

**Ameren Illinois Company's
Response to Illinois Office of Attorney General Data Requests
Docket No. 13-0192
Proposed General Increase in Natural Gas Delivery Service Rates
Data Request Response Date: 4/1/2013**

AG 1.03

Ref: AIC Schedule G-5, Page 7 (Forecasted O&M Labor Costs). Please provide a detailed comparative statement of actual staffing levels (numbers of employees) within each AIC and Ameren Services department and cost center for each month of 2011, 2012 and 2013 to date, compared with projected levels of test year staffing in each department/center. In addition, provide a narrative discussion of each individually significant change in projected (versus historical) staffing and complete copies of all analyses of work requirements, labor demand or other documentation indicating a need for proposed levels of increased staffing.

RESPONSE

**Prepared By: Michael J. Getz
Title: Controller, Ameren Illinois
Phone Number: 309-677-5111**

Ameren Illinois objects to this request to the extent it seeks information on staffing levels and labor costs for AIC's electric operations that would not be relevant to the staffing levels and labor costs for the forecasted test year for AIC's natural gas operations. Ameren Illinois also objects to the request for a "narrative discussion of each individually significant change" in staffing as vague and ambiguous. Lastly, Ameren Illinois objects to the request for "complete copies of all analyses of work requirements, labor demand or other documentation indicating a need for proposed levels of increased staffing" as overly broad in scope and unduly burdensome in light of data and documentation produced in response to this and other date responses. Subject to those objections, AIC provides the following response sponsored by Ameren witness Mr. Michael Getz:

See AG 1.03 Attach for the summary report, 2011-February 2013 actual headcount, and 2011-14 authorized headcount from schedule C-11.2c-f. The data includes both gas and electric positions. AIC headcount is projected to increase from the 3,031 positions as of February 2013 to 3,194 in December 2014. Of that projected increase in total AIC positions, the positions identified as gas only positions are estimated to increase by 80 (see the table below).

	Actual Feb 2013	Projected Dec 2014	Change
Distribution Control	9	11	2
Division Personnel	416	438	22
Gas Operations	176	221	45
Gas Control	17	19	2
Construction Services	4	10	6
Metering	19	22	3
	<u>641</u>	<u>721</u>	<u>80</u>

The significant changes in gas positions are primarily for Gas Operations and Division personnel. The Division personnel are primarily to fill vacancies in the staffing levels. The Gas operations positions include the following:

- Gas Storage Field Operations – 2 additional storage field operators are forecasted to be added in 2013 and 1 in 2014 and 3 reservoir and facility engineers in 2013 and subsequent years for the support of additional maintenance and operational activities associated with well maintenance and logging activities, additional storage transmission line integrity inspections such as pigging, cleaning and internal corrosion monitoring, and for support of gas purification equipment.
- Quality Assurance/Training – 2 additional, new training and operator qualification positions are forecasted to be added in 2013 and maintained in the 2014 test year and subsequent years, 1 quality assurance consultant in 2013 and subsequent years, and 2 additional public awareness resources are forecast to be added in 2014 and subsequent years. The quality assurance positions are to support the pipeline safety audits conducted by the ICC pipeline safety staff as well as perform internal quality assurance audits on AIC personnel performing pipeline safety related operating and maintenance activities to ensure all pipeline safety regulations are followed. AIC communicates periodically with the ICC pipeline safety staff on quality assurance audit results and ensuring the program is successful and effective. The public awareness resources will support greater training and education of public emergency responders.
- Gas O&M and Standards/Materials – 3 Additional resources have been added in 2013 and 3 additional are forecasted for 2014 to support additional records management activities associated with regulatory compliance.
- DIMP and TIMP – In 2013, AIC is forecasting to add 4 positions specifically to improve the data and records relied upon for evaluating system risks and pipeline integrity of distribution and transmission systems. In 2014 the DIMP group is forecasting to add 6 additional positions to support the growing requirements of the regulatory driven DIMP and TIMP programs.

