

**ILLINOIS COMMERCE COMMISSION**

**DOCKET Nos. 09-0306 - 09-0311 (Cons.)**

**REBUTTAL TESTIMONY**

**OF**

**PETER J. MILLBURG**

**SUBMITTED ON BEHALF OF**

**CENTRAL ILLINOIS LIGHT COMPANY  
d/b/a AmerenCILCO**

**CENTRAL ILLINOIS PUBLIC SERVICE COMPANY  
d/b/a AmerenCIPS**

**ILLINOIS POWER COMPANY  
d/b/a AmerenIP**

**(The Ameren Illinois Utilities)**

**OCTOBER 23, 2009**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>I. INTRODUCTION.....</b>	<b>1</b>
<b>II. PURPOSE OF TESTIMONY .....</b>	<b>1</b>
<b>III. RESPONSE TO STAFF WITNESS BOGGS.....</b>	<b>2</b>
<b>IV. RESPONSE TO STAFF WITNESS EBREY .....</b>	<b>5</b>
<b>V. RESPONSE TO STAFF WITNESS HARDEN .....</b>	<b>7</b>
<b>VI. RESPONSE TO GFAI WITNESS ADKISSON.....</b>	<b>7</b>
<b>VII. CONCLUSION .....</b>	<b>14</b>

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
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**OF**  
**PETER J. MILLBURG**  
**Submitted on Behalf of**  
**The Ameren Illinois Utilities**

**I. INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is Peter J. Millburg. My business address is 607 East Adams Street, Springfield, Illinois 62701.

**Q. Are you same Peter J. Millburg who provided Direct Testimony in this proceeding?**

A. Yes.

**II. PURPOSE OF TESTIMONY**

**Q. What is the purpose of your rebuttal testimony?**

A. The purpose of my rebuttal testimony is to respond to Illinois Commerce Commission Staff (“Staff”) witnesses Mr. Christopher L. Boggs, Ms. Theresa Ebrey, and Ms. Cheri L. Harden; and Grain and Feed Association of Illinois (“GFAI”) witness Mr. Jeffrey Adkisson regarding the proposed changes to the AIUs’ Gas Delivery Service Tariffs.

**Q. Are you sponsoring any exhibits with your rebuttal testimony?**

23 A. Yes, in addition to my rebuttal testimony I am sponsoring Ameren Exhibits 48.1  
24 and 48.2

25 **III. RESPONSE TO STAFF WITNESS BOGGS**

26 **Q. Have you reviewed Staff witness Christopher L. Boggs' direct testimony?**

27 A. Yes.

28 **Q. Did Mr. Boggs address the AIUs' proposal to change the Customer Charge**  
29 **label on customer bills?**

30 A. Yes. On pages 8 and 9 of his testimony, Mr. Boggs objected to the AIUs'  
31 proposal to change the Customer Charge label to "Fixed Monthly Charge" on customer  
32 bills. He reasoned that the Customer Charge can change over time and, therefore, should  
33 not be considered fixed.

34 **Q. How do you respond to Mr. Boggs' concern?**

35 A. The AIUs no longer propose to the change the Customer Charge label to "Fixed  
36 Monthly Charge" on either electric or gas customer bills. The AIUs, therefore, withdraw  
37 their proposal to amend the Terms and Conditions portions of their tariffs to make that  
38 change. More particularly, the following table identifies the portion of each of the AIUs'  
39 Customer Terms and Conditions that the company had, but no longer, proposes to amend  
40 to change the Customer Charge label to "Fixed Monthly Charge."

	AmerenCIPS	AmerenCILCO	AmerenIP
GDS-1	T&C § 11.001	T&C § 11.001	T&C § 11.001
GDS-2	T&C § 12.001	T&C § 12.001	T&C § 12.002
GDS-3	T&C § 13.001	T&C § 13.001	T&C § 13.002
GDS-4	T&C § 14.002	T&C § 14.002	T&C § 14.003
GDS-5	T&C § 15.001	T&C § 15.001	T&C § 15.004

41 Please understand the AIUs’ willingness to concede this matter is not to be  
42 construed as an agreement with Staff’s position. We do not believe customers would  
43 misunderstand or be confused by our proposal, and to the extent there was some  
44 confusion, the clarity the proposed words offer more than offset the arguable vagueness  
45 of the current phrase.

