

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

**SURREBUTTAL TESTIMONY
OF
WILBON L. COOPER**

**Submitted On Behalf
Of
AMEREN COMPANIES**

July 14, 2006

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

ILLINOIS COMMERCE COMMISSION

DOCKET NOS. 06-0070 / 06-0071 / 06-0072 (CONSOLIDATED)

SURREBUTTAL TESTIMONY

OF

WILBON L. COOPER

Q. Please state your name and business address.

A. My name is Wilbon Cooper. My business address is 1901 Chouteau Avenue,
Saint Louis, Missouri 63166.

Q. Are you the same Wilbon Cooper that provided direct testimony in this proceeding?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to certain rebuttal testimonies of witnesses in this proceeding. In particular I will respond to the rebuttal testimonies of Dr. Philip R. O'Connor and Mr. John Domalgaski on behalf of Constellation New Energy, Inc. and Peoples Energy Services Corporation (CNE/PES). I will also respond to Staff witness Ms. Theresa Ebrey. My failure to address a particular witness' position or argument should not be construed as endorsement of same.

RESPONSE TO CNE/PES

Q. Do you have any general comments with respect to the testimony being offered by witnesses for CNE/PES?

24 A. Yes. On the one hand the Ameren Companies are appreciative that these parties
25 have found acceptable a number of proposals we offered in response to their
26 stated concerns. They can be summarized as follows: 1) agreed to eliminate
27 Direct Access Service Request (“DASR”) Fee and Standard Switching Fee 2)
28 modified Rider Transmission Service (“Rider TS”) for better clarity, 3) agreed to
29 implement a bulletin board where answers to commonly asked questions from
30 Retail Electric Suppliers (“RESs”) will be posted, 4) agreed to provide current
31 rate and supply-type information on the ameren.com website, 5) agreed to
32 implement certain EDI transactions regarding meter numbers, and 6) agreed to
33 include 24 months of customer billing data on ameren.com.

34 As I will discuss in greater detail below, we respectfully disagree with certain of
35 their other recommendations. Nonetheless, the Ameren Companies remain
36 troubled by what we view as unnecessary rhetoric with regard to the alleged
37 failure on the part of the Ameren Companies to accommodate the development of
38 competition, for example, claims regarding “Ameren’s prior bad acts”-- none of
39 which has been supported by any evidence in this proceeding. I recall from the
40 Ameren Companies’ competitive procurement auction cases that were decided by
41 the Commission in January 2006, these parties made some of the same allegations
42 in those proceedings. As I further recall, the Commission did not find in one
43 instance that the Ameren Companies were guilty of any of the so-called claims.
44 Moreover, as I explained in my rebuttal testimony, the Ameren Companies have,
45 in fact, met with these parties on a variety of matters, spending a great deal of
46 time on our part in reviewing with them our plans and receiving their input. So it

47 is curious at best as to why CNE/PES continues to suggest or imply an Ameren
48 Companies' hidden agenda. Even so, it remains the Ameren Companies intention
49 to continue to work and receive input from all stakeholders, not just CNE/PES,
50 but any other ARES, customer groups, Staff and others. We are hopeful that
51 CNE/PES comes to appreciate, or at least accept, that the Ameren Companies are
52 fully committed to providing optimum services.

53 **Q. Dr. O'Connor recommends that the Ameren Companies be required to share**
54 **drafts of communication plans with ARES and other interested parties prior**
55 **to distribution of those communications to customers. Is this agreeable to the**
56 **Ameren Companies?**

57 A. No. We will not share "drafts" of our communication plans or any other of our
58 work product before they are final. These "drafts" are just that - they are not our
59 final work product, and they continue to undergo internal scrutiny and review
60 until such time as they become final and it is decided they be made public. We
61 may, from time to time, and have done so in the past, solicit the input from
62 stakeholders such as CNE/PES on any number of matters but do not believe we
63 should be so ordered to disclose draft of documents or our work product.

64 **Q. Dr. O'Connor also recommends that the Ameren Companies agree to**
65 **provide "certified RESs and other interested parties with a copy of the final**
66 **version of all such communications as well as post such information on the**
67 **Ameren website". How do you respond?**

68 A. The Ameren Companies expect that all relevant communications or other
69 information of interest will be posted on either ameren.com or the post2006.com

70 link within the ameren.com website. This is consistent with the current practice.
71 In fact, today one could view the ameren website and find information that may
72 be useful to our customers. For example, Ameren has placed a great deal of
73 information on the website regarding rate phase-in, securitization, and other topics
74 of interest.

