

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

CENTRAL ILLINOIS LIGHT COMPANY) d/b/a AmerenCILCO,))	
Proposal to implement a competitive) procurement process by establishing) Rider BGS, Rider BPS-L, Rider RTP,) Rider RTP-L, Rider D and Rider MV)	No. 05-0160
CENTRAL ILLINOIS PUBLIC SERVICE) COMPANY d/b/a AmerenCIPS,))	
Proposal to implement a competitive) procurement process by establishing) Rider BGS, Rider BPS-L, Rider RTP,) Rider RTP-L, Rider D and Rider MV)	No. 05-0161
ILLINOIS POWER COMPANY d/b/a) AmerenIP,))	
Proposal to implement a competitive) procurement process by establishing) Rider BGS, Rider BPS-L, Rider RTP,) Rider RTP-L, Rider D and Rider MV)	No. 05-0162

Rebuttal Testimony of

James R. Dauphinais

On Behalf of

Illinois Industrial Energy Consumers

August 10, 2005
Project 8378



BRUBAKER & ASSOCIATES, INC.
ST. LOUIS, MO 63141-2000

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

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Rebuttal Testimony of James R. Dauphinais

- 1 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
- 2 A My name is James R. Dauphinais. My business address is 1215 Fern Ridge
3 Parkway, Suite 208; St. Louis, Missouri 63141.
- 4 Q ARE YOU THE SAME JAMES R. DAUPHINAIS WHO HAS PREVIOUSLY FILED
5 TESTIMONY IN THIS PROCEEDING?
- 6 A Yes.

7 Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS
8 PROCEEDING?

9 A I respond to the rebuttal testimonies of AmerenCILCO, AmerenCIPS and AmerenIP
10 (Ameren) witnesses Mr. James Blessing, Mr. Wilbon Cooper and Dr. Chantale
11 LaCasse. Specifically, I respond to Mr. Blessing and Mr. Cooper in respect to the
12 need for a common deliverability test within a joint auction, capacity charges for self-
13 generation customers, Demand Response Resources, Interruptible Demand and
14 Rider D - Default Supply Service Availability Charges. I also respond to Dr.
15 LaCasse's inference regarding other parties' support for the auction proposal. My
16 failure to address a particular position taken by Ameren, Staff or other parties in this
17 proceeding should not be interpreted as an acceptance or approval of such position.

18 I. **AMEREN'S PROPOSAL MOVES TOWARD A JOINT AUCTION WITH**
19 **COMED BUT DOES NOT GO FAR ENOUGH**

20 Q HAVE YOU REVIEWED AMEREN'S PROPOSALS IN ITS REBUTTAL TESTIMONY
21 TO MOVE FURTHER TOWARD A JOINT AUCTION WITH COMED?

22 A Yes. Ameren has concluded that it would be acceptable to allow bidders in the
23 auction process to switch their bids during the auction between fixed-price products
24 being purchased by Ameren and the fixed-price products being purchased by ComEd
25 (Rebuttal Testimony of Blessing, Resp. Exhibit 11.0 (Revised), at 2-3). In addition,
26 Ameren has concluded on balance that it is acceptable to allow bidders in the auction
27 process to switch their bids during the auction between hourly-priced products being
28 purchased by Ameren and the hourly-priced products being purchased by ComEd
29 (*Id.*).

30 Q DO THESE REVISIONS, ALLOWING BIDDER SWITCHING BETWEEN THE
31 AMEREN AND COMED AUCTIONS PROVIDE FOR THE JOINT AUCTION YOU
32 RECOMMENDED IN YOUR DIRECT TESTIMONY?

33 A No. IIEC appreciates Ameren and ComEd's modified proposal to allow the switching
34 of certain bidder offers between the Ameren and ComEd auctions. However, as I
35 noted in my direct testimony, there will likely be very little switching of bidder offers
36 between Ameren and ComEd (even under the modified proposal) because the
37 capacity, or financial equivalent of capacity, underlying the bids would not be
38 interchangeable between the Ameren and ComEd load zones (Direct Testimony of
39 Dauphinais, IIEC Exhibit 2, at 6-8). Therefore, the proposed modification is of limited
40 value unless the interchangeability issue is resolved. To resolve this issue, I
41 proposed in my direct testimony that the Commission require Ameren to work with
42 ComEd, Midwest Independent Transmission System Operator, Inc. (MISO) and PJM
43 Interconnection, LLC (PJM) to establish a common deliverability test for capacity
44 resources within the combined MISO and PJM footprint to the combined Ameren and
45 ComEd load zones in Illinois (*Id.* at 8-9). The continued lack of such a test will
46 frustrate the promised improvement in the auction process.