46 **Q. Did Staff witness Boggs address the AIUs’ proposal to charge customers who**  
47 **desire daily access to metered usage through the AIUs’ Unbundled Services**  
48 **Management System (“USMS”) as part of the AIUs’ Daily Usage Information**  
49 **Service?**

50 A. Yes. On page 24 of his testimony, Staff witness Boggs recommended approval of  
51 the AIUs’ proposal to charge customers who desire daily access to metered usage through  
52 USMS a one-time fee of \$1944 when the AIUs must install an Electronic Pressure  
53 Corrector – Pulse Accumulator. He also recommended approval of the AIUs’ proposal to  
54 charge customers a one time fee of \$812.25 when the AIUs must install a stand-alone  
55 modem. Staff witness Mr. David Sackett also recommended approval of the AIUs’  
56 proposed changes to the Daily Usage Information Service. See page 26 of Mr. Sackett’s  
57 direct testimony (ICC Staff Exhibit 14.0).

58 **Q. Do you agree with Staff witness Boggs' recommendations in this regard?**

59 A. Yes. I initially proposed an upfront, one time fee of \$2400 for customers  
60 requiring installation of a modem and associated equipment for this optional service.  
61 However, as explained by Staff witness Boggs and in my response to Staff Data Request  
62 CB 1.01 (attached hereto and identified as Ameren Exhibit 48.1), I have recently learned  
63 the costs that I used in preparing the one-time charge were outdated and incorrect. Based  
64 on this updated information, the installation charge for meters that do not already have an  
65 Electronic Pressure Corrector – Pulse Accumulator would be \$1,944 and the installation  
66 charge for meters already equipped with an Electronic Pressure Corrector – Pulse  
67 Accumulator would be \$812.25. These charges cover the materials and labor that would  
68 be incurred by the AIUs multiplied by the excess facilities charge (1.9 times the labor and  
69 materials charge).

70 The AIUs, therefore, now propose to charge customers who desire daily access to  
71 metered usage through USMS a one-time fee of \$1944 when the AIUs must install an  
72 Electronic Pressure Corrector – Pulse Accumulator along with a modem and to charge  
73 customers a one-time fee of \$812.25 when the customer meter already has a Electronic  
74 Pressure Corrector – Pulse Accumulator and the AIUs only need to install a stand-alone  
75 modem. On this matter, I concur with Staff witnesses Boggs' and Sackett's  
76 recommendations.

77 **Q. Will the AIUs need to adopt new tariff language?**

78 A. Yes. Because the one-time charge will vary depending on the type of metering  
79 equipment already in place, the AIUs will need to adopt new language in their tariffs. To  
80 reflect these updated and corrected charges, the AIUs propose to make the following

81 revision to Sheet 4.021 of their proposed Standards and Qualifications for Gas Service  
82 tariff – additions are underlined and deletions are struck through:

83 If Customer elects such service, the Company may be  
84 required to install a remote monitoring device to provide  
85 daily usage information to Customer. If Company is  
86 required to install a remote monitoring device in order for  
87 Customer to receive Daily Usage Information Service,  
88 Customer will be required to pay Company for the cost of  
89 equipment and installation, prior to receiving service, as  
90 follows.

91 ~~\$2400.00-1944.00 prior to receiving service,~~ for each meter  
92 where installation of a remote monitoring device pulse  
93 accumulator is required, to cover the cost of equipment and  
94 installation. \$812.25 for each meter where installation of  
95 only a modem is required.

