE are
24 absolute and unconditional and shall not be discharged or
25 affected by the failure, impossibility or impracticability

1 of the company to generate or deliver electricity.

2 Is that the same paragraph that appears in
3 the FERC Form 1s to which I directed you earlier this
4 afternoon?

5 A. It appears to be, yes.

6 Q. In that same document, I'd also like to
7 direct you to page 18, and I'd like to direct you to the
8 paragraph that's denominated 5, paren, related party
9 transactions. The first paragraph, the third sentence,
10 the company also has a facilities use agreement with
11 Central Illinois Public Service Company and Union Electric
12 Company.

13 Could you identify what that facilities use
14 agreement that EEInc has with Union Electric Company?

15 A. No, I cannot.

16 Q. I'm also going to hand back to you another
17 document that you brought with you. It's a May 10
18 document. Has on the cover page Electric Energy, Inc.,
19 and the cover letter is from James M Helm,
20 secretary/treasurer. And I'd like to direct you to the
21 tab 5.1, and it's a page that has up at the top recommend
22 Price Waterhouse Coopers, LLP, and there are three bullet
23 points. The third bullet point is, aware of business
24 issues specific to EEI. Do you recall what that item is?

25 A. This tab was to recommend that Price

1 Waterhouse Cooper be given the contract for auditing of
2 the company, and the basis for giving it to them was their
3 availability of technical resources, knowledge of our
4 business and awareness of specific items to EEI. And
5 awareness to specific items, the partners that were
6 involved as part of the team that had actually come, I
7 think from Arthur Anderson, the previous auditor, had been
8 with the plant for 15 to 20 years and were the most
9 knowledgeable auditors, so they wanted -- and they had
10 moved to Price Waterhouse Cooper. So what that is
11 referring to is, based on those partners to moving to
12 Price Waterhouse, that was part of the recommendation on
13 why to -- rather than bring somebody new in, have to start
14 all over from scratch. So I believe that's what that
15 means.

16 Q. Mr. Moehn came from Price Waterhouse
17 Coopers to AmerenUE, did he not?

18 A. I believe he did.

19 Q. Do you know of any connection that
20 Mr. Moehn has in particular relating to EEInc other than
21 sponsoring testimony in the pending case relating to
22 EEInc?

23 A. I'm not aware of any, no.

24 Q. You've already indicated that he doesn't
25 attend board meetings of EEInc; is that correct?

1 A. That's correct.

2 Q. Do you recall placing a tab on page 13 of
3 that document I first directed you to, the Electric
4 Energy, Inc. annual report for 2005?

5 A. Do I recall what?

6 Q. Do you recall placing a tab, that tab, that
7 white tab, 3M Post-It, on that page? I did not place that
8 tab there.

9 A. No.

10 Q. I believe that tab was there when we copied
11 that page.

12 A. I have no idea where that came from. I
13 thought you'd put it on there.

14 Q. No. Mr. Naslund, do you know how AmerenUE
15 is replacing the power that was associated with the 405
16 megawatts that it was obtaining from the Joppa plant?

17 A. No, I do not.

18 Q. Do you know whether the AmerenUE system is
19 just as reliable without the AmerenUE share of the EEInc
20 energy and capacity as it was with that capacity and
21 energy?

22 A. I am not aware of any reliability issue
23 with our system, other than storms.

24 Q. And if I just may have a moment, please. I
25 think finally I'd like to have marked as Deposition

1 Exhibit No. 10 several pages from Ameren Corporation Form
2 10-K filed March 7, 2006 for the period ending
3 December 31, 2005.

4 (NASLUND EXHIBIT NO. 10 WAS MARKED FOR
5 IDENTIFICATION BY THE REPORTER.)
6 BY MR. DOTTHEIM:

7 Q. Mr. Naslund, have you had a chance to
8 review what's --

9 A. Yes.

10 Q. -- been marked as Deposition Exhibit
11 No. 10? In particular I'd like to direct you to the page
12 that has the number 30 at the bottom, the last page. It
13 has your name up at the top.

