

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

CENTRAL ILLINOIS LIGHT COMPANY)
d/b/a AmerenCILCO)
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY)
d/b/a AmerenCIPS)
ILLINOIS POWER COMPANY) Docket No. 07-0539
d/b/a AmerenIP)
Approval of the Energy Efficiency and)
Demand-Response Plan)

AMEREN ILLINOIS UTILITIES’ PREHEARING MEMORANDUM

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 (the “Ameren Illinois Utilities”), hereby submit this Prehearing Memorandum in accordance with the schedule established at the November 20, 2007, status hearing held in this docket. The purpose of this Memorandum is to identify and briefly discuss issues raised by the filed testimony in this Docket. By filing this Memorandum, the Ameren Illinois Utilities do not waive their rights to fully address these and any other issues in its post-hearing briefs.

I. INTRODUCTION

On November 5, 2007, the Ameren Illinois Utilities filed their Petition seeking approval of their Energy Efficiency and Demand-Response Plan (“Plan”) pursuant to 220 ILCS 5/12-103(f) of the Public Utilities Act (“PUA”). In accordance with recently passed legislation, P.A. 95-0481, the Ameren Illinois Utilities were required to submit an Energy Efficiency and Demand-Response Plan (“Plan”) in the manner prescribed by new Section 12-103 of the PUA. 220 ILCS 5/12-103. Specifically, Section 12-103(f) required that by no later than November 15,

2007, each electric utility shall file an Energy Efficiency and Demand-Response Plan with the Illinois Commerce Commission (“Commission”), to meet the energy efficiency and demand-response standards for 2008 through 2010. Accordingly, November 15, 2007, the Ameren Illinois Utilities filed their Plan in support of the Petition, supporting testimony and exhibits. Commission Staff and the following intervenors filed direct testimony on December 14, 2007: Attorney General of the State of Illinois (“AG”), Citizens Utility Board (“CUB”), Environmental Law and Policy Center (“ELPC”), Natural Resources Defense Council (“NRDC”), and a coalition of Illinois Industrial Energy Consumers (“IIEC”).

II. The Ameren Illinois Utilities’ Testimony

The following briefly summarizes the issues addressed in the Ameren Illinois Utilities’ direct and rebuttal testimony:

1. Testimony of Stan E. Ogden, Vice President of Customer Service and Public Relations for the Ameren Illinois Utilities. Mr. Ogden’s direct testimony provides an overview of the Ameren Illinois Utilities’ energy efficiency and demand response filing. Mr. Ogden explains that the recent amendments to the PUA provide the Ameren Illinois Utilities with an opportunity to implement energy efficiency and demand response programs based on specific program goals, objectives, criteria, and cost effectiveness metrics, as well as the opportunity for full cost recovery for implementing such programs. Mr. Ogden describes the Ameren Illinois Utilities’ compliance with the requirements of the Act (as discussed further in the direct testimony of other Ameren Illinois Utilities’ witnesses).

On rebuttal, Mr. Ogden responds to the direct testimony of Staff witness Richard J. Zuraski and AG witness Philip H. Mosenthal. Specifically, Mr. Ogden confirms that the Ameren Illinois Utilities support implementing a collaborative process, through which all

stakeholders can assist in developing the ground rules for measurement and verification of savings, receiving related input, and addressing any other issues as they arise. The Ameren Illinois Utilities agree with Staff witness Mr. Zuraski that the Commission need not and should not approve the details of the collaborative process itself. The Ameren Illinois Utilities recommend not amortizing program costs at this time, as proposed by AG witness Mr. Mosenthal. The Ameren Illinois Utilities agree with some but not all of certain parties' recommendations regarding details of the collaborative process, as discussed further in other Ameren Illinois Utilities witnesses' testimony, and shown in the chart below:

PARTY	COMMENTS	Ameren Illinois Utilities' POSITION
NRDC		
	Process is advisory / 3 person appointed panel	Disagree – inconsistent with terms of the Act
	Comment and Response tracking system for stakeholders	Agree
	Notice and comment opportunity for stakeholder participants	Agree
	Statewide collaborative process	Disagree – inconsistent with terms of the Act
	Statewide data tracking	Disagree – inconsistent with terms of the Act (not cost-effective)
	Statewide EE / DR website	Disagree – inconsistent with terms of the Act (not cost-effective)
AG		
	Collaborative stakeholder process supported	Agree
	Stakeholder collaborative should meet frequently	Agree
	Consistency throughout the state	Disagree with strict uniformity – inconsistent with terms of the Act (fails to acknowledge differences in service territories)
	Neutral facilitation of	Disagree – inconsistent with