96 **IV. RESPONSE TO STAFF WITNESS EBREY**

97 **Q. Have you reviewed Staff witness Ebrey's direct testimony?**

98 A. Yes.

99 **Q. Did Ms. Ebrey address the AIUs' proposals regarding the PGA uncollectibles**  
100 **factor for Rider S?**

101 A. Yes. On pages 37 and 38 of her testimony, Ms. Ebrey stated that she did not take  
102 issue with the proposed mechanism for recovering uncollectibles associated with PGA  
103 revenues via an Uncollectibles Factor in Rider S. She, however, makes some  
104 recommendations regarding the calculation of the Uncollectibles Factor.

105 **Q. How do the AIUs respond to her testimony in this regard?**

106 A. The AIUs' witness Mr. Ronald Stafford is addressing Ms. Ebrey's concerns  
107 regarding calculation of the Uncollectibles Factor for Rider S. See Ameren Exhibit 29.0  
108 for Mr. Stafford's substantive response to Ms. Ebrey's concerns. Based on Mr.

109 Stafford's new analysis, the AIUs are proposing to utilize updated Uncollectibles Factors  
110 in Rider S. The following tables show the revised test year PGA Uncollectibles Dollars  
111 and the Uncollectible Factors by the AIUs and by class based on Mr. Stafford's revised  
112 analysis.

113 **AmerenCILCO**  
114 **Proposed PGA Uncollectibles Dollars and Uncollectibles Factors**

	<b>PGA Uncollectibles Dollars</b>	<b>Uncollectibles Factors</b>
GDS-1	\$2,822,513	0.02094
GDS-2	\$150,178	0.00394
GDS-3	\$18,595	0.00120
GDS-4	\$0.00	0.00000
GDS-5	\$0.00	0.00000
GDS-7	\$0.00	0.00000

115 **AmerenCIPS**  
116 **Proposed PGA Uncollectibles Dollars and Uncollectibles Factors**

	<b>PGA Uncollectibles Dollars</b>	<b>Uncollectibles Factors</b>
GDS-1	\$1,693,209	0.01799
GDS-2	\$70,797	0.00239
GDS-3	\$3,600	0.00046
GDS-4	\$17,393	0.00173
GDS-5	\$0.00	0.00000
GDS-7	\$0.00	0.00000

117 **AmerenIP**  
118 **Proposed PGA Uncollectibles Dollars and Uncollectibles Factors**

	<b>PGA Uncollectibles Dollars</b>	<b>Uncollectibles Factors</b>
GDS-1	\$5,333,602	0.02388
GDS-2	\$235,438	0.00364
GDS-3	\$25,097	0.00110
GDS-4	\$0.00	0.00000
GDS-5	\$0.00	0.00000
GDS-7	\$0.00	0.00000

119 The AIUs propose to incorporate the Uncollectible Factors shown in the above  
120 tables into Rider S on sheet 24.001 of their Gas Services tariffs.

121 **V. RESPONSE TO STAFF WITNESS HARDEN**

122 **Q. Have you reviewed Staff witness Harden's direct testimony?**

123 A. Yes.

124 **Q. Did Ms. Harden address the AIUs' proposal to eliminate GDS-6 as a stand-  
125 alone tariff offered by AmerenCILCO?**

126 A. Yes. On pages 36 and 37 of her testimony, Ms. Harden correctly characterized  
127 the AIUs' intentions with regard to the elimination of AmerenCILCO's GDS-6 as a  
128 stand-alone tariff, and the incorporation of additional provisions within proposed  
129 AmerenCILCO GDS-4 for billing customers whose annual usage exceeds 2,000,000  
130 therms. Ms. Harden recommended approval of the AIUs' proposal to eliminate  
131 AmerenCILCO's GDS-6 on a stand alone basis.

132 However, Ms. Harden erred in stating that the AIUs intend to implement the same  
133 provisions for customers of AmerenCIPS and AmerenIP who use 2,000,000 therms of  
134 gas annually and are served under GDS-4. The AIUs intend to offer this large use  
135 provision only to customers of AmerenCILCO to provide continuity for existing  
136 customers served under the GDS-6 tariff while still conforming the general large user rate  
137 class into AmerenCILCO's GDS-4.

