

DIRECT TESTIMONY

of

BURMA C. JONES

Accounting Department

Financial Analysis Division

Illinois Commerce Commission

Reconciliation of Revenues Collected
Under Gas Adjustment Charges
with Actual Costs Prudently Incurred

Illinois Power Company,
d/b/a AmerenIP

Docket No. 07-0572

December 11, 2008

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1 Witness and Schedule Identification

2 Q. Please state your name and business address.

3

4 A. My name is Burma C. Jones. My business address is 527 East Capitol
5 Avenue, Springfield, Illinois 62701.

6 Q. By whom are you employed and in what capacity?

7

8 A. I am currently employed as an Accountant in the Accounting Department
9 of the Financial Analysis Division of the Illinois Commerce Commission
10 ("Commission").

11 Q. Please describe your professional background and affiliations.

12

13 A. I am a licensed Certified Public Accountant with a Bachelor of Arts in
14 Accountancy from Sangamon State University, which is now known as the
15 University of Illinois at Springfield. I joined the Staff of the Illinois
16 Commerce Commission ("Staff") in October 1999. My prior accounting
17 experience includes five years as the Assistant Controller for a mid-size
18 retail business and two and one-half years on the accounting staff of the
19 Illinois Office of the Comptroller.

20 Q. Have you previously testified before any regulatory bodies?

21

22 A. Yes, I have testified on several occasions before the Illinois Commerce
23 Commission.

24 Q. What is the purpose of your testimony in this proceeding?

25

26 A. The purpose of my testimony is to present the results of my review of
27 AmerenIP's ("IP" or "Company") purchased gas adjustment ("PGA")
28 reconciliation as reflected on AmerenIP Exhibit 1.6, Page 1 of 5, and the
29 underlying documents that support the calculations.

30 Q. Are you sponsoring any schedules as part of your direct testimony?

31

32 A. Yes. I prepared the following schedules, which show data for the
33 reconciliation year ending December 31, 2007:

34 Schedule 1.01 - PGA Reconciliation Summary

35 Schedule 1.02 - Adjustment to Recoverable Hillsboro Storage Gas Costs

36 Results of the PGA Review

37 Q. Please explain ICC Staff Exhibit 1.0, Schedule 1.01, Illinois Power
38 Company PGA Reconciliation Summary.

39

40 A. Schedule 1.01 reflects a summary of the Staff proposed 2007 PGA
41 reconciliations. Line 14 reflects the net effect of the adjustment to each
42 reconciliation and the resulting Factor O. Staff is proposing refunds
43 through Factor O as follow: \$3,737,548 for Rider A customers and
44 \$310,832 for Rider B Commodity customers.

45 Q. Riders A and B were no longer effective as of October 1, 2008. If the
46 Commission accepts Staff's adjustment, how should Factor O be
47 refunded?

48

49 A If the Commission accepts Staff's adjustment, the Company and Staff
50 should work together to determine the appropriate way to refund the
51 Factor O to Rider A customers and Rider B Commodity customers under
52 Rider PGA, which replaced Riders A and B.

53 Q. Please explain ICC Staff Exhibit 1.0, Schedule 1.02, Adjustment to
54 Recoverable Hillsboro Storage Gas Costs.

55

56 A. Schedule 1.02 presents Staff's proposed adjustment to reduce the
57 Company's adjustment to recoverable gas costs during the reconciliation
58 period for metering errors at the Hillsboro storage field. The adjustment is

59 sponsored by Staff witness Eric Lounsberry and explained in his
60 testimony at ICC Staff Exhibit 2.0.

61 Summary

62 Q. Please summarize your recommendations.

63

64 A. I recommend that the Commission accept the PGA reconciliation for
65 Illinois Power Company as reflected on Staff Exhibit 1.0, Schedule 1.01,
66 page 1 of 4.

67

68 I also recommend that the Company implement Factor O refunds of
69 \$3,737,548 for Rider A customers and \$310,832 for Rider B Commodity
70 customers as shown on Staff Exhibit 1.0, Schedule 1.01, page 1 of 4, in
71 the first monthly PGA filing after the date of the Order in this docket.

