Staff Exhibit 6.0

DIRECT TESTIMONY

of

PETER LAZARE
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Rates Department
Financial Analysis Division
Illinois Commerce Commission

Request for Approval of Revisions to Delivery Services Tariffs and for Approval of Delivery Services Implementation Plan for Residential Customers

Central Illinois Public Service Company, d/b/a AmerenCIPS
And
Union Electric Company, d/b/a AmerenUE

Docket No. 00-0802

April 20, 2001

Introduction

Q. Please state your name and business address.

A. My name is Peter Lazare. My business address is 527 East Capitol Avenue, P.O. Box 19280, Springfield, Illinois 62794-9280.

Q. What is your present position?

A. I am a Senior Economic Analyst with the Illinois Commerce Commission ("Commission"). I work in the Financial Analysis Division on rate design and cost-of-service issues.

Q. What is your experience in the regulatory field?

A. My experience includes eight years of employment at the Commission where I have provided testimony and performed related ratemaking tasks. I have testified on cost-of-service, rate design, load forecasting and demand-side management issues that concern both electric and gas utilities.

Previously, I served as a Research Associate with the Tellus Institute, an energy and environmental consulting firm in Boston, Massachusetts. I also spent two years with the Minnesota Department of Public Service as a Senior Rate Analyst, addressing rate design issues and evaluating utility-sponsored energy conservation programs.

Q. Please discuss your educational background.

A. I received a B.A. in Economics and History from the University of Wisconsin and an M.A. in Economics from the University of Illinois at Springfield in 1996.

Q. What is the focus of your testimony in this case?

A. I examine the Company's Single Bill Option (SBO) credits to determine whether they are based on an appropriate set of costs.

Q. Does Ameren make any proposals regarding the SBO credit in this proceeding?

A. Ameren has not proposed any changes to the SBO credit that was approved in its previous delivery services case (Docket No. 99-0121). Thus, the Company would like the SBO credit approved in Docket No. 99-0121 to remain in effect.

Q. What do you conclude about Ameren's current SBO credits?

A. I find that the Company's SBO credits are too small. Ameren has used an inappropriate cost standard that generates an unreasonably low set of SBO credits. In addition, the Company's SBO tariff is incomplete because it does not include a credit for residential customers.

Q. Have you developed an alternative set of SBO credits?

A. Yes, I developed the credits presented in the attached Schedule 1. My proposed credits range from 32 cents/month for Residential customers to $14.62/month for large DS-3 customers on the AmerenCIPS system. The corresponding credits on the AmerenUE system range from 33 cents/month for Residential customers to $15.67/month for large DS-3 and DS-4 customers. These credits are based upon a more reasonable cost standard and should be adopted in this proceeding.

Q. What is the starting point for your discussion of Ameren's SBO tariff?

A. The starting point is the discussion of the SBO that took place in Docket No. 99-0121.

Q. Isn't it true that both Staff and the Commission accepted Ameren's proposed method for calculating the SBO credit in that case?

A. Yes.

Q. Considering this acceptance of the SBO, why do you believe the issue should be revisited at this time?

A. There are some fundamental problems in the way the SBO was calculated that need to be addressed. The Commission has enunciated two principles for the unbundling process. One is that delivery services should be unbundled on a consistent basis. Second, the costing platform for the unbundling process should be embedded costs. Ameren's SBO methodology falls short in each of these areas and, therefore, needs to be revisited at this time.

Q. Didn't the Commission state that Ameren's SBO credits satisfy its embedded cost requirement?

A. Yes, in approving the Company's current SBO credit, the Commission stated that it was based on embedded costs (Order Docket No. 99-0121, p. 118). However, as I will demonstrate, the Company's SBO credit does not meet this standard and, therefore, provides further reason for revising Ameren's SBO credit.

Q. Please discuss the Commission's objective that delivery services be unbundled in a consistent manner.

A. The Commission presented its concern on this issue in the first Interim order for the meter unbundling docket (99-0013) which concluded as follows:

> "it appears that the basis for establishing any credit, whether decremental costs or embedded costs, should be the same for all utilities. Furthermore, it appears that the basis for establishing credits for all unbundled delivery services should be the same. That is, the basis for establishing the credit under the single billing option should be applied to all other unbundled delivery services. (April 12, 1999, p.

