

AMERENIP
DOCKET NO. 09-0308 RESPONSE TO DEFICIENCIES
ADMINISTRATIVE LAW JUDGE LETTER DATED 07/10/2009

1. Section 285.310(a) requires electric utilities to file three copies of the most recent ILCC Form 21.

IP's ILCC Form 21 contains compressed images that are illegible. Please provide one paper copy and one electronic copy of IP's 2008 ILCC Form 21, with all images uncompressed.

Response: A paper copy and electronic copy of IP's ILCC Form 21 with all images uncompressed is provided in response this deficiency.

2. Section 285.310(f)(6) requires the utility to provide an assessment of the impact on actual peak demand and energy usage from existing company-sponsored and government-sponsored or mandated conservation or load management programs. This assessment shall attempt to separate conservation and load management due to such programs from those that would have occurred in the absence of such programs.

IP does not provide any assessment of the impact its existing conservation or load management programs have had on actual peak demand and energy use. IP must provide the assessment of the impact of its conservation or load management programs that Section 285.310(f)(6) requires. If, as its filing suggests, IP intends to retain an independent evaluator to provide the required assessment at some future date, then the response should indicate an approximate date, within the term of the current rate case proceeding at the Commission, by which it anticipates providing the missing assessment information. When IP obtains the assessment information from the independent evaluator, it is directed to amend its filing to include that assessment so that the filing complies with Section 285.310(f)(6).

Response: An assessment of the impact of IP's conservation or load management programs is attached.

3. Section 285.1005(a)(5) requires the utility to provide "Applicable Operating Income at Proposed Rates."

IP's reference in Column (B) indicates "Line 1 x Line 4". This calculation does not result in the amount shown on line 5, Column (C), although the amount on line 5 Column (C) does tie to the corresponding amount shown on Schedule C-1, line 71, Column (G) for IP Electric. Please explain or otherwise correct Schedule A-2.

Response: The amount shown on Schedule A-2, Line 5, Column (C), is the result of multiplying Line 1 by Line 4. The appearance of a discrepancy is the result of rounding.

4. Section 285.2010 requires the utility to reference each rate base adjustment to the appropriate supporting schedule and Section 285.2015(a) requires each adjustment included on Schedule B-2 to have a separate schedule B-2.X showing the (1) title of the adjustment; (2) description of the adjustment; (3) summary calculations supporting the adjustment; (4) reference to supporting work paper(s); and (5) adjustment amounts by Commission account. The following deficiencies were found relating to Schedules B-2 and B-2.1, 2.2, 2.3, etc.:
- a. Schedule B-2, lines 7-9, do not reference the appropriate B-2.X schedules; rather, they reference other schedules such as B-8, B-8.1 and B-13;
 - b. the adjustment amount presented on Schedule B-2, line 8, does not relate to amounts presented on Schedule B-8.1;
 - c. the adjustment amount presented on Schedule B-2, line 9, does not relate to amounts presented on Schedule B-13;
 - d. the adjustment amount on Schedule B-2, line 2, does not match the adjustment amount on Schedule B-2.2, line 11;
 - e. the adjustment amount on Schedule B-2, line 5, does not match the adjustment amounts on Schedule B-2.5, lines 1 and 2; additionally the Commission account number and description illustrated in Schedule B-2.6, line 2 do not correspond;
 - f. the description on Schedule B-2.5, "To reduce operating expenses and capital costs for electric distribution facilities included in operating expenses or Rate Base" neither appears to relate to rate base nor adequately describes the adjustment;
 - g. IP did not provide a supporting schedule for cash working capital, which appears as an adjustment on Schedule B-2;
 - h. IP did not provide a supporting schedule for materials and supplies, which appears as an adjustment on Schedule B-2; and
 - i. IP did not provide a supporting schedule for customer deposits, which appears as an adjustment on Schedule B-2.

Please provide a corrected Schedule B-2 and supporting schedules B-2.X, which conform to the requirements set forth in Sections 285.2010 and 285.2015, include the missing supporting schedules, and reference the correct supporting schedules.

Response:

- a) A revised Schedule B-2 is attached and contains the requested information.
- b) The adjustment amount presented on Schedule B-2, Line 8 directly relates to the calculation presented on Schedule B-2.8.
- c) The adjustment amount presented on Schedule B-2, Line 9 directly relates to the calculation presented on Schedule B-2.9.
- d) A revised Schedule B-2.2 is attached. The adjustment amount on Schedule B-2, Line 2, matches the adjustment amount on Schedule B-2.2, Line 12.

- e) A revised Schedule B-2.5 and WPB-2.5 are attached and contain the requested information. The adjustment amount on Schedule B-2, Line 5, matches the adjustment amount on Schedule B-2.5, Line 1. A revised Schedule B-2.6 and WPB-2.6 are also attached and contain the requested information.
 - f) A revised Schedule B-2.5 is attached and contains the requested information.
 - g) A supporting schedule for cash working capital has been created and is attached as Schedule B-2.10.
 - h) A supporting schedule for materials and supplies has been created and is attached as Schedule B-2.8.
 - i) A supporting schedule for customer deposits has been created and is attached as Schedule B-2.9.
5. Section 285.2030 requires the utility to provide an explanation for transfers.