47 II. **AMEREN'S CLARIFIED PROPOSAL FOR CAPACITY CHARGES FOR**
48 **SELF-GENERATING CUSTOMERS IS REASONABLE**

49 Q HAVE YOU REVIEWED AMEREN'S CLARIFICATION IN REBUTTAL TESTIMONY
50 IN REGARD TO CAPACITY CHARGES FOR SELF-GENERATING CUSTOMERS
51 UNDER ITS PROPOSED RIDER RTP-L?

52 A Yes. Ameren clarifies in rebuttal testimony that the capacity charge under Rider
53 RTP-L will be applied to each customer's actual daily demand on a per kW-day basis

54 (Rebuttal Testimony of Cooper, Resp. Exhibit 15.0, at 18). IIEC appreciates
55 Ameren's clarification and supports Ameren's proposal to bill for capacity under Rider
56 RTP-L on a per kW-day basis. The approach closely matches the cost of capacity
57 with time in which the need for capacity occurred.

58 **III. DEMAND RESPONSE RESOURCES AND INTERRUPTIBLE DEMAND**

59 **Q HAVE YOU REVIEWED AMEREN'S REBUTTAL IN REGARD TO DEMAND**
60 **RESPONSE RESOURCES UNDER FIXED PRICED RIDERS AND**
61 **INTERRUPTIBLE DEMAND UNDER RIDER RTP-L?**

62 A Yes. Mr. Blessing indicates Ameren does not intend or expect to replicate its current
63 rate books through the auction as its goal is to procure only the electricity commodity
64 in the lowest cost fashion (Rebuttal Testimony of Blessing, Resp. Exhibit 11.0
65 (Revised), at 22). He further indicates that in his judgment offering additional
66 products such as incorporating Demand Response Resources and Interruptible
67 Demand is contrary to the wires company paradigm and could stymie retail
68 competition (*Id.* at 22-23). He also indicates he does not believe it is possible for
69 Basic Generation Service (BGS) Suppliers to qualify loads they are serving as
70 Demand Response Resources or to administer them as such within the MISO
71 markets (*Id.* at 23). He specifically cites Section 38.2.2(g) of the MISO Energy
72 Markets Tariff (EMT) as requiring BGS Suppliers to have exclusive rights to the
73 output of Demand Response Resources capable of responding to dispatch
74 instructions (*Id.* at 23-24). He also asserts interruptible demand resources must be
75 specifically registered by the applicable BGS Supplier making it problematic for a
76 single resource to be registered and administered by multiple BGS Suppliers (*Id.* at
77 24-25). He asserts customers could instead obtain the benefits of being classified as

78 Interruptible Demand or a Demand Response Resource by exercising their right to
79 choice and switching to an Alternative Retail Electric Supplier (ARES) (*Id.* at 25).

80 **Q HOW DO YOU RESPOND?**

81 A First, my colleague Mr. Stephens explains why the ARES option should not be relied
82 upon as the only option available for customers. I would also like to again
83 emphasize, as I indicated in my direct testimony, demand response is critical for
84 mitigating very high market prices and maintaining supply adequacy during periods
85 when supply adequacy is very tight (Direct Testimony of Dauphinais, IIEC Exhibit 2,
86 at 13). The lack of interruptible service offerings under Ameren's proposed tariffs
87 would mean a significant portion of Ameren's end-use customer load would not be
88 available for demand response during periods when supply adequacy is tight. This
89 would unnecessarily raise market prices for electricity for all Ameren customers and
90 could potentially lead to involuntary curtailment of customer load in the future, as the
91 current ample capacity situation in the Midwest will not last indefinitely.

