

Jim Lowery

From: Byrne, Thomas M [TByrne@ameren.com]
Sent: Monday, November 30, 2009 4:09 PM
To: Grissum, Roberta
Cc: Jim Lowery; Tesdall, Amanda L
Subject: FW: Case No. ER02010-0036, Summary of Generating Plant Maintenance Discussion with Mark Birk

Roberta—See Mark's responses highlighted in yellow. Tom

From: Birk, Mark C
Sent: Wednesday, November 25, 2009 3:14 PM
To: Byrne, Thomas M
Subject: RE: Case No. ER02010-0036, Summary of Generating Plant Maintenance Discussion with Mark Birk

Tom,

My responses have been included in the high-lighted items below.

Thanks,
Mark

Company Exhibit No. 163
Date 3/16/10 Reporter DF
File No. EC-2010-0036

From: Byrne, Thomas M
Sent: Wednesday, November 18, 2009 10:07 AM
To: Birk, Mark C
Subject: FW: Case No. ER02010-0036, Summary of Generating Plant Maintenance Discussion with Mark Birk

From: Byrne, Thomas M
Sent: Tuesday, November 17, 2009 8:45 PM
To: 'roberta.grissum@psc.mo.gov'
Subject: Re: Case No. ER02010-0036, Summary of Generating Plant Maintenance Discussion with Mark Birk

We will get you an answer.

Sent from my BlackBerry Wireless Device

From: Grissum, Roberta <roberta.grissum@psc.mo.gov>
To: Byrne, Thomas M
Sent: Tue Nov 17 13:46:55 2009
Subject: RE: Case No. ER02010-0036, Summary of Generating Plant Maintenance Discussion with Mark Birk

Tom -

o.k. There are a couple of clarification questions I need Mark to answer re: Taum Sauk. **Item F** in Mark's response to Staff DR169 states an "increase of \$195k is primarily due to the need for "as build" drawings for the existing Taum Sauk plant. The O&M cost of these drawings was approximately \$354k. This was partially offset by a decrease in Taum Sauk contract services of \$139k, which was a transfer of funds from contract services to the drawings to fund the project."

Please ask Mark to explain in further detail why these drawings were needed. Shouldn't Ameren already have such drawings on record? What happened to the original "as build" drawings?

Thanks,

Roberta Grissum

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Quotes:

"We cannot all do Great Things, but we can do Small Things with Great Love" - Mother Teresa

"Ours is not to do the extraordinary, only to do the ordinary extraordinarily well. - Catherine McAuley Sister of Mercy Patron Saint

"LOVE COMES BECAUSE OF WHO WE ARE, TRUE LOVE STAYS IN SPITE OF WHO WE ARE"

*BE THE SOLUTION NOT THE PROBLEM.... **Blamestorming: Sitting in a group, discussing why a deadline was missed or a project failed, and deciding who was responsible. ***

Roberta,

In response to the Taum Sauk question above these expenditures were to develop/refine Piping and Instrument (P&ID) diagrams associated with Taum Sauk in preparation for the upcoming control replacements and to enhance operating procedures associated with the re-start of the plant. Some of these drawings were already on record but they were reviewed and updated as necessary to reflect minor modifications that have occurred over the life of the plant. We also have the original "as-built" drawings but many minor changes have occurred throughout the life of the plant and those changes had to be reviewed and incorporated into the drawings.

Thanks,
Mark

From: Byrne, Thomas M. [mailto:TByrne@ameren.com]

Sent: Tuesday, November 17, 2009 9:13 AM

To: Grissum, Roberta

Subject: RE: Case No. ER02010-0036, Summary of Generating Plant Maintenance Discussion with Mark Birk

Roberta—I will run by Mark and get back to you. Tom.

From: Grissum, Roberta [mailto:roberta.grissum@psc.mo.gov]

Sent: Tuesday, November 17, 2009 8:03 AM

To: Byrne, Thomas M

Subject: Case No. ER02010-0036, Summary of Generating Plant Maintenance Discussion with Mark Birk

Tom -

I thought it might be helpful if I provided a summary of our discussion with Mark Birk re: Generating Plant Maintenance. If I have mischaracterized anything, please let me know and provide whatever comments Mark believes are necessary to correct my summary. Thanks in advance for your attention to this matter.