14 A. Yes, sir.

15 Q. And it identifies positions and offices
16 held. Is that an accurate description of the positions
17 and offices you've held with Union Electric Company and
18 Ameren?

19 A. Yes, it is.

20 Q. Mr. Naslund, is there a coal pulling
21 arrangement that EEInc has with Ameren Energy Fuels and
22 Services Company?

23 A. What?

24 Q. A coal pulling arrangement. Are you aware
25 of a coal pulling arrangement?

1 A. Yes.

2 Q. Could you please identify that or provide
3 some information regarding that coal pulling arrangement?

4 A. My understanding is that Ameren Fuel
5 Services Company buys the fuel for the Joppa plant. The
6 purchase of that fuel are with all of the other contracts
7 within the Ameren companies. And I believe in previous
8 rate proceedings with the Commission, there is agreement
9 on a pooling method of how prices were established, and I
10 think it refers to that pooling method on how inventory is
11 procured and prices are set and how those prices are
12 charged back out. That's about the extent of my
13 knowledge.

14 Q. Are there any cost containment objectives
15 at AmerenUE?

16 A. At AmerenUE?

17 Q. Yes.

18 A. Absolutely.

19 Q. Are there any cost containment objectives
20 at EEInc?

21 A. I believe within their objectives there are
22 budget targets. It's part of their overall objectives on
23 capital and operational and maintenance expense.

24 Q. Have you ever been involved at Union
25 Electric, AmerenUE in a transaction where AmerenUE did not

1 use every effort to minimize its cost of doing business?

2 A. No, I have not.

3 MR. DOTTHEIM: Thank you, Mr. Naslund. I
4 greatly appreciate your patience.

5 MR. MILLS: I don't know that we've asked,
6 Rick, do you have questions?

7 MR. CHAMBERLAIN: I have a few.

8 MR. MILLS: I've got a local public hearing
9 at 5:30 in another case, so if anyone else -- unless
10 anyone objects, I'd like to go next.

11 MR. CHAMBERLAIN: That's fine.

12 CROSS-EXAMINATION BY MR. MILLS:

13 Q. I'm going to ask you questions across the
14 board. I'm going to ask you some about depreciation, some
15 about EEInc and some about other stuff. So just bear with
16 me if it seems kind of disjointed. I'm going to come at
17 you from all over the place.

18 A. Okay. That's fine.

19 Q. And, you know, I'll give you the same sort
20 of opportunity to answer the questions that Mr. Dottheim
21 asked you. Are you prepared to answer questions today?
22 Any reason you can't answer truthfully?

23 A. No. Yes, I am prepared. There's no reason
24 I can't.

25 Q. In the interim since Mr. Dottheim asked

1 you, have you taken any mind-altering substances?

2 A. No, I have not.

3 Q. Okay. Good. And if I ask you questions
4 you don't understand, ask me to repeat it. If you do
5 answer, I will assume that you did understand the question
6 and are fully capable of answering. Is that fair?

7 A. Yes, it is.

8 Q. Is it correct that the same standard design
9 was used in the construction of Wolf Creek and Callaway?

10 A. Yes.

11 Q. Okay. And is it also true that many of the
12 blueprints were used in the construction of Wolf Creek
13 that were identical to the blueprints used in the
14 construction of Callaway?

