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Witness: Richard J. Mark
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2007-0002

DIRECT TESTIMONY

OF

RICHARD J. MARK

ON

BEHALF OF

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

**St. Louis, Missouri
July, 2006**

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1 **DIRECT TESTIMONY**

2 **OF**

3 **RICHARD J. MARK**

4 **CASE NO. ER-2007-0002**

5 **I. INTRODUCTION**

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

7 A. Richard J. Mark, Ameren Services Company ("Ameren Services"), One
8 Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri.

9 **Q. What is Ameren Services Company?**

10 A. Ameren Services Company provides various corporate, administrative and
11 technical support services for Ameren Corporation ("Ameren") and its affiliates, including
12 Union Electric Company d/b/a AmerenUE ("Company" or "AmerenUE").

13 **Q. What is your position with Ameren Services?**

14 A. I am the Senior Vice President of Missouri Energy Delivery. I am responsible
15 for AmerenUE's electric and natural gas distribution and customer service operations,
16 consisting of the customer contact center, customer accounts, and customer credit assistance
17 including AmerenUE's Dollar More Program and community relations.

18 **Q. Please describe your educational background and employment**
19 **experience.**

20 A. I joined Ameren as Vice President of Customer Relations in January of 2002,
21 and then became Vice President of Governmental Policy and Consumer Affairs. In
22 December of 2004, I was promoted to my current position with Ameren Services. Prior to
23 my employment with Ameren, I spent seven years as President and Chief Executive of St.

1 Mary's Hospital of East St. Louis and five years as the hospital's Chief Operating Officer. I
2 have a Bachelor of Science Degree in Child Development from Iowa State University and a
3 Master of Science in Business Management from National Louis University.

4 **II. PURPOSE AND SUMMARY OF TESTIMONY**

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

6 A. The purpose of my testimony is to set forth for the Commission the
7 distribution system infrastructure improvements and customer service improvements that
8 AmerenUE has made since its last rate proceeding, Case No. EC-2002-1. The Company has
9 invested approximately \$500 million in these areas over the past three years. I will also
10 address measures of customer satisfaction which we track on a regular basis and that
11 demonstrate that AmerenUE is viewed by its customers as providing high-quality customer
12 service. Finally, I will discuss various energy efficiency and customer assistance programs,
13 including certain programs directed toward low-income customers and several initiatives
14 which resulted from the Stipulation and Agreement approved by the Commission in Case
15 No. EC-2002-1. A summary of my testimony is included as Attachment A.

16 **III. DISTRIBUTION SYSTEM IMPROVEMENTS**

17 **Q. What types of distribution system infrastructure needs has AmerenUE**
18 **faced?**

19 A. AmerenUE customer expectations for service reliability continue to increase.
20 A highly reliable source of energy has become critical to all users of the electric system. In
21 the digital age, due to an increased reliance on more electronic devices for personal and
22 business use, even momentary outages on the distribution system can have severe
23 consequences. Data can be lost, processes shut down, transactions halted and products

1 destroyed by brief power glitches that typically occur on the nation's electric grid. Just a few
2 years ago, these outages would have gone relatively unnoticed or would have been perceived
3 as minor inconveniences. But today, even these brief power glitches can have a significant
4 negative impact on the customers' overall satisfaction with their utility.

5 In order to continue meeting customers' higher reliability expectations, AmerenUE is
6 committed to maintaining and improving its distribution infrastructure. The costs involved in
7 maintaining the condition of our distribution system infrastructure continue to rise. As an
8 example, since January of 2002, transformer prices have risen by 57%. Other costs have also
9 risen significantly. Since 2002, the cost of aluminum overhead conductor has grown 93%,
10 the cost of poles has gone up 34% and the cost of copper underground cable has grown
11 147%. These capital expenditure levels are expected to continue to grow.

12 **Q. Can you provide some specific examples of improvements that have been**
13 **made to AmerenUE's distribution system?**

14 A. Certainly. Some programs have been ongoing for several years and continue
15 to be used in AmerenUE's efforts to improve its distribution system. AmerenUE continues
16 to utilize state of the art lightning tracking software to identify vulnerable subtransmission
17 circuits. This software determines whether lightning is affecting the performance of
18 subtransmission circuits. Problem circuits are treated with additional lightning protection
19 using the appropriate technology. Additionally, AmerenUE continues to employ automated
20 switching to limit the duration of power outages that do occur on the subtransmission and
21 distribution systems. Through the use of these automated switches, AmerenUE can isolate
22 faults on the subtransmission and distribution systems without the delays that are associated
23 with having to dispatch personnel to remote locations to perform manual switching

1 operations. AmerenUE also has continued its Underground Residential Distribution cable
2 program. This tracks underground cable failures in residential subdivisions. If the same
3 underground cable fails twice within 18 months in a residential subdivision, AmerenUE
4 replaces the entire cable instead of simply repairing the failed section.

