

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 09-_____

DIRECT TESTIMONY

OF

VONDA SECKLER

SUBMITTED ON BEHALF OF

CENTRAL ILLINOIS PUBLIC SERVICE d/b/a AmerenCIPS

June 22, 2009

25 gas supply acquisition, price hedging, transportation and storage capacity
26 acquisition, system operations and state and federal regulatory affairs. It is in this
27 capacity that I am testifying on behalf of the AmerenCIPS.

28 **Q5. Please describe your educational and relevant work experience.**

29 A. See my Statement of Qualifications, attached as an Appendix A to this testimony.

30 **II. GAS SUPPLY IMPACT**

31 **Q6. Are you familiar with the pipeline replacement project between Marion and
32 Carterville?**

33 A. Yes. It is my understanding the pipeline between Marion and Carterville
34 (“Existing Pipeline”) is to be replaced due to the need to comply with the Pipeline
35 Integrity Management rules and due to the deteriorated nature of some sections of
36 the Existing Pipeline, as discussed by Mr. Dane Spillers.

37 **Q7. What is the purpose of your testimony?**

38 A. The purpose of my testimony is to describe the existing gas supply resources for
39 the Marion/Carterville area, the impact on those resources, and the increase in the
40 cost of gas if the Existing Pipeline was not replaced.

41 **Q8. Please describe the gas supply resources available to provide natural gas to
42 AmerenCIPS in this area.**

43 A. The Marion/Carterville area is an integrated system that is served by Natural Gas
44 Pipeline Company of America (“NGPL”), Texas Eastern Transmission L.P.
45 (“TETCO”) and Trunkline Gas Company (“TRKL”). AmerenCIPS currently has
46 firm transportation and leased storage contracts with these three interstate

47 pipelines to provide natural gas in this area. Additionally, AmerenCIPS' owned
48 storage field, Johnston City, serves this area.

49 **Q9. If, hypothetically the pipeline between Marion and Carterville was not**
50 **replaced, from what sources would AmerenCIPS obtain gas supply for these**
51 **areas?**

52 **A.** It is my understanding that, under the Pipeline Integrity Management rules, the
53 Existing Pipeline cannot continue to be used for transmission purposes. If the
54 pipeline between Marion and Carterville was not replaced (i.e., there was no
55 longer a transmission pipeline between Marion and Carterville), it would
56 effectively isolate the area west of Carterville, including the cities of Carbondale
57 and Murphysboro, so that they would be only served off of NGPL. This western
58 area would no longer have the flexibility, reliability or economics of supply that
59 result from being served from multiple interstate pipelines and an on-system
60 storage field. There would be enhanced risk to AmerenCIPS' ability to serve this
61 area in the event of operational constraints or interruptions on NGPL.
62 AmerenCIPS currently has peak day deliverability of 12,850 MMBtu with its
63 existing transportation and storage contracts on NGPL. The estimated peak
64 demand in the area west of Carterville is approximately 22,000 MMBtu.
65 AmerenCIPS would have to secure additional NGPL transportation capacity to
66 serve the western area on a peak day if the pipeline between Marion and
67 Carterville is not replaced. (This assumes the capacity is even available).

68 If the Existing Pipeline is not replaced, the area east of Carterville,
69 including the city of Marion, would be served off of TETCO, TRKL and Johnston

70 City Storage. There would be a decrease in flexibility to serve this area, but
71 existing resources would be sufficient to serve the area.

72 **Q10. Assuming again the pipeline was not replaced, do you have an opinion as to**
73 **whether there would be an impact on the cost of gas supply?**

74 **A.** Yes. In my opinion, if the Existing Pipeline was not replaced, there would be an
75 increase in gas costs to AmerenCIPS' PGA customers. AmerenCIPS would need
76 to secure additional NGPL capacity to serve the western area. Because NGPL
77 Mid-continent capacity is sold out, the best alternative would be to contract for
78 the higher priced NGPL Gulf Cost capacity. This would cause an increase in cost
79 for reserving pipeline capacity that would not otherwise be needed. There would
80 also be an increase in commodity cost due to purchasing gas supply from a higher
81 priced supply basin. Additionally, separating the integrated area around Marion
82 and Carterville would require higher load factors on TETCO and TRKL to serve
83 the eastern area. These pipelines have historically been a higher priced market
84 than NGPL Mid-continent supply basin.

85 Another consideration is that, with a transmission pipeline in place
86 between Marion and Carterville, AmerenCIPS has the flexibility to use NGPL
87 capacity to serve other markets on its system. Each day, load areas, storage
88 inventory levels, operational conditions and pricing on the integrated
89 AmerenCIPS system are analyzed to determine which gas to buy for maximum
90 flexibility and minimum price impact. NGPL is the one pipeline that can be used
91 to serve customers in almost all of the AmerenCIPS' service territory. For
92 example, if NGPL prices are lower than MRT, and if it is operationally feasible,

93 the NGPL gas can be taken to the Alton area to serve those customers. Flexibility
94 will be diminished if all contracted NGPL capacity would be required to serve the
95 area west of Carterville. The NGPL capacity is used at a high load factor since it
96 is sourced from the Mid-continent supply basin, which is typically a lower cost
97 supply source than most other supply basins serving AmerenCIPS.

98 **Q11. Do you consider replacement of the Existing Pipeline the least cost option?**

99 **A.** Yes. When I say “least” cost, I do not necessarily mean lowest cost, rather least
100 cost takes into account not only the cost of gas supply but other meaningful
101 factors such as diversity, reliability and flexibility of supply. From a Gas Supply
102 view, replacing the transmission pipeline between Carterville and Marion is the
103 option that allows for optimal flexibility, reliability and economic dispatching of
104 gas supply, and so is the least cost option.

105 **Q12. Does this conclude your testimony?**

106 **A.** Yes.

APPENDIX A

STATEMENT OF QUALIFICATIONS

VONDA K. SECKLER

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111 I graduated from Illinois Central College in 1988 with an Associates of Arts & Science
112 degree in Accounting. In 1992, I graduated from University of Illinois-Springfield with a
113 Bachelor of Science degree in Management. I received a Masters degree in Business
114 Administration from Illinois State University in 1995. I am also a Certified Purchasing
115 Manager.

116 I began my employment with Central Illinois Light Company (CILCO) in 1981 as an
117 Intern in a District Office. I accepted full-time employment with CILCO in 1982 and
118 held various other positions in Accounting, Human Resources, and Information Systems.
119 In July 1992, I accepted a position in the Energy Trading Department. My primary
120 responsibilities included evaluating and negotiating firm, long-term gas supply contracts;
121 developing storage injection and withdrawal strategies; and managing the spot gas
122 purchasing program. With the Ameren acquisition of CILCO, in April 2003 I accepted a
123 position as a Gas Supply Executive with AFS and in January 2005, I was promoted to my
124 current position of Managing Executive – Gas Supply.

125 I have testified before the Illinois Commerce Commission in various annual
126 reconciliation proceedings related to AmerenCIPS' and AmerenCILCO's Uniform
127 Purchased Gas Adjustment Clause (PGA). I have also testified before the Illinois
128 Commerce Commission in Docket No.02-0837, CILCO gas rate case proceeding.

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