

**Corrected Revised Direct Testimony**

**Of**

**David Brightwell, PhD  
Economic Analyst**

**Policy Program  
Energy Division  
Illinois Commerce Commission**

**Reconciliation of Riders GER and EDR**

**Ameren Illinois Utilities**

**Docket No. 09-0535**

**October 28, 2010**

1 **Q. Please state your name, job title and business address.**

2 A. My name is David Brightwell. I am an Economic Analyst in the Policy Program of  
3 the Energy Division of the Illinois Commerce Commission (“Commission”). My  
4 business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

5 **Q. What is your current position with the Illinois Commerce Commission**  
6 **(“Commission”)?**

7 A. I am currently employed as an Economic Analyst in the Policy Program of the  
8 Energy Division.

9 **Q. Please describe your qualifications and background.**

10 A. I received a Ph.D. in economics from Texas A&M University in 2008. My major  
11 fields of study were industrial organization and labor economics, and my minor field  
12 was econometrics. I received a bachelor’s degree in political science in 1992 and a  
13 master’s degree in applied economics in 2002 from Illinois State University.

14 I have been employed as an Economic Analyst with the Commission since June  
15 2008. My work with the Commission has primarily focused on energy efficiency  
16 and Smart Grid related topics. Prior to joining the Commission, I attended Texas  
17 A&M University (2002-2008). While attending Texas A&M, I was a teaching  
18 assistant for my dissertation advisor Professor John Moroney for the 2002-2003,  
19 2003-2004, and 2006-2007 academic years and his research assistant in the  
20 summer 2003 semester. As a research assistant, I performed econometric  
21 analysis for the book *Energy and Sustainable Development in Mexico* written by  
22 John Moroney and Flory Dieck-Assad. I was the instructor for various economics  
23 classes from the 2004 summer semester through the 2007-2008 school years.

24 From 2000-2002, I served as a graduate assistant for David Loomis at Illinois State  
25 University.

26 **Q. Have you previously testified before the Commission?**

27 A. Yes. I provided testimony in Docket Nos. 08-0363, 09-0247, 09-0378, and 09-  
28 0246/0247 (consol.).

29 **Q. What is the purpose of this proceeding?**

30 A. On August 19, 2009, the Commission initiated a reconciliation of the revenues  
31 collected under Rider EDR with the actual costs associated with the energy  
32 efficiency and demand response (“EDR”) plan Ameren Illinois Utilities (“AIU”) filed in  
33 Docket No.07-0539. That initiating order also served to reconcile the revenues  
34 collected under Rider GER with the actual costs associated with the gas energy  
35 efficiency plan (“GER”). The Companies’ electric energy efficiency plan in Docket  
36 No. 07-0539 was filed pursuant to Section 8-103 of the Illinois Public Utility Act  
37 (“Act”) and approved by the Commission on February 6, 2008. 220 ILCS 5/8-103.  
38 Subsection (e) of Section 8-103 also requires this annual reconciliation of costs.  
39 The gas energy efficiency plan was filed in Docket No.08-0104 and approved by  
40 the Commission on October 15, 2008.

41 **Q. What is the purpose of your testimony in this proceeding?**

42 A. I will offer an opinion as to whether Ameren’s expenditures were consistent with the  
43 EDR plan filed in Docket No. 07-0540 and the GER plan filed in Docket No.08-  
44 0104.

45 **Q. In your opinion, are Ameren’s expenditures consistent with the EDR plan?**

46 A. Yes. I compared the annual expenditures for plan year 1 that the Company  
47 provided in its testimony and exhibits (AIU Ex. 1.0, pp 7-8, and AIU Ex. 1.1p. 13) to  
48 the plan that was filed with and approved by the Commission in docket 07-0539. I  
49 did not find any programs or expenditure levels that were inconsistent with the Final  
50 Order.

51 **Q. In your opinion, are Ameren's expenditures consistent with the GER plan?**

52 A. Yes. Based on a review of AIU EX 1.2R and the final order in docket 08-0104, I  
53 believe the expenditures incurred in Rider GER are consistent with the plan  
54 approved by the Commission.