IP's Schedule B-5 does not include an explanation for transfers as required by Section 285.2030(b)(7). Although descriptions are included in the work papers accompanying Schedule B-5, such descriptions must include more detail and appear on Schedule B-5. Please provide an explanation for any transfers on Schedule B-5.

Response: A revised Schedule B-5 and WPB-5 is attached and contains the requested information. The explanation "common plant asset transfer" is used when dollar amounts are transferred from one account to another account, from one utility to another utility, or from one company to another company.

6. Section 285.2070(b) regarding cash working capital states, "Work papers supporting Schedule B-8 shall include the supporting documentation of the calculation. If the cash working capital request is based upon a lead-lag study, the lead-lag study shall be provided on a jurisdictional basis and included as work papers."

Please provide the spreadsheets and any other work papers associated with the proposed adjustments to working capital and the lead-lag study in Schedule B-8.

The Schedule B-8 header also indicates that the dollar amounts reflected therein are in thousands. If the corresponding cash working capital amount reported on Schedule B-2 is correct, however, then the dollar amounts presented on Schedule B-8 are not in thousands. Please clarify or correct Schedule B-8.

Response: A copy of the lead lag study is attached and marked as WPB-8d. A revised Schedule B-8 is attached and reflects the dollar amounts in thousands.

7. Section 285.2075 concerns materials and supplies.

The amounts for materials and supplies presented on IP's Schedule B-8.1 are not consistent with the amount presented on Schedule B-2. Please correct Schedules B-8.1 and B-2 to make it possible to reconcile them.

Response: Please refer to Schedule B-2.8 for a reconciliation of the amounts presented on Schedule B-2 and Schedule B-8.1.

8. Section 285.2110 concerns customer deposits.

The amounts presented on IP's Schedule B-13 are not consistent with the amount presented on Schedule B-2. Please correct Schedules B-13 and B-2 to make it possible to reconcile them.

Response: Please refer to Schedule B-2.9 for a reconciliation of the amounts presented on Schedule B-2 and Schedule B-13.

9. Section 285.3015 concerns securitization adjustments.

IP did not provide a work paper to support the adjustment presented in Schedule C-2.23. Please provide a work paper to support Schedule C-2.23.

Response: A work paper to support Schedule C-2.23 is attached.

10. Section 285.3025 concerns comparative operating income statements for prior years and the test year.

IP's Schedule C-4 does not appear to include balances for individual Electric Operating Revenues accounts on lines 2 through 20 of page 223 of 696 (col. C-G) for IP. Please amend Schedule C-4 to include the account balances.

Response: A revised Schedule C-4 is attached and contains the requested information for Columns (C) through (F). For Column (G), present rate revenues are not computed by account but by customer class as shown on Schedule A-3.

11. Section 285.3070 requires IP to provide on Schedule C-7 the charitable contributions for each of the three consecutive years immediately preceding the test year for the total company, the test year for the total company, and the test year jurisdictional pro forma at proposed rates reflected on Schedule C-1, including the account number.

IP does not appear to have provided an account number for Schedule C-7. Please amend Schedule C-7 to include the missing account number required by Section 285.3070(b)(1).

Response: A revised Schedule C-7 is attached and contains the requested information.

12. Section 285.3085(d) states, "If amortization of previous rate case expenses are included within test year jurisdictional operating expense at proposed rates on Schedule C-1, provide the amount of amortization expense associated with each rate case by docket number."

IP does not appear to have provided the required information. Please provide the amortization expense associated with each rate case by docket number.

Response: A revised Schedule C-10 is attached and provides a calculation of the amortization of previous rate case expenses included within test year jurisdictional operating expense.

13. Section 285.3145(c) requires the utility to provide in supporting work papers the assumptions used to derive the composite depreciation rate for the test year.

Please provide in supporting work papers the assumptions used to derive the composite depreciation rate for the test year.

Response: A revised Schedule WPC-12a is attached and contains the requested information.

14. Section 285.4010(a) requires the utility to provide in Schedule D-1 a summary calculation of the weighted average cost of capital on a total company and jurisdictional basis for each year from and including the last completed calendar or fiscal year through the capital structure measurement period.

IP did not provide Schedule D-1. Please provide a summary of IP's weighted average cost of capital as of December 31, 2008.

Response: Please see attached AmerenIP First Revised Schedule D-1.

15. Section 285.4010(b)(1) requires the utility to provide monthly common equity balances for the most recent calendar or fiscal year through the end of the capital structure measurement period.

Please provide IP's monthly common equity balances beginning January 2008 through March 2009, including purchase accounting and ratemaking adjustments

that were factored into IP's adjusted common equity balance.