5 A recent change made by the Company is the implementation of a tap fusing
6 program. A fuse is placed at the tap in order to prevent an outage downstream from the tap,
7 eliminating many total feeder outages and thereby reducing the number of customers
8 impacted by a fault on the system. This program also reduces restoration time by making it
9 easier to locate the source of the problem on a circuit. AmerenUE has developed an
10 advanced software program to analyze its circuits in order to identify the most beneficial
11 locations for tap fusing. Since 2002, AmerenUE has spent almost \$2 million on this program
12 and has fused approximately 1,200 taps.

13 AmerenUE already inspects and treats all subtransmission poles on a cyclical
14 basis and on average spends approximately \$600,000 annually for inspection and treatment
15 of poles and nearly \$2 million annually for pole replacement or reinforcement. Recent
16 studies have shown that we can enhance reliability by conducting regular pole inspections for
17 poles used in the distribution system. These inspections not only identify poles that need
18 attention, but also identify pole hardware and non-utility issues that may interfere with the
19 continuous operation of the electric system. By replacing poles prior to failure, AmerenUE
20 expects to avoid outages, reduce the scale of outages which do occur and reduce the
21 restoration time of those outages. AmerenUE estimates that the cost of raising the overall
22 level of reliability through more proactive pole replacement could be as much as \$10 million
23 per year.

1 **Q. How has AmerenUE addressed tree trimming issues?**

2 A. AmerenUE has made significant investments to improve its storm damage
3 prevention efforts and its response capabilities after a major storm has occurred. For
4 example, AmerenUE has increased the budget for Vegetation Management for its
5 transmission and distribution systems from \$23.5 million in 2004 to \$32.2 million for 2006.
6 To put this increase in perspective, it is equivalent to the addition of more than 100
7 journeyman tree trimmers.

8 AmerenUE entered into a Performance Management program in 2002 with all
9 tree-trimming vendors. This program uses a performance matrix to measure contractor
10 performance in the areas of safety, reliability, customer satisfaction, production and process
11 efficiency. AmerenUE also used its Forestry Overhead Damage reporting program to train
12 tree crews to identify common overhead maintenance issues.

13 Over the past several years, AmerenUE has increased the use of its Tree
14 Replacement Program to remove incompatible trees under or near utility lines and to provide
15 suitable replacement trees. These efforts have not gone unnoticed, a fact demonstrated by
16 AmerenUE's receipt of the TreeLine USA Award from the National Arbor Day Foundation
17 for seven years. This award recognizes utilities that perform quality tree care and provide
18 annual worker training, as well as tree planting and public education.

19 Additionally, in February of 2005, AmerenUE presented to the Commission
20 Staff an overview of the vegetation management program for the years 2005 to 2008. When
21 fully implemented, this plan will require urban feeders to be trimmed on a four-year growth
22 cycle and rural feeders to be trimmed on a six-year growth cycle. AmerenUE provides
23 quarterly as well as annual reports of its progress on this plan to Staff. The parties devised a

1 four-year plan to get to the preferred cycles and, after the first year AmerenUE is on schedule
2 to meet the four-year plan.

3 **Q. What type of outage frequency and outage duration have AmerenUE**
4 **customers faced?**

5 A. AmerenUE's Customer Centered Business Team's primary responsibility is to
6 identify programs and processes to improve customer satisfaction and to implement changes
7 which will increase our customers' satisfaction. The Company routinely measures customer
8 satisfaction through transactional surveys and by subscribing to the yearly J.D. Power and
9 Associates Residential Customer Satisfaction survey.

10 AmerenUE's 2005 survey results indicate that its customers rank "power
11 quality and reliability" as the most important driver of customer satisfaction. The study
12 states AmerenUE customers averaged 3 brief interruptions in 2005, compared to the Midwest
13 region average of 3.2 and the industry average of 3.4. The number of lengthy outages
14 experienced by AmerenUE customers averaged 1.5, which is also below the Midwest region
15 and industry averages. AmerenUE also compares favorably to other electric utilities in the
16 length of its longest outages. The average for AmerenUE was 10.1 hours while the Midwest
17 region average was 11.6 hours and the industry averaged 12.9 hours.