> 28)

Q. What is the Commission's second conclusion on the unbundling of delivery services?

A. That conclusion concerns the costing methodology for unbundling delivery services. The Commission has clearly stated its preference for unbundling on the basis of embedded costs. In its order for Docket No. 99-0013, the Commission stated as follows:

> Having considered the extensive record of this proceeding, the Commission finds no new factual basis for using anything other than an embedded cost approach to establish prices/credits for unbundled delivery services. (p. 49, Third Interim Order, 12/22/1999).

Q. Has Ameren's unbundling process met these Commission objectives of consistency and embedded costs to-date?

A. No, it has fallen short in one key area, the calculation of the SBO credit. Whereas metering was correctly unbundled on an embedded cost basis, Ameren's SBO credits were developed in an inappropriate manner on the basis of avoided costs.

Q. What costing approach did Ameren use to calculate the SBO?

A. The Company focused on capturing the savings that would accrue to Ameren by implementing the SBO. First, it identified the gross savings to the Company in labor, postage, materials, remittance processing, and remittance labor and paystation expenses from offering the SBO. According to the Company, this amounts to 51 cents per bill for AmerenCIPS and 49 cents per bill for AmerenUE (Order Docket No. 99-0121, 8/25/99, p. 116). The Company then offset these savings by the costs of administering the SBO, which includes EDI costs of approximately 30 cents for Rate DS-2 customers and 48 cents for Rate DS-3 and DS-4 customers (Docket No. 99-0121, Ameren Ex. 29.2, p. 2 of 2). This generated SBO credits for Ameren customers that range from a high of 22 cents per bill for AmerenCIPS Rate DS-2 customers down to 1 cent per bill for AmerenUE DS-3 and DS-4 customers. (Docket No. 99-0121, Order p. 116).

Q. Is this methodology based on embedded cost allocation principles?

A. No, it is not. Rather than considering the full range of embedded costs associated with billing and collecting, the Company selectively considered a smaller set of costs that pertain solely to the savings customers realize from implementing the SBO.

Q. Does Ameren consider its SBO methodology to be based on embedded costs?

A. No it does not according to testimony provided by the Company in its last delivery services rate case (Docket No. 99-0121). In rebuttal, Ameren witness Mill criticized the use of embedded costs to determine SBO credits. He then went on to advocate an alternative SBO approach based on incremental or avoided costs.

Q. What was the basis for Mr. Mill's criticism of embedded costs?

A. Mr. Mill argued that the embedded approach did not capture the appropriate costs to consider which in his estimation were the savings to the Company from implementing the SBO. He argued accordingly in his rebuttal testimony:

> Q. Do you agree with Mr. VanderLaan's reasons why embedded costs are a better approach to pricing these credits?
>
> A. Again, I do not. To argue that embedded costs provide an incentive to remove all excess workers, materials and capital goods away from the billing function and reallocate them to projects or functions where they may be needed is not reasonable. The reality is that no cost savings will be realized by the SBO option except for the incremental printing, paper and postage referred to above. Also, the position that embedded costs are reflected in current rates and can be audited ignores the heart of what the credit should accomplish. Just because you can audit an embedded historical cost does not mean that it is the proper way to value a credit for a small portion of that service which is no longer provided. (Ex. Ameren 21.0, p. 23).

Q. On what basis did Mr. Mill justify an incremental or avoided cost approach to the SBO credit in Docket No. 99-0121?

A. Mr. Mill argued as follows:

> Q. Do you agree with Mr. VanderLaan's reasons why an incremental or avoided cost approach to the credit should not be used?
>
> A. No, I do not. To paraphrase some of his reasons, he believes that a complex economic model is required for a precise determination of incremental cost, that defining a real-world version of incremental costs is problematic at best and that static models fail to account for dynamic market or management factors. When one considers that the only costs that should be considered are paper, envelopes, postage and EDI transactions, the stated reasons do not provide solid justification for not using the avoided cost approach. (p. 22, Ex. Ameren 21.0, Docket No. 99-0121)

Q. Do you believe Ameren has based its SBO calculation on marginal costs?

A. Yes. In Mr. Mill's own words, the Company used "incremental" or "avoided" costs to calculate the SBO. However, the terms incremental and avoided costs are synonymous with marginal costs according to Alfred Kahn who states as follows:

> "marginal cost is the cost of producing one more unit; it can equally be envisaged as the cost that would be saved by producing one less unit. Looked at the first way, it may be termed incremental cost—the added cost of (a small amount of) incremental output. Observed in the second way, it is synonymous with avoidable cost—the cost that would be saved by (slightly) reducing output.[1]

By relying on a marginal costing methodology for the SBO credit, Ameren directly conflicts with the Commission's often-stated preference for unbundling delivery services on an embedded cost basis.

