Exhibit No.:	
Issue(s):	Storm Cost Tracker
Witness:	David N. Wakeman
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Direct Testimony
Case No.:	ER-2012-0166
Date Testimony Prepared:	February 3, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2012-0166

DIRECT TESTIMONY

OF

DAVID N. WAKEMAN

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a Ameren Missouri

St. Louis, Missouri
February, 2012

DIRECT TESTIMONY

OF

DAVID N. WAKEMAN

CASE NO. ER-2012-0166

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is David N. Wakeman. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, MO 63103.

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

A. I am employed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") as Vice President of Energy Delivery – Distribution Services. I have held this position since December of 2009.

Q. Please describe your employment history with Ameren Missouri.

A. In 1982, I was hired as a Mechanic's Helper in the Company's Motor Transportation Department. After receiving my bachelor's degree in Electrical Engineering in 1988, I became an Assistant Engineer in the Company's Substation Operating Department where I performed software development work related to engineering applications on the Company's Distribution SCADA system. In 1994, I transferred to the Service Test Department and performed Power Quality work and other activities. In 1999, I was promoted to Supervising Engineer of the Reliability Support Group. In 2003, I was promoted to Manager of Distribution Operating. And then, in December of 2009, I was promoted to Vice President Energy Delivery - Distribution Services.

Q. Please describe your duties and responsibilities as Vice President of Energy Delivery – Distribution Services.

A. In my current position, I am responsible for gas and electric distribution engineering, construction, operations and maintenance for Ameren Missouri. Eleven managers report directly to me, including each of the Company's eight Division Managers and the Manager for Distribution Operating, as well as the Director of Labor Relations and Administration. I am involved in negotiations with the various labor unions that represent Ameren Missouri employees.

Q. Please describe your educational background.

A. I received a Bachelor of Science in Electrical Engineering from Washington University of St. Louis in 1988.

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to explain the Company's considerable efforts to respond to and recover from major, unpredictable storm events within its service territory, and how the nature of such storms and the Company's response to them strongly supports adoption of a two-way storm restoration cost tracker.

Q. What level of importance does Ameren Missouri assign to major storm restoration?

A. Major storm restoration is an extremely important part of our business and it is very important to our customers and the communities we serve. When a storm knocks out electric service to a portion of our service area, it is critical that service be restored as promptly and efficiently as possible. Our customers, including business owners and community leaders, as well as the Commission, expect that we will react to these events

quickly and professionally and that our response will safely and efficiently restore service as quickly as possible. At Ameren Missouri we take this responsibility very seriously and clearly understand the value to our customers of having a fast and effective storm response. In light of this we have proactively worked to enhance our storm response capability in recent years.

Q. Do you think customers appreciate your storm response efforts and do you receive any feedback?

A. There is no question our customers appreciate these efforts and expect us to perform at the highest levels to restore their service after a storm. During and after storm restoration efforts, we regularly get comments from customers, community leaders, state and local officials and Commissioners recognizing the effectiveness and value of our efforts during these events. We work very hard to prepare in advance, to monitor the weather very closely and to react with the appropriate response each and every time weather impacts service to our customers.

Q. What types of storms does the Company's service territory experience?

A. The Company's service territory experiences a variety of storms, from thunderstorms to violent tornados and ice storms. To be clear, my testimony is dealing with damage caused by major storms, not what I would call "routine" storms which don't result in significant damage or outages and which we consider to be within the Company's normal operations. My testimony is focused on major storms that cause extensive damage to the Company's electric distribution system, such as ice storms, severe thunderstorms and tornados.

Q. When a major storm occurs, are your efforts typically coordinated with state and community emergency management officials?

A. In nearly all of these major weather events, we coordinate our response with state and local emergency management officials and state and local government officials. In doing so, our aim is to achieve the best possible result, which is to safely restore service to our customers as quickly as possible. In state emergency management conference calls we are able to share information and coordinate our efforts to address communities' needs for the repair or replacement of critical infrastructure. During significant events, state emergency management calls are typically held once or twice a day. A variety of entities from throughout the state participate in these calls and we are involved in order to share information and gain an understanding of the needs of the state and local communities. We also closely coordinate and maintain communications during each event with local community emergency management agencies, such as those in St. Louis City and St. Louis County. When it is appropriate, we will embed an Ameren Missouri employee within state or local community emergency operations centers to further enhance communications. We also participate in state and local planning events and meetings to further the partnership with state and local emergency management officials and to increase the effectiveness of our response after major storms cause damage to our system.

