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BEFORE THE  
ILLINOIS COMMERCE COMMISSION

AMEREN ILLINOIS COMPANY ) DOCKET NO.  
d/b/a Ameren Illinois ) 13-0301  
)  
Rate MAP-P Modernization Action Plan - )  
Pricing Annual Update Filing )

Springfield, Illinois

Thursday, September 18, 2013

Met, pursuant to notice, at 1:00 p.m.

BEFORE:

John D. Albers, Administrative Law Judge  
Stephen Yoder, Administrative Law Judge

APPEARANCES:

FOR AMEREN CORPORATION:

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Mr. Edward Fitzhenry  
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2

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14 FOR THE CITIZENS UTILITY BOARD

15 VIA CONFERENCE CALL:

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1 Move for Admission of Exhibits

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3 (Staff Cross Exhibit 16 attached to transcript. All  
4 other exhibits were retained by Counsel.)

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

6 (On the record at 1:05 p.m.)

7 JUDGE ALBERS: Let's go ahead and get  
8 started. By the authority vested in me by the  
9 Illinois Commerce Commission, and I'll now docket  
10 Number 13-0301. This docket concerns the update of  
11 Ameren Illinois Company Rate MAP-P. May I have the  
12 appearances for the record, please?

13 MR. TOMC: Matthew R. Tomc and Edward  
14 Fitzhenry here to my right on behalf of the Ameren  
15 Illinois Company.

16 MR. LANNON: Appearing on behalf of the  
17 staff of the Illinois Commerce Commission Michael  
18 Lannon, Jim Olivero and Kimberly Swan. I believe  
19 our addresses are already in the record here.

20 MS. COOK: Tanja Cook from Lueders,  
21 Robertson and Konzen here on behalf of the IIEC.

22 JUDGE ALBERS: Can you spell your first  
23 name, please?

24 MS. COOK: Sure. T-A-N-J-A, and  
25 C-O-O-K.

1 JUDGE ALBERS: Thank you. Is there  
2 anyone on the phone wishing to enter an appearance.

3 MS. SODERNA: Yes, on behalf of the  
4 Citizens' Utility Board Christy Hicks and Julie  
5 Soderna, 309 West Washington, Suite 800, Chicago,  
6 Illinois, 60606.

7 JUDGE ALBERS: Are there any others  
8 wishing to enter an appearance at this time? I  
9 believe I saw the Attorney General's counsel here  
10 earlier, we'll get her appearance when she returns.  
11 Are there any preliminary matters for today?

12 All right. Moving on then. You're just  
13 in time for your appearance.

14 MS. SATTER: Appearing on behalf of the  
15 people of the State of Illinois, Susan L. Satter,  
16 100 West Randolph Street, Chicago, Illinois 60601.

17 JUDGE ALBERS: Thank you. And I think  
18 our only witness today is Mr. Martin. It's my  
19 understanding from an earlier comment off the record  
20 that the company waived cross examination for David  
21 Efron, so is Mr. Martin in the room?

22 Would you like to call your first  
23 witness and swear him in?

24 MR. TOMC: Yes, Your Honor, thank you.  
25 The company would call Mr. Ryan J. Martin to the

1 witness stand.

2 RYAN J. MARTIN,  
3 of lawful age, having been first duly sworn to  
4 testify the truth, the whole truth, and nothing but  
5 the truth in the case aforesaid, deposes and says in  
6 reply to oral interrogatories propounded as follows,  
7 to-wit:

8 EXAMINATION

9 QUESTIONS BY MR. TOMC

10 Q. Good afternoon, Mr. Martin.

11 A. Good afternoon.

12 Q. Please state your name and business  
13 address.

14 A. My name is Ryan J. Martin, my business  
15 address One Ameren Plaza, 1901 Chouteau Avenue, St.  
16 Louis, Missouri, 63103.

17 Q. Mr. Martin, are you the same individual  
18 that caused to be filed the direct rebuttal and  
19 surrebuttal testimonies of Mr. Ryan J. Martin and  
20 the company exhibits in this proceeding?

21 A. I am.

22 Q. Do you have those before you?

23 A. I do.

24 Q. You have before you what's been marked  
25 as Ameren Exhibit 4.0 Revised that was filed on June

1 17th, 2013, that being your Revised Direct Testimony  
2 of Ryan J. Martin, do you see that?

3 A. I don't have the revised in front of me  
4 actually. Do you have a copy of that?

5 MR. TOMC: Your Honor, may I approach  
6 the witness?

7 JUDGE ALBERS: Yes.

8 THE WITNESS: Thank you.

9 (Ameren Exhibit Number 4.0 Revised  
10 marked for identification.)

11 Q (By Mr. Tomc) Do you have Ameren Exhibit  
12 4.0 Revised before you?

13 A. I do.

14 Q. Is this your testimony?

15 A. It is.

16 Q. Is the information contained in it true  
17 and accurate to the best of your information,  
18 knowledge and belief?

19 A. It is.

20 (Ameren Exhibit Number 4.1 marked for  
21 identification.)

22 Q. And Mr. Martin, do you see Ameren  
23 Exhibit 4.1, being the Supplemental Direct Testimony  
24 of Mr. Ryan J. Martin?

25 A. I do.

1 Q. And is the information contained in that  
2 exhibit true and correct to the best of your  
3 information, knowledge and belief?

4 A. It is.

5 Q. With regard to Ameren Exhibit 4.0 and  
6 4.1, if I were to ask you the same questions today,  
7 would your answers remain the same?

8 A. They would.

9 MR. TOMC: Your Honor, I would move to  
10 admit the Revised Direct Testimony of Ryan J. Martin  
11 and the Supplemental Direct Testimony being Ameren  
12 Exhibit 4.0 and 4.1?

