

BEFORE THE
ILLINOIS COMMERCE COMMISSION

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UNION ELECTRIC COMPANY) DOCKET NO.
d/b/a AmerenUE) 00 -0664
)
Petition to seek approval to)
Change the Trustee for its Tax)
Qualified and Non-Tax Qualified)
Nuclear Decommissioning Trust)
Funds and seeking approval of)
related changes to the Trust)
Agreements.)

Springfield, Illinois
November 2, 2000

Met, pursuant to notice, at 10:30 a.m.

BEFORE:

MR. WILLIAM SHOWTIS, Examiner

APPEARANCES:

MR. DAVID HENNEN
1901 Chouteau Avenue
St. Louis, Missouri 63103
(Appearing on behalf of AmerenUE)

MR. EDWARD BLILER
527 East Capitol Avenue
Springfield, Illinois 62701
(Appearing on behalf of the Staff of the
Illinois Commerce Commission.)

SULLIVAN REPORTING COMPANY, by
Tracy G. Bartolomucci, Reporter
Ln. #084-003861

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I N D E X

WITNESSES	DIRECT	CROSS	REDIRECT	RECROSS
Kevin Redhage				
By Mr. Hennen	6			
By Examiner Showtis		6		9
By Mr. Bliler		7		

I N D E X

EXHIBITS	MARKED	ADMITTED
AmerenUE Exhibit 1	3	5
AmerenUE Exhibit 2	3	13

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

2 (Whereupon AmerenUE Exhibits
3 1 and 2 were marked for
4 identification as of this
5 date.)

6 EXAMINER SHOWTIS: Pursuant to the
7 authority vested in me by the Commission, I now call
8 for hearing Docket 00-0664, which concerns the
9 petition of Union Electric Company, d/b/a AmerenUE,
10 seeking approval to change the trustee for its tax
11 qualified and non-tax qualified nuclear
12 decommissioning trust funds, and seeking approval of
13 related changes to the trust agreements.

14 Will the parties please enter their
15 appearances.

16 MR. HENNEN: Yes. My name is David B.
17 Hennen, appearing on behalf of Union Electric
18 Company, doing business as AmerenUE. My address is
19 1901 Chouteau, St. Louis, Missouri, 63103. My office
20 phone number is 314-554-4673.

21 MR. BLILER: My name is Ed Bliler, appearing
22 on behalf of the Illinois Commerce Commission,

1 Financial Analysis Division, Finance Department. My
2 business address is 527 East Capitol Avenue,
3 Springfield, Illinois, and my telephone number is
4 217-785-5430.

5 30 EXAMINER SHOWTIS: AmerenUE will have
6 one witness for cross examination today?

7 MR. HENNEN: That is correct.

8 EXAMINER SHOWTIS: Please stand and raise
9 your right hand.

10 (Witness sworn.)

11 EXAMINER SHOWTIS: Mr. Hennen, why don't
12 you identify for the record the exhibit that has been
13 marked as AmerenUE Exhibit 1.

14 MR. HENNEN: Yes. UE requests that the
15 Data Requests FD-1 and FD-2 issued by the Illinois
16 Commerce Commission Staff and responded to by Kevin
17 Redhage from UE be made part of the record as Exhibit
18 1.

19 EXAMINER SHOWTIS: Any objection?

20 MR. BLILER: No.

21 EXAMINER SHOWTIS: AmerenUE Exhibit 1 is
22 admitted into evidence.

1 (Whereupon AmerenUE Exhibit
2 1 was admitted into evidence
3 as of this date.)

4 EXAMINER SHOWTIS: Another exhibit has been
5 marked as AmerenUE Exhibit 2. Would you identify for
6 the record what that is?

7 MR. HENNEN: Yes. The testimony prefiled
8 contained a Schedule 11, which was a copy of the
9 Investment Management Guidelines which will
10 subsequently be filed or signed by various investment
11 managers, and between the time we filed the original
12 schedule and the date of this hearing one of the
13 signatories has changed, and we've so noted the
14 change on the exhibit. The specific change is in the
15 signatory of the equity investment manager. The
16 original testimony had John Blixen as the signatory,
17 and it is now Peter Merzian.

18 EXAMINER SHOWTIS: And again, what schedule
19 pertains to this?

20 MR. HENNEN: That would be Schedule 11.

21 EXAMINER SHOWTIS: Mr. Hennen, why don't you
22 ask a few preliminary questions of Mr. Redhage to

1 indicate whether he has any changes to his Direct
2 Testimony that was prefiled.