55 **Q. Did your answer change between this corrected testimony and your**  
56 **originally filed testimony, and if so, why?**

57 A. Yes. Page 8 of AIU Ex. 1.2 indicated that Administrative and General ("A&G")  
58 costs in Year 2 were much higher than in the plan approved by the Commission  
59 while expenditures on actual energy efficiency programs were much lower than the  
60 Commission approved. Based on that information, I felt it was entirely possible that  
61 the entire energy efficiency portfolio could be cost-ineffective for Year 2 and that the  
62 Companies should explain the discrepancy to the Commission.

63 The Companies filed revised testimony including Ex 1.2R, which among other  
64 things, revised the figures on page 8. However, there was no explanation of the  
65 changes to page 8 of 1.2R in the revised testimony. In response to Staff DR DAB  
66 1.01, Company witness Kenneth C. Woolcutt explained that the originally filed  
67 figures were erroneous and that the figures on page 8 of Ex. 1.2R are the actual  
68 budget figures (ICC Staff Attachment B). Based on Mr. Woolcutt's response to

69 Staff DR DAB 1.01, I believe the expenditures are consistent with the plan  
70 approved by the Commission in Docket No. 08-0104.

71 **Q. Is there anything in your review that the Commission should be aware of?**

72 A. Yes. It should be noted that administrative and general costs (“A&G”) actually  
73 incurred in plan year 1 are about 46.2% of the total plan year 1 budget. This is  
74 much higher than in the original plan submitted by the utilities. (Docket 08-0104 AIU  
75 Ex. 1.1, p. 25, table 8, filed February 11, 2008). The Commission should be aware  
76 that plan year 1 was only five months in duration (January 1 to May 31, 2009) in  
77 order to synchronize the plan years for the gas and electric energy efficiency  
78 programs (AIU Ex. 1.4, p. 1). The plan filed in docket 08-0104 originally included  
79 12-month plan years for all years. However, the abbreviated first year was  
80 recognized in the final order that approved the plan (Docket 08-0104, Final Order,  
81 October 15, 2008, p. 4). The abbreviated plan took 5/12s of the original year 1  
82 budget to determine the modified plan year 1 budget (\$1.67 million). For year 2 of  
83 the modified plan, the budget was determined by taking 7/12s of the original first  
84 year planned budget and 5/12s of the second year planned budget (\$4.42 million).  
85 The Final Order did not address administrative costs for the modified plan.  
86 However, applying the same formula to the administrative costs submitted as part  
87 of the plan, first year costs should have been near \$250,000 or 15%.  
88 The actual first plan year expenditure was \$990,371 with \$457,846 or 46.2%  
89 allocated to administrative and general expenses (AIU Ex. 1.2R, p. 7). This is far  
90 short of the \$1.67 million that was approved but can be explained by the timing of  
91 the first year. The first year ran from January through May 2009. These months

92           tend to be slower for the gas energy efficiency measures because furnace and  
93           heating system replacements or upgrades tend to occur at the beginning of the  
94           heating season rather than the end. Administrative costs are largely fixed in nature  
95           so a slower uptake of program participation will have little impact on A&G costs.  
96           Accordingly, Ameren was not able to reach its spending goals under the program in  
97           plan year 1, but exceeded the extrapolated first-year A&G expenses by \$208,000.

98   **Q.    Do you have any recommendations?**

99   A.    No. I do not believe there is a persistent problem with excessive A&G costs that  
100       requires resolution. Plan Year 2 A&G expenses are about 11% of total program  
101       costs (\$431,501/\$3,908,300) (AIU Ex. 1.2R, page 8). Extrapolating from the Final  
102       Order in Docket 08-0104, I would expect A&G costs near 15.5% for year 2<sup>1</sup>.