- Corrosion Control – In 2013 and forecasted in 2014 and beyond, 3 additional dedicated field union positions and one field Supervisory position were added to support additional field monitoring, inspection, and trouble shooting of pipeline cathodic protection levels. There has been increased regulatory driven emphasis on improving the overall AIC corrosion control program.
- Gas SCADA – In 2013, AIC is filling 4 new union (represented employees) positions and one supervisory position to oversee and perform operations and maintenance activities on supervisory control and data acquisition (SCADA) equipment that controls the flow of gas and monitoring of odorization, system pressures, etc. These positions are forecasted to be added in 2013 and maintained in the 2014 test year, and subsequent years.
- AMI – In 2014, AIC is forecasting to fill 5 new union positions to support the implementation and operation and maintenance of automated metering infrastructure (AMI) project. These positions are forecasted to be maintained in the 2014 test year and subsequent years.
- Gas Regulation -- In 2013, AIC is filling 4 new union (represented employees) positions to perform operations and maintenance activities on gas regulation, pressure control equipment, and odorization equipment. The positions will also support activities on distribution system pressure monitoring equipment and commercial/industrial pressure control and measurement equipment. These positions are forecasted to be added in 2013 and maintained in the 2014 test year, and subsequent years.

The Construction Services increase is to add qualified gas inspectors in-house for a portion of the work currently performed by contractors.

AMS headcount is projected to decrease from the 1,301 positions as of February 2013 to 1,290 in December 2014.

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AG 1.04

Please explain in detail the step-by-step procedures employed to develop the labor cost forecast for the test year, indicating the organizational levels where such projections are developed, the procedures employed to estimate labor requirements (headcounts, hours, loadings for non-productive time), the activity or work element codes that are employed, the procedures used to drive labor hours/costs to FERC Accounts (capital, expense, billable, etc.) and the processes utilized to accumulate, verify and summarize projected overall labor costs. Provide copies of illustrative reports and documents used in these processes.

RESPONSE

**Prepared By: Michael J. Getz
Title: Controller, Ameren Illinois
Phone Number: 309-677-5111**

My direct testimony (Ameren Exhibit 3.0) explains the development of AIC's 2014 future test year forecast. AIC uses a bottom-up approach to budgeting where each area inputs their forecasted resources and activities into the UIP budget system to develop their budget. Management throughout the company identifies staffing changes needed to address new initiatives, legal or regulatory requirements, vacancies, attrition, etc. Senior Directors review and approve the headcount changes. These staffing changes are entered as headcount on the UIP system labor screen based on the month and year they are expected to occur. The UIP system maintains the wage rates for each resource management center (RMC) so any headcount changes are automatically assigned rates by the system. As noted in my direct testimony, AIC does not budget by FERC account but instead budgets costs based on resource type, activity, cost category, business division and utility. Capital work requires the use of project numbers also. The derivation process is used to convert O&M budget data to FERC account by comparing the budget data fields to actual data fields. Historical data and judgment are used to determine the budget combinations used to record costs. The Business Performance Specialists (BPSs) in each area work closely with the managers, superintendents and supervisors during the budget process and interface with the UIP system. The summation of the RMC budgets for all resources is then reviewed and adjusted as needed to bring the costs are in line with the corporate targets.

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AG 3.14

Ref: Ameren Schedule G-5, Page 7 (Labor Cost Forecast). According to Schedule G-5, "The number of employees is projected to increase by 1% or 23 employees in calendar year 2014, as compared to 2013." Please provide the following information:

- a) A summary of actual monthly staffing levels in 2012 and 2013 to date, with comparable month staffing for forecasted 2013 and 2014 periods, indicating with specificity where, by department and cost center, each employee addition (above current actual staffing levels) has been projected in the rate case forecast.
- b) Explain why each proposed addition to current actual staffing levels is believed to be needed, with reference to all measures of work requirements, backlogs of existing work and all other information that is relied upon by management to determine staffing levels.
- c) Has the Company undertaken any studies to determine appropriate staffing levels in the 2014 test year?
- d) If your response to part (c) is affirmative, describe all analytic work that was done and provide complete copies of all documents associated with same.
- e) Explain whether (and why or why not) any vacant positions were recognized in estimating test-year labor and benefit costs, with quantification of all such vacant position assumptions and the related costs avoided because of such assumptions (if applicable).
- f) Please provide historical statistical data indicating what number and percentage of overall approved staff positions have been vacant on average in 2011 and in 2012, by department and/or cost center as available.

