

**ILLINOIS COMMERCE COMMISSION
DOCKET NOS. 06-0070, 06-0071 and 06-0072 (CONSOLIDATED)**

**REBUTTAL TESTIMONY
OF
JON R. CARLS**

Submitted On Behalf

Of

**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**

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REBUTTAL TESTIMONY

OF

JON R. CARLS

Q. Please state your name and business address.

A. My name is Jon R. Carls. My business address is 607 E. Adams, Springfield, Illinois 62739.

Q. What is your title, job duties and responsibilities?

A. I am Managing Supervisor, Regulatory Compliance for Ameren Services. In that position, I am responsible primarily for working with Illinois Energy Delivery on issues related to developing and administering tariffs and related policies for all three Ameren Illinois utilities as well as service territory, franchise and other electric supplier delivery point matters.

Q. Please state your work experience and educational background.

A. I graduated from Western Illinois University with high honors in 1976, obtaining a Bachelor of Business degree in Business Administration. I have been continuously employed by Central Illinois Public Service Company ("CIPS") or AmerenCIPS and later by Ameren Services Company ("Ameren Services") since June 1976. For CIPS, I served in several accounting positions for 13 years, primarily supervising the General and Fuel Accounting functions, then in a tax supervisory position for about a year, and then led the Risk Management function for seven years. I also held the position of Assistant Controller in 1996-97 in

24 addition to the Risk Management duties prior to the merger of CIPS and Union
25 Electric Company, which then became Ameren. In September 1997, I moved to
26 Regulatory functions and became Rate Administration Supervisor in the
27 Regulatory Department of CIPS. In August 2001, our function became the
28 Regulatory Services Department of Ameren Services and I became Director,
29 Regulatory Services in October 2002. With some subsequent reorganization of
30 regulatory functions, I assumed my current position in March 2005.
31 I have served on the General Accounting and Risk Management Committees of
32 Edison Electric Institute ("EEI"), including authoring portions of the
33 "Introduction to Public Utility Accounting" text and served as instructor for a
34 related course sponsored by EEI, American Gas Association and Virginia
35 Commonwealth University. I also have certification as a Chartered Property and
36 Casualty Underwriter and Associate in Risk Management. I have previously
37 testified in fuel clause, purchased gas adjustment, environmental rider clause, rate
38 case and reorganization dockets before the Illinois Commerce Commission
39 ("Commission").

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

41 A. The purpose of my rebuttal testimony is to respond to certain portions of the
42 testimonies of Messrs. Matt Moore, Tom Peterson, and Daniel Miller filed by the
43 International Brotherhood of Electrical Workers, AFL-CIO ("IBEW"). I also
44 respond to certain portions of Staff witness Greg Rockrohr's testimony. Primarily
45 I address these witnesses' testimonies as they relate to line extension issues. I

46 will also respond to a portion of Staff witness Mike Luth's testimony regarding
47 the Local Government Fee and Adjustment tariff.

48 **Q. Before you proceed, can you advise the Commission of the nature and extent**
49 **of your familiarity with line extension matters for the Ameren Companies?**

50 A. Yes. I have represented the Ameren Companies in numerous Commission
51 workshops and proceedings related to deregulation generally, as well as
52 specifically to line extensions. Particularly germane to the current proceeding is
53 ICC Docket No. 99-0580, a Commission rulemaking to modify IL Admin Code
54 Part 410 for metering issues. ICC Docket No. 99-0580 also included
55 modifications to those sections of Part 410 applicable to electric line extensions.
56 Another rulemaking proceeding, ICC Docket No. 03-0767, also considered
57 changes to Part 410 and the related gas rules in Part 500. In addition, I also
58 participated on behalf of the Ameren Companies in ICC Docket No. 99-0013, a
59 Commission rulemaking regarding unbundling delivery services.
60 Besides actively participating in the Commission dockets on line extensions, I
61 was the Ameren Companies' regulatory lead of an internal effort to assist Illinois
62 Energy Delivery in reviewing the existing practices of the three Ameren Illinois
63 utilities, to develop a uniform set of tariffs filed in the present delivery service
64 rate case dockets. Specifically, Section 3 of the Standards & Qualifications for
65 Electric Service proposed for each utility was developed by this line extension
66 team.