13 JUDGE ALBERS: All right. You can go  
14 ahead and take care of the admissibility following  
15 cross examination.

16 MR. TOMC: Thank you, Your Honor.

17 (Ameren Exhibit Number 12.0 revised  
18 marked for identification.)

19 Q (By Mr. Tomc) Next Mr. Martin, I would  
20 draw your attention to what's been marked Ameren  
21 Exhibit 12.0 Revised, being Revised Rebuttal  
22 Testimony of Ryan J. Martin dated September 13th,  
23 2013. Do you have that before you?

24 THE WITNESS: I do.

25 (Ameren Exhibit Numbers 12.1-12.3 marked

1 for identification.)

2 Q (By Mr. Tomc) And Mr. Martin, I would  
3 also draw your attention to the Ameren Exhibits 12.1  
4 through 12.3, being supporting exhibits to your  
5 rebuttal testimony. Do you see those?

6 A. I do.

7 Q. Mr. Martin, with regard to Ameren  
8 Exhibit 12.0 and Company Exhibits 12.1 through 12.3,  
9 is the information contained therein true and  
10 accurate, to the best of your information, knowledge  
11 and belief?

12 A. It is.

13 Q. If I were to ask you the same questions  
14 today, would your answers remain the same?

15 A. They would.

16 MR. TOMC: Your Honor, I would move to  
17 admit the Revised Rebuttal Testimony and supporting  
18 exhibits of Mr. Martin, being Ameren Exhibit 12.0  
19 through 12.3 pending the completion of cross  
20 examination.

21 JUDGE ALBERS: Very good.

22 (Ameren Exhibit Number 20.0 marked for  
23 identification.)

24 Q (By Mr. Tomc) Next, Mr. Martin, I would  
25 draw your attention to Ameren Exhibit 20.0, being

1 your Surrebuttal Testimony. Do you see that?

2 THE WITNESS: I do.

3 Q. And that document is dated September  
4 5th, 2013, do you see that?

5 A. Yes.

6 (Ameren Exhibit Numbers 20.1-20.2 marked  
7 for identification.)

8 Q. In addition to that document, you have  
9 Ameren Exhibits 20.1 through 20.2, those being the  
10 supporting exhibits to your Surrebuttal Testimony.  
11 Do you have those before you?

12 A. I do.

13 Q. And those are also dated September 5th,  
14 2013.

15 A. Yes.

16 Q. Is the information contained in your  
17 Surrebuttal Testimony and supporting exhibits, being  
18 Ameren Exhibit 20.0 through 20.2, true and correct  
19 to the best of your information, knowledge and  
20 belief?

21 A. Yes.

22 Q. And if I were to ask you the questions  
23 in that surrebuttal testimony today, would your  
24 answers remain the same?

25 A. They would.

1 MR. TOMC: Your Honor, I would move to  
2 admit the Surrebuttal Testimony and supporting  
3 exhibits of Mr. Martin being Ameren Exhibit 20.0  
4 through 20.2, pending completion of cross  
5 examination.

6 JUDGE ALBERS: All right, thank you.

7 Q (By Mr. Tomc) I just have one -- actually  
8 I have one question for you before we begin, just a  
9 clarifying question.

10 THE WITNESS: Mm-hmm.

11 Q. Mr. Martin, do you have any additions or  
12 corrections to your surrebuttal testimony?

13 A. I don't have any additions or  
14 corrections, I have maybe a clarification with  
15 respect to Lines 103 through 116. Those lines.

16 JUDGE ALBERS: Which, which document?

17 A. I'm sorry, the, in the surrebuttal  
18 testimony Exhibit 20.

19 Q (By Mr. Tomc) That's correct.

20 THE WITNESS: 20.0, I'm sorry.

21 MR. TOMC: It's Page 6, Your Honor.

22 JUDGE ALBERS: Thank you.

23 Q (By Mr. Tomc) And Mr. Martin, what, what  
24 did you wish to correct?

25 THE WITNESS: So those lines 103 through

1 116 are intended to be a quotation from a  
2 transcript. They're not formatted to make that  
3 necessarily clear, but that's what it is intended to  
4 be.

5 Q. Thank you, Mr. Martin.

6 MR. TOMC: Your Honor, would you prefer  
7 if the Company were to file, to file as a compliance  
8 filing of revised testimony showing that as an inset  
9 quotation?

10 JUDGE ALBERS: I remember reading that  
11 when looking at the testimony. Is everyone clear on  
12 what is intended there, or were --

13 MR. LANNON: With the, could I ask a  
14 clarifying question?

15 JUDGE ALBERS: Sure.

16 MR. LANNON: Does -- it starts with the  
17 Q, "thank you?"

18 MR. TOMC: Yes.

19 THE WITNESS: Correct.

20 MR. LANNON: And it would end with the  
21 Docket number cite: 11.0282 and the page,  
22 transcript pages?

23 THE WITNESS: Right.

24 MR. LANNON: So then the "Ms. Phipps has  
25 never alleged," that is not from the transcript, is

1 that right?

2 THE WITNESS: Correct.

3 MR. LANNON: We're okay then.

4 JUDGE ALBERS: Okay, I think if everyone  
5 is clear on what's intended, we don't need to go to  
6 the trouble of the revised exhibit. So thank you  
7 for clarifying.

8 MR. TOMC: Thank you, Your Honor. At  
9 this time with those motions pending I would tender  
10 Mr. Martin for cross examination.