Q. Turning to the Commission's call for consistent ratemaking, does the Company's SBO calculation methodology satisfy this objective?

A. No, it does not because the SBO methodology differs from the Company's approach to unbundling metering services which takes into account all relevant embedded costs, including directly related plant and expenses as well as the meter share of common plant and overhead expenses.

Q. How do you reconcile your criticisms of Ameren's SBO methodology with the Commission's acceptance of that approach in Docket No. 99-0121?

A. The Commission's conclusion on the SBO credit in Docket No. 99-0121

[1] Kahn, Alfred, The Economics of regulation, Copyright 1988 Massachusetts Institute of Technology, pp. 65-66.

represents its first cut at the unbundling of delivery services. The decision was made in the context of a whirlwind of activity on the delivery services front with the Commission having to consider a plethora of new issues including the SBO credit for nine electric utilities in Illinois within an expedited seven month schedule.

In such a situation, it is reasonable to expect that some decisions will have to be fine-tuned to ensure consistency with the ratemaking principles on which the Commission restructured the electricity market. A clear candidate for the fine-tuning process is Ameren's SBO credit. In accepting the Company's SBO calculation, the Commission concluded that it was "based on embedded costs" (Order, p. 118). However, as the Company itself openly stated, the SBO is based on an alternative incremental or avoided cost methodology.

Since that decision, the Commission has revisited the unbundling issue for metering services in Docket No. 99-0013 where it not only reaffirmed its commitment to embedded costs but also clearly indicated how that unbundling was to take place. The decision in Docket No. 99-0013 represents the Commission's most current thinking on the issue.

Q. Does the Company's SBO credit present any other problem?

A. Yes, the current SBO tariffs, which Ameren seeks to keep, are incomplete.

The tariffs contain language indicating they apply to residential users. However, they do not contain any proposed credits for these customers. It is not clear whether this is a conscious decision on Ameren's part or an oversight. Nevertheless, this deficiency alone is reason enough to revise Ameren's current SBO tariffs.

Q. Have you developed an alternative method of calculating the SBO credit

A. Yes.

Q. Is it consistent with the Commission's costing principles for unbundling delivery services?

A. Yes. My approach meets the Commission's objectives by (1) reflecting embedded cost principles and (2) being consistent with the approach adopted for unbundling meters in Docket No. 99-0013.

Q. Please provide an overview of your calculation of the SBO credit.

A. My calculation begins with the Company's delivery services revenue requirement broken down by FERC account. I allocate each account to the SBO using the same cost causation principles as the Company has used to allocate total system costs to delivery services and to allocate delivery services to unbundled metering services. The derivation of my proposed allocators for AmerenCIPS and AmerenUE is presented in Schedule 2.

Q. How did you allocate the billing and collecting costs in FERC account 903 to the SBO?

A. I allocated those costs by seeking to identify the Account 903 costs that are associated with SBO activities. I identified two general categories of SBO costs, (1) labor and (2) non-labor. My source for the non-labor costs was Ameren Exhibit 29.1 in Docket No. 99-0121 which sought to identify the embedded costs associated with SBO activities. That exhibit identifies SBO non-labor costs of $2,116,554 for AmerenCIPS and $373,509 for AmerenUE (Illinois).

The next step entailed identifying SBO labor costs for AmerenCIPS and AmerenUE. That was determined by an evidence-gathering visit to Ameren's St. Louis headquarters on March 28, 2001. During that visit, Staff and the Company observed the activities of individuals associated with SBO activities and based on those observations the Company determined that a total of $350,522 and $66,706 in annual labor costs at AmerenCIPS and AmerenUE, respectively, are associated with SBO-related activities (see Schedule 3).

Q. What was the next step in the process?

A. The next step was to allocate remaining Customer Accounts expenses (FERC Accounts 901-905) to the SBO. First, I did not assign any costs in Account 902, Meter reading Expense, to the SBO since the account relates to the meter function. Account 904, Uncollectibles, was allocated on a revenue requirement basis to the SBO in the same way that total system costs were allocated to the delivery services function and delivery services were allocated to unbundled metering.

Accounts 901, Supervision, and 905, Miscellaneous Customer Accounts expenses, consist of general and miscellaneous expenses that are shaped by the discrete accounts to which they related. Therefore, I have allocated these two accounts according to the overall allocation of Accounts 902-903 to the SBO. This approach to Accounts 901 and 905 is consistent with the treatment of these accounts in the allocation of total costs to the delivery services function and of delivery services to unbundled metering.

