

**ILLINOIS COMMERCE COMMISSION**

**DOCKET NO. 04-0294**

**SURREBUTTAL TESTIMONY**

**OF**

**JIMMY L. DAVIS**

**Submitted On Behalf**

**Of**

**AMEREN CORPORATION**

August 19, 2004

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6

7 **Q. Please state your name, title and business address.**

8 A. My name is Jimmy L Davis. I am Vice President of Division Operations and Gas  
9 Support, Ameren Services Company and my business address is 607 E. Adams Street,  
10 Springfield, Illinois 62739.

11 **Q. Are you the same Jimmy L. Davis who previously submitted rebuttal and direct**  
12 **testimonies in this docket?**

13 A. Yes, I am.

14 **Q. What is the purpose of your rebuttal testimony?**

15 A. I will respond to the rebuttal testimony of Mr. Rex Evans and Mr. Eric Lounsberry, who  
16 each sponsored testimony on behalf of the Staff of the Illinois Commerce Commission  
17 (“Staff”). Generally, Mr. Evans discusses items related to pipeline safety activities that  
18 he believes are relevant in the acquisition of Illinois Power Company (“Illinois Power” or  
19 “IP”) by Ameren Corporation (“Ameren”). Specifically, he responds to my rebuttal  
20 testimony wherein a number of commitments were made by Ameren regarding matters of  
21 pipeline safety. Mr. Lounsberry addresses a number of topics. I comment upon his  
22 recommendations pertaining to organizational realignments and certain natural gas  
23 operations studies.

24 **Q. Mr. Evans agreed with your assessment that it would take approximately 18 months**  
25 **to integrate Illinois Power’s operation and maintenance plans with that of Ameren.**  
26 **He notes you have stated Ameren cannot commit to an 18-month schedule and**  
27 **recommends that Ameren provide periodic updates on a quarterly basis until the**  
28 **integration efforts are complete. Do you have a response?**

29 A. Yes. Ameren will provide the Staff with quarterly updates with regard to these specific  
30 integration activities.

31 **Q. Mr. Evans places a proviso on Ameren’s commitment to retain the existing IP**  
32 **quality assurance personnel and consolidate the existing Ameren and IP quality**  
33 **assurance (“QA”) programs as part of the overall objective of moving to common**  
34 **practices. Do you agree with this proviso?**

35 A. As I interpret Mr. Evans’ testimony, Ameren cannot agree to the proviso. The proviso,  
36 “provided that the consolidation and any modification of these programs are consistent  
37 with Illinois Power’s current program”, essentially eliminates Ameren’s ability to modify  
38 the IP QA program as we move forward and consolidate the practices of all companies.  
39 Ameren is committed to maintaining an effective Q/A program, but must retain the  
40 flexibility to modify IP’s Q/A program if necessary to establish a common program that  
41 will meet the needs of all Ameren companies. This perhaps unintended provision would  
42 seemingly prohibit these changes. In order to effectively create and implement common  
43 practices, Ameren must retain the right to make business decisions including the content  
44 and activities associated with the common quality assurance processes that will  
45 ultimately be followed at all Ameren operating companies, including IP.

46 Q. **Mr. Evans takes issue with Ameren’s position that it will not install Excess Flow**  
47 **Valves (“EFVs”) on new and replacement natural gas services. Are you persuaded**  
48 **by his arguments?**

49 A. Ameren has followed this issue closely for many years and as Mr. Evans acknowledges  
50 there is no compelling federal and state regulation. Nonetheless, as part of a resolution  
51 reached with Staff, Ameren is willing to begin installation of EFVs for new and  
52 replacement services for the other Ameren operating companies in Illinois within six  
53 months after the acquisition closing.

54 Q. **Mr. Lounsberry recommends that Ameren determine and report to the Commission**  
55 **the organizational realignments it makes, with 180 days of closing. Is this**  
56 **acceptable?**

57 A. Yes.

58 Q. **Mr. Lounsberry further recommends that after closing, Ameren provide Staff with**  
59 **quarterly reports regarding Ameren’s progress toward integrating IP’s gas**  
60 **operations into Ameren’s overall gas operations, including the basis for any**  
61 **decisions reached regarding this integration. What is your response?**

62 A. Ameren is willing to provide Staff with quarterly reports regarding its IP integration  
63 efforts. Further, Ameren is willing to present these progress reports in informal meetings  
64 with Staff to answer questions and to ensure there is a complete understanding of what  
65 has been accomplished and the projected timeframe for future activities. It is my  
66 understanding that these meetings are acceptable to Staff and that a detailed discussion of  
67 the basis for any decisions reached regarding the integration will not be needed as part of  
68 the written quarterly report.

69 **Q. Mr. Lounsberry also recommends that Ameren conduct four different studies as**  
70 **identified at pages 2 and 3, and 11 through 19, of his testimony. What is your**  
71 **response?**

72 A. These studies are identified as the Capital Budgets, Physical Integration of Utility  
73 Systems, Supervisory and Manpower Levels, and Meter Shops studies. It is my  
74 understanding that Staff is no longer requiring that Ameren specifically pursue these  
75 studies except for the Physical Integration of Utility Systems study which I will later  
76 address. Ameren remains committed to an open dialogue with Staff on these topics.

77 **Q. Mr. Lounsberry has refined Staff’s proposed “Physical Integration of Utility**  
78 **Systems” study. Please respond.**

79 A. Staff is requesting a meeting within 1 month of closing to determine the scope of the  
80 study. This is acceptable. Staff is also requesting quarterly reports. Our position is that  
81 quarterly reports may not be necessary. Ameren is agreeable to periodic reports and will  
82 discuss this matter with Staff at the first meeting.

83 **Q. Does this conclude your surrebuttal testimony?**

84 A. Yes, it does.