

REVISED REBUTTAL TESTIMONY

of

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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

Proposed General Increase in Electric Rates
and
Proposed General Increase in Gas Rates

Docket Nos. 09-0306 – 09-0311 (Cons.)

(XX indicates stricken testimony)

December 8, 2009

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1 **I. Witness Qualifications**

2 **Q. State your name and business address.**

3 A. David A. Sackett, Illinois Commerce Commission, 527 East Capitol Avenue,
4 Springfield, Illinois, 62701.

5

6 **Q. Are you the same David Sackett who previously testified in this proceeding?**

7 A. Yes. My direct testimony was filed as ICC Staff Exhibit 14.0.

8

9 **II. Purpose of Testimony and Background Information**

10 **Q. What is the subject matter of your rebuttal testimony?**

11 A. This testimony concerns Central Illinois Light Company, d/b/a AmerenCILCO
12 (“CILCO”), Central Illinois Public Service Company, d/b/a AmerenCIPS (“CIPS”)
13 and Illinois Power Company, d/b/a AmerenIP (“IP”) (collectively, the
14 “Companies,” “Ameren,” “AIU” or “LDCs”) and their Proposed General Increase
15 in Gas Rates. My rebuttal testimony focuses on changes to the Companies’
16 transportation issues as set forth in Rider T, Gas Transportation Service. I
17 address the testimony of Ameren witnesses Seckler, Dothage and Normand,
18 along with the testimony of Constellation NewEnergy – Gas Division (“CNE”)
19 witness Kawczynski.

20

21 **III. Summary of Conclusions and Recommendations**

22 **Q. Please summarize your conclusions and recommendations.**

23 A. I conclude that Ameren’s practice of allocating bank capacity is inconsistent with
24 Commission practice for large transportation customers of other major gas
25 utilities such as Nicor Gas and Peoples / North Shore. While Ameren bundles a
26 predetermined amount of bank to large transportation customers, other major
27 gas utilities in the state provide unbundled gas banking service in a manner that
28 allows for flexibility and better meets transportation customers’ needs. Ameren’s
29 practice is also inconsistent with its method of allocating the storage costs to
30 transportation customers.

31 Therefore, I have five recommendations for the Commission to implement in this
32 case, as follows:

33 1. Require the Companies to report and to justify to the Commission their decision
34 to call Critical Days and Operational Flow Orders with less than 24-hours
35 notification to their transportation customers. I recommend that they be required
36 to provide this information to the Director, Energy Division, within 48 hours of
37 the declaration.

38 2. Require the Companies to provide a firm right to intra-day nominations during
39 regular business hours.

40 3. XXX
41 XXX
42 XXX

43 4. Require the Companies to unbundle Rider T’s bank from base rates in the *next*
44 rate case and work with Staff and intervenors in the interim through a workshop

45 process to determine equitable methods of allocating both storage capacity and
46 costs.

47 5. Require the Companies to recover storage costs through base rates in this case
48 using the relative test year peak day Daily Confirmed Nominations (“DCN”).

49

50 **IV. Transportation Service Issues – Rider T**

51 **Critical Day (“CD”) and Operational Flow Orders (“OFO”) Notifications**

52 **Q. What did you recommend with regard to CD and OFO notifications?**

53 A. I recommended that the Commission order the Companies to incorporate a 24-
54 hour notice for those portions of their system that are *not independent* and to
55 provide in the tariff a requirement that the Companies will make good faith efforts to
56 give 24-hour notice for the *independent* portions of their system. (Staff Ex. 14.0, p.
57 18)

58

59 **Q. What did CNE propose to address their concerns in this issue?**

60 A. CNE proposed tariff language that addresses their concerns. Specifically, this
61 language would require that Ameren notify the Commission each time it had to
62 issue a notification of a CD or an OFO. (CNE Ex. 1.0, p. 10)

63

64 **Q. How did Ameren respond to CNE’s proposal?**

65 A. Ameren witness Ms. Seckler has explained that her analysis included all parts of
66 the Ameren system because all parts are independent. She also accepted the tariff
67 language suggested by CNE. (Ameren Ex. 45.0 (Revised), pp. 3, 6)

68

69 **Q. What do you recommend with regard to CD and OFO notifications?**

70 A. I now recommend that the Commission approve the language proposed by CNE

71 and agreed to by Ameren. This addresses the primary concern raised by CNE.

72 However, I recommend that they be required to provide a report with justification to

73 the Director, Energy Division, within 48 hours of the declaration.

74

75 **Intra-day Nominations**

76 **Q. What did you recommend with regard to the expansion of intra-day**
77 **nominations?**

78 A. I concluded that the current manual process and staffing levels are sufficient to

79 meet the current demand for these nominations. I recommended that the

80 Commission order the Companies to provide a firm right to all four intra-day

81 nominations because the Companies can provide the services that CNE requested

82 in the last case with no additional cost. (Staff Ex. 14.0, p. 15)

83

84 **Q. On what did you base your conclusion?**

85 A. I premised this conclusion on three factors. First, I accepted that Ameren had

86 processed and scheduled all off-cycle nominations since the revised intraday

87 nominations went into effect on November 1, 2008, as stated by Mr. Dothage in his

88 direct testimony. (Ameren Ex. 22.0, p. 7) Second, I accepted that those were

89 processed with the current staffing levels which only show Gas Control personnel

90 working around the clock according to Ameren's response to Staff data request

91 (“DR”) DAS 4.02. And third, I accepted that those included nominations happening
92 around the clock, on weekends and on holidays, as shown by the data submitted in
93 response to Staff DR DAS 1.22.

94

95 **Q. Were these three premises correct?**

96 A. No. Mr. Dothage raises a question with the third premise when he states in his
97 rebuttal testimony that none of these nominations were processed until the next
98 business day. (Ameren Ex. 44.0, p. 4) In response to Staff DR DAS 11.07
99 (Attachment A), the Companies state that Gas Control personnel were receiving
100 nomination updates from the pipelines that indicated that suppliers had changed
101 nominations. These employees did not modify the LDC pipeline nominations but
102 internalized the pipeline updates into the system plan. Beginning the next *business*
103 day, End User Transportation Group personnel began to process these “requests”
104 after the fact and to account for them in the Unbundled Services Management
105 System (“USMS”).

106

107 **Q. Can the utility continue to follow its current process with no additional**
108 **costs?**

109 A. Yes.

110

111 **Q. What do you now recommend with regard to the expansion of intra-day**
112 **nominations?**

113 A. Ameren can and should offer to allow intra-day nominations during regular business
114 hours. They should still maintain the caveat that they will provide them “if the
115 Company determines in its sole discretion that such a change to Nomination will not
116 adversely impact the operation of the Company’s gas system or adversely impact
117 Company’s purchase and receipt of gas for other Rates or Riders.” (Ill. C. C. No.
118 20, 1st Revised Sheet No. 25.010). Outside of regular business hours, the
119 Companies should continue to provide their best efforts by truing up accounts after
120 the fact.

