

Exhibit No.:
Issues: Vegetation Management,
Infrastructure Inspection
Witness: Daniel I. Beck
Sponsoring Party: MO PSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2008-0318
Date Testimony Prepared: November 5, 2008

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

SURREBUTTAL TESTIMONY

OF

DANIEL I. BECK

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. ER-2008-0318

**Jefferson City, Missouri
November 2008**



Notary Public

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OF

DANIEL I. BECK

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SURREBUTTAL TESTIMONY

OF

DANIEL I. BECK

UNION ELECTRIC COMPANY d/b/a AMERENUE

CASE NO. ER-2008-0318

13 Q. What is your name and business address?

14 A. Daniel I. Beck and my business address is Missouri Public Service
15 Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

16 Q. Are you the same Daniel I. Beck that previously filed testimony in this case,
17 Case No. ER-2008-0318?

18 A. Yes.

19 Q. What is the purpose of this surrebuttal testimony?

20 A. This testimony presents the Staff's response to the Rebuttal Testimony of
21 Union Electric Company d/b/a AmerenUE (AmerenUE or Company) witnesses Ronald C.
22 Zdellar and Thomas R. Voss regarding the issues of vegetation management and
23 infrastructure inspection.

VEGETATION MANAGEMENT

24 Q. In your Rebuttal testimony, you stated that the Company requested that
25 Vegetation Management be funded at a level of \$50 million, that accounting authorization
26 to defer recognition of costs from January 1, 2008 to the date that the rates are set in this
27 proceeding take effect and that a tracker be established for vegetation management after
28 rates go into effect. Is this still the Company's position?

1 A. No. In the Rebuttal Testimony of Company witness Ronald C. Zdellar, the
2 Company outlines its current proposal for vegetation management. The Company's current
3 proposal includes four components:

4 1) The base level to be included in the Company's revenue requirement for vegetation
5 management is \$49.0 million, which is the two year average of the budgeted amounts for
6 2009 and 2010. [Zdellar Rebuttal, page 9, line 2]

7 2) "Expenditures from March 1, 2009, to the last day of February, 2010, (the 12
8 month periods following when rates would be effective from this case) would be tracked
9 against these base amounts." [Zdellar Rebuttal, page 9, lines 7-9] This is commonly
10 referred to as a two-way tracker, i.e., actual expenditures for vegetation management during
11 those 12 months are compared to the \$49.0 million. The Company previously proposed a
12 tracker from March 1, 2009 to the effective date of rates resulting from the Company's next
13 general rate case in Supplemental Direct Testimony. The current proposal and the previous
14 proposal appear to be essentially the same regarding the tracker, assuming the effective date
15 of rates resulting from the Company's next general rate case is March 1, 2010.

16 3) "AmerenUE is requesting the Commission allow it to begin amortizing over three
17 years the actual incremental amount spent by the Company in order to comply with the
18 vegetation management and infrastructure rules between January 1, 2008 and September 30,
19 2008." [Zdellar Rebuttal, page 9, lines 12-15] The Company previously proposed an
20 accounting authorization to defer recognition of costs from January 1, 2008 to the date that
21 the rates set in this proceeding take effect. The current proposal would give recognition of
22 the incremental costs for the nine (9) month period between January 1, 2008 and September
23 30, 2008 through an amortization in the current rate case. The Company has not provided

1 its estimate of the incremental cost to comply with the vegetation management rule for this
2 nine (9) month period but the Staff expects this value to be included in the true-up data that
3 AmerenUE will provide on November 7, 2008.

4 4) “AmerenUE asks the Commission to grant it the accounting authorization
5 contemplated by the Commission’s vegetation management and infrastructure rules for
6 costs that are incurred in excess of the costs included in its current rates for the period of
7 October 2008 through February 28, 2009.” [Zdellar Rebuttal, page 9, lines 15-18] Since
8 the Company previously proposed that accounting authorization to defer recognition of
9 costs from January 1, 2008 to the date that the rates are set in this proceeding take effect, the
10 Company’s proposal for the period of October 1, 2008 to February 28, 2009 is essentially
11 the same for this five (5) month period.