11 JUDGE ALBERS: Mr. Lannon.

12 MR. LANNON: Thank you, Your Honor.

13 EXAMINATION

14 QUESTIONS BY MR. LANNON

15 Q. Good afternoon, Mr. Martin.

16 A. Good afternoon.

17 Q. I don't know if we've ever met.

18 A. No.

19 Q. I don't think so.

20 A. No.

21 Q. Could you turn to your surrebuttal  
22 testimony, please?

23 A. Sure.

24 Q. Page 11. And if you'll bear with me,  
25 I'm going to give you a reading assignment here.

1           A.     Mm-hmm.

2           Q.     Do you see on Page, on Line 220, the  
3 word re-- starting a new sentence, the word "recall  
4 that Ameren Corp.?"

5           A.     I do.

6           Q.     Could you read the rest -- starting with  
7 that sentence, the rest of that paragraph into the  
8 record, please?

9           A.     "Recall that Ameren Corporation acquired  
10 IP in 2004 and assumed ownership of the utility in a  
11 state of financial distress, IP was dividend  
12 restricted by the Commission at the time of  
13 acquisition, only to subsequently find the company  
14 in the midst of controversy surrounding the lifting  
15 of a rate freeze in 2007. It was facing a potential  
16 rate freeze that could have seriously degraded  
17 credit quality, if not resulted in outright  
18 bankruptcy. Only in 2009 after the rate freeze  
19 controversy subsided, the financial crisis was  
20 behind the company, and overall credit metrics  
21 improved did the company receive an investment grade  
22 credit rating."

23          Q.     Okay. Thank you for reading that.

24          A.     Mm-hmm.

25          Q.     Now I think we're clear in the first

1 sentence that that's about IP, right? Illinois  
2 Power?

3 A. Correct.

4 Q. Now the last sentence there starting:  
5 "Only in 2009," you reference the company. Once  
6 again, is that Illinois Power?

7 A. That is Illinois Power.

8 Q. Okay. All right. And I think you would  
9 know the question, or the answers to the questions,  
10 the following questions offhand, but if you need to  
11 reference the reports, I have them available here.

12 A. Mm-hmm.

13 Q. But would you agree with me that IP's  
14 issue or rating from S&P, Standards & Poor, was  
15 below investment grade from April 23rd, '07, through  
16 September 11th, '08?

17 A. I would probably like to see those  
18 reports, as I was not in the treasury department at  
19 that time.

20 Q. Okay, right.

21 MR. LANNON: Your Honor, as I don't  
22 intend to move these into the record as a cross  
23 exhibit unless I absolutely have to, but, so should  
24 I -- do you want me to mark them just for, or staff  
25 cross exhibit I think it would be 11? Just for

1 references? Or I could just reference them  
2 directly.

3 JUDGE ALBERS: I think you're up to 8,  
4 does that sound right? No, I'm sorry, I'm sorry,  
5 I've got the wrong one. 10.

6 MR. LANNON: Yeah, so it would be 11, if  
7 you want me to reference it that way.

8 JUDGE ALBERS: It would be 10, I don't  
9 think I see a Staff Cross Exhibit 10.

10 MR. LANNON: Oh, okay.

11 JUDGE ALBERS: Yeah, you go ahead and  
12 we'll just mark it for reference.

13 MR. LANNON: Right. There's going to be  
14 two of them.

15 JUDGE ALBERS: Do you want them the  
16 same?

17 MR. LANNON: I think we'd better mark  
18 them separately.

19 JUDGE ALBERS: That's fine.

20 (Staff Cross Exhibit Number 10 marked  
21 for identification.)

22 JUDGE ALBERS: So we have the --

23 MR. LANNON: What I'd call Staff Cross  
24 Exhibit 10 I think, is that right?

25 JUDGE ALBERS: Right. Although you gave

1 me three copies of the 2008 one, and one, one copy  
2 of the 2007.

3 MR. LANNON: Oh, I'm sorry.

4 JUDGE ALBERS: I'll trade you.

5 MR. LANNON: No, I gave you three of  
6 '08?

7 JUDGE ALBERS: Yeah.

8 MR. LANNON: Oh, I got the wrong one.

9 JUDGE ALBERS: Off the record.

10 (Discussion off the record.)

11 JUDGE ALBERS: Back on the record then.

12 The document with the heading of April 23rd, 2007,  
13 will be marked as Staff Cross Exhibit 10. And the  
14 one labeled September 11th, 2008, will be Staff  
15 Cross Exhibit 11.

16 (Staff Cross Exhibit Number 11 marked  
17 for identification.)

18 JUDGE ALBERS: Okay.

19 MR. LANNON: Thank you, Your Honor.

20 Q (By Mr. Lannon) Mr. Martin, do you have  
21 in front of you Staff Cross Exhibits 10 and 11?

22 THE WITNESS: I do.

23 Q. And you're generally familiar with these  
24 types of reporting issuances, aren't you?

25 A. We don't view it in this format, but I'm

1 generally familiar with the information that I've  
2 got here.

3 Q. Well, do you want me to recall the  
4 timeframe I asked you?

5 A. If you could repeat the question, that  
6 would be helpful, please.

7 Q. Yeah, okay. Would you agree with me  
8 that IP's, Illinois Power, issuer rating from S&P's  
9 was below investment grade from April 23rd, '07, to  
10 September 11th, 2008?

11 A. Yes, according to this report on April  
12 23rd, 2007, it was double B, which is subinvestment  
13 grade, and on September 11, 2008, it was upgraded to  
14 triple B minus, which is the lowest level of  
15 investment grading right now.

16 Q. Okay, thank you. Now -- oh, still  
17 looking at the same two cross exhibits, on Cross  
18 Exhibit 10, if you turn it to the second page.

19 A. Mm-hmm.

20 Q. And on Cross Exhibit 11, once again, you  
21 could turn it to the second page, and looking at the  
22 same time period from April 23rd, 2007, to September  
23 11, 2008, would you agree with me that I -- Illinois  
24 Power's secured debt rating from S&P remained  
25 investment grade?