121

122 **Unbundled the Rider T Bank from Base Rates**

123 **Q. What do you mean by the phrase “unbundle the Rider T bank from base**
124 **rates”?**

125 A. By this phrase, I am referring to allowing the customer to determine how much
126 storage is desired (based on availability and to pay for it based on that chosen
127 level). This is in contrast to providing a fixed amount of storage, i.e., ten days of the
128 customer’s maximum daily quantity.

129

130 **Q. Can you outline the process that would be necessary to reach an**
131 **unbundled bank?**

132 A. Yes. The process to unbundle Rider T’s bank has three components:

- 133 1. Equitable allocation of the Companies’ storage assets;
134 2. Allowance of customers selecting a bank level commensurate with their
135 needs; and

136 3. Development of new charges that reflect appropriate costs.

137

138 **Q. Please provide an overview of your rebuttal testimony as it pertains to your**
139 **proposal to unbundle the Rider T Bank.**

140 A. First, I will discuss the need to allocate the storage assets equitably. Second, I will
141 address the Companies' objections to my proposal, which were primarily directed at
142 the effect of my proposal on sales customers. Third, I will clarify that my proposal
143 would ideally include the option for transportation customers to select the level of
144 bank that best suits their individual needs. Finally, I address cost recovery issues.

145

146 **Q. What did you recommend in your direct testimony with regard to**
147 **transportation customers banks?**

148 A. I proposed that the Commission essentially make three decisions regarding the
149 Rider T banks. First, I recommended that AIU be required to equitably allocate
150 storage *capacity*. Second, I recommended that the Rider T bank be unbundled
151 from base rates. Lastly, I recommended that the Commission require that storage
152 *costs* be equitably allocated between sales and transportation customers. I
153 recommended that all of these changes be made during a workshop process that
154 would occur before the Companies file their next rate cases. (Staff Ex. 14.0, p. 24)

155

156 **Q. Did Ameren accept your direct proposal?**

157 A. No. Ameren Witness Mr. Dothage lists several objections which are systematically
158 addressed below. (Ameren Ex. 44.0, p. 17)

159

160 XXX

161 XXX

162 XXX

163 XXX

164 XXXXX

165

166 XXX

167 XXX

168 XXX

169 XXX

170 XXX

171 XXX

172

173 **1. Equitable Allocation of the Companies' Storage Assets**

174 Rationale for Equitable Allocation of the Companies' Storage Assets

175 **Q. Why is the issue of capacity allocation the starting point for unbundling the**

176 **Rider T bank?**

177 A. Capacity allocation is the central issue here and encompasses the primary

178 objections that the Companies made to my direct proposal. XXXXXXXXXXXXXXX

179 XXX

180 XXXXXXXXXXXXXXX

181

182 AIU Objections to my direct proposal

183 **Q. What objections does Ameren make to your proposal to allocate capacity**
184 **more equitably?**

185 A. Ameren witness Dothage lists three objections to my proposal. These objections
186 are that there is no demand for unbundling the Rider T bank, that it is too soon to
187 consider changing the current tariffs, and that my proposal will result in an
188 allocation away from sales customers to transportation customers. (Ameren Ex.
189 44.0, p. 17)

190

191 **Q. Does Ameren deny that its storage capacity is inequitably allocated?**

192 A. No. Ameren never provides any evidence that its current allocation of 10 days of a
193 transportation customer's maximum daily contract quantity ("MDCQ") for a
194 maximum bank level is equitable.

195

196 **Q. How relevant is the last rate case to this process here?**

197 A. Very relevant. Ameren took a rather extreme position in both its direct and rebuttal
198 testimonies in Docket Nos. 07-0585 - 0590 (Cons.) to eliminate all banks for
199 transportation customers. Ameren relies on many of the same arguments made in
200 that case to eliminate the banks to support its inequitable allocation here. This
201 shows continued opposition by Ameren of any right to any allocation of storage,
202 equitable or otherwise. I believe that these arguments should be evaluated in the

203 context that they were originally advanced. The evidence in this case supports a
204 modification of the position the Commission took in the last case.

205

206 Transportation customers want equitable storage allocation.

207 **Q. What is Mr. Dothage’s first objection to your proposal to allocate capacity**
208 **more equitably?**

209 A. Ameren witness Dothage objects that “transportation customers are not interested
210 in unbundling the balancing service” because not one has asked for any changes to
211 the tariff. (Ameren Ex. 44.0, p. 17)

212

213 **Q. How do you respond to Mr. Dothage’s first objection?**

214 A. I believe that the issue of demand for an unbundled bank is a valid question to
215 raise. However, Mr. Dothage does not provide any support for his conclusion that
216 transportation customers are not interested in the service. In my opinion, based
217 upon other rate proceedings, transportation customers support an unbundled
218 storage option.¹

219

220 **Q. What evidence would you expect Ameren to provide in support of its**
221 **assertion that transportation customers are not interested in unbundling**
222 **the balancing service?**

¹ IIEC, Vanguard and CNE all supported an unbundled storage bank in Docket Nos. 07-0241/0242 (Cons.) (Order, Docket Nos. 07-0241/0242 (Cons.), February 5, 2008, p. 279-280)

223 A. Ameren could have included an inquiry about whether transportation customers
224 would like to have the balancing service unbundled in its transportation customer
225 survey. However, Ameren never asked this question on its transportation customer
226 survey.

227

228 **Q. How does Ameren support its assertion?**

229 A. In response to Staff DR DAS 6.07, Ameren states that “no customers had
230 previously expressed any interest in or desire to unbundle banks, [so] the AIU did
231 not consider putting that particular question on the survey.”

232

233 **Q. Do you have any observations about that response?**

234 A. Yes. Apparently the responder was unaware of CNE’s request for just such a
235 service in the last case as noted below.

236

237 **Q. What specifically did intervenors support in the past rate case?**

238 A. In Ameren’s last rate case, CNE stated that it would like to see the storage
239 allocated using either the Nicor Gas or Peoples Gas method.

240 Regardless of the Commission’s decision regarding storage
241 allocation, CNE-Gas recommends that AIU be required to investigate
242 the storage allocation methodologies of both Peoples and Nicor. The
243 Commission, CNE-Gas continues, should order AIU to work with
244 Staff and interested stakeholders to study the impact of utilizing these
245 other storage allocation methodologies in order to more equitably
246 allocate storage assets between sales and transportation customers
247 in the future.