12 Q. What is the Staff’s response?

13 A. First, it should be noted that the Commission’s vegetation management rule
14 does not contemplate a company seeking an amortization or tracker until after the rule is in
15 effect and then only if it has costs not accounted for in its existing rates that are due to the
16 rule. The part of the rule pertinent to this point is 4 CSR 240-23.030(10), which follows:

17 In the event an electrical corporation incurs expenses as a result of this
18 rule in excess of the costs included in current rates, the corporation may submit
19 a request to the commission for accounting authorization to defer recognition
20 and possible recovery of these excess expenses until the effective date of rates
21 resulting from its next general rate case, filed after the effective date of this
22 rule, using a tracking mechanism to record the difference between the actually
23 incurred expenses as a result of this rule and the amount included in the
24 corporation’s rates, or if there is no identifiable amount included in the
25 corporation’s rates, the amount reflected in the appropriate uniform system of
26 accounts account for vegetation management on the corporation’s books for
27 the test year (as updated) from the corporation’s last rate case will be used to
28 determine the amount included in current rates.
29

Surrebuttal Testimony of
Daniel I. Beck

1 While it is not clear AmerenUE is entitled to an amortization or tracker under the
2 Commission's vegetation management rule, the Staff supports the Commission authorizing
3 AmerenUE to use a two-way tracker, but opposes its requests for amortizations for periods
4 before rates become effective in this case.

5 Q. The first component of AmerenUE's vegetation management proposal is a
6 base level of \$49 million to be included in the Company's revenue requirement used for
7 setting rates in this case. Do you agree with this amount?

8 A. No. The Staff maintains that the test year level of vegetation management,
9 \$45,663,000, should be used for setting base rates in this case. However, the Staff also
10 plans to review the level of expenditures through the end of the true-up period to determine
11 the level of expenditures which should be included in base rates. While the Company's
12 proposal to reduce the base rates for vegetation management from \$50 million, as proposed
13 in its supplemental direct testimony, to \$49 million is a step in the right direction, the Staff's
14 Rebuttal testimony outlined several reasons that the test year level of funding should be
15 adequate.

16 Q. In his rebuttal testimony AmerenUE witness Zdellar states that "... AmerenUE
17 voluntarily began complying with the new vegetation management rules prior to the
18 effective date." [Zdellar Rebuttal, page 6, lines 5-6] He also states, "As the Commission is
19 aware, AmerenUE has undertaken a major effort to improve the day-to-day reliability of
20 service experienced by our customers." [Zdellar Rebuttal, page 4, lines 7-9] Do you believe
21 that these statements by Mr. Zdellar support your contention that test year levels of
22 vegetation management are appropriate for setting rates?

1 A. Yes. As I pointed out in my Rebuttal testimony, AmerenUE has been ramping
2 up its vegetation management since 2005, long before the Commission contemplated,
3 proposed or adopted a vegetation management rule. AmerenUE's ramp up began with a
4 letter to then Staff member Warren Wood from Ronald C. Zdellar dated November 2, 2004,
5 which is attached to my testimony as Schedule 1. That letter includes the following
6 statement, "AmerenUE commits that its backlog of extended tree trimming cycles will be
7 eliminated on or before December 31, 2008." Ameren Services Vice-President Zdellar also
8 stated in this letter that "AmerenUE will increase its tree trimming budget from \$23.5
9 million in 2004 to \$30 million in 2005 – a 27% increase." Since that time, AmerenUE has
10 provided quarterly updates which indicate that the Company should, as it committed,
11 eliminate the backlog by December 31, 2008, a date less than two months away. Once this
12 goal is reached, the additional resources AmerenUE employed to eliminate the backlog will
13 become available to meet the ongoing requirements of the Commission's vegetation
14 management rule.