1           A.     Starting with what point are you saying?  
2     April, April 23rd, 2007?

3           Q.     Yes, that's correct?

4           A.     I don't see that timeframe on the senior  
5     secured section here.  Looks like it goes back only  
6     to September 6th of 2007.

7           Q.     Thank you for pointing that out.  Give  
8     me a minute and I'm checking on that.

9           A.     Sure.

10          Q.     Yes, I see what you're saying, but if  
11     you could turn to Page 7 of Staff Exhibit --

12          A.     Page 7, okay.

13          Q.     Cross Exhibit 11, and about midway there  
14     it's entitled Senior Secured?

15          A.     Right.

16          Q.     Yeah.  Have you looked there from '08,  
17     '07?

18          A.     Mm-hmm.

19          Q.     And with that in mind, would you agree  
20     with me that Illinois Power's secured debt rating  
21     from Standard & Poor remained investment grade from  
22     April '07 to September, '08?

23          A.     Yes.

24          Q.     Thanks.  Okay.  Would you agree with me  
25     that Illinois Power's issuer rating from Moody's

1 Investor Service was below investment grade from  
2 March, '07, to August '09?

3 A. Again, I would like to see the reports,  
4 if you have them available.

5 MR. LANNON: May I approach, Your Honor?

6 JUDGE ALBERS: Yes.

7 MR. TOMC: If you want to offer this to  
8 refresh his recollection we can --

9 MR. LANNON: Yeah.

10 (Discussion off the record.)

11 MR. LANNON: Your Honor, I'll mark this  
12 just for reference purposes for now.

13 Q (By Mr. Lannon) Mr. Martin.

14 THE WITNESS: Mm-hmm.

15 Q. I just handed you a two-page document  
16 which was a data request from staff R and P 7.06,  
17 and the response says prepared by you, it had an  
18 attachment to it, correct?

19 A. Correct.

20 MR. LANNON: Your Honor, I'd like to  
21 mark that as staff Cross Exhibit 11. Oh, excuse me,  
22 12.

23 (Staff Cross Exhibit Number 12 marked  
24 for identification.)

25 Q (By Mr. Lannon) Now could you look at the

1 table that's attached to the DR, itself?

2 THE WITNESS: Mm-hmm.

3 Q. Entitled Illinois Power Company  
4 Principal Moody's S&P/Fitch ratings February 3rd,  
5 2004, through December 31st, 2009.

6 A. Okay.

7 Q. Are you familiar with that?

8 A. Yes.

9 Q. You prepared that, didn't you?

10 A. I oversaw the preparation, yes.

11 Q. Under your control?

12 A. Yes.

13 Q. Now if you, if you review, just review  
14 the Moody's column there, senior secured issuer,  
15 would you agree with me on the issuer rating that  
16 Illinois Power's issuer rating from Moody's was  
17 below, was below investment grade from March 12th,  
18 '07, to August 13th, '09?

19 A. This table suggests an issuer rating of  
20 EA1, which is subinvestment grade, on March 12,  
21 2007, and no change through August 3rd, 2009.

22 Q. Well, just to follow-up with that --

23 A. Mm-hmm.

24 Q. -- on the end date?

25 A. Yeah.

1 Q. You prepared this table, correct?

2 A. (Nods affirmatively.)

3 Q. And you didn't put in any other issuer  
4 rating other than the BA1 from March 12th.

5 A. Correct.

6 Q. '07. Okay. I think we have that  
7 somewhere else in the record anyway, so we'll move  
8 on.

9 Would you agree that Illinois Power's  
10 issuer rating -- oh, I'm sorry, we already did that.  
11 Secured debt rating from Moody's remained investment  
12 grade during that same time period.

13 A. Yes.

14 Q. Okay. And still looking at that table,  
15 would you agree that Illinois Power's issuer rating  
16 from Fitch ratings was below investment grade from  
17 12-6-05 to 10-16-08?

18 A. Yes.

19 Q. Okay. And still on that same  
20 attachment, would you agree with me that IP's  
21 secured debt rating from Fitch ratings remained  
22 investment grade during that time period?

23 A. Yes.

24 Q. Okay. Mr. Martin, do you recall Staff  
25 DR RMP 1.02 from, that staff sent you on June 4th,

1 2013, asking for you to provide copies of all  
2 presentations the company or Ameren Corp. made to  
3 S&P, Moody's or Fitch ratings since the order issued  
4 by the Commission on January 10th, 2012, in Docket  
5 110282?

6 A. Yes.

7 Q. Do you recall that generally?

8 A. I do, mm-hmm.

9 Q. And you provided us with three separate  
10 presentations that were provided to credit agencies,  
11 correct?

12 A. Yes.

13 Q. And those presentations, were they all  
14 the same to all three credit agencies?

15 A. Except for the cover page, yes, they  
16 should be the same. The cover page which would have  
17 indicated the recipient agency.

18 Q. Right. Okay, so Page 42 within there  
19 would have been sent to all -- would have been  
20 presented to all three credit agencies, S&P,  
21 Moody's, and Fitch's, correct?

22 A. The intent would have been for the  
23 material, for it to have been the same, yes.

24 Q. Okay. Now let's turn back to your  
25 surrebuttal if we could. This time could you turn

1 to Page 16, please? And if you look at Lines 323  
2 through I think it's 327, this time I won't give you  
3 the chore of reading it, I'll paraphrase and read it  
4 myself.

5 A. Okay.

6 Q. You state effectively that the practical  
7 effect of the use per rate making purposes of an  
8 imputed or hypothetical equity ratio that is lower  
9 than the company's actual equity ratio is that, in  
10 effect, it lowers the company's actual return on  
11 equity, correct?