RESPONSE

**Prepared By: Michael J. Getz
Title: Controller, Ameren Illinois
Phone Number: 309-677-5111**

- a) Please see AIC's response to Data Request AG 1.03.
- b) Please see AIC's response to Data Request AG 1.03.
- c) Please see AIC's response to Data Request AG 1.04.
- d) Please see AIC's response to Data Request AG 1.04. Ameren Illinois objects to providing "all analytic work that was done" throughout the Company to develop all projected staffing levels for 2014 as overly broad in scope and unduly burdensome.
- e) Vacant positions were recognized in estimating 2014 labor and benefit costs. AIC assumed 67 operation positions would be vacant in 2014. On WPC-4a footnote 7, AIC removed \$311,000

from O&M for gas vacancy related to these positions. In addition, other vacant positions separate from the 67 noted above, were recognized in estimating test-year labor and benefit costs for the Customer Service group forecast to reflect anticipated turnover. In the 2014 test-year forecast, AIC recognized 11 employees a month as vacant positions for Customer Care for non-quarter ending months. For the months of March, June, September and December – we offset the projected vacancies by the forecasted classes anticipated to be held each quarter where new hires are brought in and trained, so those months are recognizing 7 vacant positions instead of the 11. The total cost of these Customer Care vacancies is estimated to be \$486,000 with the gas portion estimated to be \$195,000 for 2014.

- f) Per the response to AG1.03 the 2011 & 2012 AIC total actual and authorized staffing levels are shown in the table below:

	2011	2012
Actual	2,803	2,994
Authorized	2,811	3,055
Difference	8	61
% Difference	0.3%	2.0%

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AG 5.01

Ref: AIC Response to AG 1.04 (Labor Forecast). According to the response, "AIC uses a bottom-up approach to budgeting where each area inputs their forecasted resources and activities into the UIP budget system to develop their budget." Please provide the following additional information:

- a) A more detailed description of each step of the process through which each area develops their "forecasted resources and activities" indicating what information is relied upon to develop the labor forecast in each area. Identify each input source of information, the calculation logic that is employed, how labor resource supplies are balanced against work requirements, how available labor hours/costs are spread among work activities, how activities are mapped into FERC accounts and what steps are used to translate each input data source into forecasted system inputs.
- b) For each of the referenced "area" budget units that developed a test year labor forecast, provide complete copies of all analyses, calculations, workpapers, projections, historical trending and any and all other information and/or documents relied upon in developing the amounts input into the UIP system.
- c) Provide, for each budget area, a side by side comparison of the total staffing counts that existed at December 31, 2012 to the average staffing levels assumed for calendar 2013 budget purposes and assumed for 2014 budget purposes.
- d) Provide, for each budget area, a side by side comparison of the total labor hours that were incurred in calendar 2012, compared to the forecasted total labor hours assumed for calendar 2013 budget purposes and assumed for 2014 budget purposes.
- e) Provide, for each budget area, a side by side comparison of the total labor dollars that were incurred in calendar 2012, compared to the forecasted total labor dollars assumed for calendar 2013 budget purposes and assumed for 2014 budget purposes.
- f) For the Ameren Services portion of your response to parts (c), (d) and (e), provide the approximate AIC gas utility operations portion of staffing counts, labor hours and labor dollar amounts.
- g) Provide a side by side comparison of the total labor cost distribution in dollars and percentages among FERC Accounts for directly incurred AIC labor costs (excluding affiliate allocated amounts) for calendar 2011, calendar 2012, budget 2013 and test year budget 2015.
- h) Provide a detailed description of the procedures employed within each budget "area" to determine test year budgeted labor cost distributions between capital, expense and other accounts.
- i) Provide complete copies of all analyses, calculations, reports, workpapers and other documents relied upon in each forecast "area" to determine test year labor cost distributions among FERC accounts.
- j) To the extent test year budgeted labor costs include allocated amounts from Ameren Services or other corporate affiliates, provide the same information requested in parts (g) through (i) for each such affiliate along with cost allocation data indicating how such amounts were translated into AIC gas budgeted costs.