Q. Do storms and storm restoration efforts vary much from year-to-year?

A. Yes, they vary in several respects. The number of storms varies widely from year-to-year, as does the severity of the storms, and the impact major storms have on our customers. In fact, each storm is unique in terms of its location as well as the type and severity of the damage it causes, requiring Ameren Missouri to create a similarly unique

response to every event. As a storm unfolds, we track the type and location of the event and monitor the damage to ensure we can safely, efficiently and effectively restore service.

Q. Is the impact or timing of storm damage something that is within the Company's control?

A. No. The number, type, severity and impact of storms are completely beyond the Company's control, but we must always be at the ready to respond on a moment's notice regardless of timing, budgets or cost.

Q. Can you discuss the major storms the Company experienced during 2011?

A. In 2011, there were five major storm events affecting a total of approximately 350,000 Ameren Missouri customers. These storms varied in strength, in where they impacted Ameren Missouri's service territory and in numbers of customers left without service, but all were severe (with the exception of one expected storm which did not materialize). For all of these storms, the Company immediately deployed not only linemen but other personnel for tree trimming, field checking, supervision and for support services (which includes logistics, stores/material management, fleet services and safety supervision).

A severe ice storm was predicted for January 31, 2011. The ice storm did not result in signifigant outages, as was predicted and expected, in Ameren Missouri's service territory, but the Company had staged resources in preparation for the storm, including 2,860 personnel, 1,310 of which were linemen.

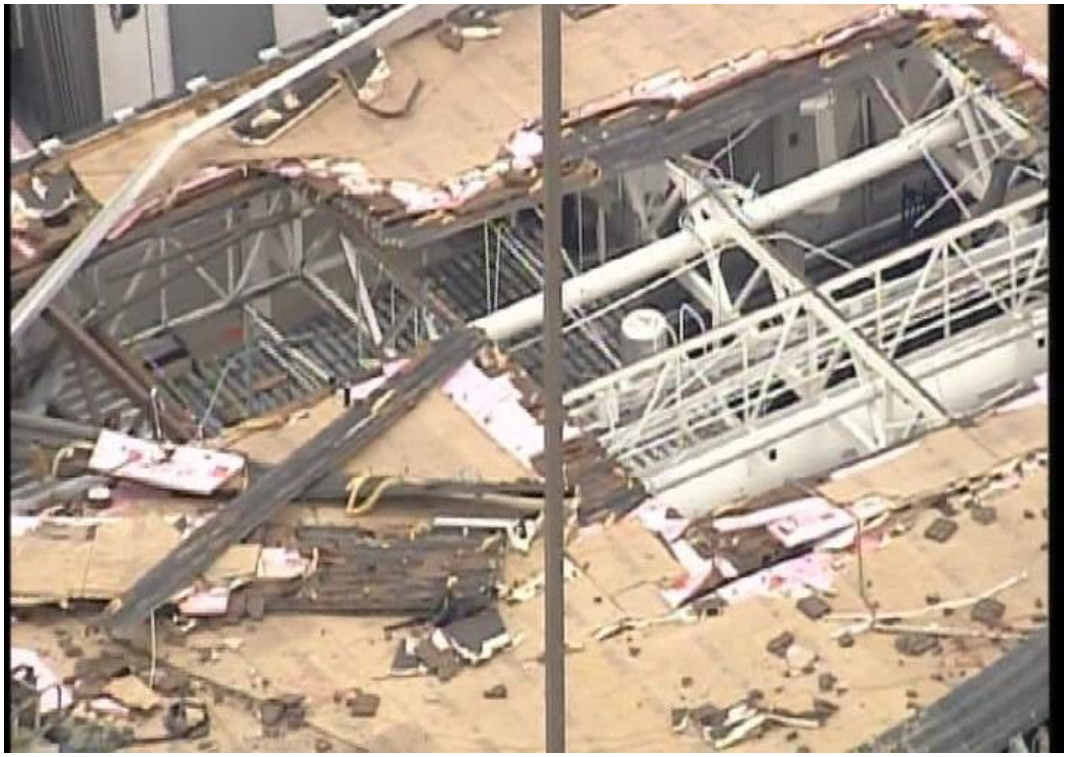
On February 28th, a severe thunderstorm impacted all of St. Louis County, St. Charles County, Franklin County and Jefferson County. Approximately 64,000 customers had their