15 Another milestone in the ramp up process was reached in AmerenUE's last rate case,
16 Case No. ER-2007-0002. There the Commission approved the Second Stipulation and
17 Agreement As To Certain Issues/Items (Second Stipulation) in its Report and Order that
18 became effective June 1, 2007. The Second Stipulation included the following, "Staff will
19 recognize the full \$45 million of vegetation management expenses in the cost of service."
20 The Company's Project Power On press release dated July 12, 2007 included a component
21 for "\$135 million over three years (\$45 million annually) for tree-trimming -- Nearly twice
22 the budget of a few years ago, AmerenUE is pursuing a more aggressive tree removal and
23 trimming plan that will include trimming on private property with the property owner's

1 consent.” This press release confirms the \$45 million of vegetation management expenses
2 AmerenUE agreed to in the Commission approved Second Stipulation.

3 Finally, the Commission’s rule 4 CSR 240-23.030 Electrical Corporation Vegetation
4 Management Standards and Reporting Requirements did not become effective until June 30,
5 2008.

6 Q. The second component of AmerenUE’s vegetation management proposal is a
7 two-way tracker. What is the Staff’s position on this?

8 A. The Staff supports the concept of a two-way tracker for vegetation
9 management. However, the Staff believes that a maximum level of expenditures in the
10 tracker, commonly referred to as a “cap” should be imposed. In my rebuttal testimony, I
11 proposed a cap of \$50,000,000 annually or 9.5% above the test year level of expenditures.

12 Q. On page 6, at lines 12-18 of his rebuttal testimony AmerenUE witness Zdellar
13 discusses several uncertainties that affect the implementation costs of both the newly
14 implemented vegetation management and infrastructure replacement rules. Do you believe
15 that these factors are relevant to the Vegetation Management Rule?

16 A. Mr. Zdellar raises the issue of crews being used to manage vegetation being
17 called to areas outside AmerenUE’s service area to provide assistance in response to natural
18 disasters such as Hurricane Ike and the uncertainty of AmerenUE’s labor costs for
19 vegetation management crews in the future. While calling such crews to other locations
20 does affect AmerenUE’s annual expenditures for vegetation management and there is
21 uncertainty in future labor costs, in today’s economy I do not believe that these factors will
22 result in a significant expenditures ABOVE the base level of \$49 million. The tracker
23 AmerenUE is requesting is for the period of March 1, 2009 through February 28, 2010.

1 Since this time period begins approximately 4 months from today, much of the uncertainty
2 around the cost of labor has been clarified as AmerenUE continues its normal budget and
3 subcontract bidding process. In addition, if crews normally used to manage vegetation are
4 called to locations outside AmerenUE's service area, the impact would be a lower than
5 expected actual expenditure for vegetation management and, therefore, lessen the likelihood
6 that the Staff's proposed cap would be exceeded. Based on my observations of
7 AmerenUE's vegetation management budgeting process over the last 4 years, budgeted
8 work that was not completed in one year due to the Company's crew's being called to other
9 locations within the United States typically results in lower than budgeted expenditures for
10 vegetation management for that year. It also requires additional funding for vegetation
11 management the following year to "make up" for the work budgeted, but not completed, the
12 previous year. Since the AmerenUE crews were only called to other locations in the United
13 States for a relatively short time in calendar year 2008, additional funding for the following
14 year, which is primarily the proposed tracker year, is not necessary.

15 Q. If there is some certainty for the cost of vegetation management during the
16 proposed tracker year, why is the Staff proposing a cap?

17 A. To put it as simply as possible, to provide ratepayers with some assurance that
18 AmerenUE's vegetation management expenditures will be prudent by giving AmerenUE
19 some economic incentive to limit them.

