

Exhibit No.:
Issues: General Services
Agreement
Witness: Warner L. Baxter
Type of Exhibit: Second Supplemental
Direct Testimony
Sponsoring Party: Union Electric Co.
Case No.: EM-96-149

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EM-96-149

SECOND SUPPLEMENTAL DIRECT TESTIMONY

OF

WARNER L. BAXTER

FILED
JUN 21 1996
MISSOURI
PUBLIC SERVICE COMMISSION

St. Louis, Missouri
June 21, 1996

19.

1 **SECOND SUPPLEMENTAL DIRECT TESTIMONY**
2 **OF**
3 **WARNER L. BAXTER**
4 **MISSOURI PUBLIC SERVICE COMMISSION**
5

6 **Q. Please state your name and business address.**

7 A. My name is Warner L. Baxter and my business address is 1901 Chouteau
8 Avenue, St. Louis, Missouri 63103.

9 **Q. Are you the same Warner L. Baxter who previously submitted direct**
10 **testimony in this docket?**

11 A. Yes, I am.

12 **Q. What is the purpose of your testimony?**

13 A. The purpose of my testimony is to provide the Staff with an amended General
14 Services Agreement (GSA). In my Supplemental Direct Testimony filed on June 3, 1996, I
15 informed the Staff that I would provide this document by June 21, 1996. The amended GSA
16 is shown in Schedule 4.

17 **Q. Why did the original GSA have to be amended?**

18 A. The original GSA had to be amended due to the formation of Ameren Services
19 Company.

20 **Q. Does this conclude your supplemental direct testimony?**

21 A. Yes, it does.

GENERAL SERVICES AGREEMENT

Between

AMEREN SERVICES COMPANY

and

**AMEREN CORPORATION, UNION ELECTRIC COMPANY,
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY, and
CIPSCO INVESTMENT COMPANY**

THIS AGREEMENT, made and entered into this ____ day of _____ 1996, by and between the following Parties: AMEREN SERVICES COMPANY (hereinafter sometimes referred to as "Service Company"), a Missouri corporation; and AMEREN CORPORATION ("Ameren Corporation"), a Missouri Corporation; UNION ELECTRIC COMPANY ("UE"), a Missouri corporation; CENTRAL ILLINOIS PUBLIC SERVICE COMPANY ("CIPS"), an Illinois corporation, and CIPSCO INVESTMENT COMPANY, ("CIC"), an Illinois corporation, (hereinafter sometimes referred to collectively as "Client Companies");

WITNESSETH:

WHEREAS, Client Companies, including Ameren Corporation, which has filed for registration under the terms of the Public Utility Holding Company Act of 1935 (the "Act") and its other subsidiaries, desire to enter into this agreement providing for the performance by Service Company for the Client Companies of certain services more particularly set forth herein; and

WHEREAS, Service Company is organized, staffed and equipped and has filed with the Securities and Exchange Commission ("the SEC") to be a subsidiary service company under Section 13 of the Public Utilities Holding Company Act of 1935 (the "Act") to render

to Ameren Corporation, and other subsidiaries of Ameren Corporation, certain services as herein provided; and

WHEREAS, to maximize efficiency, and to achieve merger related savings, the Client Companies desire to avail themselves of the advisory, professional, technical and other services of persons employed or to be retained by Service Company, and to compensate Service Company appropriately for such services,

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein, the parties hereto agree as follows:

Section 1. Agreement to Furnish Services

Service Company agrees to furnish to Client Companies and their subsidiaries, if any, upon the terms and conditions herein provided, the services hereinafter referred to and described in Section 2, at such times, for such period and in such manner as Client Companies may from time to time request. Service Company will keep itself and its personnel available and competent to render to Client Companies such services so long as it is authorized so to do by the appropriate federal and state regulatory agencies.

Section 2. Services to be Performed

The services to be provided by Service Company hereunder may, upon request, include the services as set out in Schedule 1, attached hereto and made a part hereof.

In addition to the Services set out in Schedule 1, Service Company shall render advice and assistance in connection with such other matters as Client Companies may request and Service Company determines it is able to perform with respect to Client Companies' business and operations.

Section 3. Compensation of Service Company

As compensation for such services rendered to it by Service Company, Client Companies hereby agree to pay to Service Company the cost of such services, computed in accordance with applicable rules and regulations (including, but not limited to, Rules 90 and 91) under the Act and appropriate accounting standards.

Compensation to be paid by Client Companies shall include direct charges and Client Companies' fairly allocated pro rata share of certain of Service Company's costs, determined as set out on Schedule 2, attached hereto and made a part hereof.

Section 4. Securities and Exchange Commission Rules

It is the intent of the Parties that the determination of the costs as used in this Agreement shall be consistent with, and in compliance with the rules and regulations of the SEC, as they now read or hereafter may be modified by the Commission.

Section 5. Service Requests

Services will be performed in accordance with a Service Request system, consisting of work orders established to capture

the various types of costs incurred by Service Company. Costs will be charged to the appropriate service requests, which will then be the basis for the billing of costs to Client Companies.

Section 6. Payment

Payment shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of the companies.

Payment shall be accomplished on a monthly basis, and remittance or accounting entries shall be completed within 30 days of billing.

Section 7. Ameren Corporation

Except as authorized by rule, regulation, or order of the Securities and Exchange Commission, nothing in this Agreement shall be read to permit Ameren Corporation, or any person employed by or acting for Ameren Corporation, to provide services for other Parties, or any companies associated with said Parties.

Section 8. Client Companies

Except as limited by Section 7, nothing in this Agreement shall be read to prohibit Client Companies or their subsidiaries from furnishing to other Client Companies or their subsidiaries services herein referred to, under the same conditions and terms as set out for Service Company.

