Respondents' Exhibit 24.0

ILLINOIS COMMERCE COMMISSION

DOCKET NOS. 06-0070, 06-0071 and 06-0072 (CONSOLIDATED)

REBUTTAL TESTIMONY
OF
CRAIG BOLAND

Submitted On Behalf

Of

CENTRAL ILLINOIS LIGHT COMPANY d/b/a AMERENCILCO,
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AMERENCIPS and
ILLINOIS POWER COMPANY, d/b/a AMERENIP

May 26, 2006

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Q. Please state your name and business address.

A. My name is Craig Boland. My business address is 1901 Chouteau Avenue, St. Louis, Missouri 63166.

Q. What is your title, job duties and responsibilities?

A. My job title is Supervising Engineer with Ameren Services Company. I supervise the Reliability Engineering group in the Energy Delivery Technical Services function. I am responsible for oversight of Ameren's reliability strategic initiative.

Q. What are your qualifications and educational background?

A. I have a Bachelor's degree in Industrial Engineering and I am a registered professional engineer in Missouri. Additionally, I received Six Sigma Black Belt training at GE Industrial Systems and have applied that training for the past few years at Ameren. Six Sigma training is germane to this testimony in that one of its main emphases is on the correct interpretation of data from processes exhibiting variability, such as reliability data.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to certain portions of Staff witness James D. Spencer's testimony. Primarily, I address his testimony as it

relates to utility reliability issues. In addition, Mr. Ray Wiesehan addresses several of Mr. Spencer's comments regarding tree trimming.

Q. Before you proceed, can you advise the Commission of the nature and extent of your familiarity with reliability issues for the Ameren Companies?

A. Yes, distribution system reliability is the sole focus of the Reliability Engineering group that I lead. I have 27 years of experience in data analysis and process improvement in various positions I have held at Ameren Services Company and previously at Union Electric Company. I am responsible for producing monthly reports of reliability results for all levels of the organization. I provide the operating functions with analytical reports and tools as needed to support the Ameren Companies' efforts to improve reliability. I am also responsible for providing the reports and data requests associated with ICC-mandated reliability reporting.

Q. Beginning at page 9 of his testimony, Mr. Spencer discusses AmerenCIPS' electric service reliability. He points to two items from his report regarding the 2004 reliability report. How do you respond?

A. In the response to the Staff's assessment report, AmerenCIPS responded to Mr. Spencer's assertions as follows:

> *In making its assessment of AmerenCIPS's reliability, the ICC Staff makes several statements concerning a worsening trend. There is no statistical evidence of a worsening trend. When industry-recognized methods are used to account for the influence of extreme weather on system reliability, AmerenCIPS's reliability has improved over the past five years.*
>
> *The ICC Staff does not yet recognize IEEE standard 1366 for reliability reporting. This standard incorporates an objective method for removing the effects of extreme weather, as well as other unusual events. By removing the effects of severe weather in the analysis, a more accurate picture of system*

reliability is obtained. Stated differently, AmerenCIPS cannot build its system to totally withstand the effects of tornados and other extreme weather. When these events occur, the number and lengths of outages are so large that they can outweigh or unduly influence the results for the rest of the year. By incorporating the IEEE standard 1366 for reliability reporting, the Commission would be afforded a better tool for assessing the utility's system reliability.

AmerenCIPS's reliability results are still subject to variation each year due to changing weather patterns. Even with the effects of extreme weather removed, the majority of other outages occur during storms, and the number, location, and intensity of storms change from year-to-year. Therefore, year-to-year comparisons need also be scrutinized with this factual understanding. Consequently, it is important to focus on long-term trends as the effects of weather variations are taken into account. AmerenCIPS continues to work toward improving its system to reduce exposure to weather events, but in any given year, reliability indices can be higher or lower than previous results. Staff's assessment also compares and ranks the Illinois utilities. However, every utility uses different systems and processes for collecting outage data. These dissimilarities can produce widely varying results, so reliability indices cannot be directly compared across companies.