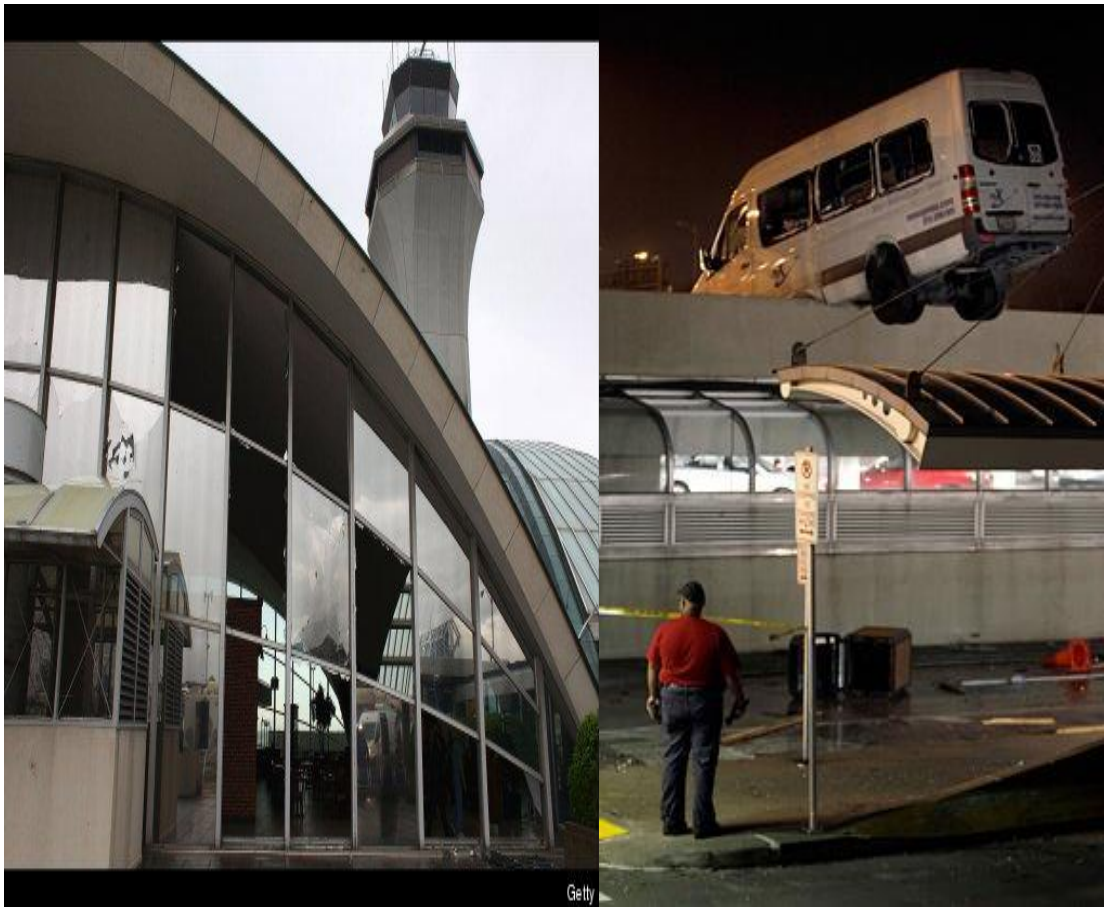
service interrupted. This restoration effort involved over 1,500 personnel, including 706 lineman. Service to all customers was restored with in 42.5 hours.