248 (Order, Docket Nos. 07-0585 - 07-0590 (Cons.), September 24,
249 2008, p. 308)

250

251 **Q. What other evidence is there of support for unbundled banks in this case?**

252 A. In its responses to Staff DRs DAS 8.1-8.3, CNE states that it generally
253 supports allocating storage assets using the methodologies the Commission
254 approved for Nicor Gas and Peoples Gas and unbundling banks from base
255 rates, and allowing transportation customers to select a level of banking they
256 need and tying cost recovery to the bank level selected. Furthermore, the
257 only other transportation intervenor, Illinois Industrial Energy Consumers
258 (“IIEC”), in its responses to Staff DRs DAS 9.1-9.3, states that its member
259 companies would “likely” be supportive of these same issues.

260

261 **Q. What conclusion do you draw regarding the support for unbundling the**
262 **bank?**

263 A. Ameren has provided no support for its conclusion that transportation
264 customers are uninterested in unbundling the bank. In the absence of any
265 evidence that the customers have changed their position, I conclude that the
266 transportation customers and suppliers do support an unbundled bank.

267 Therefore, I recommend that the Commission to support such a bank.

268

269 Historical Evidence.

270 **Q. What is your response to Mr. Dothage’s historical evidence allegedly**
271 **showing no interest in “experimental” storage services?**

272 A. The historical evidence that Mr. Dothage provides is a repeat of Mr. Glaeser’s
273 rebuttal testimony in the last rate case and should be taken in context. It is another

274 attempt to demonstrate a lack of demand. However, it is referring to services
275 different from banking; I am advocating an expansion of the existing bank to an
276 equitable level, not another service in addition to a bank. I would further note that
277 Mr. Glaeser was making those arguments in the process of advocating that
278 transportation customers be allocated no banks at all.²

279

280 XX

281 **Q. What is Mr. Dothage’s second objection to your proposal to allocate**
282 **capacity more equitably?**

283 A. Mr. Dothage states that the current banking provisions have only been in effect for
284 less than a year, and there is not enough experience to support a change at this
285 time. (Ameren Ex. 44.0, p. 17)

286

287 **Q. How do you respond to Mr. Dothage’s second objection?**

288 A. He has cited no problems with the current banks. It is notable that there was
289 sufficient time for Ameren to decide it needed to raise rates again but not enough to
290 determine whether the new transportation tariffs work. Initial indications are that the
291 current system is functional based on the evidence below regarding the off-system
292 storage portfolios.

293

² Mr. Glaeser maintained that all storage assets were needed to support the needs of sales customers only and could not be shared with transportation customers without dire consequences. He subsequently proposed in surrebuttal to give customers a bank, undermining those rebuttal claims.

294 **Q. Did you propose in your direct testimony to make any changes in this**
295 **docket?**

296 A.

297 NoXX
298 XXX
299 XXX
300 XXXX, my proposal is not to make any changes at this time, but rather, develop a
301 workable plan before Ameren’s next rate case.

302

303 My proposal to change storage allocations does not create a subsidy, it corrects one.

304 **Q. What is Mr. Dothage’s third objection to your proposal to allocate capacity**
305 **more equitably?**

306 A. Mr. Dothage objects to my proposal by claiming that it will cause a reallocation of
307 storage assets and create a subsidy from sales to transportation customers.

308 (Ameren Ex. 44.0, pp. 17, 23) I assume for the sake of my response that this is the
309 primary objection because it is the only objection with any “evidence” provided to
310 support it.

311

312 **Q. How do you respond to Mr. Dothage’s primary objection?**

313 A. I disagree that my proposal will require more storage or that it will increase costs to
314 sales customers. Furthermore, I will show that Ameren has made the same
315 prediction before which did not turn out to be true.

316

317 **Q. What does Ameren rely on to rebut your position?**

318 A. Rather than directly refuting my position, Mr. Dothage simply points to the
319 Commission's Order stating, "I firmly believe the Commission was not arbitrary
320 when it recognized 'the AIU has less capacity for banking than Nicor, Peoples and
321 North Shore' in finding that the 10 day MDCQ bank is an appropriate size. (Docket
322 No. 07-0585 et al. (Cons.), Order at 313)." (Ameren Ex. 44.0, p. 21) Mr. Dothage
323 provides no basis for making this statement.

324

325 **Q. To what was Mr. Dothage referring when he made his statement?**

326 A. In my direct testimony I stated:

327 AIU transportation customers only pay on-system storage costs (like Nicor Gas)
328 but receive banks that are not allocated based on the capacity of each LDC. In
329 fact, the 10 days determined in the last case was an arbitrary decision and only
330 based on what the LDCs have historically offered (either 10-12 days). I am not
331 sure when the first banks were created, but it is clear that they do not reflect the
332 relative allocation of assets.
333 (Staff Ex. 14.0, pp22-23)

334 However, to be clear, I did not use the term "arbitrary" in the pejorative sense that it
335 was "the wrong decision" or "not based on the record." The finding was appropriate
336 in that proceeding, based on that record. In fact, it was my recommendation which
337 was based on "a compromise between the 12 times MDCQ currently available to
338 AmerenIP Rider OT customers and the 10 times [Average Day Peak Month]
339 currently available for Rider T banks at AmerenCILCO and AmerenCIPS." (Order,

340 Docket Nos. 07-0585 - 07-0590 (Cons.), September 24, 2008, pp. 299-300)³ While
341 the Order references Ameren’s rhetoric for *why* it chose the level it did, the position
342 the Commission adopted was Staff’s position, not Ameren’s. (*Id.*, p. 313)

343 XX

344 XX

345 XX

346 XX

347 XXXXXXXXXXXXXXXX

348

349 **Q. Why did you not propose this methodology for capacity allocation in the**
350 **prior proceeding?**

351 A. I did not propose this methodology because of the across-the-board rate changes
352 proposed by the Companies and agreed to by Staff (*Id.*, p. 270), As the Staff
353 witness in the transportation issues in those cases, I felt that expanding the bank
354 without a commensurate increase in the costs to transportation customers would
355 result in a subsidy from sales customers to transportation customers. XXXXXXXX

356 XX

357 XX

358 XX

359

³ It was also the middle-ground position between the 8-days that Ameren proposed (Order, Docket Nos. 07-0585 - 07-0590 (Cons.), September 24, 2008, p. 297) and the 12-13.5 day position advocated by CNE. (*Id.*, p. 308)

360 **Q. What do you conclude with regard to the decision of the Commission in the**
361 **previous rate case in light of all the other cases where the Commission**
362 **clearly indicated that it supports the equitable allocation of these assets**
363 **among sales and transportation customers?**

364 A. The Commission decision in the last rate case on bank size was tied to historic
365 bank sizes. These historic banks were not based on an equitable allocation. That
366 decision was also based upon my own recommendation which was based on
367 retaining the existing bank size. I do not find fault in that decisionXXXXXXXXXX
368 XXX
369 XXX.