PARTY	COMMENTS	Ameren Illinois Utilities' POSITION
	stakeholder process	terms of the Act
	Stakeholders seek recourse with ICC if there is a dispute during collaborative process	Disagree-inconsistent with terms of the Act (ignores Plan's ultimate responsibility is utilities and the penalty as legislative remedy for failure)
	Stakeholder process advisory	Agree
ELPC		
	Collaborative process supported	Agree
	Disagrees utility should be able to dismiss MV contractor	Disagree– inconsistent with terms of the Act(ignores Plan's responsibility is utilities; undue micromanaging)
	Joined in stakeholder process comments of NRDC	See corresponding comments above

2. Testimony of Richard A. Voytas, Manager of Energy Efficiency and Demand Response for Ameren Services Company. Mr. Voytas's testimony describes in detail the Ameren Illinois Utilities' energy efficiency and demand response planning processes and resulting implementation plan to meet the energy efficiency and demand response requirements for 2008 through 2010 in compliance with the PUA amendments. Mr. Voytas further discusses the Ameren Illinois Utilities' plan for conducting an annual independent evaluation of the cost effectiveness of the Ameren Illinois Utilities portfolio of measures, as well as a full review of the three-year results of the broader net program impacts. The Ameren Illinois Utilities' plan involves a stakeholder participative process, and describes the cost-effective demand-response measures to reduce peak demand by 0.1% over the prior year for "eligible retail customers," as defined in Section 16-111.5 of the PUA.

Mr. Voytas's rebuttal testimony responds to the direct testimony of AG witness Mr. Mosenthal, ELPC witness Mr. Crandall, and NRDC witness Henry Henderson. The Ameren Illinois Utilities agree with these witnesses, that stakeholder participative processes will enhance the quality of energy efficiency and demand response program planning, implementation and evaluation. However, as confirmed in Mr. Ogden's rebuttal testimony, the Ameren Illinois Utilities are not requesting Commission approval of the details of the stakeholder participative process itself. The Ameren Illinois Utilities alone have the responsibility to gauge and evaluate the merits of any given proposal in the context of their statutory responsibilities, in order to meet their goals. However, Mr. Voytas confirms that the Ameren Illinois Utilities will strive to work through any issues in an open, transparent manner with stakeholders, within the constraints of their statutory responsibilities.

Mr. Voytas testifies that the Ameren Illinois Utilities agree that future potential exists for statewide consistency in energy efficiency and demand response programs, with respect to customer information and education. However, the Ameren Illinois Utilities' service territories are unique and require utility-specific programs. Finally, Mr. Voytas confirms the aggressiveness of the 2008-2010 Ameren Illinois Utilities plan, particularly when compared to the starting points of other states' implementation of energy efficiency programs.

3. Leonard M. Jones, Managing Supervisor – Restructured Services – Regulatory Policy and Planning, Ameren Services Company. Mr. Jones' direct testimony describes the methodology used to calculate the cost limit for energy efficiency and demand-response measures, and the results of his analysis. Mr. Jones' rebuttal testimony responds to Staff witnesses Mr. Zuraski and Ms. Ebrey, AG witness Mr. Mosenthal, CUB witness Mr. Thomas, and IIEC witnesses Robert Stephens and David Stowe. Mr. Jones testifies that, to the extent the

Commission finds the banking option raised in Mr. Zuraski's testimony preferable, the Ameren Illinois Utilities have no objection to making the necessary changes to their Plan or related tariffs, as necessary. Banking of savings refers to the ability to count kWh savings in excess of the annual goal in a given Plan year toward the following Plan year's goal. In such cases, forecast costs for the following Plan year's goals would also be adjusted downward to reflect the need to achieve lower kWh reduction in that year.

Mr. Jones expresses concern with Mr. Thomas's recommendation that the Commission ensure costs recovered in Rider EDR ultimately recover only the Ameren Illinois Utilities' actual costs incurred to implement energy efficiency and demand-response measures, because Rider EDR must necessarily include other costs as well. With the additional clarification provided at the request of Staff witness Ms. Ebrey, Mr. Jones testifies his belief that Rider EDR accomplishes precisely the PUA amendment's stated intentions. Regarding Mr. Thomas' recommendation that, in the event the Ameren Illinois Utilities receive payments for demand response achieved through the direct load control programs, that such proceeds offset costs recovered through Rider EDR, the Ameren Illinois Utilities do not object to adding the tariff language suggested by Mr. Thomas, in the event that a MISO program does indeed emerge. Mr. Jones testifies that there is no need to address "productivity gains" in the context of Rider EDR, as Mr. Thomas suggests.