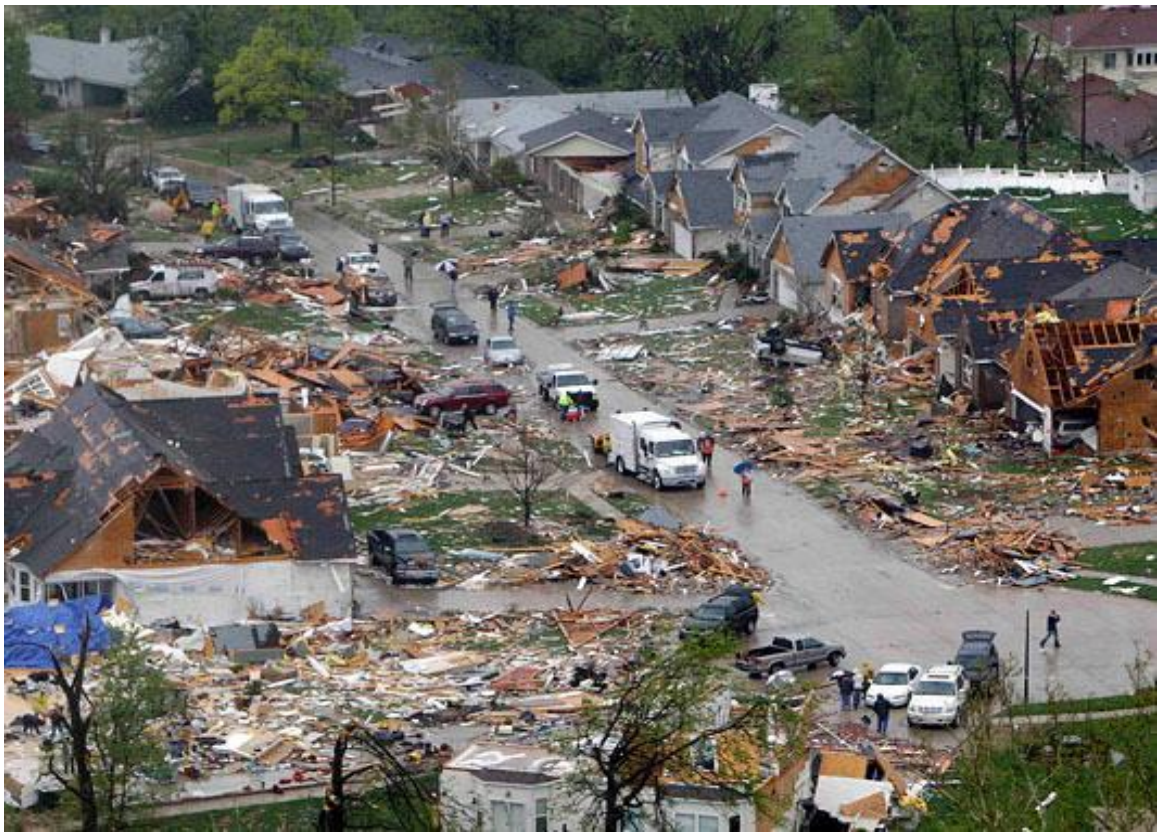
On May 23rd, a severe thunderstorm swept across all of St. Louis County and portions of Jefferson County and Franklin County. Approximately 96,000 customers lost service and the Company utilized 1,400 personnel, including 735 linemen, to restore service within 48 hours.

On June 26th, a severe thunderstorm impacted St. Louis County, and on June 27th, a thunderstorm and tornado struck the northeastern portion of Missouri. 26,500 customers experienced an outage on June 26th and almost 80,000 on June 27th. The Company deployed over 1,700 personnel, including 984 lineman, to restore service in less than a day in St. Louis County and within 64 hours in northeastern Missouri.

The worst storm event in 2011 occurred on Good Friday, April 22nd. This event was a severe thunderstorm with at least one embedded tornado. It affected over 71,000 customers in the St. Louis Metropolitan Area. This tornado completely destroyed homes in the Bridgeton area and directly struck Lambert-St. Louis International Airport, causing significant damage and knocking out power to the airport and the surrounding area, as shown by the photos below.




Getty



Ameren Missouri's restoration efforts involved 2,400 personnel, 1,600 of which were linemen. We coordinated our restoration effort with state and local officials including airport personnel. We worked closely with these officials and restored power to the airport in approximately twenty-four hours. The speed with which we were able to restore electric service significantly helped the airport and the St. Louis area recover from the devastating effects of this weather event. "We give tremendous credit to Ameren for restoring service to Lambert so that the Airport could open just 24 hours after the devastating tornado," said Airport Director Rhonda Hamm-Niebruegge.[1]

[1] "Lambert successful in resuming 70% of flights on Sunday." *City of St. Louis, MO: Official Website*. N.p., 25 Apr. 2011. Web. 31 Jan. 2012. <http://stlouis-mo.gov/government/departments/mayor/news/lambert-storm-recovery.cfm>.

Q. Do you use more than local personnel to perform storm restoration activities?

A. We do. In 2011, we utilized "Mutual Assistance" and/or outside contractors in all major storms. Our willingness and ability to bring in outside resources and efficiently manage these resources allows us to more quickly restore power to customers. We have developed an operating model, or plan, that allows us to quickly and effectively move teams of Ameren Missouri linemen and other resources from throughout our service territories to the area impacted by the weather. We can also utilize this model when we bring in outside contractors and Mutual Assistance partners to increase the overall number of linemen and other field personnel working to restore service to our customers. The development and execution of this approach is critical to efficient and effective storm restoration and reduces the duration of customer outages as a result of storm damage.