Q. How have you allocated General Plant and Administrative and General expenses to the SBO?

A. I have again adopted a methodology that is consistent with both the allocation to delivery services and to unbundled metering. That approach allocates these costs according to the SBO's share of overall delivery services labor costs.

Q. What SBO allocations result from this approach?

A. The allocations for AmerenCIPS and AmerenUE, as presented in Schedule 4, are $3.35 million and $562,000, respectively.

Q. What is the next step in calculating the SBO?

A. The next step is to allocate SBO costs to individual rate classes. I chose an approach that is consistent with the Company's method of allocating delivery services costs to rate classes in this proceeding. In other words, I used the same allocators for SBO costs as the Company used for allocating delivery services costs to rate classes. The resulting class allocations are presented in Schedule 5.

Q. How did you then determine SBO credits?

A. I took the total amount of SBO costs allocated to individual rate classes and divided by the applicable billing determinants to produce the individual SBO credits presented in Schedule 1.

Q. Does your calculation take into account the additional costs Ameren will incur in administering the SBO?

A. Yes. I have taken those costs into account by including the same offsets as the Company in my SBO calculation (see Docket No. 99-0121, Ameren Ex. 29.2, p. 2 of 2). A major component of these offsets are EDI costs associated with the exchange of information and funds between the Company and SBO providers.

Q. Do you have any questions concerning these cost offsets?

A. Yes, the Company has yet to provide a full explanation of these costs. Consequently, it is difficult to determine at this time whether they are reasonable.

Q. What course of action do you propose for these cost offsets?

A. I propose that the Company provide support for these costs in its rebuttal testimony and, if that support is not sufficient, I will propose that these cost offsets be adjusted accordingly.

Q. Does this conclude your direct testimony?

A. Yes, it does.

Docket No 00-0802
Staff Ex. 6.0
Schedule 1

Staff's Proposed SBO Credits
($ per Month)

AmerenCIPS	DS-1	DS-2(sec.)	DS-2(pri.)	DS-3(sec.)	DS-3(pri.)	DS-3(HV)	LTG.	SP. Contract
SBO Costs	$ 0.62	$ 0.52	$ 0.37	$ 15.10	$ 15.10	$ 15.10	$ 0.37	$ 15.10
EDI Costs	$ 0.30	$ 0.30	$ 0.30	$ 0.48	$ 0.48	$ 0.48	$ 0.30	$ 0.48
Credit	$ 0.32	$ 0.22	$ 0.07	$ 14.62	$ 14.62	$ 14.62	$ 0.07	$ 14.62

AmerenUE	DS-1	DS-2	DS-3	DS-4	LIGHTING
SBO Costs	0.63	1.04	16.15	16.15	0.40
EDI Costs	$ 0.30	$ 0.30	$ 0.48	$ 0.48	$ 0.30
Credit	$ 0.33	$ 0.74	$ 15.67	$ 15.67	$ 0.10

Development of Staff Allocators for AmerenCIPS

	Labor	Non-Labor	Total	SBO labor	SBO nonlabor	Other labor	Other nonlabor
Acct 903	4,148	2,565	6,713	351	2,117	3,798	448
			1.00000	0.05222	0.31529	0.56575	0.06674
Acct 902-903			9,118	351	2,117	5,861	790
			1.00000	0.03844	0.23212	0.64276	0.08668
Acct 904			180,713		3,335		177,377
Rev Req (Excl 904)			1.00000		0.01846		0.98154
Labor			29,210	398		28,812	
			1.00000	0.01362		0.98638	

Development of Staff Allocators for AmerenUE

	Labor	Non-Labor	Total	SBO labor	SBO nonlabor	Other labor	other nonlabor
Acct 903	1,448	276	1,725	67	374	1,285	0
			1.00000	0.03867	0.21655	0.74478	-
Acct 902-903			2,483	67	374	1,486	556
			1.00000	0.02687	0.15045	0.59861	0.22407
Acct 904			33,682		560		33,121
Rev Req (Excl 904)			1.00000		0.01663		0.98337
Labor			4,909	71		4,838	
			1.00000	0.01452		0.98548	