20 Q. Earlier, you discussed vegetation management budget levels of \$23.5 million
21 in 2004, \$30 million in 2005, \$45 million in 2007-2008 and \$49 million in 2009-2010.
22 Don't these increasing budgeted levels show the need for a tracker?

1 A. No. These budget numbers reflect AmerenUE's ramp up process that began
2 long before the vegetation management rule was drafted or went into effect, or was even
3 contemplated.

4 Q. The third component of the Company's vegetation management proposal is an
5 amortization of the expenditures it made between January 1, 2008 and September 30, 2008.
6 Is this consistent with the one-way tracking mechanism that AmerenUE witness Zdellar
7 discusses on page 8 of his Rebuttal Testimony?

8 A. No. As AmerenUE witness Zdellar states, "In its last rate case AmerenUE
9 agreed to a one-way tracking mechanism to operate until a new rate case is concluded."
10 [Zdellar, Rebuttal, page 8, lines 6-7]. It is my understanding that this one-way tracker
11 began July 1, 2007 and will end on the operation of law date in this case, March 1, 2009. If
12 the Commission were to grant AmerenUE an amortization of expenditures between January
13 1, 2008 and September 30, 2008, the previously agreed to one-way tracker would end on
14 January 1, 2008, not March 1, 2009.

15 Q. Do you believe the new vegetation management rule sets aside the one-way
16 tracker agreed to as part of the last rate case for the time period of January 1, 2008 through
17 September 30, 2008?

18 A. No. As AmerenUE witness Thomas R. Voss states in his Rebuttal testimony,
19 "The Company took a leadership role in the development of the Commission's new
20 vegetation management, infrastructure inspection and repair, and reliability rules." [Voss
21 Rebuttal, page 2, lines 15-17] At the time AmerenUE agreed to the one-way tracker,
22 AmerenUE was well aware of the possible requirements of the rule. From the Staff's
23 perspective, the agreed to one-way tracker with a base level of \$45 million, which was

1 nearly twice the level of AmerenUE's 2004 budget of \$23.5 million, contemplated a level of
2 effort that is consistent with the final rule.

3 Q. Both AmerenUE witnesses Voss and Zdellar referenced the tracker that was
4 granted to Empire District Electric Company (Empire). Did that tracker include costs that
5 were incurred before the vegetation management rule went into effect?

6 A. No. It is my understanding that Empire's tracker began the day that rates from
7 Case No. ER-2008-0093 went into effect which was August 23, 2008. This was after the
8 rule went into effect and well past AmerenUE's proposed date of January 1, 2008 for the
9 beginning of an amortization period.

10 Q. The fourth component of AmerenUE's vegetation management proposal asks
11 the Commission to grant it the accounting authorization contemplated by the Commission's
12 vegetation management and infrastructure rules for costs that are incurred in excess of the
13 costs included in its current rates for the period of October 2008 through February 28, 2009.
14 Do you agree with this request?

15 A. No. The Staff maintains that the current tracker will track the costs until
16 February 29, 2009 and the new tracker should begin when the rates for the current rate case
17 go into effect. No accounting authorization should be given for the time prior to that date.
18 This would be consistent with what was granted to Empire in Case No. ER-2008-0093. As
19 stated previously, since AmerenUE has already ramped up its vegetation management
20 efforts and has base rates in effect from AmerenUE's last rate case which reflect that, I do
21 not believe that the accounting authorization for the five (5) month period of October 2008
22 through February 28, 2009 is a reasonable request.

1 A. Would you please summarize the Staff's position on the tracker, amortization,
2 and accounting authority requested by AmerenUE for vegetation management?

3 Q. The Staff supports the Company's proposed two-way tracker, but maintains
4 that a cap should be put in place. The Staff proposes a base level of \$45,663,000 and a cap
5 of \$50,000,000. Since the base level is based on the test year expenditures, the Staff
6 maintains that the true-up expenditures should be reviewed, but notes that AmerenUE's
7 efforts to eliminate the backlog would still be included in the true-up expenditures. The
8 Staff is opposed to an amortization for the period of January 1, 2008 through September 30,
9 2008 and is opposed to granting accounting authority from October 1, 2008 to February 28,
10 2009.