Q. Can you explain what you mean by "Mutual Assistance"?

A. Ameren Missouri is part of an industry organization, the Edison Electric Institute ("EEI"), that has a Mutual Assistance Agreement. According to the terms of this agreement investor-owned utilities offer internal resources to each other if they are needed for storm restoration activities. This agreement provides an opportunity for one utility to call on other utilities and request resources, such as linemen, to be sent to the requesting company to help with storm restoration, which greatly improves our ability to respond to the damage caused by those storms. Under the agreement the utility providing resources will be made whole for all costs of sending the resources, which enables Ameren Missouri to both request help from neighboring utilities and also respond to requests of other utilities. In 2011, Ameren Missouri requested and received help from Mutual Assistance Partners in four storm

restorations. Also in 2011 Ameren Missouri sent help to other utilities five times. We continue to participate in the agreement and associated meetings for the direct benefit of our customers and to help keep the partnership viable. Having these resources available is critical to our ability to respond during the most damaging storm events.

Q. You said that you have proactively worked to enhance your storm response capability in recent years. Can you explain?

A. Yes, I can. In the past five to seven years we have made, and continue to make, valuable improvements in our storm response capabilities. I won't list every improvement we have made, but I will briefly discuss a few of the most significant.

The design and implementation of storm material trailers (shown in the pictures below) has been a major improvement.

Prior to 2005, when a storm hit our service territory we had to transport materials from a central location to the impacted area, which slowed restoration times. Now when a storm hits an area of our service territory, we have six storm material trailers ready to be deployed to that area. In fact, we often position the trailers in an area that is forecasted to be hit so that the materials will be immediately available if the storm materializes. This allows us to improve efficiency and reduce outage time for customers by being able to quickly move the needed material close to the area that was damaged or likely will be damaged by a storm.

Ameren Missouri also calls upon its Mutual Assistance partners to bring in additional linemen and other workers much earlier than we used to do. We have even brought in these resources before a storm hits our territory, allowing us to avoid having to wait for personnel to drive to Ameren Missouri's service territory after a storm, thus enabling us to restore service to customers more quickly. This can be very beneficial as sometimes travel after a major storm can be very difficult and slow. In fact, during several recent storms, parts of major highways have been closed or have experienced treacherous driving conditions, which

prevented or slowed travel to certain areas. During at least one event, I-70 was closed and prevented travel across the state.

We have also significantly improved the planning and execution of the logistics of storm response as compared to a few years ago. We have developed a predesigned, specific arrangement for locating equipment (storm trailers, dumpsters, porta potties and other needed items) at staging sites, which has been a major factor in improving our effectiveness in storm restoration. We now have extensive vendor lists, specifications, and contractual arrangements for meals, lodging and the other necessities that field forces need during a restoration effort. These logistical improvements allow us to more quickly and efficiently bring in additional resources to an area and also allow us to gain the maximum efficiency from the lineman and other field forces.

These are just a few of the improvements we have made in recent years. We will continue to evaluate the results after each storm event to continue to improve by reducing restoration time and improving efficiencies for the benefit of our customers.

Q. Can you elaborate further on why the proposed two-way storm restoration cost tracker makes sense?

A. Yes. As I discussed in detail above, we have worked very hard to provide the best possible storm response and restoration that we can. Whatever the cost, we spend what is necessary to restore service as fast as we safely can. Requiring that we seek separate accounting authority to recover the cost of major storm events, coupled with long amortizations, creates more uncertainty about ultimate recovery than would a standing, two-way tracker that would provide an established way to defer these costs, with a roadmap to how recovery can be provided in a later rate case and over what period we could expect

recovery if it is approved (with the same being true for customers if we spend less than the base). Such a tracker encourages the Company to continue to spend what is needed – despite the kind of severe budget pressures we often face – more than the piecemeal accounting authority scheme we've been using in the past.

Q If a storm tracker is created for major storm costs, how will you categorize those costs so minor storms are not included in the tracker?