15 A. Yes, it is.

16 Q. [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 A. [REDACTED]
20 [REDACTED]

21 Q. [REDACTED]
22 [REDACTED]

23 A. [REDACTED]
24 [REDACTED]
25 [REDACTED]

1 MR. BYRNE: [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 BY MR. MILLS:

7 Q. [REDACTED]

8 [REDACTED]

9 A. [REDACTED]

10 Q. [REDACTED]

11 [REDACTED]

12 A. [REDACTED]

13 Q. [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 A. [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 Q. [REDACTED]

24 [REDACTED]

25 A. [REDACTED]

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

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

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

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

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

1 A. [REDACTED]

2 [REDACTED]

3 Q. [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 A. [REDACTED]

7 Q. [REDACTED]

8 A. [REDACTED]

9 Q. [REDACTED]

10 A. [REDACTED]

11 Q. [REDACTED]

12 [REDACTED]

13 A. [REDACTED]

14 Q. [REDACTED]

15 [REDACTED]

16 A. [REDACTED]

17 Q. [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 A. [REDACTED]

22 [REDACTED]

23 Q. In what year was the -- and I'm going back
24 to the current Callaway unit. What year was the Callaway
25 steam generator replaced?

1 A. 2005.

2 Q. In what year were the -- I'm going to try
3 not to step on anything, reask the same questions
4 Mr. Dottheim asked, but some of these may be a little
5 duplicative. What year were the low-pressure turbines
6 replaced?

7 A. Same outage, during 2005.

8 Q. And what year was the high-pressure turbine
9 replaced?

10 A. Same outage, 2005.

11 Q. Okay. Now, I believe you gave Mr. Dottheim
12 some figures for replacements, and you said that the steam
13 generator replacement job order was \$198 million; is that
14 correct?

15 A. That's correct.

16 Q. At the time there was news coverage and
17 there were pictures in the newspaper of the barges
18 carrying the generating units up the Missouri River, and I
19 believe they all talked about a \$350 million upgrade.
20 What were the other components of that \$350 million other
21 than the approximately \$200 million for the steam
22 generator turbines?

23 A. First don't believe everything the papers
24 put in. To my knowledge, during that outage the major
25 work that was executed was approximately 200 million on

1 steam generators and the 56 million on the turbine
2 generators. That was the major scope of work during that
3 outage. So it's more like 250 million.

4 Q. So you don't agree with the \$350 million
5 figure for that outage --

6 A. No.

7 Q. -- in maintenance and capital expense
8 during that outage?

9 A. I don't believe if you added all the
10 maintenance to it you'd even come close to 350.

11 Q. You think it's about 250; is that correct?

12 A. Those two major capital jobs, yes.

13 Q. And at that time you were senior vice
14 president and chief nuclear officer; is that correct?

15 A. That's correct.

16 Q. So if anyone knew those figures, it would
17 be you; is that correct?

18 A. That's correct.

19 Q. In what year was the condenser replaced?

20 A. The condenser was replaced in the spring of
21 2004.

22 Q. In what year was the main high-pressure
23 injection pump replaced?

24 A. The main pressure high injection pump. I'm
25 not aware of a main pressure high injection pump being

1 replaced.

2 Q. I'm talking about the main pump that pumps
3 water that has gone through the steam generator that pumps
4 it back into the reactor vessel, has that ever been
5 replaced?

6 A. If you're referring to reactor coolant
7 pumps, those have all been maintained, you know, over the
8 life of the plant. There's four of those. Are those the
9 pumps you're referring to?

10 Q. No, I don't think so. It's my
11 understanding that there's a pump that takes the water
12 that's gone through the steam generator and condensed is
13 pumped back into the reactor vessel; is that correct?

14 A. No. The reactor vessel is a closed cycle.
15 Water goes round and round like in a clover leaf.

16 Q. Okay.

17 A. And then on the secondary side as we call
18 the steam generators, there's water pumped forward from
19 the turbine in the steam generators, turns to steam, goes
20 through the turbine, goes through the condenser, condenses
21 back and gets pumped forward. None of those pumps have
22 been replaced.

23 The reactor coolant pumps, which there's
24 four of them, one on each loop, those have been
25 maintained, and by that all four of them have been apart,

1 refurbished by Westinghouse. A rotational spare was used
2 to do that. And so all four of those pumps have been
3 maintained.

4 Q. Okay. When do you expect that it will be
5 necessary to replace or rewind the main transformers that
6 conduct power out of the plant?

