

Exhibit No.:
Issue: Policy
Witness: Gary L. Rainwater
Type of Exhibit: Direct Testimony
Sponsoring Party: Union Electric Company
Case No.:
Date Testimony Prepared: May 23, 2003

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. _____

DIRECT TESTIMONY

OF

GARY L. RAINWATER

ON BEHALF OF

**UNION ELECTRIC COMPANY,
d/b/a AmerenUE**

**St. Louis, Missouri
May 2003**

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

In the Matter of Union Electric Company,
d/b/a AmerenUE, for Authority to File
Tariffs Increasing Rates for Gas Service
Provided to Customers in the Company's
Missouri Service Area.

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Case No. _____

AFFIDAVIT OF GARY L. RAINWATER


STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Gary L. Rainwater, being first duly sworn on his oath, states:

1. My name is Gary L. Rainwater. I work in the City of St. Louis, Missouri, and I am employed by Ameren Corporation as President and Chief Operating Officer. I am also President and Chief Operating Officer of Union Electric Company.

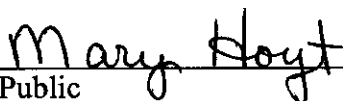
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 4 pages, which has been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.



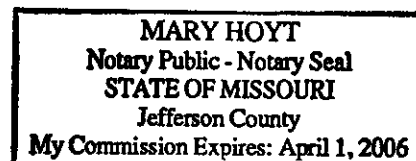
Gary L. Rainwater

Subscribed and sworn to before me this 22 day of May, 2003.



Notary Public

My commission expires: 4-1-2006



DIRECT TESTIMONY

OF

GARY L. RAINWATER

CASE NO. _____

Q. Please state your name and business address.

A. My name is Gary L. Rainwater. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. By whom are you employed and in what capacity?

A. I am employed by Ameren Corporation ("Ameren") as President & Chief Operating Officer. I am also President and Chief Operating Officer of Union Electric Company d/b/a AmerenUE ("AmerenUE" or "Company").

Q. Please describe your education.

A. I received a Bachelor of Science Degree in Electrical Engineering from the University of Missouri-Columbia in 1969 and a Master of Systems Management Degree from the University of Southern California in 1974.

Q. Please describe your background with Ameren.

A. I began my career with Union Electric Company in 1979 as an engineer in the Electric Transmission and Distribution Department. Subsequently I worked in the Corporate Planning Department, where I was elected Vice President in 1993. In 1997, I became President and CEO of AmerenCIPS. I was elected to my current position in September 2001.

1 **Q. Please describe your duties in your current position.**

2 A. I am responsible for all operations of the Company. Each line function,
3 including generation, transmission and distribution as well as all staff functions report
4 directly to me. In turn, I am the only person who directly reports to our CEO, Charles W.
5 Mueller.

6 **Q. What is the purpose of your direct testimony in this proceeding?**

7 A. The purpose of my direct testimony is to provide the Commission with the
8 perspective of Ameren Corporation's senior management on this case. As President of
9 AmerenUE, I am the person who is ultimately responsible for the performance of our
10 Company for the benefit of AmerenUE's shareholders, customers and employees.
11 Consequently, I can offer the Commission a unique perspective on this case, not as an
12 expert in ratemaking, but as the senior executive who will ultimately make the policy
13 level decisions that implement the Commission's order in this case.

14 **Q. From your perspective, why is it important for the Commission to**
15 **provide AmerenUE with its requested rate increase in this case?**

16 A. As explained in the direct testimony of Warner L. Baxter, the Company's
17 request for rate relief is driven by the steadily increasing costs of providing gas service.
18 Some of these costs are associated with cast iron main and unprotected steel service
19 replacements, and other operational improvements that the Company has undertaken.
20 Other costs are the result of the effects of inflation on the Company's business. It is very
21 important that the Commission establish rates that permit the Company to recover all of
22 its legitimate costs of providing natural gas service to its customers. Otherwise the
23 Company's shareholders will be deprived of the opportunity to earn the return on their

1 investment to which they are lawfully entitled, and the Company's Missouri gas
2 operations will become financially unstable, to the ultimate detriment of both customers
3 and shareholders.

4 **Q. Is Ameren's senior management concerned about the impact of this**
5 **proposed rate increase on gas customers?**

6 A. Yes we are. To address these concerns, we have proactively proposed
7 several mitigation measures with our direct filing, which are set forth in the direct
8 testimony of Mr. Baxter. The Company is proposing to mitigate the effect of the rate
9 increase on all customers through the use of a two-year phase in of the rate increase, and
10 a rate moratorium. The Company is proposing to further mitigate the impact of the rate
11 increase on low-income customers through a substantial additional contribution to the
12 Dollar More Program, which will be used to assist low-income customers in our gas
13 service territory. These proposed mitigation measures evidence the Company's
14 continued commitment to exploring creative ways to balance the interests of all
15 stakeholders in this case. These measures follow the approach utilized in the settlement
16 of Case No. EC-2002-1, which the Company believes has been very successful in
17 providing benefits to the stakeholders in the Company's electric business since the
18 settlement was approved.

19 **Q. Is this rate case important to Ameren's core business strategy?**

20 A. Absolutely. Unlike many utility companies throughout the country,
21 Ameren has kept its focus on the provision of regulated utility service to its customers.
22 Utility service is the bread and butter of Ameren's business, and as a result, if the
23 Company is to remain financially sound, it must be permitted to charge rates that reflect

Direct Testimony of
Gary L. Rainwater

1 its legitimate costs. On the other hand, it is equally important that the Commission
2 consider the interests of AmerenUE's customers, by adopting the mitigation measures
3 that the Company has proposed.

4 **Q. Does this conclude your direct testimony?**

5 A. Yes, it does.