Q. What do you conclude from the above?

A. Simply that Mr. Spencer's observations are flawed. AmerenCIPS has adequately explained the applicability of IEEE standard 1366 and the need to focus on long terms trends. Mr. Spencer offers no explanation as to why the Commission should ignore industry wide practices related to normalizing data for extreme events. Notably, Mr. Spencer completely ignores AmerenCIPS' response to his report in his testimony.

Q. What are some of the specific problems with the conclusions drawn by Mr. Spencer regarding AmerenCIPS' system reliability?

A. On page 10, lines 197 through 223, Mr. Spencer makes statements regarding the state of reliability at AmerenCIPS, which are incomplete. He reports that SAIFI has "worsened by 22% from that reported for year 2003 and is 5% worse than in 2002". These figures are taken out of context when examining a complete picture

of reliability performance. It is unclear as to why Mr. Spencer would quote only the statistics that support his assertions and ignore the significant contradictory evidence.

Mr. Spencer fails to recognize the effects of weather, including major storms, in his commentary. AmerenCIPS monitors reliability using IEEE standard 1366 to identify Major Event Days (MEDs). Major Event Days are determined through a statistical method, which eliminates any subjectivity. When extreme weather events result in an usually high impact on reliability statistics, they are identified as Major Event Days and are excluded for the purposes of identifying overall performance trends. In 2003, AmerenCIPS had three MEDs due to extreme weather. In 2004, AmerenCIPS experienced seven MEDs. The "worsening" of reliability identified by Mr. Spencer is, in fact, nothing more than the effect of more severe weather in 2004 as compared to 2003.

Q. What does the data show regarding long term trends?

A. Even when the effects of extreme weather are included in the data, the long-term trend is an improving one, contrary to the claims of Mr. Spencer. Using the data submitted in the Staff report (see Figure 29, page 23), AmerenCIPS had SAIFI values of:

Year	SAIFI
1997	.525
1998	.661
1999	1.72
2000	1.54

2001	1.68
2002	1.58
2003	1.36
2004	1.66

The 1997 and 1998 values were produced from the former AmerenCIPS' Outage Management System (OMS) and, therefore, those numbers are not comparable to the 1999 and beyond values, which were produced from the Ameren OMS. From 1999 through 2004, AmerenCIPS' SAIFI is decreasing with a slope of -.027. A positive slope would be indicative of a worsening trend. There is no evidence of a worsening trend. In any given year, these numbers will rise and fall due to weather variability, so several years of data are required to identify a trend. Mr. Spencer is clearly wrong in drawing the conclusion of worsening trend in his testimony.

Q. Mr. Spencer also cites a "steadily worsening trend since 2000" in reference to AmerenCIPS' reported CAIDI. Can you respond?

A. CAIDI measures average response time per interruption. The number and intensity of extreme weather events, which by definition are unpredictable, have a heavy influence on the results. When the effects of major storms are eliminated, utilizing IEEE standard 1366, there is no evidence of a worsening trend. Since 2000, AmerenCIPS' CAIDI values, adjusted for MEDs, are:

Year	CAIDI
2000	98

2001	93
2002	92
2003	96
2004	89

The slope of these numbers is -1.5. Again, there is no credible evidence of a worsening trend.

Q. On lines 215 through 223, Mr. Spencer asserts that reduced O&M spending in 2004 has resulted in worse reliability in 2004. Do you agree with this assertion?

A. No, I do not. First, system reliability has not worsened and has, in fact, improved. Second, it is unclear to me how reduced spending in 2004 would impact system reliability in 2004. Reduced O&M spending might potentially impact system reliability in the long term, but that is not the case in this instance. Third, the fact is that O&M spending was not significantly reduced in 2004. The 20% difference cited by Mr. Spencer was due to a change in the accounting methods used to develop the reports.

Q. Mr. Spencer claims AmerenCIPS gave no indication that two different methodologies regarding O & M spending measurement were used, nor did it indicate that the two sets of numbers were not comparable. Do you agree?

A. No, not all. I find this testimony to be puzzling given that a two page explanation was included in AmerenCIPS' annual report. Beginning on page 17 of the revised annual report, submitted on July 21, 2005, the following explanation was given:

2005 Reliability Plan

There are no significant deviations in the budgeted information provided in previous AmerenCIPS' annual reliability reports, however, there are several differences in the individual elements used to capture the overall budget information for the reliability reports.