67 **Q. Do you agree with the recommendation of IBEW witnesses Moore, Miller**
68 **and Peterson, that the Commission should not approve the Ameren**

69 **Companies proposed line and service extensions because it is not “just and**
70 **reasonable”.**

71 A. I am not an attorney so my answer regarding the meaning of “just and reasonable”
72 is not intended in a legal context. But from a practical, operational perspective,
73 there is nothing in the IBEW witnesses’ testimonies to support their conclusions.
74 (Because the testimony of all three witnesses is virtually identical, I will refer to
75 that of IBEW witness Miller in the AmerenCIPS docket.) Each witness makes
76 conclusory assertions that the tariffs are “unjust” and “unreasonable,” but with no
77 credible supporting facts. Mr. Miller, for example, testifies that work related to
78 conduit installation and subdivision distribution facilities should be performed by
79 IBEW employees or there will be “serious threat to the safety of customers,
80 customer property, utility employees, and the State’s electric system.” (Miller,
81 Lines 788-789). Yet, he never identifies what are these “safety threats” or why
82 they will occur if non-Union personnel perform this work. Instead, Mr. Miller
83 goes on to state “What we’re talking about here is a dramatic loss in man hours
84 that would otherwise be performed by IBEW members” (Lines 811-812) and
85 “The Company needs more personnel, not less (Line 815), perhaps more
86 indicative of his real concerns. Mr. Miller never explains how these statements
87 are in any way relevant to whether the proposed tariffs are “just and reasonable”
88 under the Public Utilities Act.

89 **Q. Are there other reasons Mr. Miller claims the rates are not “just and**
90 **reasonable”?**

91 A. Mr. Miller states counsel has advised him that “when AmerenCIPS offers
92 customers the option of installing their own conduit systems that installation
93 option constitutes “unbundling” on Section 16-102 of the Act” and opines the
94 Commission must evaluate the impact on three criteria stated in Section 16-
95 108(a). From these positions and the claim that the Ameren Companies did not
96 present testimony or evidence on these criteria, he reaches his conclusion that the
97 proposed tariffs are not “just and reasonable.”

98 **Q. Do you agree with his opinion that a customer having the option to install a**
99 **conduit system constitutes unbundling of delivery service?**

100 A. No, I do not. As I stated above, I was involved in ICC Docket No. 99-0013,
101 “Investigation Concerning the Unbundling of Delivery Services Under Section
102 16-108 of the Public Utilities Act”. From January 1999 – October 2000 various
103 workshops, testimony and evidentiary hearings all addressed this subject. In
104 reviewing three Interim Orders as well as the final 88 page Order in the docket, I
105 do not recall nor find one comment being made that could somehow be
106 interpreted to mean a customer having an option to install conduit on his property
107 constitutes unbundling. Besides Metering and Billing, the initial Interim Order
108 indicated the unbundling of Customer Handling may be considered in other
109 phases of this proceeding if a clear explanation of it was provided, yet it never
110 again was addressed at issue. If a 21 month investigation by the Commission
111 could not find further topics for unbundling besides Metering and Billing, it is
112 difficult for me to understand how anyone could conclude the option for a
113 customer to install conduit meets the required definition.

114 **Q. Mr. Miller addresses in great detail the current practices for line and service**
115 **extensions, the job classification, responsibilities, training and experience of**
116 **linemen, makeup and efficiency of a crew, hourly wages, steps involved in an**
117 **installation of underground line or service, trenching hazards, whether**
118 **options are “completely new”, existence of a labor grievance for a policy**
119 **change and what work IBEW employees would be responsible for if a**
120 **customer was allowed to install conduit. What bearing does this testimony**
121 **have with regard to the tariffs filed in this proceeding?**

122 A. None. This Commission proceeding is about proposed changes in delivery
123 service tariffs and rates filed by the Ameren Companies. The issues raised by Mr.
124 Miller are more properly raised in the context of a labor grievance, such as the
125 one he refers to in his testimony. Notably, similar issues were raised in their
126 briefs when IBEW intervened in Docket No. 03-0767 and the Commission's
127 Order of Rehearing of April 6, 2006 in that proceeding contains an admonishment
128 that labor matters have nothing to do with the Public Utilities Act and therefore
129 are not the appropriate subject of Commission proceedings.

130 **Q. Are Mr. Miller's statements that AmerenCIPS or Company “doesn't care”**
131 **(Lines 742 and 748) who does conduit work or what skills, knowledge or**
132 **competency they possess reflect a fair representation of the Ameren**
133 **Companies' position?**

134 A. The actual answers to IBEW data requests 4-32 and IBEW 4-33 are more accurate
135 than a catch-phrase that simply says we don't care. The actual answers state “The
136 choice of who does the installation of the conduit is left to the customer” and

137 “Ameren’s concern is whether the end result, the conduit in the ground, meets the
138 Company specifications. What set of skills, knowledge and competency is
139 needed to install conduit will not be set by Ameren.” The Ameren Company
140 tariffs indicate the work must follow “good engineering practices” and meet
141 “Company specifications.” So, it is important that installers know and understand
142 our specifications and possess the skills necessary to complete the job in
143 accordance with those specifications.