11 **INFRASTRUCTURE INSPECTIONS**

12 Q. Did the Company make a similar proposal for costs that would result from the
13 new Electrical Corporation Infrastructure Standards Rule, 4 CSR 240-23.020, which went
14 into effect on June 30, 2008?

15 A. Yes. The Company proposed an amortization for the period of January 1, 2008
16 through September 30, 2008, requested accounting authority from October 1, 2008 to
17 February 28, 2009, and proposed a two-way tracker from March 1, 2009 to February 28,
18 2010. The Company proposed that the base level for infrastructure inspection and repair to
19 be used in setting rates in this case be \$17 million.

20 Q. Does the Staff oppose the amortization of infrastructure inspection and repair
21 costs for the period of January 1, 2008 through September 30, 2008, and the requested
22 accounting authority from October 1, 2008 to February 28, 2009?

1 A. Yes. The Staff instead proposes that the Commission give accounting
2 authorization to defer recognition and possible recovery of infrastructure inspection costs
3 from July 1, 2008 to February 28, 2009. Ratemaking treatment would then be determined
4 for this regulatory asset in AmerenUE's next general rate case, filed after the effective date
5 of the infrastructure inspection rule. 4 CSR 240-23.020 (4) does not contemplate an
6 amortization of expenses in a rate case that is filed before the effective date of the rule and
7 should therefore not be granted. 4 CSR 240-23.020(4), in pertinent part, provides:

8 In the event an electrical corporation incurs expenses as a result of this
9 rule in excess of the costs included in current rates, the corporation may submit
10 a request to the commission for accounting authorization to defer recognition
11 and possible recovery of these excess expenses until the effective date of rates
12 resulting from its next general rate case, filed after the effective date of this
13 rule, using a tracking mechanism to record the difference between the actually
14 incurred expenses as a result of this rule and the amount included in the
15 corporation's rates, or if there is no identifiable amount included in the
16 corporation's rates, the amount reflected in the appropriate accounts for
17 infrastructure inspection and maintenance on the corporation's books for the
18 test year (as updated) from the corporation's last rate case will be used to
19 determine the amount included in current rates.
20

21 Q. You stated that the accounting authority should be granted for infrastructure
22 inspection. Did you mean to say infrastructure inspection and repairs?

23 A. No. The Staff maintains that most repairs do not meet rule's requirement that
24 the expenses as a result of this rule be in excess of the costs included in current rates. While
25 infrastructure inspections are generally a task that AmerenUE did not previously perform,
26 repairs and maintenance of the electrical system have always been reflected in AmerenUE's
27 rates. The fact that the need for a repair is identified during an inspection does not mean
28 that that repair will be in excess of the costs included in current rates.

1 Q. If the Company booked all repairs as a result of inspections in a separate
2 account or sub-account, would that then guarantee that all of the repair costs are in excess of
3 the current rates?

4 A. No. While separating these costs from other maintenance and repair efforts
5 would help to set rates in future rate cases, it will not correct the double counting of repair
6 costs in this case.

7 Q. Is there any maintenance or repairs that have not historically been performed
8 by the Company but are now required by the infrastructure inspection rule?

9 A. It is my understanding that AmerenUE historically did not inspect and treat
10 distribution poles on an ongoing basis but did perform this effort on transmission poles.
11 This treatment should result in poles with a longer life than those which are not inspected or
12 treated. However, given the length of the pole inspection process and the preventative
13 nature of the treatments, this would be a repair/maintenance cost that the Staff believes
14 would not be in current rates.