3 K E V I N R E D H A G E

4 called as a Witness herein on behalf of AmerenUE,
5 having been previously duly sworn on his oath, was
6 examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. HENNEN:

9 Q. You prefiled testimony in this docket. Do
10 you have any changes that you would like to make to
11 that prefiled testimony?

12 A. No, sir.

13 CROSS EXAMINATION

14 BY EXAMINER SHOWTIS:

15 Q. And, Mr. Redhage, you have certain
16 schedules that were attached to your testimony?

17 A. That is correct.

18 Q. And I believe there were 12 schedules?

19 A. Yes, sir, 12 is correct.

20 Q. As I understand it, the only changes to any
21 of those schedules is the change reflected on
22 AmerenUE Exhibit 2, is that correct?

1 A. Right. That's correct.

2 Q. So except for that one revised page for
3 Schedule 11, there are no other changes to the
4 remaining 11 schedules?

5 A. No, sir.

6 EXAMINER SHOWTIS: I assume AmerenUE would
7 want Mr. Redhage's testimony to be introduced in the
8 record along with the schedules that were attached to
9 his testimony?

10 MR. HENNEN: That is correct.

11 EXAMINER SHOWTIS: Mr. Redhage's prefiled
12 testimony, along with Schedules 1 through 12, will be
13 admitted into evidence as AmerenUE Group Exhibit 3.

14 EXAMINER SHOWTIS: Does Staff have any
15 questions of Mr. Redhage?

16 MR. BLILER: Yes. I'll have just two
17 clarifying questions.

18 CROSS EXAMINATION

19 BY MR. BLILER:

20 Q. Mr. Redhage, the Company's response to Data
21 Request FD-1 talks about the daily sweep of cash into
22 two accounts. Just for the record, this is what the

1 Company is currently doing with other accounts for
2 the Callaway plant?

3 A. That's correct. Right now, of course,
4 Banker's Trust is the trustee, and so it's not the
5 specific accounts that I named that the cash is being
6 swept into, but a similar cash sweep strategy is
7 being done by the current trustee for the Missouri
8 and FERC subaccounts. If and when it's approved and
9 we make the change to the Bank of New York as
10 trustee, then the other two accounts, the Missouri
11 and the FERC, will be handled in this same manner.

12 Q. And to your knowledge, this is a common
13 practice for those type of funds?

14 A. That's correct.

15 Q. In response to Data Request FD -2, the point
16 being made there was that the restriction and
17 problems with pooling of trust assets, currently it's
18 not a concern with the proposed guidelines?

19 A. That's correct. It's not a concern at this
20 point.

21 MR. BLILER: Thank you.

22 RE CROSS EXAMINATION

1 BY EXAMINER SHOWTIS:

2 Q. I just have a couple questions. The
3 non-tax qualified trust fund has never been funded,
4 is that correct?

5 A. No, sir, never have any funds ever been
6 directed to that trust.

7 Q. And would you just briefly explain why that
8 trust fund has never been funded?

9 A. We've never had to. To put money into the
10 qualified trust is more advantageous because we're
11 able to deduct the income taxes as an expense in the
12 year that the contributions are made, and so we
13 prefer to direct the money to the qualified trust, if
14 possible. Of course, to do that you're limited to
15 either your cost of service amount or the amount
16 that's stipulated being cost of service by the
17 regulators, or the schedule of ruling amounts that
18 the IRS has issued to you. So we've always been in a
19 position that we can fund the tax qualified trust
20 because the Commission has always approved the
21 necessary amount as being in our cost of service.

22 Q. When does AmerenUE expect to obtain

1 approval of the change in trustee and related changes
2 to the trust agreements from the Missouri Public
3 Service Commission?

4 A. They have indicated to us that they'll
5 issue their order toward the latter part of December
6 and make it effective for the January 1st of 2001
7 date requested.

8 Q. Do you have to go through a hearing process
9 there or will it be handled there without a hearing?

10 A. It appears it will be handled without a
11 hearing at this point.

12 MR. HENNEN: We requested expedited
13 treatment in Missouri and they've agreed to grant
14 such treatment.

15 Q. (By Examiner Showtis) Do you have your
16 testimony in front of you?

17 A. Yes, sir.

18 Q. Would you turn to Page 16.

19 A. Okay.

20 Q. I believe it's Lines 312 through 314 you
21 indicate that the Company is proposing that the
22 investment guidelines be revised such that the

1 restrictions on investing cash balances in the
2 Illinois jurisdictional subaccount correspond with
3 those in the other two jurisdictional subaccounts?