RESPONSE**Parts a-b, g-j**

Prepared by: Michael J. Getz
Title: Controller, Ameren Illinois
Phone Number: 309-677-5111

Parts c-f

Prepared By: Maureen Hardin
Title: Supervisor, Corporate Budget Analytics
Phone Number: 314-554-3441

a) To clarify AIC's response to AG 1.04, AIC utilizes a decentralized approach to budgeting rather than a top-down or dictated budget methodology. This decentralized approach should not be confused with the concept of zero-based budgeting. Each "area" does not start at zero dollars when budgeting its annual costs. Nor does AIC require analyses, calculations, work papers and/or projections for each and every labor hour/dollar budgeted. As an example, for town #1 a Gas Servicemen payroll department has a current staffing level of 15 employees. This particular area has been meeting or exceeding performance metrics, such as percentage of leaks responded to within 60 minutes, and has been keeping up with assigned work such as meter changes. This area also has a relatively young labor force. The labor hours for these 15 employees would simply be extended into the test year, and then multiplied by the labor rate to arrive at the labor dollars. In contrast, town#2 has 20 Gas Servicemen but has a backlog of work, is not a top-tier performer and is anticipating a few servicemen might retire in the short term based on age and service years. Town#2 forecasts for 22 employees based on these findings, anticipated attrition and the length of an apprenticeship program. This analyses maybe be formulized within the department or the decision to add two additional heads to the forecast may have been presented and approved verbally within that department and its leadership. Thus town#1 will forecast the labor hours and dollars for 15 FTEs to the appropriate mix of activities that a serviceman participates in a given year (such as leak repair); town#2 will do the same for 22 FTEs. For areas that are more variable in nature such as Gas Construction, a similar type of labor force examination is completed, however AIC also reviews historical trends to determine the volume and nature of certain types of work such as New Business vs. Government Relocations. Once, this forecasting of labor hours and dollars is completed for the Company, the derivation process was used to map these input dollars into the appropriate FERC accounts for purposes of compiling the future test year filing. See AG 5.05 for documentation on the derivation process.

b) Please see AG 5.01 Attach 1 through AG 5.01 Attach 18. Attach 1 through 7 are the Standing Work Order (SWO) template support which are used to estimate labor hours (and other costs) for blanket projects based on historical information. Attach 8 through Attach 18 represent work papers for a specific area (Division I). Please note that, because the files contain financial detail concerning AIC's electric operations and/or financial detail on forecasted costs beyond 2014, AG 5.01 Attach 1-6 and AG 5.01 Attach 8-18 have been marked **CONFIDENTIAL and PROPRIETARY**.

c) See AG 5.01 Attach 19 for AIC-only staffing counts. AMS staffing counts are not provided since the personnel assignments are not specific to AIC. Please note that, because the file contains financial detail concerning AIC's electric operations, AG 5.01 Attach 19 has been marked **CONFIDENTIAL and PROPRIETARY**.

- d) See AG 5.01 Attach 20 for AIC-only total labor hours by RMC. Like the response to part c this file excludes AMS hours. Please note that, because the file contains financial detail concerning AIC's electric operations, AG 5.01 Attach 20 has been marked **CONFIDENTIAL and PROPRIETARY**.
- e) See AG 5.01 Attach 21 for the total of all union and non-union labor dollars charged to AIC. The report came from the budget system and does not include the labor adjustments referenced in AG 5.08c that are contained in the AG 5.01g response. Please note that, because the file contains financial detail concerning AIC's electric operations, AG 5.01 Attach 21 has been marked **CONFIDENTIAL and PROPRIETARY**.
- f) Ameren Services allocates only labor costs to Ameren Illinois and does not allocate staffing counts or labor hours. Ultimately, labor costs charged to AIC are commonly a percent of employee's labor costs derived through the allocation process. Allocation factors used to split costs between entities are applied to labor dollars, and are not applied to labor hours or staffing counts. Therefore, an analysis of AMS labor hours and staffing levels allocated to AIC is not available. Please refer to our response in AG 5.05 for additional information regarding our 9 step derivation process.
- g) See AG 5.01 Attach 22 for AIC direct union and non-union labor. For purposes of the response, all RMCs reporting under Illinois Regulated Ops were selected but labor charges from Business and Corporate services or Ameren Missouri were excluded. The capital information is not forecasted by FERC account so it is all shown as a single account in the response. The data in the response was adjusted to reflect the labor adjustments noted in AG 5.08c. The 2013-14 O&M data is based on summarized derivation labor expense and does not include rate making adjustments. Please note that, because the file contains financial detail concerning AIC's electric operations, AG 5.01 Attach 22 has been marked **CONFIDENTIAL and PROPRIETARY**.
- h) Ameren's Corporate Budget department issues Corporate Budget instructions which advise the budgeters to utilize the Construction Budget General Guidelines to determine distributions between capital, expense and other cost categories.
- i) As previously discussed, the FERC derivation process is utilized to determine Operation and Maintenance accounts. See AG 5.05 for documentation on the derivation process.
- j) See AG 5.01 Attach 23 for Affiliate direct union and non-union labor. For purposes of the response all RMC's reporting under Business and Corporate services or Ameren Missouri were selected but labor charges from under Illinois Regulated Ops were excluded. The capital information is not forecasted by FERC account so it is all shown as a single account in the response. The 2013-14 O&M data is based on summarized derivation labor expense and does not include rate making adjustments. See part f) for details regarding AMS. Please note that, because the file contains financial detail concerning AIC's electric operations, AG 5.01 Attach 23 has been marked **CONFIDENTIAL and PROPRIETARY**.

