

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 06-0179

SURREBUTTAL TESTIMONY

OF

GARY S. WEISS

Submitted On Behalf

Of

ILLINOIS POWER COMPANY d/b/a AMERENIP

and

AMEREN ILLINOIS TRANSMISSION COMPANY

DECEMBER 1, 2006

25 AmerenIP needs Ameren Transco as part of this transaction for the sound
26 financial reasons expressed by Mr. Lee Nickloy. Therefore, it is not as if
27 AmerenIP is seeking a certificate for Ameren Transco on a whim. Nonetheless,
28 Mr. Rearden attempts to support his claims regarding the relative costs and
29 benefits associated with the Commission regulating Ameren Transco.

30 **Q5. Please continue.**

31 A. For example, Mr. Rearden notes the head count of Commission employees has
32 declined from 353 in fiscal year 2003 to 270 in 2006, suggesting the
33 Commission's regulatory burden has increased relative to manpower over the past
34 few years. I do not believe a change in manpower necessarily relates to an
35 increase in regulatory burden. Efficiencies in operations and improved
36 technologies can result in being able to accomplish more with less manpower. I
37 note, based on approved budget appropriations, the additional cost per employee
38 has risen from \$71,817 in 2003 to \$88,744 in 2006. I am not suggesting there as
39 been a direct wage and benefit increase—I am suggesting there are more dollars
40 spent per employee which may be attributable to efficient changes in operations
41 and added technologies.

42 **Q6. In your testimony, you identified limited actions that would be the extent of**
43 **the Commission's oversight of Ameren Transco. Does Mr. Rearden take**
44 **issue with your assertions?**

45 A. No. Mr. Rearden only acknowledges that Ameren Transco is subject to
46 Commission oversight as a public utility. For example, I had pointed out that
47 Ameren Transco will not have a rate schedule and would not be filing for rate

48 changes from time to time. I offered that this activity is time consuming for all
49 stakeholders and requires significant Commission oversight. I take it from Mr.
50 Rearden's lack of a response that he does not disagree.

51 **Q7. Mr. Rearden also challenges your assertions regarding the limited**
52 **opportunities, if any, for affiliate abuse. How do you respond?**

53 A. Mr. Rearden's response is largely limited only to my commentary regarding the
54 Joint Operating Agreement. Even then, he agrees the additional reporting under
55 this Agreement is an improvement in terms of ensuring against cross subsidies.
56 He claims, though without explanation, that this does not eliminate Staff's
57 concerns about cross subsidies. He also admits the Public Utility Act provides the
58 Commission with the ability to remedy imprudent behavior. Yet he suggests the
59 Commission would not exercise its authority. Taking Mr. Rearden's position to its
60 logical extreme, the threat of affiliate abuse would require the Commission to
61 denounce all affiliate transactions. In the end, he cannot refute the effectiveness of
62 the safeguards and protections that exist and in place to ensure against affiliate
63 abuse.

64 **Q8. Does this conclude your Surrebuttal Testimony?**

65 A. Yes.