Section 9. Effective Date and Termination

This Agreement is executed subject to the consent and approval of all applicable regulatory agencies, and if so approved in its entirety, shall become effective as of the date the merger between Union Electric and CIPSCO is consummated, and shall remain in effect from said date unless terminated by mutual agreement or by any Party giving at least sixty days' written notice to the other Parties prior to the beginning of any calendar year, each Party fully reserving the right to so terminate the Agreement.

This Agreement may also be terminated to the extent that performance may conflict with any rule, regulation or order of the Securities and Exchange Commission adopted before or after the making of this Agreement.

Section 10. Assignment

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

AMEREN SERVICES COMPANY

By _____

Title _____

ATTEST:

By _____

Title _____

AMEREN CORPORATION

By _____

Title _____

ATTEST:

By _____

Title _____

UNION ELECTRIC COMPANY

By _____

Title _____

ATTEST:

By _____

Title _____

CENTRAL ILLINOIS PUBLIC SERVICE CO.

By _____

Title _____

ATTEST:

By _____

Title _____

CIPSCO INVESTMENT COMPANY

By _____

Title _____

ATTEST:

By _____

Title _____

Ameren Services
Description of Expected Services by Function/Department

Function/Department	Description
Building Service	Provide facility management services for owned and leased facilities, excluding power plants. Services include operation and maintenance of structures, capital improvements, interior space planning, security and janitorial.
Controller's	Perform all accounting services necessary to properly maintain and report on the books and records of Ameren and its subsidiaries. Provide investor relations services.
Corporate Communications	Develop strategies for advertising and marketing efforts, develop employee communication programs, coordinate community relations efforts and develop policies and procedures for media relations.
Corporate Planning	Provide rate engineering, interchange marketing, resource planning and business analysis services.
Customer Services/ Division Support	Answer customer inquiries pertaining to electric/gas service usage and perform credit activities. Provide technical support relating to planning, engineering, constructing and operating the distribution and transmission systems. Provide technical support and maintenance of protective relay schemes, station meter work, system testing and data acquisition systems.
Economic Development	Provide community and business development services, as well as natural gas development services. Analyze community and business development opportunities.
Energy Supply	Coordinate the use of the generating, transmission and interconnection facilities to provide economical and reliable energy.
Engineering and Construction	Provide professional services related to engineering studies, design, procurement, planning, building and management of projects. Study technology that may reduce costs of producing, delivering and using electricity.

Function/Department	Description
Environmental Services & Safety	Perform analysis and advocacy of regulatory and legislative issues in the areas of environment, health and safety. Communicate final regulatory requirements to operating groups. Provide assistance and support and compliance review in meeting those requirements. Oversee hazardous substance site investigation and remediation activities.
Fossil Fuel Procurement	Provide resources necessary to procure fuel for the fossil power plants and minimize production costs.
Gas Supply	Provide gas supply and pipeline capacity procurement and management services. Develop policies, procedures and standards which govern the design, construction and operation of the gas systems.
General Counsel	Provide legal advice and services in regards to legislative activities, regulatory agencies and security matters. Make regulatory filings, maintain minutes of the boards of directors, conduct stockholder meetings and procure property and casualty insurance bonds.
Human Resources	Administer and negotiate employee benefits including pensions, major medical, long-term disability, life insurance, defined contribution plans, executive benefit and flexible spending plans. Provide employment services, including required regulatory reporting and maintenance of personnel records. Provide employee training and communications services.
Industrial Relations	Negotiate, represent and administer provisions of labor agreements applicable to unions representing union employees.
Information Services	Provide for the development and operation of computer software, telecommunications and other equipment used to conduct business and engineering activities. Maintain all billing records and process customer meter readings.
Internal Audit	Audit company operations, perform operational and productivity reviews, review justifications for capital projects and perform quality assurance reviews.
Marketing	Provide marketing services including account management, program development, market research and customer energy services.

<u>Function/Department</u>	<u>Description</u>
Merger Coordination	Monitor programs to achieve savings, merger costs and position reductions as they relate to the implementation plans.
Motor Transportation	Provide engineering, support, and mechanical servicing of vehicles, procurement of vehicles and safety and training programs.
Purchasing	Provide procurement of goods and services other than fuel. Provide materials inventory management services.
Real Estate	Acquire necessary land rights and permits including coordination of site selection. Maintain existing land rights while permitting licenses and leases to minimize investment or costs of holding property.
Stores	Receive, inspect, store, issue and deliver materials and supplies throughout all service areas. Process transformers, tools, scrap material and hazardous waste.
Tax	Research and consult on tax issues in connection with federal, state and local tax compliance and planning matters, including the preparation and filing of returns.
Treasurer's	Provide treasury operation, mailing, financial planning, investments, and executive payroll and pension disbursement services.

**AMEREN SERVICES
EXPECTED ALLOCATED DIRECT COST FACTORS**

<u>ALLOCATION NUMBER</u>	<u>DESCRIPTION</u>
1	Composite*
2	Number of customers
3	Sales (kwh and dekatherm)
4	Kwh sales
5	Number of employees
6	Current tax expense
7	Peak load (electric)
8	Total revenues
9	CPU cycles
10	Total capitalization
11	Dekatherm sales
12	Total assets
13	Number of vehicles
14	Generating capacity
15	Gas throughput (includes transportation)
16	Peak load (gas)
17	O&M labor
18	Construction expenditures
19	Electric revenue
20	Gas revenue

*Composite consists of the following three factors (equal weight to each factor):
Sales (kwh and dekatherm)
Number of customers
Number of employees