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AG 5.06

Ref: Ameren Response to AG 1.03 (Need for Employee Additions). The Company objects to providing the requested copies of analyses of work requirements, labor demand or other documentation indicating a need for proposed levels of increased staffing and then provides brief narrative discussions of 42 positions that are proposed to be added. Please provide the following additional information:

- a) Confirm that the Company has no studies, reports, analyses, workpapers or other documents supportive of its forecasted expansion of AIC gas workforce by 12 percent (80 new over 641 existing positions) subsequent to February 2013.
- b) If your response to part (a) is other than an unqualified confirmation, describe each analysis that was performed and provide complete copies of all documents and other information that were relied upon by the Company to conclude that each new position is actually needed.
- c) For each of the narrative discussions in the response indicating where new positions are proposed, state and explain with specificity how the proposed numbers of new positions was determined and provide all supporting analyses for your response.
- d) Provide a reconciliation of the 80 added positions in the table of the response to the narrative discussion that does not cover all 80 positions. For each new position that is not listed in the narrative response, provide all of the information requested in parts (a), (b) and (c).

RESPONSE

**Prepared By: Michael J. Getz
Title: Controller, Ameren Illinois
Phone Number: 309-677-5111**

a-b) See AIC's response to AG 5.01b.

c) See AIC's response to AG 5.03.

d) There were two areas not specifically listed on the response to AG 1.03. These areas were not listed because the increase in headcount from the April 2013 snapshot was primarily due to temporary differences caused by promotions and retirements.

Distribution Control – the analysis provided in AG 1.03 showed a change of 2 employees for Gas Dispatching. This group has had an authorized headcount of 11 employees for several years to appropriately staff the gas dispatching function. The variance shown on the analysis is due to the

timing of filling vacant positions primarily due to turnover and promotions from retirements and other job opportunities.

Another area where the analysis provided in response to AG 1.03 showed a variance was the gas meter shops. The meter shops have a variance of 3 employees. This group has an authorized headcount of 16 union employees to appropriately staff the gas meter shop function in 2014. Variances can occur when comparing actuals to the authorized headcount due to the timing of filling vacant positions which are primarily due to retirements and promotions due to other job opportunities in the meter shops. One of the positions for the Decatur meter shop was attributed to this timing difference. Two of the positions in the variance analysis provided in AG 1.03 for the meter shops are new positions targeted to be filled 2014. The filling of these positions are necessary due to the need to have sufficient trained employees to take on additional work related to gas AML.

**Ameren Illinois Company's
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Docket No. 13-0192
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Data Request Response Date: 5/29/2013**

AG 12.02

Ref: Responses to AG 5.02 and 5.06 (Staffing Change Documentation). Please confirm that the Company has not produced any copies of documentation in the form of studies, reports, analyses of work requirements, performance reviews, backlog statistics or other information to support any of the proposed changes to staffing levels in the 2014 test year and that the referenced documents in your responses merely summarize the forecasted changes without providing any such documents. If you are unable to provide unqualified confirmation of this statement, explain why and provide pinpoint citation to where the requested copies of documents are believed to have been produced.

RESPONSE

Ameren Illinois objects to AG 12.02 as argumentative, a mischaracterization of the documentation AIC has produced, repetitive, and made to cause annoyance, harassment, and needless increase in the expense of litigating this proceeding. The documents produced by AIC in direct testimony and in response to Staff and intervening parties' data requests in support of AIC's forecasted labor expense speak for themselves.