15 Q. Wouldn't the inspection costs account for most of the expenses anyway?

16 A. Not according to the Company's workpapers. For example, on Company
17 workpaper GSW-WP-E1020, it shows that underground (URD) inspections are estimated to
18 be \$530,000 for the Company's proforma year while the cost of underground repairs is
19 expected to be \$3,200,000. In contrast, the same workpaper shows that there were \$0 of
20 expenses incurred during the test year for both underground inspections and underground
21 repairs. The repair of underground facilities is an ongoing effort that is built into
22 AmerenUE's current rates and is not simply a cost that will go from \$0 to \$3,200,000 due to
23 the implementation of the infrastructure inspection rule.

Surrebuttal Testimony of
Daniel I. Beck

1 Q. How has AmerenUE set the base level for infrastructure inspection and repairs
2 it proposes the Commission adopt?

3 A. AmerenUE witness Zdellar states that AmerenUE is “asking to set base level
4 equal to the amounts our budgeted amounts for 2009 and 2010.” [Zdellar, Rebuttal, page 9,
5 lines 1-2] This phrase is then followed by a footnote “These amounts represent the
6 budgeted amounts as of September 30, 2008.”

7 Q. Did AmerenUE witness Zdellar provide a breakdown of the \$17 million value,
8 identifying the cost of inspections and repairs for overhead lines, underground lines and
9 street lighting?

10 A. No. Since this value appears to be based on budgeted numbers that were the
11 Company’s best estimate as of the last day of the true-up period, the Staff expects to receive
12 a breakdown of the \$17 million number in true-up data provided on November 7, 2008.

13 Q. In your Rebuttal Testimony, you stated that the Staff would consider a tracking
14 mechanism for repair costs related to inspections if the effect that these repairs have on
15 other repair and maintenance costs could be quantified. Is that still the Staff’s position?

16 A. Yes. However, the Staff maintains that it is the Company’s responsibility to
17 propose a method to identify only those maintenance and repair costs that are the result of
18 the rule and are in excess of the costs included in current rates.

19 Q. Does this conclude your Surrebuttal Testimony?

20 A. Yes.

Ameren Services

Ronald C. Zdebar
Vice President
Energy Delivery

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November 2, 2004

Mr. Warren Wood
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 63109



Dear Mr. Wood:

Pursuant to discussions between AmerenUE and the Missouri Public Service Commission Staff, this letter will memorialize the steps that AmerenUE has taken and the commitments it has made to address each of the five Staff recommendations contained in Staff's Report on Restoration Efforts of AmerenUE Following Severe Thunderstorm on July 5th, 2004 (issued on August 31, 2004).

1. Staff Recommendation

Staff strongly recommends that AmerenUE immediately implement programs to begin addressing the existing backlog in the tree trimming cycles of its distribution systems in rural and suburban areas. AmerenUE's efforts to address this current backlog in distribution system trimming should not be implemented through any types of reductions in current efforts to adequately control vegetation along their transmission system corridors or in reductions in efforts in other areas that could impact system reliability or safety. Staff notes that AmerenUE has policies currently in place regarding vegetation management, working with impacted landowners and public relations. AmerenUE should not diminish or stop applying any of these customer relation policies or practices in its efforts to address this current backlog in tree trimming work.

AmerenUE Response

AmerenUE's goal is to have tree trimming cycles for its Missouri distribution systems of four years growth for urban areas and six years growth for rural areas. However, as the Staff report recognized, the Company has experienced extended tree trimming cycles. Moreover, the limited availability of properly trained tree trimming crews to contractors makes it virtually impossible

to immediately eliminate the backlog. AmerenUE has discussed this issue at length with the Staff and has agreed to take the following steps to address the backlog. First, AmerenUE will increase its tree trimming budget for from \$23.5 million in 2004 to \$30 million in 2005—a 27% increase. This step will allow the Company to immediately direct its vegetation management contractors to begin the hiring and training of new tree trimming personnel. Second, AmerenUE commits that its backlog of extended tree trimming cycles will be eliminated on or before December 31, 2008. AmerenUE anticipates that meeting this commitment will require expenditures at or near the \$30 million level for each of the next several years. Third, the Company will provide reports to the Staff of tree trimming schedules, staffing and funding levels. For 2005, the Company will provide these reports on January 15 and July 30, and thereafter the Company will provide the report on January 15. The Company will also make its vegetation management personnel available to review these reports with the Staff, at the Staff's request. Fourth, the Company is willing to participate in joint field reviews of the program with the specifics of the field review to be developed in cooperation with the Staff.