4 A. That's correct.

5 Q. Would you just describe what those other
6 two jurisdictional subaccounts are that you're
7 referencing there?

8 A. The Missouri subaccount and the wholesale
9 or the FERC subaccount.

10 Q. Now, with regard to the post -changes
11 concerning investing the cash balances, is it correct
12 that that proposed change could have been proposed
13 earlier for Illinois but wasn't done so?

14 A. Right. It probably could have.

15 Q. Was there any reason why it wasn't proposed
16 earlier so that those funds could earn some r eturns?

17 A. We hated to open a full hearing for such a
18 minor change. We had tried to change the guidelines,
19 but in discussions with the Staff they felt that it
20 would be a material change that we needed to go
21 through the hearing process to get it approved by the
22 full Commission, so we didn't want to, you know, do a

1 full filing for, you know, a pretty minor change to
2 the guidelines, and so we thought we'd consolidate it
3 with the next time we came in for something.

4 EXAMINER SHOWTIS: That's all the questions
5 I have. Mr. Bliler, do you wish to state Staff's
6 position for the record?

7 MR. BLILER: Yes. After reviewing the
8 Company filing and the exhibits and attachments and
9 the responses to the Staff Data Requests and the
10 information at today's hearing, Staff recommends
11 approval of the Company's petition.

12 EXAMINER SHOWTIS: I'd just like to take a
13 short break.

14 (Whereupon a break was
15 taken.)

16 EXAMINER SHOWTIS: The testimony of Mr.
17 Redhage, which was filed with the petition in this
18 matter and Schedules 1 through 12 have been
19 previously admitted. I think I previously indicated
20 that they would be admitted as AmerenUE Group Exhibit
21 3. After talking with the Clerk's Office, it's
22 unnecessary to give those exhibits and testimony a

1 number, so while they are being admitted, they are
2 not being admitted as AmerenUE Exhibit 3.

3 So, to summarize, the only two exhibit
4 numbers that are being attached to admitted exhibits
5 are AmerenUE Exhibits 1 and 2, which has previously
6 been identified in the transcript.

7 (Whereupon AmerenUE Exhibit
8 2 was admitted into evidence
9 as of this date.)

10 EXAMINER SHOWTIS: Let's go off the
11 record.

12 (Whereupon a discussion was
13 held off the record.)

14 EXAMINER SHOWTIS: I've requested that
15 AmerenUE submit a draft order in this matter.
16 Counsel for AmerenUE has indicated that AmerenUE will
17 submit a draft order to Staff for its review by
18 November 13th. Then I would expect, after Staff has
19 reviewed it and given any comments to AmerenUE, that
20 AmerenUE would then file the draft order with the
21 Chief Clerk's Office.

22 I would not intend to make any substantive

1 changes to the draft order. I may make minor
2 modifications after I review it. Since this is not a
3 contested case, I would not intend to serve my
4 proposed order on the parties, but rather send it
5 directly to the Commission.

6 Is that acceptable to the parties?

7 MR. HENNEN: Yes, it is.

8 MR. BLILER: Yes.

9 EXAMINER SHOWTIS: Is there anything else to
10 discuss on the record?

11 MR. BLILER: No.

12 EXAMINER SHOWTIS: And it's my understanding
13 that AmerenUE would want the Commission to enter its
14 order by no later than December 15th?

15 MR. HENNEN: Yes, sir.

16 EXAMINER SHOWTIS: The record will be marked
17 heard and taken.

18 (Marked heard and taken.)

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1 STATE OF ILLINOIS)
2) SS:
3 COUNTY OF SANGAMON)

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CERTIFICATE

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I, Tracy Bartolomucci, CSR and Notary Public, do hereby certify that I reported in shorthand the foregoing proceedings and the foregoing is a true and correct transcript of my shorthand notes so taken as aforesaid.

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I further certify that I am in no way related to or associated with any of the parties or attorneys involved herein, nor am I financially interested in the action.

TRACY BARTOLOMUCCI, CSR
Notary Public, Sangamon County, IL
CSR License No. 084-003861

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Dated this 13th day of
November, A.D., 2000

My commission expires 3-6-2002

