

**PREPARED DIRECT TESTIMONY OF  
J. I. WILLIAMS  
ON BEHALF OF  
CENTRAL ILLINOIS LIGHT COMPANY  
DOCKET NO. 00-0724**

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ILLINOIS  
COMMERCE COMMISSION

- 1 Q1: Please state your name and business address.
- 2 A1: My name is J. I. Williams and my business address is 300 Liberty Street, Peoria, Illinois  
3 61602.
- 4 Q2: What is your position with Central Illinois Light Company?
- 5 A2: I am the Material Handling Team Leader. My primary responsibilities in 2000 were to  
6 procure all energy-producing fuels and the transportation of these fuels for CILCO's  
7 Duck Creek Station.
- 8 Q3: What is your educational background and work experience?
- 9 A3: I am a High School graduate with 31 years experience at CILCO in various union and  
10 management positions.
- 11 Q4: Please explain the purpose and scope of your testimony in this proceeding.
- 12 A4: The purpose of my testimony is to describe CILCO's policy and procedures for the  
13 prudent purchasing of coal and the verification of the quality and quantity of coal  
14 purchased for the Company's Duck Creek power station, in response to the  
15 Commission's Order in Docket No. 00-0724.
- 16 Q5: Have you prepared exhibits to which you will be referring?
- 17 A5: No.
- 18 Q6: Please describe the organization of CILCO's fuel procurement activities.

19 A6: Fuel procurement at Duck Creek is the responsibility of the material handling team with  
 20 input from the Plant Manager.

21 Q7: Does CILCO have a written fuel procurement policy?

22 A7: Yes.

23 Q8: Mr. Williams, were there any changes to CILCO's coal procurement policy and  
 24 procedures during 2000?

25 A8: Yes, the coal procurement policy and procedures were updated in early 2000 to reflect  
 26 the acquisition of CILCO by AES. These changes show the reassignment of existing fuel  
 27 procurement responsibilities from positions that have been renamed, consolidated or  
 28 eliminated.

29 Q9: Mr. Williams, will CILCO continue to evaluate its coal procurement policy and  
 30 procedures in 2001?

31 A9: Yes.

32 Q10: Were there any quality adjustments in 2000?

33 A10: All issues relating to quality price adjustments are part of the pending arbitration  
 34 proceeding discussed in Mr. Largent's testimony.

35 Q11: What coal was purchased by CILCO for Duck Creek in 2000?

36 A11: During 2000, coal was shipped to Duck Creek as follows:

	<u>Tons</u>
37 AEI	92,255.45
38 Freeman	<u>1,004,984.33</u>
39 Total	1,097,239.78

41 Q12: What coal contracts did CILCO have in effect during 2000 for Duck Creek Station?

42 A12: CILCO had contracts with Freeman United and AEI Coal Sales. Mr. Largent discusses  
43 the Freeman contract in his prepared direct testimony.

44 Q13: What procedures are followed to verify the amount of coal CILCO receives from its  
45 suppliers?

46 A13: Coal shipped from suppliers is weighed at the mine on railroad-approved scales or  
47 enroute on railroad-maintained scales or on state-inspected truck scales at the mine. The  
48 railroad scales are tested and calibrated on an annual basis. CILCO is permitted to be  
49 present for the testing procedures and may request copies of the test reports. The weigh-  
50 in-motion track scales or belt scales at the mines are also tested annually by the railroads.  
51 Again, CILCO representatives are permitted to monitor the tests and receive copies of  
52 the test reports. To provide additional verification of the amount of coal received,  
53 incoming rail coal at CILCO's Duck Creek Station is weighed by belt scales, as the coal  
54 is unloaded from rail cars. The truck scales at the mine are tested annually and state  
55 certified. The coal is transported from the mine to the plant by trucking companies  
56 retained by CILCO. Invoice weights from the mine are matched against invoice weights  
57 from the truck companies and against the truck weights accumulated at the plant. At  
58 intervals, the truck scales at the mine are checked by reweighing trucks at a different  
59 scale. The quantities of coal burned are obtained from the readings on the bunker belt  
60 scales. For purposes of cross-checking, the readings from the bunker belt scales are  
61 compared with the readings from scales or meters installed at the feeders to the

62 pulverizers. Final determination of coal received and coal burned is obtained, at least  
63 biennially, by a physical inventory of coal in storage. The total tonnage contained within  
64 the coal pile is determined through an aerial survey for volume and nuclear back-scatter  
65 testing for density. Both of these services are performed by independent contractors, and  
66 the results are checked by CILCO personnel. Coal on hand at the start of the inventory  
67 period, plus coal received minus coal burned, should equal the coal on hand at the end  
68 of the inventory period.

69 Q14: Mr. Williams, does CILCO have written procedures for weighing coal at the plant?

70 A14: Yes. CILCO has procedures that cover the weighing and handling of coal as received  
71 and as burned.

72 Q15: Does CILCO cause inspections to be made of the mines from which it receives coal?

73 A15: Yes. Employees from CILCO's Material Handling Unit make periodic visits to each of  
74 the mines from which CILCO receives coal. During these visits, the coal sampling and  
75 weighing procedures being utilized by the mines are reviewed to ensure compliance with  
76 American Society of Testing and Materials (ASTM) specifications set forth in the  
77 contracts.

78 Q16: How does CILCO confirm the quality of the coal it purchases?

79 A16: Coal shipments at the mines are sampled in accordance with ASTM procedures. Each  
80 sample is split into three portions. One portion is analyzed by the mine or an outside  
81 independent laboratory, one portion is forwarded to CILCO; and a third portion is  
82 retained as a "referee" sample. The sample received by CILCO is delivered to an outside

83 independent laboratory for analysis. Should the results of CILCO's analysis differ from  
84 the mine's analysis by more than 100 Btu per pound as specified by ASTM procedures,  
85 the referee sample analysis can become the basis for the final agreement. Each power  
86 plant is equipped with mechanical samplers that take further coal samples as the coal is  
87 sent to the bunkers. Samples are taken daily of each type of coal being burned within the  
88 plant, and are then analyzed. CILCO prepares a daily weighted average of the Btu  
89 content of the coal burned. These averages are summarized monthly, quarterly, and  
90 annually in order to monitor the heat rates achieved by the steam generating units.

91 Q17: Does CILCO have written procedures for the sampling of coal?

92 A17: Yes. CILCO exercises care to take and prepare the samples in accordance with  
93 procedures, which ensure a representative sampling of coal.

94 Q18: In your opinion, did CILCO act prudently in its purchases of coal for 2000?

95 A18: Yes.

96 Q19: Mr. Williams, does this conclude your prepared direct testimony?

97 A19: Yes, it does.