Summary of Meeting Held 11/16/09 with Tom Byrne, Mark Birk and Jim Lowery(via phone) in Room W402:

1) Ameren uses the Generation - Common - UEC subaccounts in FERC Acct. No. 510 (Supervision & Engineering), 512 (Boiler Plant) and 514 (Misc. Steam Plant) to record costs related to "management pool craft resources". These are charges that cannot be directly assigned to a specific generating unit and remain held at the Corporate Level. Ameren maintains a management pool full-time throughout the year for generating plant maintenance purposes.

~~AmerenUE maintains a management and craft labor pool full-time throughout the year that supports major unit overhauls and other general plant maintenance.~~

2) FERC Acct. 512 had an item recorded as "Generation - Common - EUC, Sioux-Rush Island Trf FAC". Costs recorded to this item relate to labor resources "shared" during major outages.

3) Company modeled an 670 hour outage for Meramec 1 and 2 in its PROSYM. According to Mark Birk, this was simply a "what-if" scenario and should be ignored by Staff in its production cost model.

4) Major outages scheduled for 2009 were delayed due to tight lending criterion. Lending criterion is now less stringent, therefore, Ameren will begin ramping up maintenance as funds allow.

5) All Taum Sauk maintenance performed in TYE 3/31/09 relate to issues identified by Ameren in CY2004 (prior to the Dec 2005 reservoir breach) relating to cavitation damage which could lead to pump failure. Prior to the breach, Ameren was performing maintenance at Taum Sauk every Fall or every other year based on necessity. Therefore, regardless of whether the breach happened or not, Ameren would have performed the maintenance that occurred during the Test Year to avoid further cavitation damage and pump failure.

6) Other maintenance performed at the hydro plants in TYE 3/31/09 were driven by FERC licensing requirements related to dissolved oxygen and impacting runners/turbine waterwheels.

7) Ameren overall has modified its overhaul cycle from a 18-24 month cycle to a 5-6 year cycle which is more in tune with "current" industry averages. Moving to this lengthened cycle has resulted in:

- a) savings on outage time (reduced unit outage time)
- b) increased cost per outage, however, spreading the cost over the 5-6 year time period could potentially result in cost savings above the 18-24 month maintenance cycle (An increased cost per major unit overhaul but a reduction in the frequency of major overhauls)

8) Ameren anticipates maintenance trends on a going forward basis will average approximately \$15 mil O&M costs per major outage per generating unit. Of that projected cost, approximately two-thirds of the O&M dollars will relate to labor cost driven primarily by a 3% wage increase escalation for contract labor employees. Current labor contracts expire in July 2012 and July 2014.

~~AmerenUE estimates that the O&M associated with major overhauls will average approximately \$15M to \$20M per major overhaul based upon times between overhauls and equipment maintenance requirements.~~

9) Ameren usually locks in its planned outages for the following year no later than August of the current year. Ameren may change its schedule of planned outages within a given year for the next year, but usually locks in its planned outages by August of the current year.

Example: Ameren is developing a schedule of planned maintenance outages for CY2011. Initial schedule is published in August 2009. From August 2009 through August 2010, Ameren has the option to revise its planned maintenance outage schedule for CY2011 as many times as deemed appropriate. All planned outages for CY2011 are "locked in"

by August 2010. This planning technique allows Ameren to pursue cost savings by placing orders for needed materials at a time where costs are potentially lower.

10) In 2014, Ameren is anticipating legislation related to activated carbon for mercury control will be enacted. Legislation is currently in process and should be finalized in CY2011 with an effective date of CY2013 or CY2014. This could add significant maintenance costs to Ameren's future maintenance costs. As such, Ameren has reflected these potential dollars in its budget forecasts.

~~The activated carbon expenditures associated with Mercury control have been included in the 2014 budget estimates and beyond.~~

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