92 **Q HOW DO YOU RESPOND TO THE PRACTICAL ISSUES MR. BLESSING RAISES**
93 **IN RESPONSE TO DEMAND RESPONSE RESOURCES?**

94 A As Mr. Blessing correctly indicates, Section 38.2.2(g) of the MISO EMT indicates a
95 Market Participant Applicant seeking to submit Demand Response Resource offers in
96 the Energy Markets shall: "(i) demonstrate to the satisfaction of the Transmission
97 Provider that it has exclusive rights through ownership, operating control or other
98 contractual rights to the output of Demand Response Resources capable of
99 responding to the Dispatch Instructions..." However, Mr. Blessing's claim that BGS
100 suppliers, as Market Participants for the subject load, would not have "exclusive

101 rights,” but rather a shared right to a load which was a Demand Response Resource
102 is incorrect. Each BGS supplier would be responsible for a fixed percentage of all
103 load within a given BGS contract tied to the number of tranches it was awarded.
104 Based on this percentage responsibility, individual Demand Response Resource
105 loads could be readily apportioned to each BGS supplier allowing each BGS supplier
106 an exclusive contractual right to its apportioned share of each individual Demand
107 Response Resource. Furthermore, these individual Demand Response Resource
108 loads could be monitored and any failure by these loads to interrupt could be
109 appropriately passed on to each BGS supplier based on each BGS supplier’s
110 exclusive share of the Demand Response Resource. This is no different than when
111 an individual generating unit is designated as a Network Resource by several Market
112 Participants. While multiple market participants are sharing the individual generating
113 unit, they each individually have the exclusive right to a contractually defined portion
114 of the capacity of that single generating unit.

115 **Q HOW DO YOU RESPOND TO THE POTENTIAL ISSUES RELATED TO**
116 **INTERRUPTIBLE DEMAND UNDER RIDER RTP-L THAT MR. BLESSING**
117 **IDENTIFIED?**

118 A The issue of Interruptible Demand being specifically identified by the applicable
119 Market Participants is similarly easily resolved. Rider RTP-L customers are supplied
120 via the BGS-LRTP product. Each BGS-LRTP Supplier is responsible for a
121 percentage of total BGS-LRTP load based on the number of tranches they were
122 awarded. Portions of individual Interruptible Demand loads can be exclusively
123 apportioned to each BGS-LRTP Supplier based on these percentages. Moreover,
124 once again, individual Interruptible Demand loads can be monitored and any failure of

125 interruption when required can be apportioned back to the BGS-LRTP Suppliers and
126 then subsequently back to the individual Interruptible Demand load that failed to
127 interrupt when required. This being said, there is a better alternative to consider for
128 Interruptible Demand under hourly pricing.

129 **Q PLEASE EXPLAIN THIS BETTER ALTERNATIVE FOR INTERRUPTIBLE**
130 **DEMAND UNDER RIDER RTP-L.**

131 A Hourly pricing customers, who meet the MISO Interruptible Demand requirements, do
132 not need to be covered by generation capacity for that portion of their load which
133 meets the Interruptible Demand requirements. This eliminates the need for the
134 procurement of capacity for these customers for that portion of load that meets the
135 Interruptible Demand requirements. Each Ameren Operating Company can purchase
136 all of the power supply and ancillary services needed for this portion of customer load
137 directly from the MISO. Each Ameren Operating Company can then simply pass
138 through the cost of these purchases along with any penalties due to failure to
139 interrupt when required, to the applicable Rider RTP-L customers. This approach
140 eliminates the need to apportion Interruptible Demand between multiple BGS-LRTP
141 Suppliers.

142 **Q HOW WOULD A CUSTOMER LOAD BE DIVIDED INTO INTERRUPTIBLE**
143 **DEMAND AND NON-INTERRUPTIBLE DEMAND PORTIONS?**

144 A The customer would be required to designate the Interruptible Demand load as first
145 through the meter, last through the meter or a percentage of customer load.

146 Q CAN YOU OFFER SOME HYPOTHETICAL EXAMPLES TO ILLUSTRATE THIS
147 APPORTIONMENT?

148 A Yes. Assume a 40,000 kW demand customer with 20,000 kW of demand that meets
149 the MISO Interruptible Demand requirements.