18 **IV. CUSTOMER SERVICE SYSTEM IMPROVEMENTS**

19 **Q. What types of improvements has AmerenUE made to its customer service**
20 **system?**

21 A. AmerenUE has invested in many upgrades of its customer service capabilities
22 for both storm response and overall customer responsiveness. These include upgrading

1 dispatch offices and the Ameren storm center, installing an upgraded Interactive Voice
2 Response (“IVR”) telephone system and other system enhancements.

3 **Q. Please explain what types of upgrades were made to the dispatch offices**
4 **and storm center.**

5 A. The Jefferson City dispatch office was reconfigured to increase efficiency and
6 improve customer service. Specifically, the office was enlarged, new and improved
7 mapboards were installed and the dispatcher’s consoles were replaced to improve their
8 capability to monitor the operation of the system.

9 The upgrade of the Ameren storm center included improved monitoring
10 capabilities and better displays to allow AmerenUE to improve its response and reaction time
11 to storm damage on our system. We also invested \$85,000 in a new software application
12 program to improve the tracking and allocation of resources within our service territory and
13 those that are brought in from other areas or borrowed from other utilities.

14 AmerenUE also has acquired restoration equipment trailers which are pre-
15 equipped with the hardware most frequently required in storm repair work. These trailers are
16 deployed to the heart of storm damaged areas in order to reduce the time necessary to
17 complete storm damage repairs and to restore service to our customers.

18 **Q. What are the IVR telephone system and other system enhancements that**
19 **you mentioned?**

20 A. The improved IVR telephone system provides the customer with self-service
21 options that enable the customer service center to more efficiently respond to customer calls
22 based upon the customer’s selection of options. On average, 30% of customer information
23 requests are fulfilled through the IVR system. AmerenUE utilized an outside expert and

1 conducted usability studies in designing functional, best in class IVR applications and script
2 design.

3 Along with the IVR system, AmerenUE's internet eCustomer system provides
4 information about Ameren and its corporate programs to customers, investors, job applicants
5 and the media. Customers can perform a variety of self-service activities on-line, such as
6 paying their bills, applying for service and viewing their billing records. With this service,
7 AmerenUE is able to expand bill payment options to include credit and debit cards and other
8 online payment options. Customers are also now able to receive ebills, if they so desire.
9 Additionally, customers can review their energy consumption and related analysis and
10 comparisons on the Ameren.com website.

11 Customers, along with the media and Commission personnel, are also able to
12 access the Company's website to review an outage map that shows the AmerenUE system,
13 current outages, and the number of customers without power as compared to the total number
14 of customers in that particular area. Customers today have the ability to view specific outage
15 information including whether their power is on or off, the time at which the outage was
16 reported, the status of the outage order, the reason for the outage and the length of the outage.
17 Momentary interruptions are not included in this information. AmerenUE is the only utility
18 in Missouri offering this information to its customers and is one of the few in the entire
19 United States doing so.

20 Further, since February of 2004, AmerenUE's website has contained an
21 interactive Energy Savings Toolkit which provides tools for customers to use in managing
22 their energy consumption. This service reflects AmerenUE's commitment to providing

1 useful, meaningful and effective information to help customers save money and manage their
2 energy usage.

3 **Q. Have there been improvements to the AmerenUE billing system?**

4 A. Yes. There have been numerous enhancements to the Customer Service
5 System (“CSS”), which is AmerenUE’s customer billing system. As a result of these
6 improvements, AmerenUE now bills 99.9% of its accounts on the scheduled bill date with a
7 99.74% accuracy rate. For obvious reasons, bill accuracy benefits both our customers and
8 the Company.

9 Another improvement in our billing practices involves better managing active
10 collections. To do this, we utilize internal scoring from Total Solutions, Inc. (“TSI”). TSI
11 provides a credit score based on internal measures such as a customer’s number of late
12 payments, length of service with AmerenUE, prior balances transferred into the customer’s
13 account, etc. Using this internal credit score, AmerenUE is able to forego sending notices to
14 highly-rated customers when a single bill becomes delinquent based on the fact that these
15 customers historically demonstrate very timely and complete payments. In the situation
16 where a highly-rated customer is late on a single bill payment, it is typically because that
17 month’s bill was overlooked, the customer was on vacation or some other, similar
18 explanation. Routinely, these customers pay their bill before the next billing cycle.
19 AmerenUE has been able to realize significant savings, approximately \$526,000 a year in
20 mailing costs, while enhancing customer relationships using this scoring tool.