144 **Q. Mr. Miller also raises a concern that Ameren is not currently and will not in**
145 **the future inspect customer-installed conduit and offers as support his**
146 **skepticism about Ameren’s tree trimming practices and a consultant’s report**
147 **on Commonwealth Edison Company’s transmission and distribution system.**
148 **How are these statements relevant to the proposed line and service extensions**
149 **policies?**

150 A. I do not believe they have any relevance and are simply the witness’s opportunity
151 to vent his personal perception of two utility’s forthrightness. As such, they
152 should be ignored in this proceeding. Ameren Companies’ tariffs indicate that
153 conduit installations must comply with Company specifications and Companies
154 will inspect as needed to ensure this condition is met.

155 **Q. Mr. Miller raises in a number of ways concerns that can be summarized as**
156 **allowing customers or non-employee contractors to install conduit presents**
157 **safety hazards. Would you address these concerns?**

158 A. Yes. He presents a set of “the sky is falling” scenarios and invokes references to
159 the unbundling ICC Docket No. 99-0013 and Section 16-128(a) to support his

160 claims. In essence this conduit installation option allows the customer or its
161 contractor (such as plumbing or heating contractors who may be on site already
162 with a trencher) to cut a trench in the ground approximately three feet deep, install
163 conduit (grey PVC pipe) in the ground and glue it together with a rope or string
164 inside. The rope or string is used by IBEW members when pulling the conductor
165 (wire) through the pipe. Mr. Miller's forecast of grave safety hazards appears to
166 be yet another opinion of his which is not supported by facts.

167 **Q. Mr. Miller next describes his opinions related to the Ameren Company's**
168 **proposed language that relate to agreements with developers. He asserts the**
169 **Ameren Company will allow developers to install certain facilities, criticizes**
170 **the employees who might be doing such work, then repeats his "doesn't care"**
171 **phrase and indicates "the contractual scheme between Ameren and the**
172 **developer requires the developer to do the installation work and then sell it**
173 **back to Ameren once completed" (Lines 848-850). He also references Staff**
174 **testimony from the often-cited unbundling docket to support his claim the**
175 **work should be done by IBEW members. Is he accurate in his**
176 **representations of how this work would occur?**

177 **A.** No. His basic error comes from mistaking the words "may develop" in the
178 proposed Standards & Qualifications with the words "will, "require" and
179 "contractual scheme". What is proposed in the tariffs is simply the right to further
180 develop this concept if there is interest by the developer community. A careful
181 reading of the wording makes that obvious, but if a reader doesn't understand it
182 from the tariffs, he would certainly understand it from the responses to IBEW data

183 request 4-38, 4-41 and 4-35 which Mr. Miller references in his testimony. Those
184 responses actually state “A comprehensive list has not been developed, but such a
185 list could include...”, “For “distribution facilities”, Ameren would require that it
186 approve the proposed contractor prior to the contractor beginning the project,”
187 and lastly, “The contract to be used between Ameren and a subdivision developer
188 has not yet been developed. The agreement IP developed for use with HBAI for
189 similar situations is attached as an example of items that might be in such a
190 contract”. Mr. Miller’s paraphrasing of these answers is totally inaccurate and
191 demonstrates either a complete misunderstanding of the proposal or a desire to
192 raise confusing issues in opposition to the proposal.

193 **Q. What aspects of Staff witness Rockrohr’s testimony will you address?**

194 A. I will discuss his concern that the proposed five year period for tracking
195 refundable deposits on line extensions is not generally more favorable to
196 applicants and his recommendation to amend language related to calculation of
197 Non-Refundable Contributions related to subdivisions.

198 **Q. Do you agree with Mr. Rockhor’s conclusion that the proposed five year**
199 **period is not “generally more favorable to applicants” as required by 83 Ill.**
200 **Admin Code Section 410.410?**

201 A. No, I do not. While the period for tracking potentially refundable deposits for
202 possible refund is proposed to be five years, there are many other aspects of the
203 proposed line/service extension policies that when taken as a whole are clearly
204 more favorable to applicants and meet the tests required to file provisions “in lieu
205 of” Part 410, i.e. the ten year period for refundable deposits. Mr. Rockrohr

206 acknowledges that the Ameren Companies responded to his GER 2.02 (ICC Staff
207 Exhibit 9.01) with details of provisions that are more favorable than those
208 required by the Code. But he then determines that for one subgroup, residential
209 applicants for service, the use of a revenue test would not be advantageous and
210 thus the Ameren Companies have not met the burden of a “generally more
211 favorable” approach.