370
371 **Q. How did Mr. Dothage address your evidence regarding the relative assets**
372 **available to the AIU?**

373 A. Mr. Dothage rejects the models that I used to show each LDC's relative assets.
374 (Ameren Ex. pp. 21-22) These "models" (methodology) (see Staff Ex.14.0, p. 22-
375 24), which were descriptive and not proscriptive, are illustrative of the relative size
376 of the assets involved. Though Mr. Dothage calls these models "Mr. Sackett's
377 Models," they are not *my* models at all. Those "models" reflect the methods
378 considered and accepted by the Commission (Order, Docket No. 95-0031,
379 November 8, 1995, pp. 56-58; Order, Docket No. 95-0032, November 8, 1995, pp.
380 69-71; and Order, Docket No. 95-0219, April 3,1996, pp. 60-62) to answer the
381 question facing us in this case – how do we equitably allocate the assets between
382 sales and transportation customers? While Mr. Dothage dismisses these methods,

383 he has failed to offer any alternative. AIU is free to suggest a more legitimate
384 allocator in surrebuttal testimony or in the workshops.

385

386 **Q. What questions must any allocation methodology answer?**

387 A. There are two questions that an allocation methodology must address: What assets
388 will be divided? What measure should be used to allocate those assets?

389

390

391 **Q. What options have been used by the Commission in other proceedings to**
392 **divide the chosen capacity?**

393 A. The Commission has used peak day supply in Peoples Gas and North Shore
394 (Order, Docket No. 95-0031, November 8, 1995, pp. 56-57; and Order, Docket No.
395 95-0032, November 8, 1995, p. 69) and peak day demand in Nicor Gas (Order,
396 Docket No. 04-0779, September 20, 2005, p. 117); these are roughly equivalent
397 methods. Both are reasonable. Whichever one is chosen should be used to
398 allocate the slice to the individual transportation customers. Using peak usage
399 favors residential customers. A third allocator that could be used would be annual
400 usage which would be more favorable to transportation customers.

401

402 **Q. Why do you claim that using annual usage would favor transportation**
403 **customers over a peak day measure?**

404 A. Transportation customers' share of annual use is greater than their share of peak
405 day use. Smaller customers generally have usage that is largely influenced by

406 heating load and is therefore more weather sensitive. Thus, they represent a
 407 relatively larger portion of peak day demand relative to annual usage than
 408 transportation customers who tend to include larger process load customers.

From ICC Gas Stats	AmerenCILCO	AmerenCIPS	AmerenIP
2008 Throughput (Dth)	261,938,964	133,036,684	241,587,902
2008 Transportation Annual Usage (Dth)	590,006,626	341,607,774	741,588,107
Transportation Customers Share of Total Throughput	44%	39%	33%

409 **Figure 1**
 410

411 **Q. How do you respond to Mr. Dothage's objection to using peak day**
 412 **measures to allocate the Companies' storage assets?**

413 A. Mr. Dothage objected to the peak day allocator. He makes the claim that the two
 414 numbers are not related. (Ameren Ex. 44.0, p. 22) However, the Companies have
 415 not proposed an alternate allocator. Furthermore, Ameren witness Mr. Normand
 416 uses a peak day allocator to allocate underground storage costs to transportation
 417 customers. (See Ameren Ex. 16.8.⁴)

418
 419 **Q. Which capacity and allocator combination do you believe is the most**
 420 **relevant to Ameren's system?**

421 A. I believe that the Nicor Gas methodology is the most appropriate at this time,
 422 because it is based on on-system capacity only and only recovers on-system costs.

⁴ **Daily Confirmed Nomination (DCN)**

Daily Confirmed Nomination is the volume a transportation Customer nominates and delivers to the Company's delivery system for any single day. The absence of a Daily Confirmed Nomination is equivalent to a Daily Confirmed Nomination of zero. Such Deliveries shall reflect adjustments for losses on Company's gas system.

423 Ameren has only allocated on-system storage costs through its Cost of Service
 424 model and does not attempt to recover costs for off-system storage assets from
 425 transportation customers. These are the characteristics that make the Peoples Gas
 426 method unique from the Nicor Gas method. XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
 427 XXX
 428 XXX
 429 XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

431 **Q. What would be the result of application of the Nicor Gas method to the**
 432 **Ameren LDCs?**

433 A. Bank days would increase for all three utilities. For AmerenCILCO, the bank days
 434 would increase from 10 days to 11 days. For AmerenCIPS, the bank days would
 435 increase from 10 days to 24 days. For AmerenIP, the increase would be from 10
 436 days of bank to 24 days. See Figure 2 below.

	AmerenCILCO	Units	AmerenCIPS	Units	AmerenIP	Units	Source
On-system Capacity	8,172,483	Mcf	2,374,762	Mcf	15,218,000	Dth	Schedule F-8
Peak Day	339,297		224,027	MCFD	640,437		DAS 1.31
Days of Deliverability	24	Days	11	Days	24	Days	

437 **Figure 2**

438 **Q. How do you respond to Mr. Dothage’s discussion supporting his claim that**
 439 **the peak day deliverability and seasonal storage capacity have no**
 440 **operational relationship to each other?**

441 A. The peak day allocator methodology is well established and has been used by the
 442 Commission for over a decade. Beginning in 1995, the Commission has approved

443 the allocation of Peoples Gas and North Shore which I used to provide this
444 comparison. This methodology includes all assets including firm transportation and
445 citygate deliveries. The only gas that was excluded was the customer-owned gas.
446 My descriptive comparison was identical to the approved method and the
447 comparison is, therefore, valid.

448

449 Three facts that contradict Ameren predictions.

450 **Q. What predictions does Ameren make regarding the effect of your proposal**
451 **to allocate storage assets equitably?**

452 A. Mr. Dothage states that unbundling the bank will have two potentially disastrous
453 effects. First, there may not be sufficient additional off-system storage available to
454 accommodate the larger banks. Second, any off-system storage that is available
455 will likely be at a higher cost than existing assets. (Ameren Ex. 44.0, p. 23)

456

457 **Q. Which effect does Ameren say is the primary concern here?**

458 A. Mr. Dothage warns that “the major risk and harm to the sales customers is that the
459 new seasonal storage capacity required may not be available in the marketplace.”
460 (Ameren Ex. 44.0, p. 23)

461

462 **Q. Has Ameren made similar claims before?**

463 A. Yes. In the previous rate case, Mr. Glaeser claimed that “the Ameren Illinois
464 Utilities currently require all of their storage resources and related deliverability to
465 meet their sales customer’s peak day demand. The Ameren Illinois Utilities have no

466 excess storage capacity available to provide a new open access storage service.”

