

REBUTTAL TESTIMONY
OF
ERIC P. SCHLAF
Energy Division
Illinois Commerce Commission

Illinois Power Company
And
Ameren Corporation

Docket No. 04-0294

August 13, 2004

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Q. Please state your name and business address.

A. My name is Eric P. Schlaf. My business address is 527 East Capitol Avenue, Springfield, Illinois, 62701.

Q. Have you previously submitted testimony in this proceeding?

A. Yes. I submitted direct testimony (ICC Staff Exhibit 2.0).

Q. What is the purpose of your rebuttal testimony?

A. I am responding to the rebuttal testimonies filed by Ameren Corporation (“Ameren”) witnesses Mr. Robert J. Mill (Applicants’ Exhibit 29.0) and Mr. David A. Whiteley (Applicants’ Ex. 26.0).

Q. In your direct testimony (ICC Staff Exhibit 2.0, pp 15 –16), you recommended that Illinois Power Company (“Illinois Power”) and Ameren commit to adding new transmission capacity in the Illinois Power control area to address the potential damage to the Illinois Power market that could result if Illinois Power Energy, Inc. (“IPE”) were to lose its Alternative Retail Electric Supplier certificate. In response, Ameren offered to increase Available Transmission Capacity by 200 MW into the Illinois Power control area no later than June 30, 2005 or 180 days after closing of the merger, whichever is later (Ameren Ex. 26.0, p. 9). Please respond.

A. I agree that an additional 200 MW of transmission capacity into the Illinois Power control area would reasonably mitigate the potential damage to the retail market

25 that could ensue as a result of the loss of IPE as a competitor in the Illinois
26 Power retail market. Ameren's offer to upgrade the Illinois Power transmission
27 system by 200 MW, as described in its response to Staff Data Request POL
28 2.01, would satisfy my recommendation. A copy of Ameren's Response to Staff
29 Data Request POL 2.01 is attached hereto as ICC Staff Exhibit 15, Attachment 1.

30
31 **Q. You also recommended that Illinois Power agree to conform its delivery**
32 **services tariffs to those of the other Ameren companies (ICC Exhibit 2.0,**
33 **pp. 15 – 16). How did Ameren respond to your recommendation?**

34 **A.** Mr. Mill stated that Ameren witness Mr. Jon Carls, in his direct testimony
35 (Applicants' Ex. 8.0), had discussed Ameren's commitment to filing tariffs
36 conforming Illinois Power's non-rate terms and conditions and business practices
37 of its delivery services tariffs (not including the Market Value, Transition Charge
38 and Power Purchase Option tariffs) to those of the Ameren companies (Ameren
39 Ex. 29.0, p. 6). However, Mr. Carls had stated in response to Data Request
40 EPS-1 that it would be "...premature to address or describe the nature and extent
41 of such a filing...". Thus, I am still uncertain whether Ameren intends to fully
42 conform Illinois Power's delivery services tariffs and business practices so that
43 they are essentially identical to Ameren's existing tariffs and business practices.

44
45 **Q. Do you have any recommendations with respect to this issue?**

46 **A.** Yes. To avoid any confusion about its intentions, I suggest that Ameren simply
47 commit to filing tariffs within 180 days of the closing of the merger that conform

48 its delivery services tariffs and non-rate terms and conditions and business
49 practices to those of the other Ameren companies. This commitment would
50 mirror the condition the Commission imposed on Ameren in Docket No. 02-0428.

51

52 **Q. With Ameren's commitment to add 200 MW of transmission capacity into**
53 **the Illinois Power control area and to conform its delivery services tariffs**
54 **and business practices to those of the other Ameren companies, would the**
55 **merger violate Section 7-204(b)(6) of the Public Utilities Act, with respect to**
56 **retail competition?**

57 **A.** No, I do not believe it would.

58

59 **Q. What is your recommendation to the Commission, with respect to retail**
60 **competition, regarding Section 7-204(b)(6) of the Public Utilities Act?**

61 **A.** It is my recommendation -- subject to Ameren's commitments as previously
62 described to add 200 MW of transmission capacity into the Illinois Power control
63 area and to conform its delivery services tariffs and business practices to those
64 of the other Ameren companies within 180 days of the closing of the merger --
65 that the Commission find that the proposed reorganization is not likely to have a
66 significant adverse effect on retail competition as required under Section 7-
67 204(b)(6) of the Public Utilities Act.

68

69 **Q. Does this conclude your rebuttal testimony?**

70 **A.** Yes.

ATTACHMENT 1

Illinois Power Company and Ameren Corporation
ILLINOIS COMMERCE COMMISSION
DOCKET NO. 04-0294
DATA REQUEST FROM
ILLINOIS COMMERCE COMMISSION STAFF

WITNESS RESPONSIBLE: David A. Whiteley
JOB TITLE: Senior Vice President
BUSINESS ADDRESS: One Ameren Plaza
1901 Chouteau Avenue
P.O. Box 66149, MC 10
St. Louis, Missouri 63166-6149
TELEPHONE NUMBER: (314) 554-2942
DATE: August 11, 2004

Data Request No. POL 2.01:

Is Ameren proposing to commit to any mitigation measures to address the wholesale and retail competitive issues raised by Dr. Haas and Dr. Schlaf in their direct testimony? If so, please specify the commitments that Ameren is willing to make.

Response:

As a condition of Ameren's proposed acquisition of Illinois Power, Ameren commits to increase, via transmission projects or upgrades, competitive access into the AmerenCIPS delivery market by 300 MW and into the AmerenIP delivery market by 200 MW. The transmission projects or upgrades proposed and completed will be specific to addressing this mitigation commitment and will be specifically designed to address the need to increase simultaneous import capability into AmerenCIPS and AmerenIP delivery markets by 300 MW and 200 MW, respectively. Until such time as transmission projects or upgrades, specific to this mitigation commitment, have increased competitive access into the AmerenCIPS delivery market by 300 MW, Ameren will continue its power sales offer to unaffiliated entities from the 125 MW share of Joppa that Ameren is acquiring from Dynegy. Ameren further commits that: (1) it will meet with the Staff no later than June 30, 2005, to discuss the transmission projects or upgrades that would satisfy these commitments to increase competitive access; (2) it will use best efforts to work with Staff to reach an agreement by December 16, 2005 on the projects which will best serve the interest of increasing competitive access, provided that if Ameren and Staff are unable to reach an agreement, the matter shall be brought to the Commission's attention via a Staff report; and (3) to the extent required by law, within 6 months of reaching an agreement with Staff, Ameren (through its public utility subsidiaries) will file petitions for certificates of convenience and necessity with the Commission seeking authority to engage in the projects.