212 **Q. Do you agree that Part 410 requires the finding of “generally more**
213 **favorable” for each subgroup or class of customers?**

214 A No. The “generally more favorable” language of the Code does not mandate that
215 for each and every class of customers/applicants advantages must be
216 demonstrated, as seems to be implied in Mr. Rockrohr’s testimony. He offers no
217 opinion that the Ameren Companies have not proven that the proposed optional
218 provisions for non-residential applicants, including that of a revenue test, are
219 “generally more favorable” for the non-residential class. Instead, he only focuses
220 on the impact on residential applicants.

221 **Q. Does the Ameren Companies’ proposal yield benefits to the residential**
222 **customers?**

223 A. Yes. Even if his interpretation that each class of applicants must benefit from the
224 proposed provisions is correct, there are other aspects of the proposed tariffs
225 regarding residential applicants that are not required by Code. These include: a)
226 an option for a reduced upfront charge that assumes there will be one new
227 customer extended from this extension, in return for making the payment become
228 a non-refundable contribution; b) the change from existing practices to make the

229 demarcation point between line/service extensions be the customer's property
230 line, which will result in more extensions meeting the definition of "service"
231 instead of "line", and consequently the amount of payment collected will often be
232 lower; and c) an option for the customer to install conduit for service extensions
233 and possibly for some line extensions, which could reduce the amount, if any, of
234 the required payment. The benefits of these three provisions are all "generally
235 more favorable" to residential customers than those of Part 410. On balance, the
236 Ameren Companies believe the options and changes available to residential
237 customers, coupled with the five year refundable deposit period, are preferred
238 over only the ten year refundable deposit period with no other options.

239 **Q. Mr. Rockrohr indicates he was "unable to locate a Commission order**
240 **authorizing the extension provisions described by AmerenCIPS Electric**
241 **Delivery Service Schedule III.C.C. No. 14, Sheet 24" and seems to imply that**
242 **the existing five year refundable provision for AmerenCIPS was not**
243 **approved by the Commission. Would you address that concern?**

244 A. In filing letters to the Chief Clerk of the Commission, dated February 7, 2002,
245 AmerenCIPS filed several tariff sheets on 45 day notice, both for Schedule 14
246 Delivery Service and Schedule 15 Electric Service. The filing letters state "An
247 additional item included in the proposal would limit any refunds of deposits to
248 five years from collection." Since the Commission allowed these tariffs to
249 become effective 45 days later, I believe they did issue a "Do Not Suspend" Order
250 between the filing and effective dates as is the Commission's normal course of
251 action.

252 **Q. What is your response to Mr. Rockrohr's recommendation to amend**
253 **language or use an example to better explain the intended Non-Refundable**
254 **Contribution calculation for subdivisions?**

255 A. We agree that the tariff is subject to differing interpretations and therefore offer
256 the substitute paragraph.

257 Applicant will make a Non-Refundable Contribution for that amount, if any,
258 by which the total cost of the Line Extension under contract exceeds the
259 Standard Cost Equivalent times the number of lots the Company anticipates
260 serving. One additional Standard Cost Equivalent will be credited against the
261 non-refundable contribution, if a portion of the above line extension is
262 outside the subdivision and is along a public right-of-way. Applicant will
263 make a Refundable Deposit equal to the total cost of the Line Extension
264 under contract less the Non-Refundable Contribution.
265

266 **Q. What aspects of Staff witness Luth's testimony will you address?**

267 A. Mr. Luth recommends at Lines 149 – 158 that the Ameren Companies should be
268 required to meet certain criteria, should they implement a new or revised charge
269 under Local Government Fee and Adjustment tariffs. These criteria include: a)
270 notify Commission; b) receive authorization to implement; c) include proper
271 documentation; d) include supporting calculations; and e) include a listing of fees
272 by local government authority similar to those in Municipal Tax Additions.

273 **Q. Do you agree with Mr. Luth's recommendations?**

274 A. Yes, I do. The Appendix filed with Sheet 36 is meant to show that the Ameren
275 Companies would file new tariff sheets with the Commission whenever a new
276 charge or change in the existing charge occurs, in a manner similar to that
277 currently used for Municipal Tax Additions. This should satisfy his concerns a, b
278 and e above. Ameren Companies also agree that proper documentation and

279 calculation of such charges should be made available and intend to include same
280 with the filing letter for any such change, again in a manner similar to Municipal
281 Tax Additions. The Ameren Companies will cooperate with Staff in developing
282 the required format for such detail submission if/when such a charge occurs.

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

284 A. Yes.

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