150 If the customer designates the Interruptible Demand load as first through the
151 meter, during hours when MISO is not calling Interruptible Demand interruptions the
152 first 20,000 kW of demand through the meter would be Interruptible Demand load
153 served directly by the applicable Ameren Operating Company via MISO purchases.
154 The remaining demand would be Non-Interruptible Demand load served via BGS-
155 LRTP Suppliers.

156 If the customer designated the Interruptible Demand load as last through the
157 meter, the first 20,000 kW of demand through the meter would always be Non-
158 Interruptible Demand load served via BGS-LRTP Suppliers and the remaining
159 demand through the meter would be Interruptible Demand load served directly by the
160 applicable Ameren Operating Company through purchases from MISO.

161 If the customer designates the Interruptible Demand load as a percentage of
162 its total load, during hours when MISO Interruptible Demand interruptions are not
163 being called, 50% of the demand through the meter would be Interruptible Demand
164 load. This load would be served directly by the applicable Ameren Operating
165 Company via purchases from MISO. The remaining 50% of demand through the
166 meter would be Non-Interruptible Demand load served via BGS-LRTP Suppliers.

167 Q DOES AMEREN CURRENTLY HAVE TARIFF PROVISIONS THAT PROVIDE FOR
168 THE APPORTIONMENT OF CUSTOMER LOAD BETWEEN ITSELF AND OTHER
169 SUPPLIERS?

170 A Yes. Under Rider PRS, AmerenIP already offers a split load option. Under Rider
171 PRS, the customer's written contract specifies the allocation of load between a
172 customer's bundled service, service under Rider PPO and service under SC 110 for
173 power purchased from ARES (IIEC Exhibit 5, Schedule 1).

174 IV. RIDER D - DEFAULT SUPPLY SERVICE AVAILABILITY CHARGE

175 Q HAVE YOU REVIEWED AMEREN'S REBUTTAL TO YOUR TESTIMONY
176 OPPOSING THE DEFAULT SUPPLY SERVICE AVAILABILITY CHARGE?

177 A Yes. Mr. Blessing and Mr. Cooper each offer some rebuttal testimony in regard to
178 Ameren's proposed Default Supply Service Availability Charge (DSSAC or Rider D).
179 The DSSAC would apply to both Rider RTP-L customers and customers who are
180 eligible to take service under Rider RTP-L but are taking service from a Retail Electric
181 Supplier (RES). Mr. Blessing and Mr. Cooper assert a known revenue stream is
182 needed in order to entice wholesale suppliers to bid on the BGS-LRTP product
183 offering and reduce the premium they would otherwise impose because of uncertainty
184 in regard to how many customers will be taking service under Rider RTP-L (Rebuttal
185 Testimony of Blessing, Resp. Exhibit 11.0 (Revised), at 41-43 and Rebuttal
186 Testimony of Cooper, Resp. Exhibit 15.0, at 14-16).

187 Q HOW DO YOU RESPOND?

188 A Ameren has not identified any potential suppliers who would not bid for the BGS-
189 LRTP product or would include significant premiums in the bid for this product if the

190 DSSAC proposal is not included in Ameren's tariffs. To date, no other party in this
191 proceeding has called for the establishment of such a charge. Furthermore, as I
192 noted in my direct testimony, ComEd has not proposed a similar charge in its filing in
193 Docket No. 05-0159. Nor has any party in Docket No. 05-0159 called in direct
194 testimony for the establishment of such a charge. In light of this, Ameren's
195 arguments for the need for the Default Supply Service Availability Charge are not
196 compelling. Furthermore, I would note that Ameren continues to fail to provide cost
197 support for its proposed DSSAC. Ameren has not shown its proposed DSSAC is just
198 and reasonable.

199 **V. RESPONSE TO DR. LACASSE**

200 **Q HAVE YOU REVIEWED THE REBUTTAL TESTIMONY OF AMEREN WITNESS**
201 **DR. CHANTALE LACASSE REGARDING YOUR SUPPORT OF THE PROPOSED**
202 **AUCTION PROPOSAL?**

203 A Yes. Dr. LaCasse infers from the silence of several witnesses, including myself and
204 the other IIEC witnesses, that these witnesses implicitly support the auction process
205 (Rebuttal Testimony of LaCasse, Resp. Exhibit 12.0, at 10-11).