138 **VI. RESPONSE TO GFAI WITNESS ADKISSON**

139 **Q. Have you reviewed GFAI witness Jeffrey Adkisson's direct testimony?**

140 A. Yes.

141 **Q. Did Mr. Adkisson address the AIUs' proposal to conform the Availability**  
142 **provisions of its gas tariffs?**

143 A. Yes. First, to clarify, I believe Mr. Adkisson's use of the term "Eligibility" is  
144 interchangeable with the AIUs' tariff provision of "Availability." Mr. Adkisson agrees  
145 with the AIUs' proposal to move toward uniform Availability provisions in their tariffs.  
146 Mr. Adkisson, however, proposes alternative thresholds for assigning customers to the  
147 appropriate delivery service tariffs, and an alternative evaluation period for determining  
148 rate class assignment.

149 **Q. What did Mr. Adkisson propose regarding the availability of the AIUs' GDS-**  
150 **2 service?**

151 A. Mr. Adkisson erroneously cites the response to ICC Staff data request GER 4.01  
152 on line 60 of his testimony as addressing the average daily use methodology. I believe he  
153 intended to refer to my response to Staff data request ENG 4.01, which is attached as  
154 Ameren Exhibit 48.2. Mr. Adkisson agrees that the proposed GDS-2 Availability limit of  
155 no more than a highest average daily use of 200 therms or less is appropriate. He also  
156 agrees with the methodology used to calculate the average daily usage. However, Mr.  
157 Adkisson's proposal differs from the AIUs' proposed tariffs by recommending that the  
158 average daily use calculation be performed only during the months of December through  
159 March.

160 **Q. Do you agree with Mr. Adkisson's proposal?**

161 A. I agree with Mr. Adkisson's proposals regarding the Availability limit for the  
162 GDS-2 tariff and the methodology used to calculate the average daily use as outlined in  
163 my response to ICC Staff data request ENG 4.01. I do not agree with his proposal to

164 conduct the average daily usage calculation only during the months of December through  
165 March.

166 **Q. Why is it inappropriate to limit the calculation of average daily usage for**  
167 **purposes of rate assignment to the December through March timeframe?**

168 A. Mr. Adkisson represents the interests of a membership group whose primary gas  
169 usage typically occurs during the fall – outside of the December through March  
170 timeframe he emphasizes. It is understandable that this group would pursue the most  
171 advantageous rate structure for their interests. However, the modification Mr. Adkisson  
172 seeks is likely to result in an inequitable assignment of costs among customer classes, and  
173 is not needed since the provisions of the GDS-5 tariff already provide price signals to  
174 encourage customers to operate outside of the temperatures typically encountered during  
175 the December through March timeframe.

176 Mr. Adkisson offers no analysis on customer impacts, cost allocations, or rate  
177 class impact on the 68,600 GDS-2 customers to support his proposed change in the  
178 review period. It is likely that many of the seasonal customers who are able to operate  
179 outside of this timeframe would move to a lower tariff class than would be justified based  
180 on the investment and equipment needed to serve their loads. On the other hand, the  
181 AIUs have developed analyses to support their position that the proposed GDS-2 tariff  
182 with its annual calculation to determine Availability, appropriately allocates costs among  
183 customer classes and results in proportional rate changes for its gas customers. These  
184 analyses are found in AIUs' witness Normand's direct testimony.

185 Furthermore, the AIUs already recognize the different impacts that seasonal  
186 customers have on fixed and variable costs, and reflect this recognition in the billing

187 components and their associated charges of GDS-5. GDS-5 enables customers who use  
188 gas only on days when the average temperature is forecasted to be above 25 Fahrenheit or  
189 higher to avoid paying a demand charge. Since the December through March timeframe  
190 is the time of year when it is most likely that the temperature will be 25 or lower, GDS-5  
191 accomplishes what it appears Mr. Adkisson is trying to accomplish. Its role in equitable  
192 cost allocations and rate class impacts is demonstrated in the AIUs' witness Mr. Paul  
193 Normand's direct testimony (Ameren Exhibit 16.0G).

