

TRI-COUNTY ELECTRIC
COOPERATIVE, INC.,
EXHIBIT H

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

TRI-COUNTY ELECTRIC)
COOPERATIVE, INC.,)
)
Complainant,)
)
vs.) Case No. 05-0767
)
ILLINOIS POWER COMPANY, d/b/a)
AMEREN IP,)
)
Respondent.)

Case No. 05-0767

CHIEF CLERK'S OFFICE

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ILLINOIS
COMMERCE COMMISSION

PREPARED SUPPLEMENTAL REBUTTAL TESTIMONY OF MARCIA K. SCOTT
IN SUPPORT OF TRI-COUNTY ELECTRIC COOPERATIVE, INC.

- 1 Q: Please state your name.
- 2 A: Marcia K. Scott.
- 3 Q: Are you the same Marcia K. Scott who has presented Prepared Direct Testimony in this
4 docket and Prepared Rebuttal Testimony filed in this docket?
- 5 A: Yes.
- 6 Q: Have you had an opportunity to review the Prepared Supplemental Testimony of Mike W.
7 Tatlock, in support of Illinois Power Company filed as AmerenIP Exhibit 7 and the
8 exhibit attached to that testimony?
- 9 A: Yes.
- 10 Q: With reference to the Mike W. Tatlock Supplemental Testimony, does that testimony
11 consist primarily of two affidavits by Mike W. Tatlock, one affidavit identified as

1 Respondent Exhibit 7.1 dated April 7, 2008 and one affidavit by Mike W. Tatlock
2 identified as Respondent Exhibit 7.2 dated June 20, 2008 along with other exhibits
3 pertaining to the building materials for the IP Texas substation identified as AmerenIP
4 Exhibit 1.1, the Electric Service Contracts between IP and Texaco for the Citation Oil
5 Field and identified as AmerenIP Exhibit 1.3, the IP line data sheets for the Texas
6 substation and identified as AmerenIP Exhibit 1.2, the Illinois Power Company Customer
7 Terms and Conditions for Electric Service Schedule ILL I.C.C. No. 35 and identified as
8 Exhibit E, documents identified as Illinois Power Company Electric Service Schedule
9 ILL I.C.C. No. 35 entitled "Standards and Qualifications for Electric Service" and
10 identified as Exhibit F, a document identified as Illinois Power Company "Rules,
11 Regulations, and Conditions Applying to Electric Service" ILL I.C.C. No. 10 and
12 identified as Exhibit G, and portions of the Illinois Commerce Commission
13 Administrative Code entitled "Title 83: Public Utilities" Chapter 1, Illinois Commerce
14 Commission, Sub-Chapter C: Electric Utilities, Part 410 Standards of Service for Electric
15 Utilities and Alternative Retail Electric Suppliers and consisting of Sections 410.10
16 entitled "Definitions" and identified as Exhibit H?

17 A: Yes. The Supplemental Direct Testimony of Mike W. Tatlock consists of those general
18 exhibits attached thereto.

19 Q: With reference to the Mike W. Tatlock Affidavit dated April 7, 2008 and identified as
20 Respondent Exhibit 7.1, did you notice any items of interest to you in that Affidavit?

21 A: Yes. Mr. Tatlock noted that Texaco, Inc. owned four separate primary 12.47 kV
22 distribution circuits emanating from the Texas substation to serve the Salem Unit Oil

1 Field. Mr. Tatlock also pointed out in paragraph 17 at page 4 of the April 7, 2008
2 Affidavit that Citation Oil had initially discussed with him the possibility of applying for
3 a new point of delivery to serve the electrical energy needs of the gas plant which Citation
4 was constructing and which are at issue in this docket. Mr. Tatlock also noted that after a
5 meeting which he attended, Citation Oil through its representatives, Jeff Lewis and Ed
6 Pearson, decided not to apply for a new point of delivery for the electric service to the gas
7 plant, but rather to extend electric service to the new gas plant from Citation's existing
8 privately owned distribution system that took electric service from IP at the Texas
9 substation and transported it throughout the Citation Oil Field. It is interesting to note that
10 Mr. Tatlock also pointed out that IP did not construct any new distribution lines to
11 provide electric energy to Citation Oil's gas plant.