7 A. My engineering judgment, which is all I can
8 could rely on, is that at about 30 years those will have
9 to be rewound or replaced, and I base that on my
10 experience of all of Ameren's fossil plants, and that's
11 about the age where we started blowing them up one at a
12 time due to end of life on windings.

13 Q. Does that failure or need for replacement
14 or rewinding, does that depend solely on age or is it
15 partly about usage over time?

16 A. Well, age and usage, those go hand in hand.
17 The degradation mechanism on a transformer is time and
18 temperature. So the longer you operate and it's at the
19 high temperature, the more cellulose breakdown you get on
20 the windings, and eventually that leads to the windings
21 getting to their end of life. Typically again what I've
22 seen is about 30 years is about as long as a step-up
23 transformer in a big major power plant lasts.

24 Q. And are those typically replaced or are
25 they typically rewound?

1 A. At that point it's always been an economic
2 decision on which is the cheaper path to go. I can tell
3 you that on the fossil fleet side, those have been
4 replaced because new turbines were added which upgraded
5 the plant output, and we needed more MBA. So the existing
6 transformers weren't large enough, so they had to be
7 upgraded.

8 At Callaway, if those are replaced, they
9 will -- we will actually put larger ones in than what are
10 there today because they are a bottleneck in the plant
11 design. With Callaway's, with this last 60 megawatts
12 upgrade that we've had, basically the transformers are the
13 limiting factor on the plant.

14 Q. Okay. And similarly on the main generator
15 at Callaway, has it ever been replaced or rewound?

16 A. It has had partial rewinds done on it. It
17 has been rewedged, and it has had wet bars that have had
18 to be replaced with new bars as a partial rewind. The
19 main generator will require a full rewind or replacement
20 within the next six to seven years.

21 Q. And how long -- I mean, after that is done,
22 how long will you expect that generator to last without
23 significant additional maintenance?

24 A. After a remind again, our main generator,
25 history would say about 30 years is what a main generator

1 will last.

2 Q. If the unit lasts another six or seven
3 years, will that have been roughly 30 years --

4 A. That's correct.

5 Q. -- since it was first put in service?

6 A. That's correct.

7 Q. So when you estimate that it will have to
8 be done within the next six or seven years, are you basing
9 that on something specific to that generator or just a
10 general observation that 30 years is about the lifetime?

11 A. Specifically our generator, Callaway's
12 generator, there are several General Electric technical
13 information letters on what's called a clip to strand
14 brazing problem, and basically the generator has water
15 leakage problems. That's one of the reasons generators
16 had to have a partial rewind. And because of that,
17 basically, we know it will have to be rewound because of
18 that technical issue with the generator.

19 Q. At the time that generator was installed,
20 what other vendors made similar units?

21 A. Of course, Callaway is General Electric.
22 Westinghouse, at that time Allis Chalmers was still
23 manufacturing turbine generators, and, of course, they no
24 longer exist. And then the other major world vendor was
25 an English company called GEC, which really was an English

1 licensed General Electric company. So those are the
2 primary vendors.

3 Q. And do the generators from the other
4 vendors have similar life expectancies?

5 A. Yes, they do.

6 Q. Now, in response to one of the questions
7 from Mr. Dottheim, you said you have been deposed before;
8 is that correct?

9 A. Yes, I have.

10 Q. Have you ever been deposed in the context
11 of a Missouri Public Service Commission proceeding?

12 A. No, I have not.

13 Q. In terms of preparing for today's
14 deposition, with whom did you discuss your testimony
15 today?

16 A. Mr. Byrne.

17 Q. Anyone else?

18 A. We had one outside lawyer on the phone.
19 What was his name?

20 MR. BYRNE: Bob Simpco.

21 THE WITNESS: Bob Simpco. And Jim Lowery.
22 Had some minor discussions with Jim.

23 BY MR. MILLS:

24 Q. Were these all -- this is all one
25 discussion or you had multiple discussions.

1 A. Basically in the last 24 hours.

2 Q. Now, you noted that the steam tubes at Wolf
3 Creek used a different steel than the ones at Callaway or
4 a different process for treating the steel than at
5 Callaway?

