

Exhibit No.:
Issue(s):
Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Corporate Re-Engineering
Robertson/Kind
Public Counsel
EM-96-149

FILED³

MAY 30 2000

DIRECT TESTIMONY

OF

RYAN KIND

Missouri Public
Service Commission

Submitted on Behalf of
the Office of the Public Counsel

UNION ELECTRIC

Case No. EM-96-149

May 30, 2000

NP

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Ryan Kind

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Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE AREAS THAT WERE ADDRESSED BY **
_____AND THE COMPANY AS PART OF AMEREN'S RE-ENGINEERING EFFORTS**
DURING THE TEST YEAR.

A. These projects covered a wide range of areas including: **

9) _____

_____**

1 **Q. PLEASE IDENTIFY THE COSTS THAT AMEREN INCURRED (AND THE AMOUNTS ALLOCATED TO**
2 **AMERENUE) IN THE TEST PERIOD TO FURTHER THE RE-ENGINEERING PROJECTS THAT YOU**
3 **HAVE DESCRIBED ABOVE.**

4 A. The costs that Ameren incurred during the test period to further its re-engineering
5 projects are contained in Ameren Work Order Nos. AO482, AOO85, and A0821.
6 Despite the long term benefits that Ameren expects from the re-engineering projects
7 associated with these work projects, Ameren expensed nearly 100% of these costs during
8 the test period. The following table summarizes the accounting treatment that Ameren
9 gave to the costs associated with Work Order Nos. AO482, AOO85 and A0821.
10

| | | Work Order # 1048 | Work Order # 1050 | Work Order # 1051 | 3 Work Order Sum | Percentage |
|-------------------------|--------------------------|----------------------|----------------------|----------------------|---------------------|------------|
| Ameren Services | 1 st 6 months | 0 | 1,865,137 | 0 | 1,865,137 | 100% |
| | 2 nd 6 months | 1,067,671 | 225,108 | 209,954 | 1,502,733 | 100% |
| | Year | 1,067,671 | 2,090,245 | 209,954 | 3,367,870 | 100% |
| AmerenUE MO Electric | 1 st 6 months | 0 | 1,113,661 | 0 | 1,113,661 | 60% |
| | 2 nd 6 months | 667,766 | 132,688 | 131,982 | 932,436 | 62% |
| | Year | 667,766 | 1,246,349 | 131,982 | 2,046,097 | 61% |

11 As the above table indicates, Ameren incurred \$3,367,870 in re-engineering project costs
12 in Work Order Nos. AO482, AOO85 and A0821. Of these costs, \$2,046,097, or 61%,
13 were allocated to the regulated electric Missouri operations of AmerenUE. The majority

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1 of the costs associated with these three work orders were direct payments that Ameren
2 made to ** _____ **

3 **Q. HAVE YOU EXAMINED MATERIALS ASSOCIATED WITH THE** _____ ****
4 **PROJECTS THAT WERE INCLUDED IN WORK ORDER NOS. AO482, AOO85 AND A0821?**

5 A. Yes, I have.

6 **Q. DO THE MATERIALS THAT YOU EXAMINED INDICATE THAT THE COSTS INCLUDED IN WORK**
7 **ORDER NOS. AO482, AOO85 AND A0821 WERE RELATED TO RE-ENGINEERING**
8 **PROJECTS THAT UE EXPECTED TO HAVE A LONG TERM IMPACT ON HOW THE VARIOUS**
9 **BUSINESS LINES OF AMEREN OPERATE?**

10 A. Yes. There is no question that these projects were undertaken for the purpose of
11 improving the long run operational results of the various Ameren business lines and
12 preparing all of Ameren's business lines, even the ones that are currently regulated, to
13 compete in a deregulated utility business environment.

14 **Q. CAN YOU POINT TO SOME DOCUMENTS THAT SUMMARIZE AMEREN'S RE-ENGINEERING**
15 **EFFORTS OVER THE LAST FEW YEARS?**

16 A. Yes, Attachment 1, a document prepared by ** _____ **during the test
17 period, summarizes Ameren's re-engineering efforts over the last few years.

18 **Q. YOU STATED THAT AMEREN'S RE-ENGINEERING PROJECTS DURING THE TEST PERIOD SERVED**
19 **TO ** _____ **. CAN YOU PROVIDE AN**
20 **EXAMPLE OF THIS?**

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A. Yes. Attachment 2 illustrates an example of the work that **

Q. YOU STATED THAT AMEREN'S RE-ENGINEERING PROJECTS DURING THE TEST PERIOD SERVED TO **
_____ **** CAN YOU PROVIDE AN EXAMPLE OF THIS?**

A. Yes. Attachment 3 illustrates an example of the work that **

Q. YOU STATED THAT AMEREN'S RE-ENGINEERING PROJECTS DURING THE TEST PERIOD INCLUDED **
_____ **** CAN YOU PROVIDE AN EXAMPLE OF THIS?**

A. Yes. Attachment 4 illustrates an example of the work that **

Q. YOU STATED THAT AMEREN'S RE-ENGINEERING PROJECTS DURING THE TEST PERIOD INCLUDED **
_____ **** CAN YOU PROVIDE AN EXAMPLE OF THIS?**

A. Yes. Attachment 5 illustrates an example of the work that **

_____ ******

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Q. YOU STATED THAT AMEREN'S RE-ENGINEERING PROJECTS DURING THE TEST PERIOD INCLUDED **

_____ **

CAN YOU PROVIDE AN EXAMPLE OF THIS?

A. Yes. Attachment 6 illustrates an example of the work that **

_____ **

Q. YOU STATED THAT AMEREN'S RE-ENGINEERING PROJECTS DURING THE TEST PERIOD INCLUDED ** CAN

YOU PROVIDE AN EXAMPLE OF THIS?

A. Yes. Attachment 7 illustrates an example of the work that **

_____ **

Q. YOU STATED THAT AMEREN'S RE-ENGINEERING PROJECTS DURING THE TEST PERIOD INCLUDED **

_____ **

A. Yes. Attachment 8 illustrates an example of the work that **

_____ **

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

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ATTACHMENTS 1 - 8

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IN THEIR ENTIRETY