A. We intend to use an industry-wide mechanism that applies a consistent methodology and objective data analysis to make the determination. Our recommendation is to use IEEE Standard 1366 to identify major events and to classify only weather events which meet this criteria as major storms, with one additional criterion. The IEEE 1366 method looks at the magnitude of an outage event by examining customer minutes out per customer on a daily basis, and it compares them to the "normal" range of customer outage minutes based on 5 years of historical daily customer outage minutes, including days with storms. If the customer minutes of interruption per customer on a given day are outside of the "normal" range, the day is classified as a Major Event Day by the IEEE standard, and presuming the cause was a weather event, this event would be classified as a major storm. In addition to storms identified under this methodology, the Company also requests to include in the two-way tracker the costs of preparation for an anticipated major storm which does not materialize if the non-internal labor O&M incurred for the preparation exceeds $1.5 million. All costs associated with storm response preparation and service restoration as a result of a major storm will be collected in a major storm work order. The non-internal labor O&M collected in the major storm work orders will comprise the proposed major storm two-way tracker. Smaller storms which do not meet the proposed criteria will not be included in the

tracker. By using the industry standard for storms that do occur, the Company will be using a defined, statistically derived, objective metric to categorize and consistently define a major storm. This insures that customers will only be paying for extraordinary expenditures and not costs already covered in rates.

Q. Would using IEEE standard 1366 identify the same storms as Ameren Missouri classified as major storms in 2011?

A. There would be a slight difference. The proposed methodology would have identified six major events, two of which Ameren Missouri had not previously classified as major storms for cost tracking. The chart below identifies when the Company has identified major storms between 2007 and 2011 and how that designation compares to what would be classified as a major storm using IEEE standard 1366. The chart demonstrates that the IEEE standard 1366 would have identified a very similar list of storms. Even though there are a few differences, the adoption of this standard is necessary in that it will provide an industry accepted, statistically based approach to defining a major event, as the basis for classification in the tracker mechanism.

Event	Duration	Customers Affected	Major Storm Work Order?	IEEE Major Event Day?
January 12, 2007	5 days	291,880	Yes	Yes
August 13, 2007	3 days	109,724	Yes	Yes
August 24, 2007	4 days	65,734	Yes	Yes
October 18, 2007	1 day	40,916	No	Yes
December 9, 2007	6 days	96,891	Yes	Yes
January 29, 2008	1 day	49,558	No	Yes
February 11, 2008	4 days	31,203	Yes	Yes
May 11, 2008	3 days	96,941	Yes	Yes
September 14, 2008	4 days	158,344	Yes	Yes
January 27, 2009	9 days	38,058	Yes	Yes
May 8, 2009	6 days	67,744	Yes	Yes
June 2, 2009	2 days	61,744	No	Yes
July 24, 2010	1 day	40,604	No	Yes
January 31, 2011	0 days	No Outages	Yes	No
February 28, 2011	2 days	63,952	Yes	Yes
April 22, 2011	4 days	71,314	Yes	Yes
May 23, 2011	2 days	96,000	Yes	Yes
June 19, 2011	1 day	38,225	No	Yes
June 26, 2011	2 days	106,235	Yes	Yes
July 3, 2011	1 day	29,770	No	Yes

Q. In the past, other parties have claimed that implementation of a storm tracker would reduce the Company's incentive to spend prudently on storm restoration or that it is a form of preapproval for storm costs. Do you agree with these statements?

A. I do not agree with either statement. Whether costs are deferred through a separate accounting authority or via the proposed two-way storm restoration cost tracker the Commission retains its authority to disallow imprudently incurred costs and retains full ratemaking authority regarding requests in later rate cases to amortize the sums deferred under the tracker.

Q. Do you have anything else to add?

A. The Commission should not see this request as unusual. Historically, this Commission has allowed Ameren Missouri to implement trackers for large, variable costs

that were outside of the Company's control. For example, the Commission approved a tracker for Ameren Missouri's pensions and other post-employment benefits ("OPEB") as well as a tracker for its vegetation management and infrastructure inspection costs. The costs associated with storm restoration efforts are even less within the control of the Company and are thus appropriate to be recovered through a tracker. Prompt service restoration is important to the Company and demanded by both our customers and by the Commission. Ameren Missouri continues to improve its restoration processes. The Company asks this Commission to provide a mechanism which supports the timely recovery of the extraordinary costs of restoring service after major storms.

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Electric Service.	)))	Case No. ER-2012-0166

AFFIDAVIT OF DAVID N. WAKEMAN

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

David N. Wakeman, being first duly sworn on his oath, states:

1. My name is David N. Wakeman. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Vice President Energy Delivery – Distribution Services.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Ameren Missouri consisting of 16 pages, Schedules DNW-E n/a through DNW-E n/a, 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.

David N. Wakeman

Subscribed and sworn to before me this 2nd day of February, 2012.

Mary Hoyt
Notary Public

My commission expires: 4-11-2014

Mary Hoyt - Notary Public
Notary Seal, State of
Missouri - Jefferson County
Commission #10397820
My Commission Expires 4/11/2014