6 A. That's correct.

7 Q. In terms of original cost, what was the
8 difference between the heat-treated tubes and the
9 non-heat-treated tubes?

10 A. It was not a cost issue. When Callaway's
11 tubes were manufactured, there were no furnaces in the
12 world to put them in. Just 18 months later when Wolf
13 Creek was manufactured, there was, and so they were able
14 to heat treat theirs, and there wasn't any technology
15 available to heat treat ours. So it was not a cost issue.

16 Q. Now, in response to questions from
17 Mr. Dottheim, I believe both about the steam generators
18 and the high and low pressure turbines, I think you
19 referred in your answer to the specified life. Is that
20 the phrase you used?

21 A. Yes, I did.

22 Q. Is there a difference in your mind between
23 the phrase specified life and the phase expected life?

24 A. Specified life is what an engineer puts in
25 a specification. You know, expected life is what

1 engineering intuition tells you things are going to last
2 at the end of a day. So I would characterize them a
3 little bit different.

4 Q. Do depreciation rates depend on specified
5 lives or expected lives?

6 A. I'm not a depreciation engineer. I can't
7 answer your question.

8 Q. You don't know the answer to that?

9 A. No.

10 Q. Have you ever done a depreciation study?

11 A. No, I have not.

12 Q. Now, I believe also in response to a
13 question from Mr. Dottheim about the turbines, you stated
14 that that replacement was driven by economics; is that
15 correct?

16 A. That's correct.

17 Q. That the reason you replaced them was
18 because of the extra 49 megawatts that that would allow
19 the plant to produce?

20 A. That's correct.

21 Q. Is that extra 49 megawatts available even
22 with the limitations you just mentioned about the
23 transformer?

24 A. Yes, it is.

25 Q. And over what time period did you model the

1 availability of the that 49 megawatts to determine whether
2 it was an good economic decision to go ahead with the
3 turbine replacement?

4 A. Actually, I can't -- I can't answer. I
5 don't know what -- what model duration was. I don't know
6 if it's 10 years or 20.

7 Q. Were you involved in the decision-making
8 process on deciding whether or not to replace those
9 turbines?

10 A. No, I was not. Those decisions were all
11 made before I returned to Callaway.

12 Q. Did you review those decisions after you
13 did return to Callaway?

14 A. I reviewed purely from what the expected,
15 you know, what I was getting for what work that was being
16 done, you know, what the vendor's output efficiency
17 increases would be, what the steam pressure increases on
18 steam generators would be. But all the components were
19 manufactured and essentially complete and/or in shipment
20 to the plant when I returned to the plant.

21 Q. Did you in your -- I don't mean to say this
22 in a derogatory way, but in your after-the-fact review,
23 did you see any major problems with the decisions that had
24 been made?

25 A. No.

1 Q. So when you reviewed them, you were in
2 agreement with those decisions?

3 A. Yes.

4 Q. And did you perform any analysis of your
5 own to determine whether or not the replacement of the
6 turbines to gain an extra 49 megawatts was economic?

7 A. No, no formal. However, I will tell you
8 that 49 megawatts base load nuclear for \$56 million will
9 be the cheapest base load nuclear addition you'll ever get
10 anywhere in this country on a dollar per megawatt hour or
11 dollar per megawatt installed basis.

12 Q. You said you weren't involved in performing
13 the analysis. Do you know who was?

14 A. Basically, the current vice president of
15 engineering at Callaway, a gentleman named Tim Herman had
16 the lead for that project throughout the duration, the
17 five years the project went on, and he had the lead both
18 on steam generators and turbine generators.

19 Q. Now, you've described yourself in the past
20 as a nuclear guy; is that fair? You consider yourself a
21 nuclear guy?

