

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

In the Matter of Union Electric Company)
d/b/a AmerenUE for Authority to File)
Tariffs Increasing Rates for Electric) Case No. ER-2011-0028
Service Provided to Customers in the)
Company's Missouri Service Area.)

UNIONS' POST-HEARING BRIEF

COME NOW International Brotherhood of Electrical Workers Locals 2, 309, 649, 702, 1439, 1455, AFL-CIO and International Union of Operating Engineers Local 148, AFL-CIO ("Unions"), by counsel, and respectfully submit their Post-Hearing Brief in the above referenced case.

ISSUES

The Unions are in support of AmerenUE's proposed rate increase but raise the following issues:

A. Does the Commission have the authority to order Ameren Missouri to do the following:

- (1) Institute or expand its training programs within specified time periods as a means of investing in its employee infrastructure?
- (2) Hire specific additional personnel within specified time periods as a means of investing in its employee infrastructure
- (3) Submit to a tracker for its energy delivery distribution system?
- (4) Submit to a tracker to address the need and efforts to replace the aging workforce?
- (5) Expend a substantial portion of the rate increase from this proceeding on investing and re-investing in its regular employee base in general, including hiring, training and utilizing its internal workforce to maintain its normal and sustained workload?
- (6) Use a portion of the rate increase from this proceeding to replace equipment, wires and cable which have out lived their anticipated life?

B. If the Commission does have the authority, should it order Ameren Missouri to take one or more of the steps listed above?

DISCUSSION

The Commission has the authority and responsibility to evaluate whether AmerenMo is likely to provide safe and adequate service and whether it can do so while charging the customer a lesser rate than requested.

As discussed at the hearing on May 10, 2011, the Unions support granting AmerenMo the requested rate increase, subject to restrictions and reporting requirements to insure that Ameren uses the additional revenue productively to insure long-term efficiency and quality of service. The Unions specifically support, as a starting point, the suggestion made by Commissioner Davis of providing \$1.25 million per year in training funds for underground workers, which was supported by the testimony of Michael Walter and David Wakeman on May 10, 2011.

A. The Authority of The Commission.

Issues 3-4

AmerenMo questions the authority of the Commission to require trackers and other reporting devices requested by the Unions. The Company's position in this regard seems particularly disingenuous given the fact that the PSC has repeatedly required AmerenMo and other utilities to submit to trackers for a variety of different reasons, such as vegetation management and infrastructure inspections. The history of this practice indicates that the PSC has inherent authority to require trackers and other reporting devices whenever those devices have the possibility of gathering information that reflects on any aspect of safe and adequate service. In the instant case, each tracker and other

reporting device proposed by the Unions have a probability of providing information that would be useful to determining the safety and adequacy of the Co's service.

Specifically, the Unions have requested trackers on the energy delivery distribution system and the needs and efforts to replace the aging workforce. A tracker on the energy delivery distribution system will make it easier for the Commission to determine the efficiency with which the Company delivers power to the consumer, and may reveal safety glitches in that delivery system. A tracker on the needs and efforts of replacing an aging workforce will help the Commission determine how important it is to plan ahead for retirements by hiring and training replacements in time that they will have the practical knowledge and experience step into the shoes of skilled predecessors without subjecting the Company to a brain drain that jeopardizes its ability to provide safe and adequate service.

Issues 1, 2 and 5

These issues all pertain to the authority of the Commission to direct money for hiring, training and general re-investment in the internal workforce. The Unions submit this relief also falls within the authority of the Commission to oversee and require safe and adequate service of the utility. As indicated by the testimony of Mr. Walter, failure to substantially reinvest in the internal workforce will adversely impact the safety and quality of service to the consumers by leaving the Company with a shortage of the highly trained and skilled workforce necessary to maintain the power grid. The operation of a power company requires not one, but numerous classifications of employees which must have many years of classroom and on-the-job training. *See* Walter Testimony at p. 4, ll. 26-36. These needs can best be met by an internal workforce because that is specifically

trained and tailored for AmerenMo's equipment, consumers and needs, and that is closely and continually evaluated directly by the Company. *See* Walter Testimony at p. 5, ll. 17-21.