103   **Q.    Does this conclude your testimony?**

104   A.    Yes.

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<sup>1</sup> Using 7/12s of the A&G costs from plan year 1 and 5/12s of A&G costs from plan year 2 found in AIU Ex. 1.1, p. 25, table 8, of Docket 08-0104 filed February 11, 2008, A&G costs would be about \$683,000. The budget approved for plan year 2 was \$4.42 million. The \$683,000 of A&G expenses is approximately 15.5% of the \$4.42 million plan year 2 budget.

**Ameren Illinois Utilities response to Staff DR DAB 1.01, prepared by  
Kenneth C. Woolcutt, Managing Supervisor, Energy Efficiency,  
Ameren Illinois Utilities, dated October 13, 2010.**

**Reconciliation of Riders GER and EDR**

**Ameren Illinois Utilities**

**Docket No. 09-0535**

**October 28, 2010**

**The Ameren Illinois Utilities'  
Response to ICC Staff Data Requests  
Docket No. 09-0535**

**Reconciliation of revenues collected under Rider EDR with the actual costs associated with energy efficiency and demand-response plans. Reconciliation of revenues collected under Rider GER with the actual costs associated with natural gas energy efficiency plans.  
Response Date: 10/13/2010**

DAB 1.01

Listed below are the budgeted expenditures for year 2 of the gas EE program as listed on page 8 of 9 of Ameren Exhibits 1.2 and 1.2R. Please describe in detail the reason and basis for each and every difference between the original budgeted expenditures set forth in Ameren Exhibits 1.2 and the revised budget expenditures set forth in Ameren Exhibits 1.2R. Please identify the individual or individuals responsible for the preparation of this answer.

**RESPONSE**

**Prepared By: Kenneth C. Woolcutt  
Title: Managing Supervisor, Energy Efficiency  
Phone Number: (309) 677-5001**

The budget expenditures in Ameren Exhibit 1.2R were the actual budget expenditures submitted as an informational filing and used to set customer rates for year 2 under Rider GER. An unintentional mistake was made in initially submitting an internal draft version of Ameren Exhibit 1.2. The budget numbers by program (on Page 8 of the original Ameren Exhibit 1.2 submitted in this docket) were an incomplete working draft (the Res New HVAC field is not even a formula) and Ameren Exhibit 1.2R is meant to correct the record. In summary, there is no difference between the original and revised budgets. A copy of Ameren Exhibit 1.2R is attached.

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

Ameren Illinois Utilities )  
)  
Reconciliation of Riders EDR and )  
GER with the Actual Costs )  
Associated with Energy Efficiency )  
and Demand-Response Plans and )  
Natural Gas Energy Efficiency )  
Plans. )

Docket No. 09-0535

AFFIDAVIT OF DAVID BRIGHTWELL

State of Illinois )  
)  
County of Sangamon )

I, David Brightwell, being first duly sworn upon oath, depose and state as follows:

1. My name is David Brightwell. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701. I am employed by the Illinois Commerce Commission ("Commission") as an Economic Analyst in the Policy Program of the Energy Division.

2. On October 28, 2010, my corrected revised direct testimony was filed in this proceeding via the Commission's e-Docket system. My corrected revised direct testimony was prepared by me or under my direction and control, is marked for identification as ICC Staff Exhibit 2.0CR, and consists of a cover page, five pages of questions and answers, and one attachment.

3. If asked under oath or affirmation the questions posed in ICC Staff Exhibit 2.0CR, I would provide the answers contained in ICC Staff Exhibit 2.0CR.

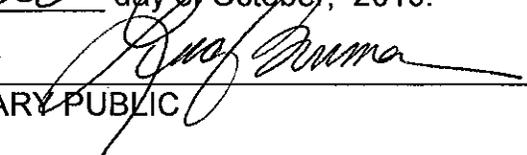
4. The answers contained in my direct testimony are true and correct as of the date hereof to the best of my knowledge and belief.

Further affiant sayeth naught.

  
David Brightwell

Subscribed and sworn to before me

this 28<sup>th</sup> day of October, 2010.

  
NOTARY PUBLIC

