

Exhibit No.:  
Issues: Impact of Staff's  
Proposed Rate Reduction on  
Union Employees  
Witness: Michael A. Datillo  
Local Union No. 1455,  
International Brotherhood of  
Electrical Workers  
Sponsoring Party: Union Electric Company  
Type of Exhibit: Rebuttal Testimony  
Case No.: EC-2002-1  
Date Testimony Prepared: May 10, 2002

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. EC-2002-1**

**REBUTTAL TESTIMONY**

**OF**

**MICHAEL A. DATILLO**

**ON**

**BEHALF OF**

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

Exhibit No. 154  
Date 7/10/02 Case No. EC-2002-1  
Reporter KRM

St. Louis, Missouri  
May, 2002



1           **Q.     What is the purpose of your testimony?**

2           A.     The purpose of my testimony is to express concerns about the impact of  
3 the proposed rate reduction of the Commission Staff ("Staff") on AmerenUE and also on  
4 the AmerenUE employees represented by Local 1455. The purpose is also to support  
5 AmerenUE's rate and revenue proposals being made in this proceeding on the grounds  
6 that they will enable the company to continue to provide quality service to its Missouri  
7 electric customers and also to continue to provide jobs to the employees represented by  
8 Local 1455. The employees of Local 1455 are proud of their accomplishments in  
9 working for a company that provides quality service at one of the lowest rates in the  
10 region.

11                     We also believe that the experimental alternative regulation plan  
12 ('EARP') under which AmerenUE has operated for the last six years, has allowed the  
13 employees of Local 1455 to make a real contribution to the successful, efficient operation  
14 of AmerenUE in a way that both benefited customers and AmerenUE. Under the EARP,  
15 as our members worked hard to improve the efficiency of AmerenUE's operations, no  
16 longer would those efforts be "rewarded" by a reduction of rates. Instead, under the  
17 sharing grid that allowed AmerenUE to retain some of its improved earnings, our  
18 members could see our work benefit the Company in which we earn our livelihood.

19           **Q.     What is your understanding of the Staff's rate reduction proposal**  
20 **submitted in this proceeding?**

21           A.     It is my understanding that the Staff has not offered any serious analysis of  
22 the success of the EARP. Instead, the Staff is recommending that the Commission reduce

1 AmerenUE's annual electric revenues from Missouri retail customers by between \$245  
2 and \$285 million.

3 **Q. What is Local 1455's overall concern with such a proposed reduction?**

4 A. Such a huge rate cut is a strange way to reward all of us who have made  
5 AmerenUE such a successful, efficient supplier of electricity. Also, we are concerned  
6 that a reduction of this magnitude will jeopardize AmerenUE's ability to provide quality  
7 service to its electric retail customers in Missouri. We are concerned that such a dramatic  
8 rate reduction will not provide the Company with sufficient funds to invest in much  
9 needed infrastructure improvements in generation, transmission and distribution.

10 **Q. How many AmerenUE employees does Local 1455 represent?**

11 A. Local 1455 represents approximately 1,100 employees at AmerenUE.

12 **Q. What roles do the employees represented by Local 1455 play in the  
13 operations of AmerenUE?**

14 A. AmerenUE employees represented by Local 1455 perform a broad  
15 spectrum of work such as mail delivery, billing, design, estimating, distribution,  
16 transmission, customer service, call center duties, computer operation, information  
17 technology, power plant design and stenographic work, just to name a few of the over  
18 200 job classifications' duties and responsibilities.

19 **Q. What is your understanding of the rate and revenue proposals which  
20 AmerenUE is making in this proceeding?**

21 A. It is my understanding that AmerenUE is recommending that the  
22 Commission allow AmerenUE either to operate under a new alternative regulatory plan

1 or to set its rates under traditional cost of service principles which are more reasonable  
2 and less punitive than those used by the Staff.

3 **Q. Does Local 1455 support AmerenUE's proposals?**

4 A. Yes, we do. Local 1455 supports AmerenUE's new alternative regulation  
5 plan and its cost of service rate proposal because they will allow not only our members,  
6 but all of us who are the men and women of AmerenUE, to continue to provide the high  
7 quality service we have in the past, and more than ever need to do in the future.

8 **Q. Does this conclude your testimony?**

9 A. Yes, it does.