21 Finally, we have programming scheduled which will allow for the internal
22 scoring of final accounts and the ability to assign written-off accounts to a primary, third
23 party collection agency and later reassign those same accounts to another agency should the

1 primary agency be unable to collect on the debt. This flexibility will allow our Credit and
2 Collections Department to further lower uncollectible losses.

3 **Q. Have these improvements resulted in increased customer satisfaction?**

4 A. AmerenUE believes that they have improved our customers' satisfaction with
5 AmerenUE and with the service we provide. This belief is borne out by the results of the
6 numerous surveys which have been conducted by AmerenUE and independent third parties.
7 We routinely use the results of these surveys to improve customer service for both our field
8 services and our customer contact centers.

9 **Q. What type of surveying does AmerenUE do?**

10 A. AmerenUE participates in several national surveys, including the J.D. Power
11 Customer Satisfaction Survey and the American Customer Satisfaction Index ("ACSI")
12 survey which is performed by the University of Michigan.

13 We also do a Customer Contact Index ("CCI") satisfaction survey, where
14 follow-up calls are made approximately a week after a customer has an interaction with the
15 customer service center. We have recently implemented a Field Operations Customer
16 Survey ("FOCUS") as a method to gain feedback from customers after having work
17 completed by our field service personnel. Additionally, twice a year we do a vegetation
18 management survey to determine opinions on tree trimming and related aspects of
19 AmerenUE's vegetation management practices. The feedback from all of these surveys is
20 used to improve our customer service both in the field and at the customer service center.

21 **Q. What kind of response has AmerenUE gotten from these surveys?**

22 A. We have recently received very positive responses from our customers. For
23 example, in our 2005 CCI survey, approximately 90% of AmerenUE customers rated their

1 overall experience with the Company as either meeting expectations or above expectations.
2 This is an increase of 14 percentage points since 2000. The ACSI survey rated AmerenUE
3 above the industry average with 75% of its customers rating the Company's service as
4 satisfactory. AmerenUE also scored above the Midwest region's average in the J.D. Power's
5 Residential Customer Satisfaction Survey with a score of 102. The Midwest region, which
6 includes 15 utilities in our region, had an average score of 98.

7 Recently, the AmerenUE customer contact centers were awarded J.D. Power
8 and Associates certification for providing "An Outstanding Customer Service Experience."
9 This award was given after a rigorous review of the AmerenUE call center, which included a
10 two-day on-site visit, interviews with employees from several different departments and
11 auditor review of Company documentation. The second phase of the process involved a
12 customer satisfaction survey which rated the customer contact center agents on courtesy,
13 knowledge and concern for customer needs. As of February 1, 2006, only three other utilities
14 nationwide had received this certification.

15 **V. LOW INCOME ASSISTANCE AND ENERGY EFFICIENCY PROGRAMS**

16 **Q. Has AmerenUE made any specific commitments to the Commission**
17 **relating to programs designed to assist low income customers?**

18 A. In Case No. EC-2002-1, AmerenUE agreed to do several things, including
19 making a contribution of \$5 million to Dollar More in 2002 and an additional \$1 million on
20 June 30 of 2003, 2004, 2005 and 2006. In addition, AmerenUE agreed to make a
21 contribution of \$2 million to a weatherization fund for low-income customers and to
22 contribute an additional \$500,000 each June 30 of 2003, 2004, 2005 and 2006. AmerenUE
23 further agreed to make an initial contribution of \$5 million to Ameren Community

1 Development Corporation, with an additional \$1 million being contributed each June 30 of
2 2003, 2004, 2005 and 2006. Finally, AmerenUE agreed to make an initial contribution of \$2
3 million and an additional \$500,000 contribution on June 30 of 2003, 2004, 2005 and 2006 to
4 fund energy efficiency programs for residential and commercial customers. AmerenUE
5 agreed that all of these contributions were to be below-the-line and that it would not seek to
6 recover these costs from ratepayers.

