
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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AMERENUE AGREES TO PAY \$15 MILLION TO SETTLE MATTERS RELATING TO DECEMBER 2005 DAM BREACH

AmerenUE, a subsidiary of Ameren Corp., has agreed to a settlement addressing the December 14, 2005, breach of the upper reservoir of the Taum Sauk hydroelectric project in Reynolds County, Missouri. AmerenUE has agreed to pay a \$10 million civil penalty, to fund \$5 million in improvements in the vicinity of the Taum Sauk project, and to adopt a comprehensive safety program for AmerenUE's hydroelectric facilities.

The \$10 million civil penalty is the largest the Commission has ever imposed in a hydroelectric matter. The penalty plus the \$5 million in improvements are over and above the costs AmerenUE will incur in remediating the environmental and property damage caused by the breach.

“The Commission’s first duty in hydroelectric regulation is assuring safety. This penalty should send a message to the industry that the Commission expects strict adherence to its rules and regulations – particularly those involving public safety. The Taum Sauk event was very serious. AmerenUE has accepted responsibility for this incident and cooperated fully with Commission staff in our investigation,” Commission Chairman Joseph T. Kelliher stated.

In the AmerenUE proceeding, Commission staff alleged that the company committed 15 violations of various Commission regulations and license conditions, including failure to notify the Commission of conditions affecting the safety of the project and failure to use sound and prudent engineering practices. In entering into the settlement, AmerenUE neither admitted nor denied the alleged violations.

On April 7, AmerenUE submitted a report prepared by an independent consultant it retained under a directive from the Commission. The Commission’s dam safety staff conducted an exhaustive forensic investigation of the breach, which is detailed in a report released April 28. Finally, a report by a team of independent experts assembled by the Commission was released on May 25.

Taum Sauk is a pumped-storage hydroelectric facility, in which water is pumped to a mountaintop reservoir and later released to generate power to meet electric demand. On December 14, 2005, the northwest corner of the Taum Sauk project's upper reservoir breached at approximately 5:20 a.m. CST after the reservoir was overfilled.

The breach released approximately 1.4 billion gallons of water, which flowed through the Johnson's Shut-ins State Park and into the East Fork of the Black River, upstream from the project's lower reservoir. The flood injured nine people and caused extensive environmental and property damage.

The Commission's investigation found that the immediate cause of the breach was that water overtopped the dam. Transducers that measured the height of water pumped into the upper reservoir had become loose from their anchors and gave inaccurate readings, indicating reservoir levels were lower than actual levels. AmerenUE, which was aware of the transducer problem, made several adjustments to its instrumentation but had not repaired the transducers at the time of the breach. AmerenUE did not notify the Commission of these developments.

AmerenUE agreed to pay a \$10 million civil penalty immediately and to place \$5 million in escrow for improvements at or near the Taum Sauk project, including implementation of an enhanced emergency management system for the area. AmerenUE must consult with and obtain Commission staff approval for all improvements.

Finally, AmerenUE agreed to adopt a comprehensive Dam Safety Program. Among other things, the program creates a new position of Chief Dam Safety Engineer for both of AmerenUE's Commission-licensed projects, who will serve as the central contact with the Commission for all safety and regulatory matters. The Chief Dam Safety Engineer also will have authority to shut down plant operations if safety is compromised.

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