Response: Please see attached IP Deficiency Response 285.4010(b)(1).

16. Section 285.4020(c)(4), (5), and (6) requires the utility to provide the following information for each type of issue regarding the cost of short-term debt: the average interest rate, the interest requirement (*i.e.*, amount outstanding multiplied by the average interest rate), and the cost of short-term debt (*i.e.*, the interest requirement divided by the amount outstanding).

The interest rate and cost of short-term debt information provided in IP's Schedule D-2 does not follow the directions set forth in Section 285.4020. For example, the interest requirement appears to equal construction work in progress ("CWIP") multiplied by the average interest rate and the cost of short-term debt appears to equal the interest requirement divided by CWIP. Please correct IP's Schedule D-2 so that it conforms to the directions set forth in Section 285.4020.

Response: Please see attached AmerenIP First Revised Schedule D-2.

17. Section 285.4030(a) requires the utility to provide in Schedule D-3 the embedded cost of any long-term debt, including any notes, for each year from and including the last completed calendar or fiscal year through the capital structure measurement period.

IP did not provide Schedule D-3. Please provide in Schedule D-3 the required information for the year ending December 31, 2008.

Response: Please see attached AmerenIP First Revised Schedule D-3.

18. Section 285.4040(a) requires the utility to provide the embedded cost of any preferred stock on Schedule D-4 for each year from and including the last completed calendar or fiscal year through the capital structure measurement period.

IP did not provide Schedule D-4. Please provide the required information as of December 31, 2008 in Schedule D-4. If Schedule D-4 is identical for March 31, 2009, and December 31, 2008, IP may indicate such in lieu of providing an identical Schedule D-4.

Response: Schedule D-4 is identical for March 31, 2009 and December 31, 2008.

19. Section 285.4080(a) requires the utility to provide a history of the changes in the rating of each class of security assigned by ratings agencies engaged by the utility to rate its securities, for the last five years in Schedule D-8, including the rating and the date the rating was assigned.

Schedule D-8 appears to be missing information from 2009. Please amend Schedule D-8 to reflect rating changes that have occurred in 2009.

Response: On, January 29, 2009, Moody's Investors Services changed the outlook for the AIU's ratings to "stable" from "positive". However, Moody's did not change any of the ratings of any of the AIUs. Therefore, AmerenIP did provide all of the information required with Section 285.4080(a).

20. Section 285.4080(b) requires the utility to provide a copy of all credit rating analyses or reports on the utility and its parent, in the utility's possession, published during the last 12 months that describe security rating changes and the rationale for those changes.

If in IP's possession, please provide the January 29, 2009 Rating Action from Moody's Investors Service titled, "Moody's Changes Rating Outlook of Ameren's Illinois Utilities to Stable."

Response: See response to Section 285.4080(a) above. Notwithstanding our position, attached is the report requested (AIU Deficiency response 285.4080(b)).

21. Section 285.6020, Schedule F-3.1, concerns distribution system maintenance expenses. Section 285.6020(a)(3) requires the utility to provide the percent of the distribution system that has a tree trimming cycle in excess of the policy indicated in subsection (a)(2).

IP's filing provides information about its tree trimming as it existed at the end of 2006. The tree trimming information for 2006 is irrelevant for the instant filing that utilizes a 2008 test year. In order to comply with Section 285.6020(a)(3), IP is directed to provide up-to-date information about the percent of the distribution system that has a tree trimming cycle in excess of its policy.

Section 285.6020(b) requires the utility to provide its distribution substation maintenance expense for the test year and five previous years. IP's Schedule F-3.1 provides this information for the test year and three previous years. Please revise Schedule F-3.1 to include the required information for years 2003 and 2004.

Section 285.6020(c) requires the utility to provide maintenance expense for all

distribution equipment other than distribution substations for the test year and five previous years. IP's Schedule F-3.1 provides this information for the test year and three previous years. Please revise Schedule F-3.1 to include the required information for years 2003 and 2004.

Response: Please see attached AmerenIP Revised Schedule F-3.1.

22. Section 285.6100 requires that each utility's Schedule F-4 include information about additions to plant in service since the last rate case that are included on Schedule B-1.

IP's Schedule F-4 lists one of its projects twice: WO 17310, which replaces transformer #1 at Champaign Southwest Campus Substation for a cost of \$2,265,238. Please revise Schedule F-4 to eliminate this duplication. IP should also verify that the cost for WO 17310 is not duplicated within Schedule B-1. If the cost for WO 1731 is duplicated within Schedule B-1, IP should explain all additional schedule modifications it will make in order to correct the filing.

Response: Please see attached AmerenIP Revised Schedule F-4 that eliminates the duplication for WO 17310 and includes WO 21376, which was inadvertently excluded in the original submission of AmerenIP Schedule F-4. The cost for WO 17310 is not duplicated within Schedule B-1.