Issue 6

Again, the issue of whether to require the Company to invest in its physical infrastructure is directly linked to the Commission's authority to require safe and adequate service by a utility. "The electric utility business [is] one of the most capital-intensive businesses, because it requires a huge initial capital investment and constant expensive upgrades." Walter Testimony at p. 4, ll. 5-6. The current system is in many cases carrying loads exceeding more than 100% of the anticipated capacity for the equipment. Continued failure to replace aging equipment both in power generation and in power distribution systems will result in the Company being unable to meet the power needs of the consumer in an efficient and cost-prudent manner, possibly resulting in brown-outs. It could also result in failure to meet mandated environmental regulations, which constitutes inadequate service. Walter Testimony at p. 3, ll. 28-35.

B. Whether the Commission Should Order the Relief Requested by the Unions.

The Unions submit that the relief it is requesting is imminently reasonable and in the ultimate best interests of the rate payers, because it will ensure uninterrupted, high quality power service for decades to come.

1. Internal Staffing to Support Ameren's Normal and Sustained Workload and Reporting on Outsourcing.

As the Unions have been quick to point out, there is a prudent place for outside contractors in a utility company, such as for seasonal storm work that requires a short-term influx of a large volume of personnel. Walter Testimony, p. 5, ll. 18-24; Walter Surrebuttal Testimony, p. 1, ll. 26-30. However, those principles do not apply to the predictable normal and sustained workload of a utility company.

Where, as now at AmerenMo, a utility company's internal workforce is understaffed — by approximately 20% — the utility relies excessively on subcontractors, who are often less skilled and safe than the Company's employees, less motivated to provide excellent service to their own communities, and are certainly less familiar with the Company's equipment and processes. As Walter testified, AmerenMo has much higher standards of its own employees than other entities it may contract with have of their employees. Walter Testimony, p. 5, ll. 40— p. 6, l. 2, and p. 6, ll. 17-19. Walter presented undisputed testimony concerning the lengthy process to bring new hires up to the requisite skill and experience level to satisfy these needs. Walter Testimony, p. 4, ll. 27-36; Walter Surrebuttal, p. 2, ll. 11-15.

Mr. Walter directed his testimony primarily to the anticipated loss of highly experienced members of the internal workforce to retirement and their replacement by extremely junior personnel who have not had the opportunity to benefit from a transfer of experience by working alongside such senior personnel. Mr. Walter's testimony is supported by the National Commission on Energy Policy report that was Exhibit 1 to his written testimony. This report was created by a task force established by the National

Commission on Energy Policy and its advisors, identified as “stakeholders with expertise in workforce of the U.S. electric power industry.” *See* Ex. 1 at pp. ii, 2. The task force and advisors represent a diversity of interests including the Electric Power Research Institute, various electrical industry representatives, labor union representatives, representatives of various colleges and universities, various non-profit agencies and various governmental agencies. The report identifies the anticipated future of the industry, the workforce requirements to realize that future, and the training and hiring that will be required. The task force report concluded that, based on an aging workforce that is not being adequately replaced on an ongoing basis, as well as new demands on the industry due to the smart grid initiative, alternative energy sources and other new technologies and generating assets, the “United States is facing a critical shortage of trained professionals to maintain the existing electric power system and design, build and operate the future electric power system.” *Id.* at p. 2. It further found that reliability and economic affordability of electricity were in jeopardy due to the near- and long-term workforce challenges. *Id.* at pp. 2, 5.