12 A. Correct.

13 Q. And -- now let's just stop right there.  
14 Would you agree with me that the return on equity is  
15 a pretty simple calculation reflected as net income  
16 divided by common equity balance?

17 A. That's, yeah, that's the way, yeah.  
18 Basically it's the return you receive on the equity  
19 that you carry.

20 Q. Okay. Would you also agree with me that  
21 the funds from operations, I believe it's FFO?

22 A. Mm-hmm.

23 Q. And earnings before interest, taxes,  
24 depreciation and amortization.

25 A. Mm-hmm.

1 Q. Otherwise known as EBITDA, to make those  
2 be calculations, you start with net income, wouldn't  
3 you?

4 A. I mean there are various ways of getting  
5 to those numbers, but yeah, a common way would be to  
6 begin with net income, correct.

7 Q. Okay. Thanks. Now likewise, would you  
8 agree that the Moody's CFO or cash flow operations  
9 pre W/C or preworking capital calculation also  
10 begins with net income?

11 A. That's the same as FFO, so yes.

12 Q. Yeah, okay. All right. Let's see, if  
13 you could turn to Page 14 of your surrebuttal. And  
14 starting on Line 280, you state: "As viewed by  
15 rating agencies and the investment community, AIC  
16 actually has more debt and less equity in its  
17 capital structure than Com Ed. Specifically per  
18 Moody's most recently published credit opinions.  
19 Com Ed's debt to capital ratio as of December 31st,  
20 '012, was 37 percent and AIC's debt to capital ratio  
21 as of March 31st, '013, was 39.2 percent."

22 Did I read that correctly?

23 A. You did.

24 Q. Okay. And I take it from your position  
25 that you're familiar with how Moody's calculates its

1 financial benchmarks, correct?

2 A. Right.

3 Q. Would you agree with me that Moody's  
4 debt to capitalization ratios includes deferred  
5 taxes in the denominator of that ratio?

6 A. They do, they do include that in the  
7 denominator, yes.

8 Q. Now in your, your direct Defendant's A,  
9 you explain your present position, right? And I  
10 believe you say March, 2010, you transitioned to the  
11 Finance Department of Ameren Services Company as  
12 Assistant Treasurer and managed -- Manager of  
13 Corporate Finance, and in this role you were  
14 responsible for a number of things, including  
15 managing relationships with credit rating agencies  
16 and banks, is that right?

17 A. That's right.

18 Q. Okay. Excuse me, just a moment.

19 A. Mm-hmm.

20 MR. LANNON: May I approach, Your Honor?

21 JUDGE ALBERS: Yes.

22 MR. LANNON: And again, I'll mark this  
23 just for reference purposes as Staff Cross Exhibit  
24 13.

25 (Staff Cross Exhibit Number 13 marked

1 for identification.)

2 Q (By Mr. Lannon) I assume in your role as  
3 Finance Department -- or Assistant Treasurer, is  
4 that what it is now?

5 THE WITNESS: That's what it was, yeah.

6 Q. Or was in 2010.

7 A. Right.

8 Q. Yeah. In that role you would have been  
9 familiar with what I've marked at, and provided you  
10 as Staff Cross Exhibit 13, is that correct?

11 A. Yes.

12 Q. And Staff Cross Exhibit 13 is a Standard  
13 & Poor's Global Credit Portal Research Update, and  
14 it says S&P correct, Ameren NAG Generation Company,  
15 outlook revised to negative from stable. Ameren  
16 Corp. affirmed at BBB minus; correct?

17 A. Correct.

18 Q. Now you were a witness in Docket 110282,  
19 is that right?

20 A. I'm sorry, I don't have, I'm not  
21 familiar with necessarily the specific docket  
22 numbers, which case was that?

23 Q. I believe you were a witness in the  
24 previous AIC gas rate case before the one they --

25 A. Correct, correct.

1 Q. -- the one they just had --

2 A. Correct.

3 Q. -- a couple weeks ago, right?

4 A. Mm-hmm.

5 Q. Okay. And my understanding, that's

6 Docket 110282.

7 A. Okay.

8 Q. If your attorneys know otherwise...

9 MR. TOMC: That's correct.

10 Q (By Mr. Lannon) And is this the published  
11 version of the December 15th, 2010, draft report you  
12 reviewed in that docket?

13 THE WITNESS: I'm sorry, you said -- did  
14 you say draft report? What was the term?

15 Q. Yes, the public version of that December  
16 15th, '10, draft report.

17 A. Well, this is, this is the final report,  
18 this is not the draft report.

19 Q. Well, let me just rephrase the question.  
20 If I were to remove the word "draft" from my prior  
21 question, and I'll say it again with the word  
22 removed, I think it might come to a different  
23 answer.

24 Is this the published version of the  
25 December 15th, 2010, report you reviewed in Document

1 110282?

2 A. It appears to be the final version that  
3 would have been published, yes.

4 Q. Okay. And could you turn to Page 3 of  
5 that document --

6 A. Mm-hmm.

7 Q. -- Staff Cross Exhibit 13, and under the  
8 heading Rational, if you go down one, two, three,  
9 four, in the fifth and last paragraph on that Page  
10 3, starts out: "Ameren Illinois business risk  
11 profile is also affected by its ability to manage  
12 its regulatory risk."

13 Did I read that report correctly?

14 A. You did.

15 Q. Okay. And going back to Docket 110282,  
16 do you recall providing staff a response to staff DR  
17 RMP 1.23, which asks for copies of all  
18 correspondence between the AIC companies and Ameren  
19 Corp. and the credit agencies?