7 **Q. Did AmerenUE make each of the contributions listed above?**

8 A. Yes. Each contribution was made as described above.

9 **Q. Could you explain what the Dollar More Program does?**

10 A. The Dollar More Program is a program that has been in existence for many
11 years and has operated successfully in providing energy assistance to low-income customers.
12 It provides funds to needy families in AmerenUE's service territory to assist in the payment
13 of any energy bills. The program is not limited to AmerenUE customers.

14 Dollar More is designed to allow AmerenUE customers to easily make
15 voluntary donations to help these families. Customers make a pledge on their energy bill and
16 then the pledge amount is included on the customer's bill each month. Customers may also
17 make pledges on the Ameren Corporation website. In addition, the Company has historically
18 contributed an amount each year to supplement those contributions.

19 **Q. How much is contributed by AmerenUE customers?**

20 A. Over the past three years, AmerenUE customers have contributed generously.
21 The breakdown by year is as follows: 2003: \$863,483; 2004: \$813,950; and 2005: \$783,328.

1 **Q. When was the Dollar More program created and who administers it?**

2 A. The Dollar More Program was created in November of 1982. The Company
3 collects the money from its customers and then sends the funds to The United Way of
4 Greater St. Louis. The United Way then allocates the funds to the Dollar More agency
5 network. This network has 39 agencies located throughout our service territory. I have
6 attached a list of those agencies as Schedule RJM-E1. It should be noted that AmerenUE
7 bears all administrative costs associated with this program.

8 **Q. How does a family qualify for assistance from the Dollar More Program?**

9 A. The program is designed to supplement the agencies' existing energy
10 assistance programs for low-income families. Accordingly, Dollar More adheres to the
11 guidelines of each agency which may permit assistance to both customers who are eligible
12 under the federal Low Income Heating Assistance Program ("LIHEAP") and customers who
13 fall outside of the LIHEAP guidelines. This philosophy is designed to provide the agency
14 flexibility in addressing the needs of its clients and ensuring that their administrative costs
15 are kept at a minimum. In this way, the agency maintains its role as the social service expert
16 and the Company need not attempt to perform that function.

17 **Q. How many families are assisted by the Dollar More program each year?**

18 A. Nearly 8,000 families are assisted each year with their electric and natural gas
19 utility bills from these customer and Company contributions.

20 **Q. Were any new programs created from AmerenUE's Dollar More**
21 **contributions in the EC-2002-1 settlement agreement?**

22 A. Yes. AmerenUE initiated a \$3 million effort from May 1, 2003, through
23 May 31, 2003, which was called the Dollar More Clean Slate program. It was designed as a

1 special program to help AmerenUE low-income residential customers with a one-time burst
2 of assistance that might allow them to completely eliminate past due balances to AmerenUE
3 and to start over with a clean slate.

4 **Q. How did the Clean Slate program work?**

5 A. The United Way of Greater St. Louis administered the Clean Slate program
6 and distributed the funds to 40 social service agencies in the area. Qualifying customers of
7 record could have their bill paid in full, thus giving them a clean slate.

8 **Q. What steps were taken to promote the program to potential recipients?**

9 A. There was an aggressive public relations effort to promote awareness of the
10 program, which included a press conference with then Missouri Governor Bob Holden, then
11 Commission Chair Kelvin Simmons and St. Louis Mayor Francis Slay. Signs were placed on
12 buses in the St. Louis metro area, and low-cost/no-cost weatherization tips were compiled on
13 a weatherization tape and sent to energy assistance agencies in the AmerenUE service
14 area. This awareness campaign was successful. AmerenUE's customer research vendor
15 reported that customer awareness of the Clean Slate program was 71%.

16 **Q. What were the results of the Clean Slate program?**

17 A. Data compiled by the United Way indicates that the program assisted 5,700
18 households or 16,700 individuals. The typical recipient was 39 years old, unemployed and
19 had a median annual income of \$6,700.

20 **Q. Does AmerenUE have plans to repeat this program?**

21 A. Yes. In fact, AmerenUE recently donated \$1 million to a Clean Slate program
22 to be offered between June 1, 2006 and August 31, 2006. It will be very similar to the initial
23 program described above, with the administration of the program handled by the United Way

1 of Greater St. Louis. The press conference to kick off the program was held on June 1, 2006.
2 Additionally, a mailing to all Clean Slate participants will include information on the cost to
3 operate various appliances and low-cost/no-cost weatherization tips.