72 Conclusion

73 Q. Does this question end your prepared direct testimony?

74

75 A. Yes.

Illinois Power Company
 PGA Reconciliation Summary
 for the Year Ended December 31, 2007

Line No.	Description	Rider A	Rider B Demand	Rider B Commodity	Total Company (C+D+E)
(A)	(B)	(C)	(D)	(E)	(F)
1	Unamortized balance as of 12/31/06 per 2006 Reconciliation	\$ (1,006,544)	\$ (120,304)	\$ (1,040,071)	\$ (2,166,919)
2	Factor A Adjustments Amortized to Schedule I at 12/31/06	(4,950,390)	(23,986)	666	(4,973,710)
3	Factor O Collected / (Refunded) during 2007	(3,120,224)	-	(146,588)	(3,266,812)
4	Balance to be Collected / (Refunded) during 2007 from prior periods (sum of lines 1 - 3)	\$ (9,077,158)	\$ (144,290)	\$ (1,185,993)	\$ (10,407,441)
5	2007 Gas Costs	\$ 365,378,107	\$ 1,000,028	\$ 20,212,730	\$ 386,590,865
6	2007 PGA Revenues	(355,408,570)	(939,108)	(17,790,217)	(374,137,895)
7	Pipeline Surcharges / (Refunds)	-	-	-	-
8	Other Adjustments	-	-	-	-
9	Interest at 5.0% in 2007 and 3.5% in 2008	4,952	(2,901)	10,867	12,918
10	2007 Under / (Over)-Recovery (sum of lines 5 -9)	\$ 9,974,489	\$ 58,019	\$ 2,433,380	\$ 12,465,888
11	Under / (Over)-Recovery Balance at 12/31/07	\$ 897,331	\$ (86,271)	\$ 1,247,387	\$ 2,058,447
12	Factor A Adjustments Amortized to Schedule I at 12/31/07	\$ 1,851,839	\$ (86,271)	\$ 351,118	\$ 2,116,686
13	Unamortized Balance at 12/31/07	\$ 2,783,040	\$ -	\$ 1,207,101	\$ 3,990,141
14	Requested Factor O Recovery/(Refund) (line 11 - line 12 - line 13)	\$ (3,737,548)	\$ -	\$ (310,832)	\$ (4,048,380)

Source:

Col. C ICC Staff Exhibit 1.0, Schedule 1.01, Page 2, Col. E
 Col. D ICC Staff Exhibit 1.0, Schedule 1.01, Page 3, Col. E
 Col. E ICC Staff Exhibit 1.0, Schedule 1.01, Page 4, Col. E

**Illinois Power Company
 PGA Reconciliation Summary
 for the Year Ended December 31, 2007**

Line No.	Description	Rider A As Filed	Staff Adjustment	Staff Revised (C+D)
(A)	(B)	(C)	(D)	(E)
1	Unamortized balance as of 12/31/06 per 2006 Reconciliation	\$ (1,006,544)		\$ (1,006,544)
2	Factor A Adjustments Amortized to Schedule I at 12/31/06	(4,950,390)		(4,950,390)
3	Factor O Collected / (Refunded) during 2007	<u>(3,120,224)</u>		<u>(3,120,224)</u>
4	Balance to be Collected / (Refunded) during 2007 from prior periods (sum of lines 1 - 3)	\$ (9,077,158)		\$ (9,077,158)
5	2007 Gas Costs	\$ 369,115,655	\$ (3,737,548)	\$ 365,378,107
6	2007 PGA Revenues	(355,408,570)		(355,408,570)
7	Pipeline Surcharges / (Refunds)	-		-
8	Other Adjustments	-		-
9	Interest at 5.0% in 2007 and 3.5% in 2008	<u>4,952</u>		<u>4,952</u>
10	2007 Under / (Over)-Recovery (sum of lines 5 -9)	\$ 13,712,037		\$ 9,974,489
11	Under / (Over)-Recovery Balance at 12/31/07	\$ 4,634,879		\$ 897,331
12	Factor A Adjustments Amortized to Schedule I at 12/31/07	\$ 1,851,839		\$ 1,851,839
13	Unamortized Balance at 12/31/07	<u>\$ 2,783,040</u>		<u>\$ 2,783,040</u>
14	Requested Factor O Recovery/(Refund) (line 11 - line 12 - line 13)	<u>\$ -</u>	<u>\$ (3,737,548)</u>	<u>\$ (3,737,548)</u>

Source:

Col. C AmerenIP Exhibit 1.1, Page 1 of 5
 Col. D ICC Staff Exhibit 1.0, Schedule 1.02, Page 1, Col. D