22 A. Well, I'm also a fossil guy now, but yeah.

23 Q. and tell me what you mean by that phrase.

24 A. Well, I have -- I have 26 years experience
25 building, starting up, I was over Callaway's startup, and

1 operating Callaway nuclear plant. So my career is
2 predominantly marked as a nuke.

3 Q. Would that include being a supporter of
4 building out more nuclear plants around the country?

5 A. Absolutely.

6 Q. And when you say absolutely, does that mean
7 you're enthusiastic about the idea of building more nukes?

8 A. Yes, I am.

9 Q. Is that enthusiasm shared by other senior
10 executives at AmerenUE?

11 A. Yes, it is.

12 Q. And by whom?

13 A. Gary Rainwater, Tom Voss, my boss, Warner
14 Baxter. You know, I would say the entire senior team of
15 Ameren.

16 Q. Now, is Gary Rainwater still on the senior
17 team at AmerenUE?

18 A. Yeah. He's still in charge, yes.

19 Q. And are you on the senior team at AmerenUE?

20 A. I'm part of the senior team, yes.

21 Q. Who exactly does the senior team consist
22 of?

23 A. Basically all of -- all of Ameren's senior
24 vice presidents, the new presidents and CEOs and the
25 president and CEO of Ameren Corp, which is Mr. Rainwater.

1 So that senior vice president and above level of
2 individuals.

3 Q. Okay. And this is the senior team at
4 AmerenUE or senior team at Ameren?

5 A. At Ameren.

6 Q. And how many -- you mentioned all the
7 senior vice presidents. How many are there?

8 A. Roughly 14, and it's just a rough estimate.
9 I'd have to sit and count them up for you.

10 MR. BYRNE: Are you referring to senior
11 vice president and above?

12 THE WITNESS: Yes.

13 BY MR. MILLS:

14 Q. So the senior team itself is about 14
15 members?

16 A. Yes.

17 Q. Of which maybe half a dozen are president
18 or above -- how many are above the senior vice president
19 level?

20 A. I believe we now have a president and CEO
21 of each business segment, and then an Ameren Corporation
22 president and CEO, so that would be five individuals. And
23 then reporting to them there are another seven to eight
24 senior vice presidents down at that next level.

25 Q. And what are the four business segments you

1 referred to?

2 A. Missouri regulated business, Illinois
3 regulated business, Ameren Energy Generating non-regulated
4 business, and then Ameren Corporate business services.

5 Q. And are those the only business lines?

6 A. Business segments.

7 Q. Business segments?

8 A. That's correct.

9 Q. And how long have you been on the senior
10 team?

11 A. Since my promotion to senior vice
12 president, January 1st, 2001 -- 2005. I'm sorry.

13 Q. And how long has the -- how long have those
14 business segments been organized in that fashion?

15 A. The business segments were set up at the
16 end of the third quarter reporting in '06, and then the
17 organization change was put into place January 1st to
18 align with those business segments. So the FERC reporting
19 actually started in the end of the third quarter of '06.

20 Q. And was the -- is the business segment
21 concept new or were there business segments that were
22 different segments before those?

23 A. This is new. Before it was -- the company
24 was not split by business segments.

25 Q. And in terms of your role on the senior

1 team, what is your role?

2 A. I am AmerenUE's chief nuclear officer, so
3 my primary role is to safely and efficiently operate
4 Callaway nuclear plant and to protect that asset. That's
5 my primary role. I also participate in discussions at the
6 senior team level on things like labor contracts,
7 compensation, those sort of things.

8 Q. Okay. And do you have any role in talking
9 about generation planning?

10 A. Only on the very periphery. I am -- I am
11 on the operating end of things. Ameren's corporate
12 planning group takes care of the planning aspects.

13 Q. And before the recent realignment into
14 those business segments we just discussed, how was the
15 business organized?

16 A. I would say the business is organized more
17 as a traditionally vertically integrated utility with a
18 mixture of regulated entities and non-regulated entities,
19 all kind of reporting up the same chain.

