

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

In the Matter of a Working Case to Consider)
Policies to Improve Electric Utility Regulation) Case No. EW-2016-0313

1 Policy Recommendation of Michael Walter
2 Submitted on Behalf of IBEW Local 1439
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4 Local 1439 is of the strong opinion that there are key issues in the regulatory process
5 which need to be addressed.

6 It should be beyond dispute that a large percentage of electric utility infrastructure is in
7 need of modernization and upgrades. This would include all aspects of what are commonly
8 characterized as “Smart” grid technology.

9 The electric utility companies are reluctant to invest in the infrastructure. The long
10 delays in their return on investment appear to be one of the key deterrents. Their inability to
11 recover the interest incurred in the borrowing process coupled with the depreciation factor are
12 also deterrents. These issues need to be addressed in this policy making process.

13 Capital spending should not be the main focus of utility spending. Although the system
14 needs modernization, there must be a balance in the entire operation. General Operations and
15 Maintenance (O&M) are equally important, and therefore need to provide an equal value to the
16 utility company as it relates to return on investments. Under the current process, it is much
17 easier to recover capital expenditures than O&M. As a result, the electric utility companies are
18 recharacterizing O&M as capital or, when they cannot, minimizing O&M and opting for new
19 equipment. The fault of this lies at least in part with the current system. An effort to transfer a
20 higher percentage of investment into capital spending categories creates a deficiency in O&M
21 spending, possibly having a negative effect on reliability. More importantly, this business
22 model may not be in the best interest of the consumer. There must be a method to provide
23 reasonable balance. Recovery of the return on investment (regardless of O&M or capital) is also
24 necessary to provide an incentive for future investment.

25 It has been the position of IBEW Local 1439 for many years, specifically addressed in
26 recent Ameren rate cases, that policy must be established to address the aging workforce.
27 Regardless of whether the systems expand or modernize, the utilities do not have an adequately
28 staffed workforce to satisfy the normal sustained workload. This continues to become worse as

29 the utility companies replace employees by attrition with contractors. As requested many times,
30 the Missouri PSC should set policy to make sure that the electric utility companies maintain a
31 quality, well-trained workforce to properly maintain, construct (to a reasonable level) and
32 monitor their systems with an internal workforce. This is imperative if we are to continue to
33 provide a good, safe and reliable product for our citizens in Missouri. Ameren has repeatedly
34 objected to this request, stating that the Missouri PSC does not have authority to mandate
35 staffing levels or to attempt to run their business. I am requesting that there be a policy
36 established to set specific direction relating to the aging workforce issue. It is the position of
37 Local 1439, IBEW, that this policy is at least five years tardy as it requires approximately five
38 years to train and produce a proficient employee depending on the classifications.

39 I would be glad to provide more support of these requested policy changes.

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Michael Walter, Business Manager
IBEW Local 1439