Docket No. 00-0802
Staff Ex. 6
Schedule 3

Preliminary

SBO BILL CALCULATION - LABOR DATA

Mailing Bills	FTE Employees	Hourly Salary	Hourly Salary + Overheads	Total Annual Salary + Overheads	% Illinois	Illinois $	CIPS Related Sal. + Ovhd. (86.11%)	%CIPS Electric	CIPS Electric Sal + Ovhd	UE-Ill Related Sal. + Ovhd. (13.92%)	%UE-Ill Electric	UE-Ill Electric Sal + Ovhd
Printing	0.5	26.980	$ 37.77	$ 39,433.97	100%	$ 39,433.97	$ 33,956.59	65.65%	$ 22,290.90	$ 5,489.21	77.28%	$ 4,242.08
Envelope-stuffing machine	2.25	14.827	$ 20.48	$ 96,204.70	100%	$ 96,204.70	$ 82,841.87	65.65%	$ 54,381.78	$ 13,391.69	77.28%	$10,349.14
									$ 76,672.67			$14,591.21
Billing Remittance												
Initial mail sorting machine	1	12.799	$ 17.92	$ 37,414.04	31.9%	$ 11,950.68	$ 10,290.73	65.65%	$ 6,755.38	$ 1,663.53	77.28%	$ 1,285.56
Envelope opening machine	1	16.691	$ 23.37	$ 48,791.13	100%	$ 48,791.13	$ 42,014.04	65.65%	$ 27,580.24	$ 6,791.73	77.28%	$ 5,248.66
Second passthrough envelope reader	2	16.691	$ 23.37	$ 97,582.26	100%	$ 97,582.26	$ 84,028.09	65.65%	$ 55,160.47	$ 13,583.45	77.28%	$10,497.33
Manual envelope opening and reading	12	12.799	$ 17.92	$ 448,968.44	31.9%	$143,408.11	$ 123,488.73	65.65%	$ 81,064.62	$ 19,962.41	77.28%	$15,427.00
Key operators	11	14.827	$ 20.48	$ 470,334.11	31.9%	$150,232.67	$ 129,365.35	65.65%	$ 84,922.24	$ 20,912.39	77.28%	$16,161.15
Balancing	1	16.691	$ 23.37	$ 48,791.13	31.9%	$ 15,564.71	$ 13,420.00	65.65%	$ 8,801.59	$ 2,169.39	77.28%	$ 1,676.51
Account reconciliation (NSF, encoding)	1	18.107	$ 25.35	$ 52,930.38	31.9%	$ 16,906.88	$ 14,558.50	65.65%	$ 9,554.97	$ 2,353.43	77.28%	$ 1,818.74
	31.75								$273,849.40			$52,114.98
								Total labor	$350,522.08			$64,706.20

Bill Classes	Total Monthly Bills	% of Total	% of Ill bills	% of Class
UE-Mo. Total bills	1,235,928	68.06%		
UE-Mo. electric	1,124,802	61.94%		91.01%
UE-Mo. gas	111,126	6.12%		8.99%
UE-Mo. electric & gas	63,015			
UE-Ill. Total bills	80,736	4.45%		
UE-Ill. electric	62,393	3.44%	10.76%	77.28%
UE-Ill. gas	18,343	1.01%	3.16%	22.72%
UE-Ill. electric & gas	15,961			
CIPS Total bills	499,320	27.50%		
CIPS electric	327,780	18.05%	56.51%	65.65%
CIPS gas	171,679	9.45%	29.60%	34.35%
CIPS electric & gas	148,357			
CIPS & UE-Ill. Total bills	580,056	31.94%		
CIPS & UE-Ill. electric	390,173	21.49%		
CIPS & UE-Ill gas	190,022	10.46%		
CIPS & UE-Ill electric & gas	164,318			
Total bills	1,815,984	100.0%		
Electric	1,514,975	83.4%		83.42%
Gas	301,148	16.6%		16.58%
Electric & gas	277,333			

Note: Combination bills (electric & gas) have been included in both the electric and gas bill counts since Gas bills would continue to be sent by the Company.