20 A. I'm familiar with those types of DR's,  
21 I'm not sure about the specific reference number.

22 Q. Yeah, it's a pretty large one, I can  
23 bring up one copy of it for you, but...

24 MR. LANNON: And once again, Your Honor,  
25 I will mark this as Staff Cross Exhibit 14, I

1 believe?

2 MR. TOMC: Yep.

3 MR. LANNON: For reference purposes.

4 (Staff Cross Exhibit Number 14 marked  
5 for identification.)

6 Q (By Mr. Lannon) And would you agree with  
7 me that in this DR response, RMP 1.23 and Docket  
8 110282, which I have just marked as Staff Cross  
9 Exhibit 14, that you, you provided copies of  
10 correspondence between you and S&P regarding a draft  
11 of that December 15th, 2010, S&P published report we  
12 looked at just a minute ago.

13 A. That's correct.

14 Q. Okay. Now can you turn to Page 15,  
15 please?

16 A. (Witness complies.)

17 Q. Are you there?

18 A. I am.

19 Q. Okay. And up at the top in the very  
20 first paragraph carrying over from the previous  
21 page, do you see the sentence: "Overall, we did not  
22 view the company's handling of this rate case as  
23 effective management of its regulatory risk?"

24 A. I do.

25 Q. And did I read that right?

1           A.    Yes.

2                   MR. LANNON:  Your Honor, I am not going  
3 to move to enter into the record any of the Cross  
4 Exhibits I've had marked for reference purposes from  
5 Staff Cross Exhibit 10 through 15.

6                   JUDGE ALBERS:  14?

7                   MR. LANNON:  I do want to move into the  
8 record, however --

9                   JUDGE ALBERS:  Mr. Lannon?  10 through  
10 14?

11                  JUDGE YODER:  The last one you gave us  
12 is 14.

13                  MR. LANNON:  Oh, I'm sorry, I wrote 15  
14 down, I thought there was one more.  Yes, Staff  
15 Cross Exhibits 10 through 14 I will not move into  
16 the record.

17                  I do want to move into the record,  
18 however, a compiled Cross Exhibit which includes a  
19 number of the Company's responses to staff DR's.  
20 It's a pretty big pile, and I'm not exactly sure how  
21 many different cross exhibits are in here.  I could  
22 go through them all if you want me to, but I'd like  
23 to enter it as a composite Staff Cross Exhibit 15.  
24 And I believe it's agreed to, but obviously they  
25 want to see this.

1                   MR. TOMC: Your Honor, that does square  
2 with my recollection of conversation with Counsel, I  
3 just ask for an opportunity to just review make sure  
4 that it --

5                   MR. LANNON: Absolutely.

6                   MR. TOMC: -- reflects the exhibits.

7                   (Staff Cross Exhibit Number 15 marked  
8 for identification.)

9                   JUDGE ALBERS: We'll call this Staff  
10 Group Cross Exhibit 15?

11                  MR. LANNON: Yes.

12                  JUDGE ALBERS: Okay. Off the record for  
13 a minute.

14                  (Discussion off the record.)

15                  JUDGE ALBERS: Let's go back on the  
16 record. Mr. Lannon is going to resort Staff Group  
17 Cross Exhibit 15 and put it in a more logical order,  
18 and we'll pick that up tomorrow. Is that fair, a  
19 fair characterization of what we just discussed?

20                  MR. LANNON: Absolutely, yes. Thank  
21 you, Your Honor.

22                  MR. TOMC: I agree, Your Honor, and  
23 we'll, Company will work with staff counsel to get  
24 that organized and filed. There's no concerns about  
25 the actual substantive nature of the documents, it's

1 just the organization and preparation of them for  
2 filing.

3 JUDGE ALBERS: Okay, thank you.

4 MR. LANNON: I have no more questions  
5 for this witness, however, I do have another Staff  
6 Cross Exhibit that I'd like to move in.

7 Now this would be Staff Cross Exhibit  
8 16, and this exhibit is in lieu of cross of  
9 Mr. Perkins.

10 JUDGE ALBERS: Oh, okay.

11 MR. LANNON: Who I believe company  
12 counsel put his testimony in tomorrow, but I have it  
13 here right now, and before I forget I'd like to get  
14 it out of the way.

15 MR. FITZHENRY: We have no objection.

16 (Staff Cross Exhibit Number 16 marked  
17 for identification.)

18 JUDGE ALBERS: Mr. Lannon, could you  
19 just describe what this is, please?

20 MR. LANNON: Yes, Your Honor. Mr.  
21 Perkins used to be employed by Orange and Rockland  
22 Utilities of, I think it's upstate New York?

23 MR. FITZHENRY: Correct.

24 MR. LANNON: And this is his testimony  
25 from a docketed proceeding there, and I'm looking

1 for a date on this.

2 MR. FITZHENRY: It's about 2009.

3 MR. LANNON: About 2009.

4 JUDGE ALBERS: Okay. Is there any  
5 objection to the admission of Staff Cross Exhibit  
6 16?

7 MR. FITZHENRY: No objection. Did you  
8 say 16?

9 JUDGE ALBERS: 16.

10 MR. FITZHENRY: Yeah, 16, that's  
11 correct, no objection.

12 JUDGE ALBERS: If there is no objection,  
13 then Staff Cross Exhibit 16 is admitted.

14 MR. LANNON: Thank you, Your Honor.

15 JUDGE ALBERS: Did anyone have anything  
16 further for -- okay.

17 MR. TOMC: Could we just have a few  
18 minutes to talk to the witness, Your Honor?

19 JUDGE ALBERS: Sure.

20 (Off the record at 2:00 p.m.)

21 (Recess)

22 (Back on the record at 2:16 p.m.)