467 (Docket Nos. 07-0585 - 0590 (Cons.), Ameren Ex. 30.0, p. 26)

468

469 **Q. What does Ameren claim in the instant case?**

470 A. Mr. Dothage gave a familiar statement that “all of the AIUs’ storage resources,
471 company-owned and leased, as well as the firm transportation capacity contracted
472 for on the interstate pipelines are required for the AIUs to serve system sales
473 customers and to provide the balancing and bank flexibility to transportation
474 customers as required under the tariff terms and conditions of Rider T.” (Ameren
475 Ex. 44.0, p. 17)⁵

476

477 Migration of customers from sales to transportation service reduces Ameren’s peak day
478 requirements.

479 **Q. Does your proposal have any direct effect on Ameren’s peak day peak day**
480 **requirements as Mr. Dothage implies?**

⁵ Compare this portion of Mr Dothage rebuttal testimony with Mr. Glaeser’s rebuttal testimony. “All of the existing storage resources are needed to serve the peak day needs of the AmerenCILCO sales customers and to provide the balancing and bank flexibility to transportation customers as required under the tariff terms and conditions of Rider T. This is exactly what the AIUs would have to do today in order to offer *the unbundled banking services that Mr. Sackett proposes* for the transportation customers, and it would result in creating the same subsidy.” (Ameren Ex. 44.0, p. 20)
“...all of the existing storage resources were needed to serve the peak day needs of the CILCO sales customers....this is exactly what the Ameren Illinois Utilities would have to do today in order to offer *storage* to the transportation customers, and it would result in creating the same subsidy.” (Docket Nos. 07-0585- - 0590 cons.,(Cons.), Ameren Ex. 30.0, pp. 26-27) Mr. Dothage is treating the proposals as equivalent and responding with the exact same argument.

481 A. No. The Companies' peak day delivery requirements to support transportation
482 customers' bank withdrawals are based on the customers Daily Confirmed
483 Nominations ("DCN") and are, therefore, independent of the size of the banks.
484 Therefore, all other things being equal, my proposals will not increase the peak day
485 requirements.

486

487 **Q. Does your proposal have any indirect effects on Ameren's peak day**
488 **requirements?**

489 A. Yes. Customers are migrating from sales to transportation service. As that service
490 becomes more equitable, this will only increase. Before a customer migrates,
491 Ameren is responsible for meeting 100% of that customers' load on a peak day.
492 After that customer migrates, Ameren must only meet 20% of the customers DCN.⁶
493 Therefore, as customers migrate to transportation service, Ameren can reduce the
494 amount of storage to support this. To the extent that my proposals will increase the
495 migration to transportation service, all other things being equal, my proposals
496 should *reduce* the Companies' peak day needs.

497

498 **Q. Does AmerenIP need all of its current resources to meet its peak day**

⁶ IP: Volume based on 2007 Demand Study Load minus ANR & Trunklin[e] Captive Systems minus 100% of Rider T Customers MDQ (Bank Requirements) switching effective 11/1/09.....Includes 20% of End User Load on 1/15/09 (Bank Requirements) + 20% of Rider T Customers MDQ (Bank Requirements) switching effective 11/1/09.

CIPS: EU Bank Withdrawal volume was calculated by taking the 2008 Peak Day end user total and then multiplying by 20%.

CILCO: EU Bank Withdrawal volume was calculated by taking the 2008 Peak Day end user total and subtracting all special contract nominations, and then multiplying the remainder by 20%.

499 **requirements?**

500 A. No. Ameren’s response to Staff DR DAS 7.05 shows that AmerenIP has a 22.6%
501 reserve margin.

502

503 The storage portfolio evidence contradicts Ameren predictions.

504 **Q. Did the Commission order any expansion in banks in the last rate case?**

505 A. Yes. In the case of AmerenCILCO and AmerenCIPS, the Commission ordered the
506 measure of bank size increased from 10 times the average day of the peak month
507 from the previous 12 months (“ADPM”) to 10 times MDCQ, which results in a
508 slightly bigger bank. In the case of AmerenIP, the Commission ordered that banks
509 be provided to all transportation customers. Therefore, AmerenIP serves as a good
510 model for this case, because it had the largest increases since the last case. As a
511 result of expanding the banks in 2007, the storage capacity devoted to
512 transportation customers increased from 467,755 MMBTU to 2,592,675 MMBTU,
513 an increase of over 450% due primarily to the Commission Order. (Ameren
514 Response to Staff DR DAS 1.26)

515

516 **Q. Did AmerenIP increase its off-system storage assets as a result of that**
517 **450% expansion of storage capacity to transportation customers as**
518 **Ameren predicted?**

519 A. No. Despite the same dire warnings about the negative effect that this expansion
520 would have on sales customers made in the last case and repeated in this case,
521 the evidence shows that AmerenIP has purchased no new off-system storage to

522 support this massive expansion. To the contrary, according to Ameren witness
 523 Seckler, since the transportation provisions from the last rate case went into effect
 524 (less than a year ago), the only change in AmerenIP’s off-system storage was a
 525 15% in its Mississippi River Transmission (“MRT”) storage contract level. (Ameren
 526 Ex. 45.0 (Revised), p. 12) Furthermore, in its response to Staff DR DAS 6.13
 527 (Attachment C), Ameren acknowledges that they have not even attempted to
 528 purchase any off-system storage after the last rate case decision and subsequent
 529 bank expansion.

530
 531 XXX
 532 XXX
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538

539 **Q. Was AmerenIP alone in its response to the increase in bank capacity**
 540 **allocated to transportation customers?**

541 A. No. In fact, while all three LDCs have seen an increase in the capacity allocated to
 542 transportation customers (Ameren Responses to Staff DR DAS 1.26 and DAS
 543 11.06), each one has *reduced* off-system storage. (Ameren Ex. 45.0 (Revised), pp.
 544 11-12) See Figure 3 below.

Ameren transportation Customer Bank Capacity					
	AmerenCILCO	AmerenCIPS	Ameren IP	Total	Source
2006	731,825	314,535	419,723	1,466,082	DAS 1.26R
2007	768,866	315,953	467,755	1,552,575	DAS 1.26R
2008	1,008,172	454,569	2,592,675	4,055,417	DAS 1.26R
2009	1,425,333	620,570	2,831,277	4,877,180	DAS 11.06
New Transportation Bank Capacity since 07-0585/0590 Decision (September 24, 2008)					
	656,467	304,617	2,363,522	3,324,605	
Capacity released by Ameren since 07-0585/0590 Decision (September 24, 2008)					
	1,507,800	1,281,184	250,000	3,038,984	DAS 10.02
All capacities are in Dth (MMBtu)					

545

Figure 3

546 **Q. What does this evidence show regarding the additional off-system capacity**
 547 **that Mr. Dothage warns may not be there?**

548 A. As evidenced by Ameren’s decreases in these same assets, there is clearly excess
 549 capacity. Ameren itself is shedding pipeline capacity. Once again, Mr. Dothage
 550 claims ignorance, this time of the availability of additional capacity. (See Ameren
 551 Ex. 44.0, p. 23, quoted above) Thus, Ms. Seckler’s testimony contradicts Mr.
 552 Dothage’s “major risk and harm” and undermines his position.