4 **Q. Please explain the Weatherization program to which AmerenUE**
5 **contributed \$4 million.**

6 A. The Weatherization program is administered by the Missouri Department of
7 Natural Resources (“DNR”) while AmerenUE’s funding of the program is managed by the
8 Environmental Improvement and Energy Resources Authority. This program is operated in
9 accordance with specific laws and regulations established by Congress and the Department of
10 Energy and in accordance with an annual plan that was developed by DNR. As of April of
11 2006, 731 homes had received weatherization services.

12 **Q. Please describe the Ameren Community Development Corporation**
13 **(“AmerenCDC”).**

14 A. AmerenCDC is a Missouri Nonprofit Corporation governed by a board of
15 directors consisting of nine directors representing diverse economic, political and charitable
16 perspectives found throughout AmerenUE’s service territory. Three members of the board of
17 directors are appointed by the Governor of Missouri, three are appointed by the Commission
18 and three are appointed by AmerenUE. The Board of Directors disburses funds at its
19 discretion. In making its decisions, the Board considers the potential of growth of new
20 employment opportunities within the designated area, incentives for businesses to relocate
21 facilities or retain facilities within the designated area, the development of renewable energy
22 sources and the promotion of community education and job-training programs.

1 **Q. What awards has AmerenCDC made?**

2 A. Since its creation, AmerenCDC has issued three rounds of awards, one in
3 2004 and two in 2005. In 2004, it received 144 applications requesting funding totaling
4 \$43.7 million. AmerenCDC provided grants to 11 projects totaling \$2.5 million. In the first
5 round of 2005, it received 43 applications requesting a total of \$16.8 million. AmerenCDC
6 awarded grants to 11 projects totaling \$1.6 million. In the second round of 2005, it received
7 75 applications requesting \$21.6 million in funding and awarded funds totaling \$1.3 million
8 to 11 projects.

9 The first three grant cycles received 262 applications and awarded funds to 33
10 projects totaling \$5,400,000. Awards were made to non-profit agencies, public agencies, and
11 businesses. The majority of the awards helped to fund an expansion or to retain a business in
12 its current location, thus retaining local employment. In total, the resources of the
13 AmerenCDC have helped to stimulate new economic activity with the prospective creation of
14 1,000 new jobs in Missouri and the expected retention of 2,075 current jobs.

15 **Q. What other types of energy efficiency programs does AmerenUE**
16 **administer besides the ones discussed above?**

17 A. AmerenUE has additional energy efficiency programs that are designed to
18 benefit all residential customers, not just low-income customers. These include a three-year
19 Change A Light Rebate Program where over 180,000 energy efficient bulbs were sold and a
20 two-year Refrigerator Rebate/Recycling Program which removed over 2,500 inefficient
21 refrigerators from AmerenUE's electric grid. In addition, the following programs are
22 directed toward helping non-residential customers become more energy efficient:
23 AmerenUE's Building Operator Certification program has trained over 45 building operators,

1 the Commercial Energy Audit/Upgrade program has provided \$250,000 in rebates for energy
2 efficiency upgrades, 15 elementary schools are participating in the Schools Going Solar
3 Program where AmerenUE provides a 1kW solar panel and curriculum to instruct the
4 students about energy efficiency. The latest program, started this Spring, is the Leadership in
5 Energy and Environmental Design (“LEED”) Certification Incentive program in which
6 customers are encouraged through incentives to build energy efficient buildings. AmerenUE
7 has also funded a Residential Market Assessment Survey to determine customers’ energy
8 efficiency awareness to enable AmerenUE to better develop future energy efficiency
9 programs.

10 **Q. Is AmerenUE willing to consider continuing these kinds of low-income**
11 **and energy efficiency programs or in developing new or additional programs of this**
12 **type?**

13 A. Absolutely. AmerenUE is committed to finding ways to assist those of our
14 customers who are in need, and to help all customers conserve energy. The Company will
15 work collaboratively with the Commission and other key stakeholders to continue current
16 low-income energy assistance programs and energy conservation programs as appropriate, as
17 well as to develop new programs where beneficial.

18 **Q. Does that conclude your direct testimony?**

19 A. Yes, it does.

**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 Electric)
Service Provided to Customers in the)
Company's Missouri Service Area.)