20 Q. In terms of the way the senior team
21 operates, how are decisions made by the senior team? Is
22 it by discussion and consensus? Are there formal votes
23 taken?

24 A. Certainly no formal votes. By discussion
25 and the -- I would say the business leader that owns

1 whatever the issue is takes the input and has the ultimate
2 decision on that issue. Many of those very well may go to
3 the president and CEO of the company, but there are
4 certain things like labor contracts that the business line
5 responsible entity would make those decisions.

6 Q. Okay. So before the business segment
7 reorganization, was the -- was it organized by business
8 lines?

9 A. Yes, it was.

10 Q. And was there ever a generation business
11 line?

12 A. There was a generation business line for
13 fossil and hydro generation, and then in my case, nuclear
14 was a separate generation business line.

15 Q. Now, I think when you were asked a question
16 by Mr. Dottheim earlier, you used the phrase that you were
17 asked to join the board as an AmerenUE representative.
18 Speaking now of the board of AmerenUE.

19 A. That's correct.

20 Q. And that was you were asked quite a few
21 years ago by Chuck Mueller to take on that role; is that
22 correct?

23 A. That's correct.

24 Q. And have you since that time served
25 AmerenUE representative on the board?

1 A. Yes, I have.

2 Q. Now, there was a little bit of discussion
3 about the time at which you were originally voted onto the
4 board, but I want to ask you about the second time that
5 when you were -- I guess the first time you were reelected
6 and the second time you were reelected, so the second and
7 third time you were voted on the board. In those
8 instances, did you vote for yourself to be a board member?

9 A. No. The way I believe the process works is
10 there is a proxy sent out to each of the voting member
11 companies for the slate of board members their terms are
12 up, and the individual in each representative company
13 actually casts a vote and sends those in. So in no case
14 have I been the member signing the proxy to vote for
15 myself. It was done separately, and then those proxies
16 were turned in ahead of the board meeting and obviously
17 the vote counted.

18 Q. Now, who is the other AmerenUE
19 representative on the board?

20 A. Dave Whitely.

21 Q. And has he ever been up for election or
22 reelection while you've been on the board?

23 A. I believe same situation where he has a
24 certain term limitation and gets reupped through this
25 proxy process.

1 Q. And have you voted by -- were you the one
2 that voted by proxy when he was up for reelection?

3 A. No. I've never voted, voted by proxy.

4 Q. Who does cast the votes for AmerenUE, its
5 proxy votes?

6 A. You know, I honestly don't know who
7 actually signed on the proxy.

8 Q. But it's your understanding that something
9 is mailed to AmerenUE, somebody votes and then sends it
10 back to the EEInc board?

11 A. That's my understanding.

12 Q. Have you ever actually seen the proxy vote
13 card?

14 A. No, I have not.

15 Q. Have you ever seen any mailing having to do
16 with the proxy voting.

17 A. No.

18 Q. Do you know who at EEInc sends those out?

19 A. Mr. Helm, the treasurer of EEI.

20 Q. And I think you mentioned what you referred
21 to as a slate of board members. Did you use that term?

22 A. I may have. I don't know.

23 Q. How is -- how are the proxies sent out? Is
24 there one group of board members who are up for -- either
25 for election or reelection and the member companies vote

1 up or down?

2 A. I believe so, but since I've never been the
3 person doing the voting, I can't -- I've never seen them
4 myself.

5 Q. Okay. Do you know, has there ever been a
6 contested election or reelection?

7 A. I do not know.

8 Q. You don't know of anybody ever contesting?

9 A. No.

10 Q. Do you know if at the time that you were
11 either elected for the first time or elected and then
12 reelected again, whether there were other board members
13 voted on at the same time?

14 A. I do not know.

15 Q. Do you know when the terms of any of the
16 other board members, either current ones or ones that
17 you've served with in the past, do you know when their
18 terms began or ended, any of them?

19 A. No, I do not.

20 Q. Now, I think in response to a question from
21 Mr. Dottheim, you said, he was placed on that board --
22 quote, I was placed on that board, close quotes, because
23 of your operations background; is that correct?