206 **Q IS THAT AN ACCURATE INFERENCE OF IIEC'S POSITION IN THIS CASE?**

207 A No, it is not. As I noted in my direct testimony, my failure to address particular issues
208 should not be interpreted as approval (tacit or otherwise) of any position taken by
209 Ameren (Direct Testimony of Dauphinais, IIEC Exhibit 2, at 2). IIEC's testimony in
210 this case is limited to the issues my colleagues and I actually address. Our testimony
211 calls for various modifications to Ameren's auction proposal, but that should not be
212 construed as support or endorsement of Ameren's auction proposal.

213 Whether Ameren's proposal is good or bad, the modifications discussed in the
214 testimonies of Mr. Stephens, Mr. Collins and myself should moderate negative effects
215 of the proposal and improve the operation of the proposed auction and ratemaking
216 components of the proposal, if it is implemented. IIEC has not opposed Ameren's
217 auction and ratemaking proposal in testimony. However, this should not have been
218 interpreted by Dr. LaCasse as support or endorsement of Ameren's proposal.

219 **Q BEYOND THE REASONS ALREADY DISCUSSED IN TESTIMONY, WHY HAS IIEC**
220 **DECIDED NEITHER TO SUPPORT NOR TO ENDORSE THE AMEREN AUCTION**
221 **PROPOSAL IN ITS TESTIMONY?**

222 A IIEC neither supports nor endorses the Ameren auction proposal because it may not
223 ultimately be the least cost way of acquiring power and energy. Therefore, the
224 Commission needs to consider the least cost way of acquiring power and energy on a
225 regular basis.

226 **Q PLEASE EXPLAIN YOUR ANSWER.**

227 A Ameren's auction proposal, even with IIEC's recommended modifications, may
228 ultimately not prove to be the least cost approach for acquiring power and energy for
229 the following reasons:

- 230 • The auction proposal potentially eliminates the value provided through
231 utility acquisition and management of power supplies.
- 232 • Experience may show that additional modifications may be warranted.
- 233 • The auction proposal eliminates the self-build and long-term purchased
234 power options and potentially inhibits the construction of new base load
235 generation facilities.

236 Q PLEASE EXPLAIN HOW THE AUCTION CAN ELIMINATE THE VALUE
237 PROVIDED THROUGH UTILITY ACQUISITION AND MANAGEMENT OF POWER
238 SUPPLIES.

239 A Under a traditional utility approach to supply acquisition, a utility would pursue a
240 strategy that would capitalize on its load shape and balance its risk between short-
241 term and long-term positions. This generally would result in a portfolio of short-term
242 and long-term power arrangements with energy take-or-pay and/or strike prices in the
243 base load, intermediate and peaking range. Under Ameren's proposed vertical
244 tranche auction, each bidder must perform this identical optimization on a smaller
245 scale basis. Bidders are not making offers of the standard 50 MW take-or-pay blocks
246 that are most commonly traded in the wholesale power markets. Bidders are
247 submitting offers for a load shaped product. Only if there are a sufficient number of
248 bidders that are large enough to realize all the economy of scale associated with such
249 a load shaped product, will there be sufficient downward price pressure from
250 competition to assure the economy of scale value provided through portfolio
251 acquisition and management continues to be passed through to customers.
252 However, if only a few of the bidders have the size necessary to benefit from the
253 economy of scale associated with portfolio acquisition and management, it is likely
254 those few entities will be able to keep the value provided from large scale acquisition
255 and management as additional margin, to the detriment of customers, due to
256 insufficient competitive pressure.

257 It is noteworthy that the "Post 2006 Initiative Final Report to the Illinois
258 Commerce Commission Presented by the Procurement Working Group" dated
259 September 23, 2004 ("Procurement Working Group Report") indicated that a

260 consensus, including Ameren representatives, agreed that the vertical auction and full
261 requirements RFP approaches had a number of “cons” related to this issue:

262 2. Full requirements rather than traditional energy products (block
263 energy forwards, options); may require teaming for single asset
264 suppliers. But: wholesale market offers these functions.
265 **Consensus Agreed**

266 4. May limit the number of players. **Consensus Agreed**

267 6. The issue of market concentration needs to be addressed.
268 **Consensus Agreed**

269 7. Both approaches could result in unreasonable prices to end-use
270 customers due to a lack of competition in the wholesale market.
271 **Consensus Agreed**

272 (Resp. Exhibit 1.4 at Scenario 1 and Scenario 2)

273 These “cons” show that there was a consensus that the bidders would have to
274 offer load shaped products, not all players in the market may be able to offer such
275 products, this may lead to a greater market concentration and could result in
276 unreasonable prices to end-use customers due to a lack of competition in the
277 wholesale market for the products that need to be offered.