194           It is important to note that on lines 94 - 96 of his testimony, Mr. Adkisson  
195 supports without reservation the application of GDS-5 for seasonal use customers, the  
196 application of which provides the seasonality benefits that Mr. Adkisson appears to be  
197 promoting. It's also notable that Mr. Adkisson doesn't oppose the AIUs' proposed GDS-  
198 2. Indeed, he recommends it as the preferred alternative in the event his proposal is not  
199 adopted. Since the AIUs' GDS-2 is acceptable to Mr. Adkisson, and Mr. Adkisson has  
200 provided no analysis supporting his position while the AIUs have performed the requisite  
201 analyses supporting the equitable cost allocations and rate class impacts for GDS-2, the  
202 AIUs' proposal should be adopted over that of Mr. Adkisson.

203 **Q.     What did Mr. Adkisson propose regarding the availability of the AIUs' GDS-**  
204 **3 service?**

205 A.     Mr. Adkisson accepts the lower limit of Availability for GDS-3 of a highest daily  
206 usage of greater than 200 therms, conditioned on a December through March calculation  
207 period. However, he proposes an upper usage limit for Availability of 250,000 therms of  
208 annual usage. Alternatively, if the 250,000 therms of annual usage proposal is not  
209 approved, he recommends that the AIUs' proposed upper usage limit of a highest daily

210 usage of no greater than 1,000 therms be implemented, again with the proviso that the  
211 calculation of daily usage occur only during the December through March timeframe.

212 **Q. Do you agree with Mr. Adkisson's proposed Availability provisions for GDS-**  
213 **3?**

214 A. No, I do not. Mr. Adkisson's proposal is inconsistent with promoting uniformity  
215 and clarity. To determine Availability for a single rate class (GDS-3) using his proposed  
216 methodology, one would use both a daily average calculation based on a four month  
217 window and a total usage threshold that considers 12 months' of usage. As noted in my  
218 direct testimony, the AIUs' proposal to adopt uniform Availability standards based on  
219 average daily use is consistent with the Commission's directive in Docket Nos. 07-0585  
220 et.al.(Cons.) that the AIUs adopt uniformity of maximum use provisions for its non-  
221 residential gas tariffs. Mr. Adkisson's proposal is inconsistent with this directive.

222 Mr. Adkisson performed no analyses on the customer impacts, cost allocations or  
223 rate class impact of the proposed changes on the nearly 2,000 customers in the GDS-3  
224 and GDS-4 rate classes. Mr. Adkisson offered no testimony to indicate the advantages of  
225 the proposed change in the review period either as a stand-alone proposal or relative to  
226 the AIUs' proposal. The AIUs have developed analyses to support its position that its  
227 proposed GDS-3 tariff appropriately allocates costs among customer classes and results  
228 in proportional rate changes for its gas customers. These analyses are found in AIUs'  
229 witness Normand's direct testimony.

230 For reasons stated previously, the proposal to use the proposed four month  
231 calculation period to determine rate Availability would likely result in an inequitable  
232 assignment of fixed costs. Again, the AIUs' proposed GDS-5 seasonal gas delivery

233 service tariff recognizes the different impacts that seasonal use customers have on costs,  
234 and Mr. Adkisson supports proposed GDS-5 without reservation or condition. To add a  
235 seasonality component into the other gas delivery service tariffs is unsupported,  
236 redundant, and inconsistent with the goal of uniformity.

237         Again, it's notable that Mr. Adkisson doesn't oppose the AIUs' proposed GDS-3  
238 and recommends it as the preferred alternative in the event his proposal isn't adopted.  
239 Since the AIUs' GDS-3 is acceptable to Mr. Adkisson, and Mr. Adkisson has provided  
240 no analysis supporting his position while the AIU have performed the requisite analyses  
241 supporting the equitable cost allocations and rate class impacts for GDS-3, the AIU's  
242 proposal should be adopted over that of Mr. Adkisson's.