23 JUDGE ALBERS: All right. Back on the  
24 record. Any redirect of Mr. Martin?

25 MR. TOMC: Yes, Your Honor.

1 EXAMINATION

2 QUESTIONS BY MR. TOMC

3 Q. During cross examination from counsel  
4 staff, Mr. Lannon, he asked you about two versions  
5 of an S&P credit report from December 15th of 2010.  
6 Do you remember those questions?

7 A. I do.

8 Q. You know, Mr. Martin, I would direct you  
9 to the actual final version of that report, which  
10 would be Staff Cross Exhibit Number 13, Page 4.

11 A. Mm-hmm.

12 Q. Okay, and I believe Mr. Lannon had asked  
13 you with regard to the draft report to read the  
14 corresponding paragraph into the record; do you  
15 recall that?

16 A. I do, I think I believe I read a  
17 particular sentence in the, in that paragraph.

18 Q. And Mr. Martin, I would direct you to  
19 this top paragraph of the final report, beginning  
20 with the word, "however." Do you see that,  
21 "however, comma?"

22 A. I do.

23 Q. And it follows: "In April, 2010, Ameren  
24 received a 4.7 million rate case order for its  
25 Illinois electric and gas business that we viewed as

1 not conducive to credit quality. Since then, based  
2 on error and corrections and -- error, corrections  
3 and a rehearing, Ameren's net rate order was  
4 increased to 44 million. Overall, we viewed the  
5 company's regulatory risk as rising. Should this  
6 persist, it could pressure the company's business  
7 risk profile, which could harm its credit quality."

8 Mr. Martin, did I correctly read that  
9 final, that paragraph on the final report?

10 A. You did.

11 Q. I have no further questions.

12 JUDGE ALBERS: Any recross?

13 MR. LANNON: Your Honor, I am going to  
14 have a few questions.

15 JUDGE ALBERS: All right.

16 EXAMINATION

17 QUESTIONS BY MR. LANNON

18 Q. Mr. Martin?

19 A. Mm-hmm.

20 Q. I handed you a document I think marked  
21 as Staff Cross Exhibit 14, although I did not move  
22 that into the record. Do you recall that?

23 A. Mm-hmm.

24 Q. And that is, consists of a response to a  
25 staff DR RMP 1.23, correct?

1           A.    I believe, yes, and the number is the  
2 Exhibit 14 was the published version of the S&P  
3 report from December 15th, correct?

4           Q.    Yeah.  Do you have that in front of you?

5           A.    I do.

6           Q.    Can you look at Page -- are you looking  
7 at the DR response, Staff Cross Exhibit 14?  Because  
8 it did include the published report, but it also  
9 included some other documents.

10          A.    Have it.

11          Q.    Okay.  That response from the Company,  
12 it has 26 pages in it, could you turn to Page 10 of  
13 26?

14          A.    I'm there.

15          Q.    Okay.  Do you recognize this email from  
16 you to a Gabe Grossburg on December 15th, 2010?

17          A.    I do.

18          Q.    And as part of the email exchange, did  
19 Ms. Grossburg -- Mr.?  Is it Mr. or Ms.?

20          A.    It is Mr.

21          Q.    Did Mr. Grossburg say:  "If you have any  
22 comments, please call ASAP," A-S-A-P, period.  "The  
23 draft is expected to be released within the next ten  
24 minutes."

25                    Do you see that?

1 A. I do.

2 Q. And the draft, what was he referring to?

3 A. He was referring to a draft opinion that  
4 was titled Ameren Energy Generation Co. Outlook  
5 revised to negative from stable, Ameren Corp.  
6 affirmed at triple B minus; the report we had been  
7 discussing earlier.

8 Q. The report we had been discussing  
9 earlier.

10 A. Yes.

11 Q. Okay. And did he send that to you  
12 Wednesday, December -- December 15th, 2010, 12:29?

13 A. He did.

14 Q. And you responded to him Wednesday,  
15 December 15th, 2010, 12:33, is that correct?

16 A. I believe so, but he is in New York, so  
17 I'm not sure, this could be, there could be a time  
18 change issue here where his email may be stamped  
19 with New York time, and ours may be stamped Central  
20 Time, I believe that was the case.

21 Q. Okay. Subject to that time change,  
22 which would be an hour.

23 A. Correct.

24 Q. If it's applicable. That's correct  
25 then.

1           A.    Well, I know that is correct, I would  
2 not have been able to accumulate and scan him  
3 comments within those four minutes, no.

4           Q.    Okay, you're not that quick.  Okay.  And  
5 what's marked as 12:33 p.m.?

6           A.    Mm-hmm.

7           Q.    Your response to him, did you state:  
8 "Scanning over some comments now," parenthetical,  
9 "nothing major," end parens, "and will give you a  
10 quick call?"

11          A.    Correct.

12          Q.    That's all.  Well, hold on.  Thank you,  
13 that's all I have, thanks a lot.

14                    JUDGE ALBERS:  All right.  Thank you,  
15 Mr. Martin.

16                    Is there any objection to the admission  
17 of Ameren Exhibit 4.0R, 4.1, 12.0R, 12.1 through  
18 12.3, 20.0, or 20.1 and 20.2?

19                    Hearing none, they are all admitted all  
20 right.  Well, I guess there's no other witnesses for  
21 today, it would appear live, Ms. Satter, would you  
22 want to move the admission of your witness'  
23 testimony?

24                    MS. SATTER:  Yes, I understand that no  
25 party has any cross examination for the two

1 witnesses sponsored by the People of the State of  
2 Illinois, so I would like to identify their  
3 testimony and move for its admission.