Mr. Jones testifies that the Ameren Illinois Utilities foresee no technical barriers to Mr. Stephens' recommendation on behalf of IIEC, but notes that tracking and allocating program costs within three separate rate groupings will likely increase administrative costs (obviously three buckets of costs will be more difficult to deal with rather than one). Also, if the Commission were to implement the IIEC proposal, the Ameren Illinois Utilities would need to

retain the ability to modify programs, and possibly the cost recovery factors as discussed by Mr. Stephens.

4. Val Jensen, Senior Vice President with ICF International (a management, technology and policy consulting firm). Mr. Jensen's direct testimony accomplishes the following: (1) describes how the energy efficiency measures and programs set forth in the energy efficiency portfolio submitted by the Ameren Illinois Utilities were identified; (2) shows that the Ameren Illinois Utilities' proposed portfolio of energy efficiency programs, when considered in conjunction with the Department of Commerce and Economic Opportunity's portfolio of such programs, is designed to achieve the goals set forth in the PUA amendment; (3) demonstrates that the individual energy efficiency measures, the overall portfolio of energy efficiency programs, the proposed demand response programs, and the programs in DCEO's portfolio are all cost-effective under the total resource cost ("TRC") test; (4) discusses the appropriateness of deeming certain values for the purposes of measurement and valuation ("M&V"); (5) demonstrates that the Ameren Illinois Utilities' Energy Efficiency and Demand Response plan is designed to fall within the spend cap described in the PUA amendment; (6) shows that the Ameren Illinois Utilities' overall portfolio of energy efficiency and demand response measures, when considered in conjunction with DCEO's portfolio of such measures, represent a diverse cross-section of opportunities for customers of all rate classes to participate in the programs.

Mr. Jensen's testimony responds to the direct testimony of Staff witness Mr. Zuraski, the AG witness Mr. Mosenthal, the CUB witness Mr. Thomas, and ELPC witness Mr. Crandall. In response to Mr. Zuraski's testimony, Mr. Jensen testifies to the appropriateness of deeming

savings values, to protect the utilities from unjustified risk. Mr. Jensen also corrects an error found in his direct testimony.

Mr. Jensen agrees with some but not all of the recommendations of AG witness Mr. Mosenthal regarding implementation methods and design details, but notes agreement with Mr. Mosenthal's testimony that flexibility is important and his recommendation that the ICC not direct the Ameren Illinois Utilities to specific implementation methods or design details. Mr. Jensen agrees with Mr. Mosenthal's recognition that the program designs proposed by the Ameren Illinois Utilities are initial designs that most likely will be modified to greater or lesser extents based on discussions with stakeholders and implementation contractors. To the extent that Mr. Mosenthal's recommendations are advisory as opposed to recommendations for the Commission to consider in an order, Mr. Jensen agrees that they are reasonable points to explore, but notes specific concerns with several recommendations.

Mr. Jensen's rebuttal also notes and corrects a computational error noted by CUB witness Mr. Thomas, and rebuts several issues raised by ELPC witness Mr Crandall.

5. Vickiren S. Bilslund, Regulatory Specialist - Regulatory Policy and Planning, Ameren Services Company. Ms. Bilslund's direct testimony describes and supports the automatic adjustment clause tariff that will be used to track expenditures associated with the implementation of energy efficiency and demand-response ("EDR") programs required by the PUA amendment. Ms. Bilslund's testimony supports the Ameren Illinois Utilities' proposal of Rider EDR – Energy Efficiency and Demand Response Cost Recovery.

Dated: January 2, 2008

Respectfully submitted,

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

By: Laura M. Earl
One of their attorneys

Edward C. Fitzhenry
Licensed: State of Illinois
ARDC # 6180218
Managing Associate General Counsel
One Ameren Plaza
1901 Chouteau Avenue
P.O. Box 66149 (mc 1310)
St. Louis, MO 63166-6149
(314) 554-3533
(314) 554-4014, fax
efitzhenry@ameren.com

Matthew R. Tomc
Associate General Counsel
One Ameren Plaza
1901 Chouteau Avenue
P.O. Box 66149 (mc 1310)
St. Louis, MO 63166-6149
(314) 554-4673
(314) 554-4014, fax
mtomc@ameren.com

Christopher W. Flynn
Laura Earl
JONES DAY
77 West Wacker Drive
Chicago, IL 60601-1692
Telephone: (312) 782-3939
Facsimile: (312) 782-8585
cwflynn@jonesday.com
learl@jonesday.com

CERTIFICATE OF SERVICE

I, Laura M. Earl, certify that on January 2, 2008, I served a copy of the foregoing Ameren Illinois Utilities' Prehearing Memorandum by electronic mail to the individuals on the Commission's Service List for Docket 07-0539.

/s/ Laura M. Earl
Laura M. Earl
Attorney for the Ameren Illinois Utilities