Below is the 2005 estimated budget information that was provided in AmerenCIPS's 2003 annual reliability report. These figures are represented in 1998 dollars.

Distribution	**2003**	**2004**	**2005**	**2006**	**2007**
O & M	$37,799,132	$39,022,707	$40,158,886	$40,115,546	$40,150,348
Capital	$23,976,235	$26,268,638	$25,475,859	$26,343,616	$25,789,216
Transmission	**2003**	**2004**	**2005**	**2006**	**2007**
O & M	$5,832,103	$7,261,975	$7,631,963	$7,474,242	$7,334,045
Capital	$8,756,581	$2,596,512	$7,306,384	$12,024,144	$8,476,969
Expenditures are in constant 1998 dollars (using a 2% discount rate)					

Ameren's financial system allows users to select various reporting levels. Each level includes overhead expenditures for different groups or businesses. For example, overheads may include everything under Ameren as a whole, everything under the separate Ameren companies, or everything under specific business divisions of a company. Previously, reporting of the financial information was prepared by several individuals who were knowledgeable in their aspects of the business, but who had various interpretations on what should be reported. This resulted in reporting at varying levels between O&M and capital and between distribution and transmission.

For example, previously reported capital distribution dollars included overheads only for energy delivery personnel, but the capital transmission dollars included overheads for all AmerenCIPS employees with some exclusions. Similar differences existed between O&M reporting for distribution and transmission.

In the spring of 2005, subject experts from the financial and reliability groups developed a new methodology for reporting. This methodology outlines the appropriate level and details for reporting O&M and capital for transmission and distribution. The current method for calculating O&M and capital dollars is detailed below.

Capital

The methodology used for all Ameren companies beginning with the 2004 annual reliability reports includes overheads for all energy delivery personnel. This includes supervisory and other operational personnel, such as clerical support. All loadings for this group are applied.

O&M

O&M expenditures also include overheads for all energy delivery personnel. However, only direct loadings are applied to O&M dollars. Direct loadings include expenses such as transportation, payroll, and stores. Ameren's budgeting system includes both O&M (FERC 500 series accounts) and A&G (FERC 900 series accounts) expenditures, but it does not distinguish between them, therefore it is necessary to back out the A&G portion based on actual historical data.

As an example, if historical data indicates that an average of 65% of expenses had been charged to transmission and distribution O&M (FERC 500 series) accounts, then 65% of the total expense budget of $100,000 ($65,000) would be considered directly related to operations and maintenance of the T&D business, and therefore is included in the annual reliability report. The 35% that is attributable to the A&G (FERC 900 series accounts) portion of the expenses is not included.

Table 1 represents AmerenCIPS's 2005 budget information using the above criteria.

Table 1 CIPS 2005 Planned Capital and O&M Expenditures in Current Dollars

Categories	Capital Expenditures	O&M Expenditures
TRANSMISSION	$11,484,558	$8,470,575
DISTRIBUTION	$38,746,410	$44,366,911
TOTAL	**$50,230,968**	**$52,837,486**

While there are no significant deviations from what was previously reported, the result of using the newer methodology represents an increase in the current budget information. A portion of the increase is due to 1998 vs. current year dollars. Additionally, the status of capital dollars can change as construction projects are either solidified or removed from the budget over a period of time.

The capital dollars also include all construction work in progress (CWIP.) Expenditures and reimbursements for performing work directed by the Illinois Department of Transportation (IDOT) are included in CWIP, so the net result is zero. However, depending on the timing of when dollars are spent to perform the work and when the reimbursement is received, any individual year may result in a positive or negative amount for this portion of work.