4 First, we have admitted the direct  
5 testimony of Michael L. Brosch, although it was  
6 originally filed on July 3rd, 2013, we are  
7 requesting that his direct testimony of that date be  
8 withdrawn because it was unnecessarily marked as  
9 confidential, and we will be refiling a corrected  
10 direct testimony of Michael L. Brosch today, and  
11 Brosch is spelled B-R-O-S-C-H, and that we'll remove  
12 the confidential designation and correct a few minor  
13 typographical errors.

14 Also filed on July 3rd are the AG  
15 Exhibit 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6, one page  
16 of Exhibit, of AG Exhibit 1.3 will be corrected and  
17 refiled today. Mr. Brosch also prepared and filed  
18 on August 26th, 2013, on the docket AG Exhibit 3.0,  
19 which is the rebuttal testimony of Michael L.  
20 Brosch, as well as AG Exhibits 3.1, 3.2 and 3.3.

21 And finally, Mr. Brosch has executed an  
22 affidavit affirming the truth and accuracy of his  
23 testimony and exhibits, and that we will, we have  
24 labeled as AG Exhibit 5.0, and we will file that on  
25 E docket today. So I would move for the admission

1 of those documents.

2 JUDGE ALBERS: I would note on the  
3 errata you have mentioned that there's a correction  
4 to Exhibit 3.0. Should we call that 3.0R or 3.0C?

5 MS. SATTER: We're not going to resubmit  
6 that, because it was just a change in the footnote,  
7 it's not a substantive change. Is that all right?  
8 If you'd like us to refile it I can.

9 JUDGE ALBERS: I'm just --

10 JUDGE YODER: I don't have a problem  
11 with that, I do have a question about 1.3.

12 MS. SATTER: Yes.

13 JUDGE YODER: Will you be filing the  
14 whole 1.3, or just part of it?

15 MS. SATTER: We're just going to refile  
16 the one page.

17 JUDGE YODER: Okay. And it's more than  
18 one page.

19 MS. SATTER: Yes. It's a three-page  
20 exhibit.

21 JUDGE YODER: Okay. Thank you.

22 JUDGE ALBERS: Maybe file the whole  
23 thing?

24 MS. SATTER: Maybe file the whole thing?

25 JUDGE YODER: Yeah, that might be

1 better.

2 MS. SATTER: Okay. I can file the whole  
3 thing.

4 JUDGE ALBERS: Should just call it 1.3  
5 C --

6 JUDGE YODER: 1.3 corrected, and C, and  
7 that way it will be clear on the record.

8 MS. SATTER: Absolutely.

9 JUDGE YODER: Okay.

10 JUDGE ALBERS: Any objection to any of  
11 those then?

12 MR. FITZHENRY: No.

13 MR. TOMC: No, Your Honor.

14 JUDGE ALBERS: Hearing none, then AG  
15 Exhibits 1.0, 1.1, 1.2, 1.3C, 1.4 through 1.6, 3.0  
16 through 3.3 and 5.0 are admitted.

17 MS. SATTER: And for the record, we will  
18 be filing an errata that will identify whatever  
19 changes we're making on Mr. Brosch's exhibits.

20 Then I would also move for the admission  
21 of the testimony of David J. Efron, E-F-F-R-O-N,  
22 his direct testimony is entitled AG Exhibit 2.0, it  
23 was filed on July 3rd, 2013, on E docket, and he had  
24 one additional Exhibit, AG Exhibit 2.1. Mr. Efron  
25 filed rebuttal testimony labeled AG Exhibit 4.0 that

1 had no additional exhibits, and that was filed on  
2 August 26th, 2013. He has executed an affidavit  
3 verifying the truth of the exhibits through  
4 certification, and that is AG Exhibit 6.0, I'm  
5 sorry, it's 6.0, and that will be filed today. So I  
6 would move for the admission of those documents, as  
7 well.

8 JUDGE ALBERS: Any objections? Hearing  
9 none, then AG Exhibit 2.0, 2.1, 4.0 and 6.0 are  
10 admitted. Anything further?

11 MS. SATTER: We'll submit the exhibit  
12 list to the TE docket with all of the -- is it  
13 necessary?

14 JUDGE YODER: No.

15 JUDGE ALBERS: No.

16 MS. SATTER: Oh, okay.

17 JUDGE ALBERS: That's just for us. Make  
18 our lives easier.

19 JUDGE YODER: And that is what it's all  
20 about.

21 MS. SATTER: Thank you, I'm glad I was  
22 able to provide it today.

23 JUDGE ALBERS: All right, anything  
24 further for today then, any other affidavits or --

25 MR. FITZHENRY: No, Your Honor, but I

1 know in recent cases the parties have, as a courtesy  
2 to each other, recirculated their revised exhibit  
3 list, because in the course of the hearings, the  
4 exhibits change, and, you know, we'll do that, as  
5 well, but we would hope the other parties would also  
6 do the same.

7 MS. SATTER: I'll be happy to serve  
8 that -- circulate that among the parties.

9 JUDGE ALBERS: All right. Well, if  
10 there's nothing further then, I think let's go ahead  
11 and continue this matter to 9:00 tomorrow morning.

12 MR. FITZHENRY: That's fine thank you.

13 (Hearing adjourned at 2:31 p.m.)

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CERTIFICATE OF REPORTER

I, Pamela K. Needham, Certified Court Reporter,  
Notary Public within and for the State of Missouri,  
do certify that the witness whose testimony appears  
in the foregoing deposition was duly sworn by me;  
the testimony of said witness was taken by me to the  
best of my ability and thereafter reduced to  
typewriting under my direction; that I am neither  
counsel for, related to, nor employed by any of the  
parties to the action in which this deposition was  
taken, and further, that I am not a relative or  
employee of any attorney or counsel employed by the  
parties thereto, nor financially or otherwise  
interested in the outcome of the action.

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Notary Public within and for  
the State of Missouri

My Commission expires October 12, 2013.