12 Q: What of importance did you note in the April 7, 2008 Affidavit of Mr. Tatlock that you
13 have above referenced?

14 A: It is interesting to note that in fact Citation Oil did discuss with IP the need to establish a
15 new electric service connection point for providing electric service to the gas plant. This
16 without any doubt indicates to me that both Citation and IP, including Mr. Tatlock as the
17 engineer dealing with Citation at this time of reference for electric service to the gas
18 plant, knew that there would have to be step down transformers installed to reduce the
19 electric voltage from the 12.47 kV distribution line to a voltage usable by the motors at
20 the gas plant as well as the installation of additional equipment at the point where the
21 electricity would leave the distribution line to be used by the motors at the gas plant. This
22 describes Tri-County's understanding of the definition of a point of delivery or service

1 connection point as used within the electric industry. This discussion by Mr. Tatlock also
2 makes it perfectly clear to me that both the representatives of Citation as well as Mr.
3 Tatlock and the other representatives of IP dealing with this request by Citation for
4 electric service to the gas plant were well aware of the requirements within the electric
5 utility industry for providing electric service to the gas plant. It also is clear to me from
6 that conversation Mr. Tatlock had with the Citation representatives that Mr. Tatlock knew
7 that because the Citation gas plant was located in Tri-County's service territory under the
8 Service Area Agreement in question, the placement of the service connection point, that
9 is the step down transformers and other apparatus associated with the reduction of 12.47
10 kV distribution line voltage to a voltage usable by the gas plant electric motors, would be
11 located within Tri-County's service territory and under the Service Area Agreement
12 would be Tri-County's electric service to provide. This explains to me why the various e-
13 mail communications between Michael Tatlock and other representatives of IP as well as
14 representatives of Citation during this time period noted very clearly that electric service
15 to the gas plant should be provided by Tri-County under the Service Area Agreement and
16 not IP and if Citation wanted IP to provide the electric service, Citation had to move the
17 physical location of the gas plant so that it would be located within IP's service territory
18 under the agreement.

19 Q: What if anything does the comment by Mr. Tatlock in his April 7, 2008 Affidavit at
20 paragraph 18, page 4, wherein he states that Citation ultimately decided to extend its own
21 distribution system to provide electric energy to the gas plant, indicate?

22 A: This clearly indicates that IP and Citation were attempting to avoid the terms of the

1 Service Area Agreement at issue in this case by allowing Citation to use its privately
2 owned distribution system to take IP electricity from the Texas substation into the new
3 service connection point established by Citation for the Citation gas plant and located in
4 the Tri-County service territory. It is also important to remember that Citation had to
5 construct 4,119 feet of new 2/O ACSR three phase lines and rebuild 1,161 feet of #4 CU
6 three phase line to 2/O ACSR three phase line in order to be able to distribute IP's
7 electric energy from the Texas substation to the service connection point for the gas plant
8 located in Tri-County's service territory. It certainly appears from Mr. Tatlock's April 7,
9 2008 Affidavit that IP and Citation concluded they could avoid the requirements of the
10 IP/Tri-County Service Area Agreement if IP did not construct a distribution line, but
11 allowed Citation to construct a new distribution line and rebuild older, inadequate
12 distribution lines to deliver IP's electricity to the new gas plant located in Tri-County's
13 service territory allowing IP to do indirectly what it could not do directly.

14 Q: What, if anything, does the Mike W. Tatlock affidavit of June 20, 2008 comment about
15 with reference to electric service contracts between IP and Texaco for the Citation oil
16 field and various IP electric tariffs?

17 A: Mr. Tatlock referred to various electric service contracts between IP and Texaco with
18 respect to the Citation oil field and various IP electric tariffs to note that all of those
19 documents referenced that the "point of delivery" for electric energy would be identified
20 for purposes of those documents as the place where the electricity was handed off to the
21 customer. In addition, Mr. Tatlock references Sections from Title 83 entitled "Public
22 Utilities, Part 410 entitled "Standards of Service for Electric Utilities and Alternative

1 Retail Electric Suppliers” to note that “point of delivery” is defined in those Rules as the
2 point where the electric lines of the utility connect with the facilities of the customer.