243 **Q.     What did Mr. Adkisson propose regarding the availability of the AIUs' GDS-**  
244 **4 service?**

245 A.     Generally, Mr. Adkisson proposes a minimum Availability threshold of 250,000  
246 therms of annual use. Alternatively, if the 250,000 therms threshold is not approved, he  
247 recommends that the AIUs' proposed upper usage limit of a highest daily usage of no  
248 greater than 1,000 therms be implemented, with the proviso that the calculation of daily  
249 usage occur only during the December through March timeframe.

250 **Q.     Do you agree with Mr. Adkisson's proposed Availability provisions for GDS-**  
251 **4?**

252 A.     No, I do not. Mr. Adkisson's proposal for the Availability provisions of GDS-4 is  
253 inconsistent with promoting uniformity and clarity among the gas delivery service tariffs.  
254 As noted previously, the AIUs' proposal to adopt uniform Availability standards based  
255 on average daily use for GDS-2, GDS-3 and GDS-4 is consistent with the Commission's

256 directive in Docket Nos. 07-0585 et.al. (Cons.) that the AIUs adopt uniformity of  
257 maximum use provisions for its non-residential gas tariffs.

258 As with his other Availability proposals, Mr. Adkisson performed no analyses on  
259 the customer impacts, cost allocations or rate class impact of the proposed changes on the  
260 nearly 400 customers in the GDS-4 rate class. He offered no testimony regarding the  
261 advantages of the proposed change in the review period either as a stand-alone proposal  
262 or relative to the AIUs' proposal.

263 Mr. Adkisson does not even attempt to explain the substantive differences  
264 between the two annual usage thresholds he mentions for possible consideration, or why  
265 the threshold of 250,000 therms of annual usage that he selected is preferable to the  
266 alternative threshold of 365,000 therms that he raises and then ignores. In contrast, the  
267 AIUs have developed analyses to support its position that its proposed GDS-4 tariff  
268 appropriately allocates costs among customer classes and results in proportional rate  
269 changes for its gas customers. These analyses are found in Mr. Normand's direct  
270 testimony.

271 Mr. Adkisson doesn't oppose the AIUs' proposed GDS-4. In fact, he  
272 recommends it as the preferred alternative in the event his proposal isn't adopted. In line  
273 with previous comments, its intuitively obvious that if the AIUs' GDS-4 is acceptable to  
274 Mr. Adkisson, and he has not provided any analysis supporting his position whereas the  
275 AIUs have justified the equitable cost allocations and rate class impacts for GDS-4, the  
276 AIUs' proposal is superior to that of Mr. Adkisson's.

277 **Q. Do you agree with Mr. Adkisson's recommendation that all of the AIUs'**  
278 **delivery charges, except monthly fixed charges, reflect seasonal prices?**

279 A. No, I do not. Mr. Adkisson bases his recommendation on his understanding that  
280 the AIUs design their gas distribution system “to carry peak usage, which occurs in the  
281 winter months.” The AIUs design their systems to support the peak needs of their  
282 customers, regardless of the time of year in which they occur. If the sole design criteria  
283 were based on peak usage during the winter months, then Mr. Adkisson’s members and  
284 asphalt plants would have insufficiently sized facilities to support their operations since  
285 their winter gas usage is either minimal or non-existent. Mr. Adkisson’s recommendation  
286 is inconsistent with the principles of system design and the recovery of system  
287 investment costs.

288 **Q. In your opinion, will the GDS-5 accommodate the GFAI members?**

289 A. Yes. GDS-5 is the AIUs’ Seasonal Gas Delivery Service tariff service. It is the  
290 tariff most applicable to Mr. Adkisson’s members. GDS-5 reflects the different impacts  
291 these seasonal use customers have on costs associated with gas delivery. Though Mr.  
292 Adkisson states his support for GDS-5 in lines 94 – 96 of his testimony, he offers no  
293 analyses to explain his recommendation or why the proposed GDS-5 seasonal use tariff  
294 does not address his concerns about allocating delivery service charges based on seasonal  
295 prices.

296 **VII. CONCLUSION**

297 **Q. Does this conclude your rebuttal testimony?**

298 A. Yes, it does.