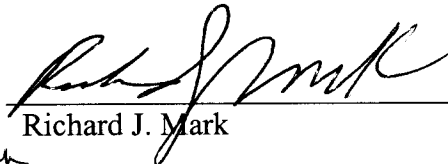
Case No. ER-2007-0002

AFFIDAVIT OF RICHARD J. MARK

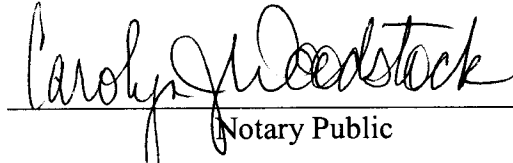
STATE OF MISSOURI)
)**ss**
CITY OF ST. LOUIS)

Richard J. Mark, being first duly sworn on his oath, states:

1. My name is Richard J. Mark. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services Company as Senior Vice President of Missouri Energy Delivery.
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 **17** pages, Attachment A and Schedule RJM-E1, all of which have 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.


Richard J. Mark

Subscribed and sworn to before me this 5th day of July, 2006.


Notary Public

My commission expires:

CAROLYN J. WOODSTOCK Notary Public - Notary Seal STATE OF MISSOURI Franklin County My Commission Expires: May 19, 2008
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EXECUTIVE SUMMARY

Richard Mark

Senior Vice President of Missouri Energy Delivery

* * * * *

AmerenUE continues to make improvements to its electric utility distribution infrastructure to improve the service the Company provides. AmerenUE recognizes that reliability expectations of its customers continue to grow and, accordingly, the Company has invested approximately \$500 million over the last three years to maintain and improve its infrastructure and to improve customer service. These efforts include identifying vulnerable sub-transmission circuits with state of the art lightning tracking software, the implementation of a tap fusing program and accelerating its pole replacement and tree trimming schedules as well as multiple improvements in its customer service systems and storm response capabilities.

In order to continue meeting customers' higher reliability expectations, AmerenUE is committed to maintaining and improving its distribution infrastructure. The costs involved in maintaining the condition of our distribution system infrastructure continue to rise. As an example, since January of 2002, transformer prices have risen by 57%. Other costs have also risen significantly. Since 2002, the cost of aluminum overhead conductor has grown 93%, the cost of poles has gone up 34% and the cost of copper underground cable has grown 147%. These capital expenditure levels are expected to continue to grow.

As part of its efforts to meet its customers' expectations, AmerenUE has made a concerted effort to improve its customer service. These efforts included improvements at

its call centers, upgrades to its billing system and expanding options available to customers on the Company's website, Ameren.com. AmerenUE routinely measures customer satisfaction by subscribing to various surveys from outside, independent companies such as J.D. Power and Associates. AmerenUE also conducts its own surveys. The results of these surveys show that the Company provides excellent customer service. AmerenUE's internal survey found 90% of AmerenUE customers rated their overall experience with the Company as either meeting expectations or above expectations and J.D. Power recently awarded AmerenUE's customer contact centers with the certification for providing "An Outstanding Customer Service Experience."

AmerenUE has also made significant contributions to various low-income customer assistance and energy efficiency programs, including \$8 million in contributions to the Dollar More Program, \$9 million for a Community Development Corporation and \$6 million for weatherization and efficiency programs. AmerenUE is committed to continuing its efforts to assist our customers who are in need and to help all customers conserve energy. The Company will work collaboratively with the Commission and other key stakeholders to continue current low-income energy assistance programs and energy conservation programs as appropriate, as well as to develop new programs where beneficial.



AmerenUE Dollar More Agencies

**American Red Cross of Jefferson County
C.A.P. of Greater St. Joseph
Catholic Family Services
Central Missouri Community Action Agency
Circle of Concern
Community Action Agency of St. Louis County
Delta Area Economic Opportunity Corporation
Doorways
East Missouri Action Agency
Feed My People
Good Samaritan - Clay County
Green Hills Community Action Agency
Guardian Angel Settlement
Hope House
Hosea House
Human Development Corporation
International Institute
Jefferson/Franklin Community Action Agency
Loving Hearts
Mid-East Area Agency on Aging
Missouri Ozarks Community Action Agency
Missouri Valley Human Resource Community Action Agency
Multiple Sclerosis
National Kidney Foundation
North East Community Action Corporation
Northeast Missouri Community Action Agency
Paraquad
St. Patrick Center
St. Vincent de Paul Society
Salvation Army of Adair County
Salvation Army of St. Louis City and County
Salvation Army of Jefferson County
Samaritan Center
St. Mary du Lac
Sts. Joachim & Ann Care Services
South Central Missouri Community Action Agency
West Central Missouri Community Action Agency
United Way of Greater St. Louis
Urban League
Webster/Rock Hills Ministry**