The realignment of the methodology for financial reporting will provide a better comparison among all the Ameren companies by:

- *Consistently applying the same reporting criteria for O&M and capital expenditures*
- *Consistently applying the same reporting criteria for distribution and transmission expenditures*

- *Consistently applying the same reporting criteria for loadings (as discussed in more detail below)*
- *Consistently interpreting which years are required to be included in the reports*
- *Ultimately using one program for all Ameren company reporting*

O&M expenditures for years 2005 and 2006 are consistent with the dollars currently projected from Ameren's budgeting system. However, expenditures for years 2007 and 2008 are extrapolated at a 2% rate of inflation. O&M expenditures include all overheads EXCEPT those considered indirect. Indirect overheads include allocations for groups such as payroll, stores, and transportation.

Capital expenditures for years 2005 through 2008 are consistent with the dollars currently projected by Ameren's budgeting system. It should be recognized, however, that dollars in years 2006 through 2008 are projected but not yet committed. Dollars become committed over time as specific projects are moved from a planned or budgeted status to an authorized status based on individual project (work order) approvals. Reported capital expenditures include all overheads.

The reliability plan for 2005 provides a more detailed level of discussion pertaining to the activities that AmerenCIPS will undertake during the year to address reliability concerns. ***As discussed, the methodology for reporting has changed, and numbers will vary from previously provided estimated expenditures.*** *(Emphasis added)*

As Mr. Spencer has already noted in his testimony, he chose to ignore AmerenCIPS' response to the draft assessment response which further reiterated these points.

Q. Do you have an opinion as to the overall assessment of AmerenCIPS' system reliability?

A. Yes. AmerenCIPS' system reliability has significantly improved over the past five years, largely due to increased tree trimming over that time period. Industry accepted indices, as well as our own assessments, confirm this to be true.

Q. At page 15 and thereafter Mr. Spencer offers his views regarding AmerenIP's electric service reliability. He focuses on 14 violations involving AmerenIP circuits. Do you believe these violations to be a significant reliability risk?

A. No. Mr. Spencer alleges that these issues are both safety and reliability concerns. The NESC is a safety code. It does not address reliability issues, so it is unclear as to why Mr. Spencer would cite this as a reliability issue. Continuing, we have records of 13 NESC issues reported by Mr. Spencer. AmerenIP has taken action to address all of them. There were five clearance issues and three issues involving guy strain insulators, all of which were corrected within two months. Five issues were related to interstate highway and railroad crossings which required permits to accomplish the work. These were completed within six months. All of the above were communicated clearly to the ICC staff.

Q. How do you view AmerenIP's system reliability?

A. AmerenIP's system reliability has remained relatively stable over the past five years. I base this conclusion on a review of the standard IEEE reliability indices. AmerenIP's SAIFI results since the year 2000 are represented in the chart below:

2000	2001	2003	2003	2004
1.41	1.43	1.22	1.20	1.23

AmerenIP's CAIDI results over the same time period were:

2000	2001	2002	2003	2004
121	112	126	120	125

Q. Mr. Spencer asserts that Ameren has not provided any information in support of its claim that incorporating Ameren's fuse tap program is a

reliability improvement over AmerenIP's past practices. How do you respond?

A. I am somewhat surprised in Mr. Spencer's remarks. I am not aware of any requests from Mr. Spencer asking for clarification of the program. Furthermore, this action was required by the Commission as a condition to Ameren's acquisition of Illinois Power Company, as Mr. Spencer notes. Surely, the Commission would not have made the tap fuse program a requirement to the acquisition if it did not believe it was in the best interest of our customers. Moreover, incorporating the fuse program was an issue Staff raised in the acquisition case. In Docket No. 04-0294, Mr. Spencer's colleague, Mr. Greg Rockrohr, testified to the benefits of Staff's recommended programs, including Staff's recommendation that AmerenCIPS and AmerenUE should continue to install more tap-line fuses. Again, Staff was presumably also of the view that this action would serve to enhance system reliability.

Regardless, the fuse tap program is a benefit because it isolates the section of the circuit where the outage occurs so that the remaining customers on the circuit are not affected. Tap fusing also helps to pinpoint the location of the problem in order to speed restoration efforts. Our analysis has shown that the tap fusing program is the highest payback reliability improvement option available to us. Illinois Power Company did not have a similar program prior to the Ameren acquisition.

Q. Does this conclude your rebuttal testimony?

A. Yes.

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