278 **Q PLEASE EXPLAIN WHY ADDITIONAL MODIFICATIONS MAY BE WARRANTED**
279 **IN THE FUTURE.**

280 **A** Even if no substantial modifications are made to Ameren’s proposal at this time, the
281 Commission should not be locked into its first attempt at this novel,
282 procurement/ratemaking approach. Serious proposals to improve acquisition and
283 rate design and determination in the new environment should continue to be given
284 consideration in future formal annual reviews of the Ameren auction by the
285 Commission. The Power Procurement Working Group Report also identifies
286 consensus agreed “cons” related to this issue:

287 8. An “off the shelf” auction from another state may not work here.
288 **Consensus Agreed**

289 10. A failed auction may leave customer classes exposed to spot
290 prices without any alternatives available to them. **Consensus**
291 **Agreed**

292 (*Id.*)

293 These “cons” show there was a consensus that simply even if a vertical
294 tranche auction worked elsewhere (e.g., New Jersey) it might not work in Illinois, and
295 a failure of a vertical tranche auction in Illinois may leave customer classes exposed
296 to the risk of spot prices, because they may lack alternatives. It is important that the
297 proposed auction be made to work for Illinois, and experience may show that
298 significant changes are required to make the proposed auction work. Experience
299 may also show that the auction is not the least cost approach to power procurement
300 in Illinois.

301 **Q PLEASE EXPLAIN HOW AMEREN’S AUCTION PROPOSAL ELIMINATES THE**
302 **SELF-BUILD AND LONG-TERM POWER PROCUREMENT OPTIONS FOR**
303 **POWER SUPPLY.**

304 **A** The Ameren auction proposal assumes that the auction will be the least cost
305 approach to procuring power and energy for Ameren load. The proposed auction
306 process does not test its results against the economics of self-building generation or
307 long-term power procurement (i.e., beyond five years). In fact, such tests seem to be
308 barred by the narrow market price and procedural focal points of the proposed
309 auction acceptance process for the Commission. There may be times when long-
310 term power purchases provide a lower present value cost for power than the auction,
311 even when the risk of customer switching to a RES is factored into the analysis. In
312 addition, there may be times when self-built generation may provide a lower present

313 value cost than either long-term power purchases or the auction due to the failure of
314 the market to keep prices below the cost of self-built supply. This may especially be
315 the case when it comes to base load generation facilities, which usually provide a
316 significant energy cost savings versus the market, but also usually require a long-term
317 commitment toward paying capital costs.

318 **Q WHAT DO YOU RECOMMEND UNDER THE CIRCUMSTANCES?**

319 A The Commission should conduct a formal annual review of the auction as
320 recommended by my colleague Mr. Collins (Direct Testimony of Collins, IIEC
321 Exhibit 3, at 16-17). This annual review should also include the consideration of
322 whether other supply acquisition approaches might provide lower cost alternatives to
323 the auction.

324 **Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

325 A Yes.

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IIEC Exhibit 5, Schedule 1

Rider PRS

RIDER PRS – PAGE 1 OF 4
PARTIAL REQUIREMENTS SERVICE

1. Nature of Service

Utility provides electric power and energy to non-residential Customer to serve the portion of Customer's electric power and energy requirements specified in a written contract between Customer and Utility.

2. Availability

Partial Requirements Service from Utility is available at Customer's request to any non-residential Customer taking Delivery Services under SC 110.

- (a) Utility will not supply service to Customer under this Rider PRS until Customer has entered into a written contract with Utility, specifying, among other things, how Customer's electric power and energy requirements not supplied by Utility under the terms of this Rider PRS, will be allocated between any PPO service taken and any service supplied by a RES under SC 110. The contract must also specify how subsequent increases in Customer's Distribution Capacity and Maximum Demand are to be allocated between or among these services. In addition, the contract must specify the order of hourly deliveries when Customer is taking service through the same meter at a Point of Delivery. Any allocation to PPO Service that includes NonFirm PPO Service, must be governed by the contract required by Rider PPO.
- (b) Customer must provide at least 30 days written notice prior to commencing service under this Rider.