3 Q: What, if anything, would you note with respect to those comments by Mr. Tatlock?

4 A: I would note that none of the contracts for electric service between IP and Texaco and IP
5 and Citation include Tri-County as a party to those contracts. Neither do those contracts
6 reference any of the terms of the Service Area Agreement between Tri-County and IP at
7 issue in this case. Likewise, the Service Area Agreement between Tri-County and IP at
8 issue in this case does not reference those existing electric service contracts between IP
9 and the customer in this case, Citation or Texaco. In addition, Mr. Tatlock’s reference to
10 the Part 410 of the administrative rules applicable to The Standards of Service for Electric
11 Utilities and Alternative Retail Electric Suppliers fails to include Part 410.20 entitled
12 “Application” which clearly states that the standards of service for electric utility and
13 alternative retail electric suppliers does not apply to any electric cooperative that is
14 operating within its own service territory. I attach a copy of Part 410.20 to my
15 Supplemental Rebuttal Testimony as Exhibit G-1.

16 Q: Is it your understanding that Tri-County Electric Cooperative, Inc. as an Illinois Rural
17 Electric Cooperative is not by definition considered a “public utility” within the State of
18 Illinois.

19 A: Yes. It has always been my understanding that rural electric cooperatives are not
20 considered a “public utility” under Illinois law. That is the reason why I have understood
21 that references by Mike W. Tatlock to the definition of a “point of delivery” that appears
22 in the Illinois Administrative Code Title 83: Public Utilities, Chapter I: Illinois

1 Commerce Commission, SubChapter C: Electric Utilities, Part 410. Standards of Electric
2 Service for Electric Utilities and Alternative Retail Electric Suppliers does not apply to
3 Tri-County as an electric cooperative because Part 410.20 entitled "Application" clearly
4 states that Part 410 does not apply to rural electric cooperatives when they are operating
5 within their own service territory.

6 Q: Has Tri-County recently received a written request from Citation Oil & Gas Corp. to elect
7 to allow Citation to access alternative retail electric suppliers?

8 A: Yes. On May 25, 2010, I received a letter from Mark Bing, Central Region Manager,
9 Citation Oil & Gas Corp. Houston, Texas requesting Tri-County make an election that
10 would allow Citation to utilize electricity provided by alternative retail electric suppliers.

11 A copy of that May 25, 2010 letter from Mr. Bing is attached to my Prepared Supplement
12 Rebuttal Testimony as Exhibit H-1.

13 Q: Has Tri-County made such an election?

14 A: No. Tri-County has not made an election under the Electric Service Customer Choice
15 and Rate Relief Law of 1997 to allow Citation to elect to take electricity from an
16 alternative retail electric supplier or ARES. It is my understanding that because Tri-
17 County is an electric cooperative as defined by the Illinois Electric Supplier Act, the
18 decision to make an election to allow a customer to receive electricity from an ARES is
19 made at the sole discretion of the Board of Directors of Tri-County. The Tri-County
20 Board of Directors has not made that decision.

21 Q: Is Tri-County Electric Cooperative, Inc. an electric cooperative as defined under the
22 Illinois Electric Supplier Act?

1 A: Yes. Tri-County is organized as an Illinois not-for-profit corporation and operates plant
2 and equipment within Illinois necessary to furnish electricity to its members on a
3 cooperative basis. In addition, Tri-County Electric Cooperative, Inc. was originally
4 financed in whole or in part under the “Federal Rural Electrification Act of 1936” and
5 secured those loans with mortgages on all of Tri-County’s property until about April 24,
6 1996 when Tri-County turned to other lending sources other than the Federal
7 Government. Thus, Tri-County has been in the past financed in whole or in part under
8 the “Federal Rural Electrification Act of 1936”. Thus, my understanding is that Tri-
9 County meets the definition of an electric cooperative under the Illinois Electric Supplier
10 Act and is exempt from the Electric Service Customer Choice and Rate Relief Law of
11 1997.

12 Respectfully submitted,

13 Marcia K. Scott

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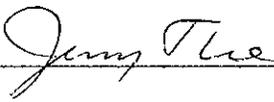
PROOF OF SERVICE

I, JERRY TICE, hereby certify that on the 12th day of July, 2010, I deposited in the United States mail at the post office at Petersburg, Illinois, postage fully paid, a copy of the Supplemental Rebuttal Testimony of Marcia K. Scott in Support of Tri-County Electric Cooperative, Inc. and attached hereto, addressed to the following persons at the addresses set opposite their names:

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