24 A. That's correct.

25 Q. Who placed you on the board?

1 A. Again, Mr. Mueller, who was the president
2 and CEO at the time, nominated me, and obviously I had to
3 be voted by all the owning companies to go on the board.

4 Q. And in that vote, did each of the owning
5 companies have a number of votes for board members
6 proportionate to their shares in EEInc?

7 A. I believe that's correct.

8 Q. Just to clear things up, and I think this
9 is pretty clear, but at one point you identified Tom Voss
10 as the AEG representative on the EEInc board, correct?

11 A. That's correct.

12 Q. Is he still the AEG representative?

13 A. I believe he is, yes.

14 Q. And is that the same Tom Voss that's now
15 president of AmerenUE?

16 A. That's correct.

17 Q. And he became president of AmerenUE just a
18 few weeks ago, January 1?

19 A. Three weeks ago.

20 Q. What was his job title before he became
21 president of AmerenUE?

22 A. He was chief operating officer for Ameren.

23 Q. For Ameren Corporation?

24 A. For Ameren Corporation.

25 Q. Did he have any position with AmerenUE at

1 the same time?

2 A. His position was at the Ameren corporate
3 level.

4 Q. Now, how often does the EEInc board meet?

5 A. Four times a year, two by telephone, two by
6 face-to-face meeting.

7 Q. And where are the face-to-face meetings
8 held?

9 A. Normally at the Airport Marriott in
10 St. Louis, out by Lambert Airport.

11 Q. And you say normally. During your tenure
12 on the board, have they met elsewhere?

13 A. Occasionally there has been a meeting at
14 the plant site at Joppa. Occasionally there's been a
15 meeting at Ameren's office at 1901 Chouteau Avenue. The
16 majority of the meetings have been at the Marriott, at
17 Hilton at Lambert Airport.

18 Q. And how long do the face-to-face meetings
19 last?

20 A. Typically two hours.

21 Q. Do they ever go more than a day?

22 A. No.

23 Q. Do they ever go more than half a day?

24 A. No.

25 Q. And in terms of the, I'll call them

1 conference call meetings, the other two meetings a year
2 that you mentioned, how long do those last?

3 A. Typically two hours.

4 Q. So do they ever go more than a day?

5 A. No.

6 Q. Ever go more than a half a day?

7 A. No.

8 Q. Do they ever go substantially less than two
9 hours?

10 A. No.

11 Q. How about the face-to-face meetings, ever
12 less than two hours?

13 A. No.

14 Q. Are you reimbursed by EEInc for travel or
15 expenses to any of these meetings?

16 A. No, I'm not.

17 Q. So you don't receive any compensation in
18 any form or fashion?

19 A. No. I will mention that there are
20 donations made by them on behalf of the board members to
21 not-for-profit companies, but there's no payment to the
22 board members.

23 Q. Tell me about these donations. So EEInc,
24 is that who you mean by them in that last answer?

25 A. That's correct.

1 Q. EEInc makes donations to not-for-profits in
2 your name?

3 A. In our name.

4 Q. Your name. I'm asking about your name,
5 Charles Naslund's.

6 A. Not in my tax structure name.

7 Q. What do you mean by in our name?

8 A. Well, it'll say on behalf of.

9 Q. On behalf of you personally, on behalf of
10 AmerenUE, on behalf of --

11 A. On behalf of EEI.

12 Q So EEInc makes donations to --

13 A. Not-for-profits.

14 Q. -- to not-for-profits on behalf of EEInc?

15 A. Yes.

16 Q. In lieu of paying you compensation?

17 A. That's correct.

18 Q. How much are those donations? What do they
19 amount to?

20 A. They're \$500 a meeting.

21 Q. For in-face and telephone meetings?

22 A. Yes.

23 Q. Okay. And is that \$500 total or is that
24 \$500 per board member?

25 A. Per board member.