The Task Force acknowledged as a given that the electrical industry “workforce is aging and will need to be replaced. Facing a wave of retirements over the next decade, the electric power industry will need to expand hiring and training programs just to maintain the level of qualified workers required to operate existing facilities.” Ex. 1 at p. 5; *see also*, p. 6 (“Rapid attrition due to retirements from an aging pool of workers is the primary concern.”). Most significantly from the Unions’ perspective, the report cited the industry expectation that 58,200 skilled craft workers “will be eligible for retirement or leave the industry for other reasons by 2013.” *Id.* at p. 6.

The Task Force report further predicted an almost 15% increase in the number of additional workers needed in the industry by 2030 to operate and maintain the electric system. Ex. 1 at p. 7. It further found that “near-term deployment of smart grid technologies will require over 90,000 workers,” and will result in about 25,000 workers transitioning into new positions. *Id.* Ameren has not presented — nor been required to present — any data to the PSC indicating the reasons for or cost of its extensive subcontracting. Nor has it been required to produce evidence that it factors into its subcontracting decision the training of its subcontractor workforces, or that it verifies that the training is actually done. Clearly, this should be done, as training has a direct impact on employee and customer safety and on quality of service. Walter Testimony, p. 6, ll. 4-8 and p. 4, ll. 12-14; Walter Surrebuttal, p. 2, ll. 1-3.

2 The Company’s Physical Infrastructure.

As addressed primarily through the written testimony of Michael Walter (and somewhat through his questioning at the hearing), increasing funds is necessary to improve Ameren’s physical infrastructure in general, including replacing old and overloaded equipment and adding new equipment that is designed to support recent and future technological advances. The need for smart grid technology is nationally acknowledged.

The Task Force report attached as Exhibit 1 to Mr. Walter’s testimony surveyed a number of industry experts, including the North American Electric Reliability Corporation and American Electric Power, and concluded that the industry needs to add 3,000 miles of high-voltage transmission lines by 2012 and additional 2,000 miles each year thereafter through 2019. Ex. 1 at p. 28-29.

Walter testified that Ameren is operating a seriously aging system which needs to be replaced. Portions of the physical lines and substations need to be replaced, updated or added to enable Ameren to support greater voltage demands and alternate sources of energy. Upgrades to the transmission and distribution systems are necessary to permit Ameren to realize technological improvements that improve reliability, security and efficiency, while reducing carbon emissions. These advances would make it easier for Ameren to interface with non-traditional energy sources such as solar, nuclear and wind power. Walter Testimony, p. 3, ll. 28-35.

Again, the reporting devices requested by the Unions would help the Commission determine for future rate cases the amount of emphasis that needs to be directed to replacing and enhancing AmerenMo's physical infrastructure.

CONCLUSION

The Unions support AmerenMo's requested rate increase, because AmerenMo needs additional revenue to maintain existing services in light of rising costs generally, with the following additions and caveats:

1. The Unions specifically support, as a starting point, the suggestion made by Commissioner Davis of providing \$1.25 million per year in training funds for the training of underground workers.
2. The Unions recommend that AmerenMo be required to report quarterly to the PSC Staff and the other parties about all internal and external recruitment, hiring, training, qualifying standards and certification.
3. The Unions recommend that the Commission create a tracker to monitor continued recruiting and training of a workforce for the future.

4. The Unions recommend that the Commission create a tracker to determine loads on equipment and wires and the optimal replacement of aged cable, wires, poles and equipment.

Respectfully submitted,

/s/ Sherrie A. Schroder

SHERRIE A. SCHRODER, MBN 40949

MICHAEL A. EVANS, MBN 58583

HAMMOND and SHINNERS, P.C.

7730 Carondelet Avenue, Suite 200

St. Louis, Missouri 63105

(314) 727-1015 (Telephone)

(314) 727-6804 (Fax)

mevans@hstly.com (email)

saschroder@hstly.com (email)

Attorneys for the Unions

Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing was served on June 1, 2011, by United States mail, hand-deliver, email, or facsimile upon all parties by their attorneys of record as disclosed by the pleadings and orders herein.

/s/ Sherrie A. Schroder