

REBUTTAL TESTIMONY

of

Scott A. Struck

Accounting Department

Financial Analysis Division

Illinois Commerce Commission

**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**

Docket Nos. 05-0160/05-0161/05-0162 (Consolidated)

**Proposals to implement a competitive procurement process
by establishing Rider BSG, Rider BSG-L, Rider RTP,
Rider RTP-L, Rider D, and Rider MV**

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1 **WITNESS IDENTIFICATION**

2 **Q. Please state your name and business address.**

3 A. My name is Scott A. Struck. My business address is 527 East Capitol Avenue,
4 Springfield, Illinois 62701.

5 **Q. Are you the same Scott A. Struck who previously provided direct testimony**
6 **in this proceeding?**

7 A. Yes.

8 **PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. The purpose of my rebuttal testimony is to:

11 1.) Provide my understanding of AmerenCILCO, AmerenCIPS, AmerenIP
12 (collectively "Ameren" or the "Companies") witness Mill's rebuttal
13 testimony regarding the changes I proposed in my direct testimony to
14 Section 7. H. of each respective Rider MV;

15 2.) Explain why the Supply Procurement Adjustment ("SPA") and the
16 Uncollectible Adjustment should not be tracked through the Market Value
17 Adjustment Factor ("MVAF") as proposed by the Coalition of Energy
18 Suppliers ("CES") witnesses Domagalski and Spilky; and

19 3.) Respond to Ameren witness LaCasse's statement that I implicitly support
20 the auction process proposed by Ameren.

21

22 **ADJUSTMENTS TO RETAIL SUPPLY CHARGES**

23 **Q. Please explain the tariff language changes you proposed in your direct**
24 **testimony regarding the introductory paragraph of Section 7. H.,**
25 **Adjustments to Retail Supply Charges, of each respective Rider MV.**

26 A. In my direct testimony, I proposed language to clarify what is included in the
27 adjustments to retail supply charges. (ICC Staff Exhibit 9.0, p. 3, ll. 39-65)

28 **Q. What is Ameren's response to your proposal?**

29 A. Ameren witness Mill indicates Ameren's acceptance of the proposed language.
30 (Resp. Ex. 16.0, p. 9, ll. 208-214)

31 **Q. In response to Staff Data Request OGC 1.01, Ameren provided copies of**
32 **the Companies' proposed tariffs containing the revised tariff language**
33 **implementing Staff's proposals and recommendations accepted by the**
34 **Companies. Do the revised tariffs provided in response to Staff Data**
35 **Request OGC 1.01 accurately reflect the acceptance of your proposed**
36 **language for the introductory paragraph of Section 7. H., Adjustments to**
37 **Retail Supply Charges, of each respective Rider MV?**

38 A. Not entirely. A further modification is needed to the tariff language provided in
39 response to Staff Data Request OGC 1.01. That modification is as follows:

40 **H. ADJUSTMENTS TO RETAIL SUPPLY CHARGES**

41 The Market Value prices applicable to each Supply Customer Group
42 shall reflect: (1) the energy Retail Supply Charges determined through
43 the above translation formulas; (2) the adjustments to retail supply
44 charges for supply procurement, cash working capital, and
45 uncollectibles; (3) the Market Value Adjustment Factor (MVAF); and ~~(3)~~
46 (4) the Contingency Supply Factor (CSF). In addition, the Market
47 Value prices for DS-4 customers with RES supply shall reflect the
48 Default Supply Service Availability Charge (DSSAC). Customers
49 served under the Company's energy supply tariffs will be billed the
50 applicable Market Value charges pursuant to the Market Value
51 Informational Filing For Retail Supply Charges, substantially in the
52 form of Appendix A of this Rider that reflect the following adjustments:

53 I recommend this change be incorporated in the introductory paragraph of
54 Section 7. H., Adjustments to Retail Supply Charges, of each respective Rider
55 MV.

56 **UNCOLLECTIBLE ADJUSTMENT**

57 **Q. Please explain the tariff language changes you proposed in your direct**
58 **testimony regarding the "Uncollectible Adjustment" portion of Section 7.**
59 **H., Adjustments to Retail Supply Charges, of each respective Rider MV.**

60 A. In my direct testimony, I proposed language to reflect my recommendation that
61 the Uncollectible Adjustment be determined in the Company's rate cases.