553

554 Ameren’s “strategy” contradicts Mr. Dothage’s predictions.

555 **Q. Why does Ameren release its capacity at the same time transportation**
 556 **customer usage is increasing?**

557 A. Ameren is using a “strategy” trying to match 50% of its winter supply from
 558 storage. According to the Companies’ response to Staff DR DAS 6.05
 559 (Attachment B), Ameren’s strategy is “to have approximately 50% of its normal
 560 winter requirements met by storage withdrawals.” Therefore, the off-system
 561 capacity is independent of the capacity allocated to transportation customers. If

562 Ameren continues this pattern, then the increase in transportation customers'
563 banks will have no impact on either the capacity needed for sales customers or
564 the increase in costs that Mr. Dothage claims. In fact, since transportation
565 service is on the rise (Ameren response to Staff DR DAS 2.11 and 10.01), the
566 “normal winter requirements” are decreasing.⁷ This leads to a need for *less* off-
567 system storage. Therefore, as transportation service becomes more attractive
568 with properly allocated banks and sales customers continue to switch to
569 transportation service, this may actually *reduce* costs for the remaining sales
570 customers.

571

572 **Q. What do you conclude with regard to Ameren’s restated objection that an**
573 **equitable allocation will require additional assets that may not be**
574 **available?**

575 A. If, according to Ameren, all of those assets were needed last time to just meet the
576 needs of sales customers and all of those assets are currently required to meet the
577 needs of sales customers and the bank withdrawals of transportation customers,
578 then why did Ameren decrease its asset levels? I do not believe that those assets
579 are really required when Ameren is returning the rights to the pipelines. Once
580 again, Ameren is overstating the critical nature of the situation.

581

⁷ Since on-system storage capacity is fixed, this is reflected by decreasing needs for off-system assets. I am not recommending that Ameren’s “strategy” is ultimately in the best interests of any of Ameren’s customers. However, Ameren cannot follow this strategy yet still makes the claims that it does.

582 **Q. What does Ameren say is the other concern here?**

583 A. Mr. Dothage claims that “even if [off-system capacity] is available, the capacity
584 likely would be at a much higher cost than the existing storage capacity. This could
585 cause financial harm to the 821,300 of the AIUs’ sales customers for the benefit to
586 the 481 of the AIUs’ transportation customers.” (Ameren Ex. 44.0, p. 23)

587

588 **Q. Has Ameren made similar claims before?**

589 A. Mr. Glaeser’s arguments regarding increasing storage to transportation customers’
590 increasing costs to sales customers are simply restated by Mr. Dothage. Mr.
591 Glaeser claimed in the previous rate case that “if the Ameren Illinois Utilities were
592 ordered to offer a storage service to the transportation customer class, *additional*
593 *leased storage resources would have to be secured* by the respective Ameren
594 Illinois Utility and would most assuredly be at a *higher cost than the current gas*
595 *supply resources* which the sales customers pay through the PGA rate mechanism.
596 In other words, costs would go up for the sales customers.” (Docket Nos. 07-0585 -
597 0590 (Cons.), Ameren Ex. 30.0, pp. 26-27) (emphasis added)

598

599 **Q. What do you conclude with regard to Ameren’s restated objection that an
600 equitable allocation will require additional assets at a higher cost?**

601 A. This is the basis of the “subsidy to transportation customers” argument. However,
602 as shown by Ameren’s release of capacity back to the pipelines, the new capacity
603 should cost just the same as they did when they were in Ameren’s portfolio. When
604 combined with Ameren’s capacity strategy, the *price* of storage capacity becomes

605 irrelevant because Ameren will not buy any more storage. Once again, Mr.
 606 Dothage claims ignorance, this time of the cost of additional capacity, which
 607 obviously would not cost more than itself. Furthermore, the release of capacity that
 608 has occurred since the 2007 rate case has reduced the off-system costs to sales
 609 customers, contradicting Mr. Glaeser’s prediction from the last rate case Ameren’s
 610 actions have discredited Mr. Glaeser’s claim from the last case, and Mr. Dothage’s
 611 identical claim in this case should, therefore, be given no credence.

612

613 **Q. How do you distinguish between inequities and subsidies?**

614 A. As I demonstrated in my direct testimony, there is clearly an *inequity*⁸ in the level
 615 banks afforded to Ameren’s transportation customers (Staff Ex. 14.0, pp. 22-24); an
 616 inequity does not become a *subsidy*,⁹ unless the party being discriminated against
 617 is paying disproportionate to the level of benefit received.

618

619 XX
 620 XX
 621 XX
 622 XX

⁸ I define an inequity as where the capacity allocated to one party is not proportional compared to the other parties. The proportionality must reflect consideration of at least one characteristic of all parties.

⁹ I define a subsidy as the result of an inequity where the costs to one party are lower because they are partially paid for by another.

623 XXX

624 XXX

625

626 **Q. What would an increase in costs to sales customers show?**

627 A. To the extent that my proposal shifts costs from transportation customers to sales
628 customers, then it reflects a reduction in the current subsidy (by Mr. Dothage's own
629 acknowledgement, additional assets would be paid for by sales customers). It
630 shows that the current setup has sales customers benefitting from storage
631 portfolios that are cheaper than would be necessary to equitably allocate the
632 Companies' storage assets.

633

634 **Q. Should both transportation and sales customers have the benefit of utility
635 storage assets?**

636 A. Yes. I believe they should. Sales customers benefit from storage assets both in
637 terms of meeting peak day requirements as well as seasonal hedging *regardless of*
638 *their size*. If a sales customer loses all or part of that benefit when they switch to
639 transportation service, they will be unduly deterred from transportation service.
640 They are all customers and should have access to the utility's assets. The
641 Commission has taken a similar position that those assets should benefit all
642 customers or just sales customers in the last Ameren case, and every Peoples Gas
643 and Nicor Gas case for the last 14 years.

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729

730 **Q. Please summarize your conclusions regarding unbundling the Rider T Bank.**

731 A.

732 XXX

733 XXX

734 XXXXXXXXXXXXXI recommend that the Commission require the Companies to work

735 with Staff and Intervenors to develop an equitable allocation process for storage

736 assets, to allow customers to select the level of banking that best suits their needs,
737 and to develop an equitable allocation of the costs of providing those services. The
738 Companies should be required to propose these changes in their next rate case.