**Illinois Power Company
 PGA Reconciliation Summary
 for the Year Ended December 31, 2007**

Line No.	Description	Rider B Demand As Filed	Staff Adjustment	Staff Revised (C+D)
(A)	(B)	(C)	(D)	(E)
1	Unamortized balance as of 12/31/06 per 2006 Reconciliation	\$ (120,304)		\$ (120,304)
2	Factor A Adjustments Amortized to Schedule I at 12/31/06	(23,986)		(23,986)
3	Factor O Collected / (Refunded) during 2007	-		-
4	Balance to be Collected / (Refunded) during 2007 from prior periods (sum of lines 1 - 3)	\$ (144,290)		\$ (144,290)
5	2007 Gas Costs	\$ 1,000,028		\$ 1,000,028
6	2007 PGA Revenues	(939,108)		(939,108)
7	Pipeline Surcharges / (Refunds)	-		-
8	Other Adjustments	-		-
9	Interest at 5.0% in 2007 and 3.5% in 2008	(2,901)		(2,901)
10	2007 Under / (Over)-Recovery (sum of lines 5 -9)	\$ 58,019		\$ 58,019
11	Under / (Over)-Recovery Balance at 12/31/07	\$ (86,271)		\$ (86,271)
12	Factor A Adjustments Amortized to Schedule I at 12/31/07	\$ (86,271)		\$ (86,271)
13	Unamortized Balance at 12/31/07	-		-
14	Requested Factor O Recovery/(Refund) (line 11 - line 12 - line 13)	-	-	-

Source:

Col. C AmerenIP Exhibit 1.1, Page 1 of 5

**Illinois Power Company
 PGA Reconciliation Summary
 for the Year Ended December 31, 2007**

Line No.	Description	Rider B Commodity As Filed	Staff Adjustment	Staff Revised (C+D)
(A)	(B)	(C)	(D)	(E)
1	Unamortized balance as of 12/31/06 per 2006 Reconciliation	\$ (1,040,071)		\$ (1,040,071)
2	Factor A Adjustments Amortized to Schedule I at 12/31/06	666		666
3	Factor O Collected / (Refunded) during 2007	(146,588)		(146,588)
4	Balance to be Collected / (Refunded) during 2007 from prior periods (sum of lines 1 - 3)	\$ (1,185,993)		\$ (1,185,993)
5	2007 Gas Costs	\$ 20,523,562	\$ (310,832)	\$ 20,212,730
6	2007 PGA Revenues	(17,790,217)		(17,790,217)
7	Pipeline Surcharges / (Refunds)	-		-
8	Other Adjustments	-		-
9	Interest at 5.0% in 2007 and 3.5% in 2008	10,867		10,867
10	2007 Under / (Over)-Recovery (sum of lines 5 -9)	\$ 2,744,212		\$ 2,433,380
11	Under / (Over)-Recovery Balance at 12/31/07	\$ 1,558,219		\$ 1,247,387
12	Factor A Adjustments Amortized to Schedule I at 12/31/07	\$ 351,118		\$ 351,118
13	Unamortized Balance at 12/31/07	\$ 1,207,101		\$ 1,207,101
14	Requested Factor O Recovery/(Refund) (line 11 - line 12 - line 13)	\$ -	\$ (310,832)	\$ (310,832)

Source:

Col. C AmerenIP Exhibit 1.1, Page 1 of 5
 Col. D ICC Staff Exhibit 1.0, Schedule 1.02, Page 1, Col. F

Illinois Power Company PGA Reconciliation
 Adjustment to Recoverable Hillsboro Storage Gas Costs
 for the Year Ended December 31, 2007

Line No. (A)	Description (B)	Staff Adjustment (C)	Allocation		
			Rider A (D)	Rider B Demand (E)	Rider B Commodity (F)
1	Hillsboro Storage Field Unrecoverable Gas Costs	\$ (4,048,380)	\$(3,737,548)	\$ -	\$ (310,832)

Source:

Col. C ICC Staff Exhibit 1.0, Schedule 1.02, p. 2.
 Col. D Col. C x (March Rider A Net Co.-Owned Storage Activity/March Total Net Co.-Owned Storage Activity) per Company Response to Staff Data Request GS-03a, pp. 1 & 2.
 Col. F Col. C minus Col. D.

Note:

As of October 1, 2008, Rider A and Rider B were replaced by Rider PGA

Illinois Power Company PGA Reconciliation
 Adjustment to Recoverable Hillsboro Storage Gas Costs
 for the Year Ended December 31, 2007

<u>Line No.</u> (A)	<u>Description</u> (B)	<u>Amount</u> (C)
	<u>Hillsboro Storage Field</u>	
1	Winter season 2006/2007 withdrawal errors (MCF)	340,654
2	Weighted Average Cost of Gas per MCF	<u>\$ 5.7860</u>
3	Recoverable PGA gas costs due to metering errors per Staff (Line 1 X Line 2)	\$ 1,971,024
4	Recoverable PGA gas costs due to metering errors per Company	<u>\$ 6,019,404</u>
5	Adjustment to 2007 recoverable PGA gas costs (Line 3 minus Line 4)	<u><u>\$ (4,048,380)</u></u>

Source:

- Line 1 Co. response to Staff Data Request ENG 1.59 (IP Attach 3A, p. 2).
- Line 2 Co. response to Staff Data Request GS-23.
- Line 4 Co. response to Staff Data Request GS-23.