AmerenUE's efforts to address its distribution system tree trimming, as outlined in the previous paragraph, will not be implemented through any type of reduction in the Company's current efforts to adequately control vegetation along its transmission system corridors or in reductions in efforts in other areas that could impact system reliability or safety. In addition AmerenUE will not diminish or stop applying any of its current customer relation policies or practices relating to vegetation management in its efforts to address system tree trimming.

2. Staff Recommendation

Staff recommends that AmerenUE review the current utility mutual assistance agreement they participate in and confirm that reasons other than actual crew availability are not resulting in a reduction in availability of outside crews when they may actually be available under different terms and/or conditions.

AmerenUE Response

AmerenUE has reviewed the current utility mutual assistance agreement and has confirmed that reasons other than actual crew availability are not resulting in a reduction in availability of outside crews. However, the determination of actual crew availability is made by the parties from whom AmerenUE seeks assistance.

3. Staff Recommendation

Staff recommends that AmerenUE examine the limitations of the algorithm being used to estimate restoration times for customers. The Staff has been supportive of the Company providing the customer with an estimate of the expected restoration time associated with their outage. However, it appears that the algorithm used to calculate these times becomes inaccurate when applied to a large outage. The Company should review the methods used to develop these times to determine what circumstances make these calculations inaccurate. If these limitations can be identified and corrected for, an alternative method should be developed that can be used under these conditions in order to continue to provide customers with some estimates of their restoration time.

AmerenUE Response

AmerenUE has examined the limitations of the algorithm being used to estimate the restoration times for customers and agrees with the Staff's conclusion that the algorithm becomes inaccurate when applied to a large outage. To address this issue, the Company proposes to program the system to automatically turn off the system when orders in the metro area reach 1,000 or when orders in a region outside the metro area reach 250. AmerenUE will also determine the feasibility of implementing a manual override process to turn off the system. These changes will be implemented prior to the spring storm season in 2005. AmerenUE will also analyze the existing algorithm to determine whether the algorithm can be improved. However, the timing of any improvements to the algorithm depends on how extensive the analysis becomes.

4. Staff Recommendation

Staff recommends that AmerenUE evaluate the effectiveness of the messages they leave the customer with the callbacks conducted to verify the restoration of service. AmerenUE should develop some alternative wording that clarifies what these messages are intended to convey and more clearly directs the customer on what to do if their power has not been restored. While the callback system can be an effective way to communicate with the customer, some customers misunderstood the present system messages.

AmerenUE Response

AmerenUE has revised the language it uses in the callbacks conducted to verify the restoration of service as set forth in Attachment A. The Company believes that this revised wording clarifies what these messages are intended to

convey and more clearly directs the customer on what to do if their power has not been restored.

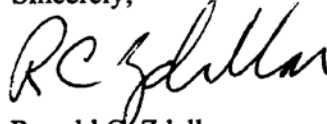
5. Staff Recommendation

Staff recommends that AmerenUE add language to their medical equipment registry enrollment letters that clearly states that medical equipment registry customers may experience lengthy outages as a result of major disruptions to AmerenUE's system, including severe weather, and that medical equipment registry customers are not ensured priority treatment during restoration efforts to repair AmerenUE's distribution system following these events.

AmerenUE Response

AmerenUE has revised its medical equipment registry enrollment letters in accordance with the Staff's recommendation. The revised letters, with the changes shown in red-lining, are attached hereto as Attachment B.