62 **Q. What is Ameren's response to your proposal?**

63 A. Ameren witness Mill indicates Ameren's agreement that the Commission should
64 determine both the methodology and value for the Uncollectible Adjustment in
65 Ameren's delivery services rate cases. (Resp. Ex. 16.0, p. 3, ll. 48-66)

66 **Q. Do the revised tariffs provided by Ameren in response to Staff Data**
67 **Request OGC 1.01 accurately reflect the acceptance of your proposed**
68 **language regarding the Uncollectible Adjustment?**

69 A. Not entirely. The language provided in response to Staff Data Request OGC 1.01
70 indicates that the Uncollectible Adjustment would be a factor that is applied to the
71 retail supply charges. Ameren witness Mill indicates that this is a potential
72 proposal in the upcoming rate case, but that the Ameren Companies have not yet
73 made a final determination. (Resp. Ex. 16.0, pp. 4-5, ll. 98-112) Ameren witness
74 Mill has indicated Ameren's agreement that the Commission should determine
75 both the methodology and value for the Uncollectible Adjustment in Ameren's
76 delivery services rate cases. (Resp. Ex. 16.0, p. 3, ll. 48-66; pp. 4-5, ll. 98-99)
77 However, the tariff language provided by Ameren in the response to Staff Data
78 Request OGC 1.01 assumes the potential methodology Mr. Mill describes in his
79 rebuttal testimony.

80 **Q. What do you recommend?**

81 A. I recommend modifying tariff language provided by Ameren in the response to
82 Staff Data Request OGC 1.01 in the following manner:

83 **Uncollectible Adjustment**

84 This adjustment shall be established by the Commission in a delivery
85 services rate case. The uncollectible adjustment ~~factor~~ will be based on
86 the Company's uncollectible experience for Company-supplied power and
87 energy. This adjustment ~~factor when applied to the retail supply charges~~
88 will only apply to Customers taking power and energy from the Company.
89

90 I believe these changes would reflect the agreed-upon position that the
91 Commission should determine both the methodology and value for the
92 Uncollectible Adjustment in the Companies rate cases. I believe these changes
93 would also provide the flexibility for Ameren to propose in those rate cases that
94 the Uncollectible Adjustment be a factor as described in Ameren witness Mill's
95 rebuttal testimony should Ameren decide to make that proposal in those cases.

96 **THE SPA AND UNCOLLECTIBLE ADJUSTMENT SHOULD NOT BE TRACKED**
97 **THROUGH THE MVAF**

98 **Q. CES panel witnesses Domagalski and Spilky recommend that the SPA and**
99 **uncollectibles expenses be tracked through the MVAF. (CES Ex. 3.0, p. 19,**
100 **II. 397-399; p. 27, II. 559-560; p. 28, II. 583-584) Ameren witness Mill**
101 **indicates Ameren's acceptance of this recommendation with respect to the**
102 **SPA. (Resp. Ex. 16.0, p. 4, II. 85-92) Do you have any comments regarding**
103 **CES' proposal?**

104 **A.** Yes. I believe the SPA and the Uncollectible Adjustment should not be tracked
105 through the MVAF. The stated goal of CES's proposal is to ensure that Ameren
106 neither over nor under recovers these costs. However, tracking the SPA and the

107 Uncollectible Adjustment, both of which will be set in rate cases, through the
108 MVAF, which will be changed monthly, would not accomplish this goal. In order
109 to accomplish the kind of true-up intended by CES's proposal, one must
110 reconcile costs incurred in a particular period with recoveries for that same
111 period. Tracking the SPA and the Uncollectible Adjustment through the MVAF
112 would not accomplish this kind of true-up. Instead, CES' proposal would
113 reconcile recoveries for the Determination Month with the absolute dollar
114 amounts from the test year in the last rate case. This would result in a mismatch
115 of costs and recoveries from two different periods. These two different periods
116 would likely reflect different levels of sales and different levels of costs. Thus, this
117 kind of mismatch would not accomplish the true-up of costs and recoveries CES
118 desires.

119 A true-up like the one proposed by CES is not necessary for the SPA and
120 Uncollectible Adjustment, which will be set in rate cases. When a rate is set in a
121 rate case, that rate reflects a relationship between a given level of service and
122 the cost to provide that level of service. So long as the relationship between
123 costs and level of service reflected in that rate remains within appropriate
124 parameters, appropriate cost recovery occurs even when the level of service
125 varies over different periods of time.

126 **OTHER COMMENTS**

127 **Q. Do you have any additional comments?**

128 A. Yes, I do. Pages 10 and 11 of the Rebuttal Testimony of Dr. Chantale LaCasse
129 presented as Resp. Ex. 12.0 state that I have implicitly supported the auction
130 process. Through my direct testimony ICC Staff Exhibit 9.0 and this rebuttal
131 testimony, I have presented no opinion on the auction process.

132

133 **CONCLUSION**

134 **Q. Does this question end your prepared rebuttal testimony?**

135 A. Yes, it does.