75 **Q. Dr. O'Connor indicates the Ameren Companies have been less than**
76 **forthcoming with regard to their intention concerning "legacy special**
77 **contracts and potential new tariff contracts". How do you respond?**

78 A. I disagree. The Ameren Companies have been mostly forthcoming with regard to
79 the matter of special contracts. We did identify the number of those contracts that
80 are currently in effect. We also indicated to CNE/PES in a data request response,
81 we would not identify material or information that we believe to be confidential
82 with respect to those special contracts. For example, CNE/PES asked that we
83 identify the load size associated with each contract. They also asked the date of
84 expiration for each such contract. We objected to providing this information for a
85 variety of reasons, including our claim that these contracts are confidential and
86 proprietary. If this is an example of not being forthcoming, then maybe there is
87 some basis for Dr. O'Connor's claim but we believe we acted appropriately in not
88 divulging this information.

89 **Q. Dr. O'Connor suggests that the continued offering or use of special contracts**
90 **by an integrated distribution company should be an area of inquiry or**
91 **concern for the Commission. Is this a valid concern on his part?**

92 A. The Ameren Companies will continue to honor the terms of the special contracts
93 that are now in place. The Ameren Companies are not offering special contracts
94 as they are prohibited to do so by virtue of the Integrated Distribution Company
95 rules. Finally, the terms and other conditions of certain of these contracts (*i.e.* pre
96 - Customer Choice Law) were approved by the Commission with the remaining
97 post - Customer Choice Law contracts complying with the competitive service
98 provisions contained therein.

99 **Q. Is the commentary regarding contracts for tariffed service valid?**

100 A. I do not believe so. In my rebuttal testimony I explained our present thinking as it
101 related to the need to have tariffed contracts. We continue to review the need for
102 certain tariffed contracts as I indicated in my rebuttal testimony. For example,
103 Rider QF requires that a QF customer enter into a written service agreement with
104 the Ameren Company before paying for QF output. Proposed Standards and
105 Qualifications for Electric Service may require written agreements with customers
106 pertaining to expansion and modifications of the electric system on the customer's
107 behalf (*e.g.* line extensions, facility installations for direct benefit of customer).
108 Riders RTP and RTP-L also contain provisions for Partial Requirements Supply
109 Service (PRSS). Customers desiring to take PRSS must enter into a written
110 agreement specifying the allocation of load between various supply sources.
111 Notably, Dr. O'Connor does not specifically refute why it may be inappropriate to
112 have such contracts. Further, utilities have for years used tariffed contracts. They
113 serve a variety of purposes but importantly they do not change the conditions or

114 terms of service—their terms and conditions are governed by the tariff. They are
115 not negotiated.

116 Finally, in my experience in dealing with the large commercial/industrial
117 customers who may enter into a tariffed contract, I cannot recall one instance
118 where the existence of a tariffed contract was a bar to the customer receiving
119 service.

120 **Q. Dr. O'Connor addresses the allocation of delivery service costs as well as the**
121 **allocation of the generation component of the Ameren Companies' rates. He**
122 **recommends that the Commission should direct the Ameren Companies to**
123 **recover all supply related costs through the Supply Procurement Adjustment**
124 **("SPA"). Mr. Domagalski also offers testimony regarding the recovery of**
125 **these supply related costs. Are you in agreement with their positions on this**
126 **matter?**

127 **A.** We do agree as Dr. O'Connor states that the Ameren Companies should recover
128 all supply-related costs through the SPA. We believe that we have adequately
129 demonstrated the nature of such costs to be recovered through the SPA. In terms
130 of category, these costs includes all direct and indirect costs of procuring and
131 administering power and energy supply for all customers, other than amounts
132 recovered in other charges to customers receiving power and energy service from
133 the Ameren Company. More specifically, these costs incurred by the Ameren
134 Company will consist of costs not recovered from the supplier fee, including,
135 where applicable, professional fees, costs of engineering, supervision, insurance,
136 payments for injury and damage awards, taxes, licenses, and any other

137 administrative and general expense not already included in the auction prices for
138 power and energy service. This adjustment will also include any costs including
139 capital and operating costs for generation resources incurred outside of the
140 auction process and any costs assigned to the power supply administration
141 function in the Ameren Company's delivery service rate case, as approved by the
142 Illinois Commerce Commission, from time to time.