Sincerely,



Ronald C. Zdellar
Vice President

RCZ/cjw
Enclosures

cc: Chairman Steve Gaw
Commissioner Connie Murray
Commissioner Robert Clayton II
Commissioner Jeff Davis
Commissioner Linward Appling

Attachment A

Revised Automated Restoration Response

- A. If the telephone call is answered by a customer:

Original

"Hello, this is Ameren. We are calling to notify you that power has been restored in your area. If power has been restored at your location, press 1. If power has not been restored, press 2."

If 1 is pressed, customer hears a thank you message.

If 2 is pressed, customer hears that a repair order has been generated.

Revised

"Hello, this is Ameren. We're calling to confirm that power is back on at your location. If your power is on, press 1. If not, press 2."

If 1 is pressed, customer hears a thank you message.

If 2 is pressed, customer hears that a repair order has been generated.

- B. If the telephone call is answered by an answering machine:

Original

"Hello, this is Ameren. We are calling you to notify you that power has been restored in your area. We're sorry that we missed you."

Revised

"Hello, this is Ameren. We're calling to confirm that power is back on at your location. We're sorry we missed you. If your power is not on, please call Ameren as soon as possible."

DRAFT



Date: July 22, 2004

**JOHN DOE
1234 STATE ST
SAINT LOUIS MO 63020**

**Service Address 1234 STATE ST
SAINT LOUIS MO 63020**

Account Number 12345-67890

MEDICAL EQUIPMENT REGISTRY ENROLLMENT

We understand that you require the use of electrically-operated medical equipment in your home. We wish to offer you the opportunity to register your equipment with us.

We realize the importance of electric service to you. **However, since we cannot guarantee uninterrupted electric service, you may want to refer to the supplier of your equipment or your physician for a back-up system. You should also be aware that after major storms or other unforeseen circumstances beyond our control it may not be possible to restore service for lengthy periods of time and a back up plan should be considered. While we will work as quickly as possible to restore service, priority treatment is not ensured.**

Enclosed is a form to be completed by you and your physician. Please fill in the section at the top of the form authorizing your physician to release medical information about you. The form should be sent to your physician for completion and then returned to Ameren in the enclosed envelope. When we receive the completed form, we will notify you of the appropriate telephone number to call should you experience a power outage at your residence.

If you have question, please call our Customer Contact Center at 1-800-552-7583 or for customers using a TTY, call 1-800-992-6030. Our regular business hours are 7 a.m. to 7 p.m., Monday through Friday.


**PO BOX 66529
SAINT LOUIS MO 63166-6529
1-800-552-7583**

DRAFT



Date: July 22, 2004

JOHN DOE
1234 STATE ST
SAINT LOUIS MO 63020

Service Address 1234 STATE ST
SAINT LOUIS MO 63020

Account Number 12345-67890

MEDICAL EQUIPMENT REGISTRY CONFIRMATION

We received information from your physician indicating your need to have electrically-operated medical equipment in your home. **This letter is to inform you that your account is now identified as being part of our Medical Equipment Registry.**

We realize the importance of electric service to you. **However, since we cannot guarantee uninterrupted electric service, you may want to refer to the supplier of your equipment or your physician for a back-up system. You should also be aware that after major storms or other unforeseen circumstances beyond our control it may not be possible to restore service for lengthy periods of time and a back up plan should be considered. While we will work as quickly as possible to restore service, priority treatment is not ensured.**

In the event you experience a power outage, you may report your outage by calling 314-554-3123, 1-800-554-3123, or 1-800-992-6030 if you are using a TTY phone. Our Customer Contact Center is available at any time to answer your outage call.

If your physician indicated your equipment is of a very serious nature, we have enclosed a label with more specific instructions to affix on or near your home phone. If we can provide additional information or assistance, please call our Customer Contact Center.


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