739

740 **V. Storage Cost Allocation**

741 **Q. What did you recommend regarding storage cost allocation?**

742 A. I recommended that Mr. Normand in his rebuttal testimony clarify the step-by-step
743 rationale for his method and provide all the data that he relied on in determining
744 what costs should be allocated to transportation customers. (Staff Ex. 14.0, p. 28)

745

746 **Q. Did Ameren provide the information that you needed to consider this
747 issue?**

748 A. Yes. In his testimony and Ameren Ex. 27.3, Mr. Normand provided *some*
749 clarification on his method. (Ameren Ex. 27.0, pp. 4-6)

750

751 **Q. Do you have any concerns with the method that Mr. Normand allocates
752 underground storage costs to transportation customers?**

753 A. Yes. The methodology that he uses does not reflect the size of the bank allocated
754 to customers by the tariff. (Ameren's response to Staff DR DAS 7.01) In other
755 words, the transportation customers' portion of storage costs would be the same if

756 transportation customers had a 1-day bank as if they had a 100-day bank.¹⁰ Thus,
 757 using the peak day allocator makes the assumption that the underlying allocation of
 758 capacity is equitable. If the capacity allocation is not equitable, then basing the
 759 charges solely on peak day withdrawals is not equitable. Given the inequitable
 760 allocation of storage shown above, this creates a subsidy from transportation
 761 customers to sales customers.

762

763 **Q. Why does Mr. Normand’s methodology not reflect the size of the bank**
 764 **allocated to transportation customers?**

765 A. Mr. Normand uses relative test year peak day bank withdrawals (i.e., the 20% times
 766 peak day usage) to allocate underground storage costs between sales customers
 767 and transportation customers (developed in Ameren Ex. 27.3, and inserted into
 768 Ameren Exhibits. 27.4, 27.5 and 27.6). On a CD, transportation customers can
 769 withdraw 20% of their Daily Confirmed Nominations (“DCN”)¹¹ from their banks.¹²
 770 DCN is not a function of the number of days of bank but rather related to the
 771 customers’ MDCQ. It also differs from usage.

¹⁰ There may be a small reduction in the rates for sales customers due to the change in the reduced capacity of working gas and the associated carrying costs. This reduction would reduce the revenue requirement but only that portion allocated to sales customers. Thus, the rates for transportation customers would not increase.

¹¹ **Daily Confirmed Nomination (DCN)**

Daily Confirmed Nomination is the volume a transportation Customer nominates and delivers to the Company’s delivery system for any single day. The absence of a Daily Confirmed Nomination is equivalent to a Daily Confirmed Nomination of zero. Such Deliveries shall reflect adjustments for losses on Company’s gas system. (Ill. C. C. No. 20, 1st Revised Sheet No. 25.001)

¹² [For daily-balanced customers]: During a Critical Day, the maximum amount to be withdrawn from Customer’s Bank shall be 20% of DCN. (Ill. C. C. No. 20, 2nd Revised Sheet No. 25.005)

772

773 **Q. How are MDCQ, DCN and usage related?**

774 A. A daily-balanced customer is allowed to nominate, or have delivered from a
 775 pipeline, up to its MDCQ on any given day. However, this does not mean that a
 776 customer has withdrawn a certain percentage of their usage on any day, even on a
 777 peak or critical day. Customers that want to withdraw gas from their banks (which
 778 is likely on a CD) will have to nominate *less* than they use. If the allocator is 20% of
 779 usage then it will overstate the bank withdrawals relative to the 20% of DCN figure.
 780 All other things being equal, this will over-allocate costs to transportation
 781 customers. See Figure 4 below.

Usage to Daily Confirmed Nomination (DCN)					
	AmerenCILCO	AmerenCIPS	AmerenIP	Total	Source
Peak Day	1/19/2008	1/24/2008	1/24/2008		
Volume (usage) all (in Mmbtu)	118,621	60,436	101,638	280,695	Ameren Ex. 27.3
DCN all (in Mmbtu)	89,045	28,066	77,787	194,898	DAS 7.02
Difference (Overstated)	29,576	32,370	23,851	85,797	
Volume (usage) less GDS-7 (in Mmbtu)	52,489	34,204	86,109	172,802	Ameren Ex. 27.3
DCN less GDS-7 (in Mmbtu)	37,608	26,644	62,893	127,145	DAS 7.02R
Difference (Overstated)	14,881	7,560	23,216	45,657	

782

Figure 4

783 **Q. What happens if you correct Mr. Normand's methodology to reflect**
 784 **transportation customers' DCN instead of usage?**

785 A. Mr. Normand uses usage in Ameren Ex. 27.3 to allocate underground storage
 786 costs. The actual DCN for the days in question were provided in a Supplemental
 787 Response to Staff DR DAS 7.02. I used the values for DCN (less GDS-7
 788 customers) in Mr. Normand's Ameren Ex. 27.3 and calculated the effect. The peak
 789 day allocators would be as shown in Figure 5 below.

Peak Day Requirement to Serve Transportation Customers					
	AmerenCILCO	AmerenCIPS	AmerenIP	Total	Remarks
2008 Peak Day Date	1/19/2008	1/24/2008	1/24/2008		
2008 Peak Day DCN	89,045	28,066	77,787	194,898	DAS 7.02
Less: GDS-7/special contract DCN	<u>51,437</u>	<u>1,422</u>	<u>14,894</u>	<u>67,753</u>	
Net 2008 Peak Day DCN less GDS-7	37,608	26,644	62,893	127,145	DAS 7.02R
Bank Withdrawal Rights @ 20% *	7,522	5,329	12,579	25,429	
On-System Storage Resources	190,000	38,000	330,759	558,759	
Percentage to Transportation	3.96%	14.02%	3.80%	4.55%	

790

Figure 5

791 **Q. What other methodology should be evaluated in the future?**

792 A. Another option to consider subsequent to this case would be whether costs should
 793 be allocated based on test year peak use or design day system use. Just because
 794 nominations are limited on the upper end by MDCQ, it is not proper to conclude that
 795 transportation customers have the ability to withdraw 20% of MDCQ. Only in the
 796 extreme case where usage equals MDCQ (which is theoretically only once a year)
 797 would a customer have that much usage. There has been no testimony provided
 798 on relative peak requirements. Mr. Normand’s methodology attempts to account
 799 for this by using the relative usage from test year peak day. However, I think it may
 800 be reasonable to use the design day requirements to allocate those costs because
 801 that is what the system has been designed to handle. Test year peak days will
 802 almost always be warmer than the design day; in this case, it clearly is. Using a
 803 warmer day to allocate these storage costs understates the sales customers’
 804 portion of those storage assets. At this time there is insufficient peak day data to
 805 accurately evaluate this method.

806

807 **Q. What options does the Commission have to correct this subsidy?**

808 A. There are two options available to the Commission to correct this subsidy. Either
809 the cost allocator or capacity allocation must be changed. A new allocator could be
810 chosen that reflects the size of the seasonal capacity of transportation customers'
811 banks. A second, better, option would be to re-allocate the storage capacity in an
812 equitable manner and then to continue to use the peak day allocator that Mr.
813 Normand has proposed. I believe that Mr. Normand's allocator *may* be equitable *if*
814 the underlying assumption of equitable asset allocation is correct. I addressed this
815 capacity re-allocation above.