3. Term of Service

The minimum contract term for service under Rider PRS is one year.

Issued April 5, 2002

Filed Pursuant to
Illinois Commerce Commission
Order in Docket No. 01-0432
Dated March 28, 2002

Issued by Larry F. Altenbaumer
President

Effective May 1, 2002

RIDER PRS – PAGE 2 OF 4

4. Rates

In each billing period, Utility will bill Customer the following charges:

(a) An administrative fee based on whether the Customer's metering is non-interval or interval:

- | | | |
|------|--------------------|----------|
| (i) | Non-interval meter | \$ 80.00 |
| (ii) | Interval meter | \$100.00 |

(b) For Customer electing partial requirements service under an hourly pricing option:

- (i) Charges for firm Network Service under the applicable OATT;
- (ii) Ancillary Services charges under the applicable OATT, excluding energy imbalance charges;
- (iii) All applicable charges for Delivery Service under Section 6 of SC 110;
- (iv) An hourly price for electric power and energy delivered to Customer under this Rider equal to the energy component of the hourly price in Section 5(a) of Utility's Rider DA-RTP.

(c) For Customer electing partial requirements service under a Bundled Service:

- (i) Distribution Capacity
Customer's written contract will specify Customer's Distribution Capacity and Billing Demand for purposes of Customer's Bundled Service, Customer's PPO Capacity for purposes of Customer's Power Purchase Option Service, if any, Customer's Distribution Capacity and Maximum Demand for purposes of S.C. 110 and the manner in which energy delivered to Customer shall be allocated between service under Customer's Bundled Service, service under Rider PPO, if applicable, and service under S.C. 110. Any subsequent increases in Customer's Distribution Capacity or Maximum Demand from those amounts specified in Customer's written contract shall be allocated among Customer's

RIDER PRS – PAGE 3 OF 4

4. Rates (Continued)
(c)(ii) Continued

service under SC 110, service under Customer's Bundled Service, and/or Customer's Power Purchase Option Service in accordance with Customer's written contract. Customer shall pay all applicable Distribution Capacity charges under SC 110, Bundled Service and/or Rider PPO.

- (ii) Facilities Charge
Customer's Facilities Charge under its Bundled Service will be reduced by the amount of the Facilities Charge plus Metering Charges billed to Customer in accordance with Section 6 of SC 110, but in no case will it be less than zero.
- (iii) Energy Charges
The Energy Charges specified in Customer's Bundled Service will only be applied to energy deemed to be provided by Utility under Customer's applicable Bundled Service, and will not be applied to Customer's energy deemed to be delivered under SC 110.
- (iv) Reactive Demand Charges
Reactive Demand Charges for Customer with a Distribution Capacity greater than 1,000 kW under Customer's Bundled Service will be calculated based on Customer's total Reactive Demand multiplied by the fraction of Customer's Billing Demand for purposes of its Bundled Service divided by the sum of Customer's Billing Demand for the billing period under Customer's Bundled Service and Customer's Maximum Demand for the billing period under SC 110. Customer's remaining Reactive Demand shall be deemed to be provided under SC 110 in accordance with Section 6 of SC 110.

5. Grandfathering

Customer taking a portion of its electric power and energy requirements under Bundled Service on the effective date of this Rider pursuant to Section 13 of SC 110 as in effect at the time Customer's contract governing such service was entered into, will be allowed to continue to

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RIDER PRS – PAGE 4 OF 4

5. **Grandfathering** (Continued)

take the Bundled Service until expiration of the contract required by Section 13 of the SC 110 then in effect.

6. **Conditions of Service**

This Rider PRS is subject to Utility's Tariffs, as applicable, including SC 110, SC 150, Terms & Conditions, and Rules & Regulations.

Issued April 5, 2002
Filed Pursuant to
Illinois Commerce Commission
Order in Docket No. 01-0432
Dated March 28, 2002

Issued by Larry F. Altenbaumer
President

Effective May 1, 2002