143 **Q. With regard to post 2006 switching rules, CNE/PES recommends the**
144 **development of a more simplified type of document or chart that depicts both**
145 **the switching and enrollment rules in a combined fashion. Is this acceptable**
146 **to the Ameren Companies?**

147 A. The Ameren Companies do intend to post on ameren.com a reiteration of both the
148 switching and enrollment rules. We believe, in large part, the description of the
149 rules in the compliance tariffs are very straightforward. It is possible that we can
150 couch a description of these rules in the context of frequently asked questions,
151 examples, and the like, and we intend to explore all possibilities. I am somewhat
152 concerned with their recommendation that there be a "document or chart" that
153 depicts both the switching and enrollment rules in a combined fashion. The rules
154 do serve different purposes but if I understand their intent, these parties are
155 seeking documentation or information that explains how these rules inter-relate,
156 and certainly we intend to take that into account when this is posted on
157 ameren.com.

158 **Q. Mr. Domagalski recommends that the Ameren Companies segregate and**
159 **separately account for and independently charge customers delivery service**

160 **related uncollectible expenses and energy related uncollectible expenses. Do**
161 **you care to respond?**

162 A. Yes. It appears that Mr. Domagalski is unclear as to the Ameren Companies’
163 proposal for the treatment of uncollectibles. The Ameren Companies proposal
164 supports Mr. Domagalski’s statement at lines 309-312, “Customers who do not
165 choose Ameren as their supplier should not be forced to reimburse Ameren for the
166 generation-related portion of uncollectible expenses caused by customers that
167 chose Ameren’s generation supply services.” As stated in my rebuttal testimony,
168 the Ameren Companies believe that a fair and equitable segregation of
169 uncollectibles can be accomplished in the ratemaking process, and, in fact, both
170 the Ameren Companies and the Staff (see Ms. Ebrey’s rebuttal testimony at pages
171 24-25) have developed similar approaches to segregating the Delivery Services
172 portion of uncollectibles in this case, without the need to have separate accounting
173 detail. Essentially, this process involves the utilization of an uncollectibles’
174 “factor” by customer class for the non Delivery Services components of customer
175 bills. This factor would be calculated for each DS/BGS class based on the
176 relative relationship between total uncollectible expenses, to the total bundled
177 revenue amounts by class for the test year in this case. The utilization of the
178 factor approach in this ratemaking process does not result in customers opting for
179 RES supply reimbursing the Ameren Company for the generation portion of
180 uncollectible expenses caused by customers that chose Ameren Company’s
181 generation supply services.

182 **Q. Mr. Domagalski recommends that the Ameren Companies allocate the total**
183 **SPA costs based on the relative kilowatt-hour sales of each of the Ameren**
184 **Companies. Do you care to respond?**

185 A. Yes. While he goes to great lengths to re-explain the CNE/PES position and the
186 Ameren Companies prior position, he finally acknowledges that the Ameren
187 Companies had accepted Staff's proposal as provided for in their response to Staff
188 data request TEE 7.02. Notably, this is also reflected in Ms. Ebrey's rebuttal
189 testimony at pages 14-15.

190 **RESPONSE TO ICC STAFF WITNESS MS. THERESA EBREY**

191 **Q. Please summarize Staff witness Ebrey's position regarding the Ameren**
192 **Companies proposal to recover SPA costs through its Rider Market Value**
193 **("Rider MV") and its associated Market Value Adjustment Factor**
194 **("MVAF").**

195 A. Ms. Ebrey agrees with the recovery of SPA costs through Rider MV; however,
196 she disagrees with the associated use of Rider MV's MVAF mechanism.

197 **Q. Are the Ameren Companies still of the opinion that Rider MV and its**
198 **associated MVAF mechanism are the appropriate vehicles for the recovery of**
199 **SPA costs?**

200 A. Yes. Basically, the difference between Ms. Ebrey and the Ameren Companies is
201 whether the MVAF mechanism should be employed as a complement to Rider
202 MV for the recovery of SPA costs. The MVAF mechanism contains a tracking
203 feature that ensures a precise recovery of SPA costs, regardless of the level of
204 SPA costs or the level of future power and energy sales under the Ameren

205 Companies' Rider MV. Ms. Ebrey does not dispute the preciseness of the MVAF
206 mechanism, but, instead, suggests that the lack of estimates of switching levels
207 and the likely minimal level of SPA costs support Rider MV recovery only.
208 Clearly, the complementing of the Rider MV recovery of SPA costs with the
209 MVAF's tracking mechanism will address Ms. Ebrey's issues of lack of switching
210 level estimates and minimal level of SPA costs by providing for a precise match
211 between Commission-ordered SPA costs and their actual recovery. Additionally,
212 as discussed in my rebuttal testimony at page 4, Ms. Ebrey's proposal presents a
213 risk of lack of opportunity of the Ameren Companies to earn fair rates of return
214 and, therefore, should be rejected.

215 **Q. Does this conclude your surrebuttal testimony?**

216 A. Yes

217 CHI-1543573v1