816

817 **Q. Should the allocation of seasonal capacity reflect the allocation of**
818 **underground storage costs?**

819 A. Yes. Both the costs and capacity should be allocated using the same basis. If
820 capacity is allocated using annual usage, then the costs should be allocated using
821 annual usage. Since Ameren proposes to allocate *costs* on a peak day basis, I
822 think it is consistent to allocate *capacity* on the same basis.

823

824 **Q. What do you recommend regarding storage cost allocation?**

825 A. I recommend that Mr. Normand's storage cost allocator be modified to use 20% of
826 DCN instead of 20% of usage to determine the bank usage on the test year peak
827 days. Finally, I recommend that in the next rate case, that Ameren develop a cost-
828 recovery mechanism that reflects both the allocation and peak day storage
829 withdrawal rights.

830

831 **Q. Does this conclude your prepared rebuttal testimony?**

832 **A. Yes.**

The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/19/2009

DAS 11.07

With regard to the Companies' response to DAS 4.03, please describe the process for processing off-cycle nominations in greater detail. Specifically, address the actions of Gas Control personnel to changes made by suppliers to their nominations to those pipelines.

RESPONSE

Prepared By: Kenneth C. Dothage
Title: Manager, Gas Supply
Phone Number: 314-554-2353

Intraday Nomination Process

If an intraday nomination is received during normal work hours and if the request reflects a minor change, the End User Transportation (EUT) group enters the revised volume in USMS within a few minutes of receiving the electronic document. However, if the intraday nomination request reflects a major change, the EUT group contacts Gas Supply for approval. Gas Supply will determine if the system can accommodate the request for an increase or decrease in the nominated volume and may consult with Gas Control and/or Gas Storage Engineers to determine the amount of system flexibility that exists. If the system can handle the change, the EUT group enters the revised volume in USMS. If the system can not handle the change, the EUT group contacts the interstate pipeline and rejects the intraday nomination. This process can take up to an hour to complete.

EUT confirms volumes scheduled on the pipelines each work day morning to true up, if necessary, the gas day ending at 9:00 a.m. CST and verify the gas day beginning at 9:00 a.m. CST, plus any weekend days or holidays that have occurred. If the nominated volumes on the pipeline do not match the nominated volumes entered in USMS, the EUT group notifies the customer or supplier and, if necessary, makes adjustments to the volumes in USMS

The EUT group confirms the volumes scheduled on the interstate pipelines each work day around noon for the current gas day flowing and the next gas day, plus weekends and holidays when applicable. If the volumes on the interstate pipeline do not match the volumes entered in USMS, the EUT group notifies the customer or supplier and, if necessary, makes adjustments to the volumes in USMS.

Around 2:00 p.m. CST each work day the EUT group provides Gas Control with a summary document showing the total end user nominated volumes by pipeline.

Gas Control uses this document to update their spreadsheets with the total amount of gas transporters have scheduled to flow for the next gas day. The Gas Control spreadsheets already contain the planned gas supply resources necessary to serve the system sales customers requirements for the next gas day which is provided by Gas Supply each work day morning by 9:30 a.m.

Gas Control checks the pipeline bulletin board at 9:00 p.m. CST each day. If the total volumes on the interstate pipeline are different than what is shown on their spreadsheet, they adjust their spreadsheet to reflect the pipeline volumes. If there is a significant difference between the pipeline and their spreadsheet, Gas Control contacts the EUT group to inform them of the discrepancy. The EUT group checks the interstate pipeline scheduled volumes with the nominated volumes in USMS to determine which customer or supplier is not in alignment between the two systems. The EUT group contacts the responsible party and notifies them of the differences and, if necessary, makes adjustments to the volumes in USMS. Gas Supply may also need to be contacted to modify the system plan for the day to accommodate the change in total system supplies. This process could take up to an hour to complete depending on the availability of the customer or supplier during off-hours. If the EUT group cannot reach the customer or supplier, they contact the interstate pipeline and reject the intraday nomination.

If the intraday nomination is received outside normal work hours, EUT enters the volume in USMS when they return to the office the next work day, unless the requested change is significant enough to warrant the actions described in the previous paragraph.

**The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/4/2009**

DAS 6.05

With regard to Ameren Ex. 45.0 on pages 10-12, Ms. Seckler lists several adjustments to the working gas in storage volumes for each LDC. For each contract, please provide the reason(s) that it was changed.

RESPONSE

Prepared By: Vonda Seckler
Title: Managing Executive – Gas Supply
Phone Number: (314) 206-1181

AmerenCILCO

PEPL – Storage was increased to meet the Company strategy to have approximately 50% of its normal winter requirements met by storage withdrawals.

ANR – The contract was not renewed because the pipeline was unwilling to offer a short-term storage service.

AmerenCIPS

MRT – Storage was decreased to meet the load requirements on the AmerenCIPS Metro East system, to facilitate cycling of the storage inventory and to meet the Company strategy to have approximately 50% of its normal winter requirements met by storage withdrawals.

PEPL – Storage was decreased to meet the Company strategy to have approximately 50% of its normal winter requirements met by storage withdrawals.

TGC – Storage was decreased to meet the Company strategy to have approximately 50% of its normal winter requirements met by storage withdrawals.

Sciota – The reclassification was a result of a study of the geology and performance of the storage field.

AmerenIP

MRT - Storage was decreased to facilitate cycling of the storage inventory and to meet the Company strategy to have approximately 50% of its normal winter requirements met by storage withdrawals.

The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/5/2009

DAS 6.13

Since the past rate case,

- a) How have the Ameren LDCs dealt with the banking expansion that resulted?
- b) Have they attempted to buy off-system storage?
- c) In the last ten years, has AIU ever attempted to buy off-system storage but were unable to find any? If so provide details of the request including terms, when, with whom, and for how much.

RESPONSE

Prepared By: Kenneth C. Dothage

Title: Manager, Gas Supply

Phone Number: 314-554-2353

- a) After the ICC required the AIUs to provide the expanded banking flexibility to transportation customers in the last set of rate cases, including the firm right for transportation customers to be able to withdraw from their banks on a peak day, the AIUs have built a specific volume into each LDC's forecasted peak design day.
- b) The AIUs have not attempted to buy off-system storage since the expanded banking provisions of Rider T became effective on October 1, 2008.
- c) Yes. During contract negotiations in August, 2005 AmerenIP sought to increase its' leased storage on the Mississippi River Transmission (MRT) pipeline system but MRT storage capacity was completely sold out. After several months of negotiations, AmerenIP was able to obtain a non-recallable temporary storage capacity release from Centerpoint Energy Gas Transmission for 750,000 MMBtu of MSQ (Maximum Storage Quantity) for a limited term of 5/16/2006 through 5/15/2011.