AMERENCIPS
DELIVERY SERVICES COST OF SERVICE ALLOCATION STUDY
YEAR: 12 MONTHS ENDED DECEMBER 31, 1999

	======= TITLE: SUMMARY	ALLOCATION BASIS	CIPS TOTAL	SBO	Other DS
1	BASE REVENUE		$181,490	$3,350	$178,141
2	OTHER REVENUE		$0	$0	$0
3	OTHER RENTS-IL. ONLY		$0	$0	$0
4	OTHER RENTS - IL. ONLY		$0	$0	$0
5					
6	TOTAL OPERATING REVENUE		$181,490	$3,350	$178,141
7					
8					
9	TOTAL DISTRIBUTION, CUSTOMER, AND A&G EXPENSES		$80,987	$3,188	$77,799
10	TOTAL DEPRECIATION AND AMMORTIZATION EXPENSES		$35,566	$79	$35,487
11	REAL ESTATE AND PROPERTY TAXES		$12,012	$8	$12,004
12	INCOME TAXES		$18,595	$17	$18,578
13	PAYROLL TAXES		$2,171	$29	$2,142
14					
15	TOTAL OPERATING EXPENSES		$149,330	$3,321	$146,010
16					
17	NET OPERATING INCOME		$32,160	$28.93	$32,131.07
18					
19					
20	GROSS PLANT IN SERVICE		$864,167	$592	$863,574
21	RESERVES FOR DEPRECIATION		$380,686	$238	$380,448
22					
23	NET PLANT IN SERVICE		483,480	354	483,126
24					
25					
26	MATERIALS & SUPPLIES - FUEL		$0	$0	$0
27	MATERIALS & SUPPLIES -LOCAL		$7,635	$0	$7,635
28	CASH WORKING CAPITAL		$4,846	$0	$4,846
29	CUSTOMER ADVANCES & DEPOSITS		($3,326)	$0	($3,326)
30	ACCUMULATED DEFERRED INCOME TAXES		($98,728)	$0	($98,728)
31					
32	TOTAL NET ORIGINAL COST RATE BASE		$393,908	$354	$393,553
33					
34	RATE OF RETURN		8.16%	8.16%	8.16%

AMERENUE
DELIVERY SERVICES COST OF SERVICE ALLOCATION STUDY
YEAR: 12 MONTHS ENDED DECEMBER 31, 1999

	=======	ALLOCATION	UE	SBO	Other DS
TITLE: SUMMARY		BASIS	TOTAL		
1	BASE REVENUE		$33,836	$562	$33,273
2	OTHER REVENUE		$0	$0	$0
3	OTHER RENTS-IL. ONLY		$0.000	$0	$0
4	OTHER RENTS - IL. ONLY		$0.000	$0	$0
5					
6	TOTAL OPERATING REVENUE		$33,836	$562	$33,273
7					
8					
9	TOTAL DISTRIBUTION, CUSTOMER, AND A&G EXPENSES		$13,428	$531	$12,898
10	TOTAL DEPRECIATION AND AMMORTIZATION EXPENSES		$6,515	$11	$6,504
11	REAL ESTATE AND PROPERTY TAXES		$3,857	$3	$3,854
12	INCOME TAXES		$4,517	$6	$4,511
13	PAYROLL TAXES		$370	$5	$366
14					
15	TOTAL OPERATING EXPENSES		$28,687	$555	$28,132
16					
17	NET OPERATING INCOME		$5,148	$7.24	$5,140.88
18					
19					
20	GROSS PLANT IN SERVICE		$150,511	$107	$150,404
21	RESERVES FOR DEPRECIATION		$88,139	$27	$88,112
22					
23	NET PLANT IN SERVICE		62,372	81	62,291
24					
25					
26	MATERIALS & SUPPLIES - FUEL		$0	$0	$0
27	MATERIALS & SUPPLIES -LOCAL		$1,135	$0	$1,135
28	CASH WORKING CAPITAL		$464	$0	$464
29	CUSTOMER ADVANCES & DEPOSITS		($679)	$0	($679)
30	ACCUMULATED DEFERRED INCOME TAXES		($11,817)	($8)	($11,809)
31					
32	TOTAL NET ORIGINAL COST RATE BASE		$51,476	$72	$51,404
33					
34	RATE OF RETURN		10.0010%	10.0010%	10.0010%

AMERENCIPS

DELIVERY SERVICES COST OF SERVICE ALLOCATION STUDY

YEAR: 12 MONTHS ENDED DECEMBER 31, 1999

Docket No. 00-0802
Staff Ex. 6.0
Schedule 5

	======= TITLE: SUMMARY	ALLOCATION BASIS	SBO	DS-1	DS-2(sec.)	DS-2(pri.)	DS-3(sec.)	DS-3(pri.)	DS-3(HV)	LTG.	SP. Contract
1	BASE REVENUE		$3,350	$2,066	$255	$0	$967	$56	$3	$2	$0
2	OTHER REVENUE		$0	$0	$0	$0	$0	$0	$0	$0	$0
3	OTHER RENTS-IL. ONLY		$0	$0	$0	$0	$0	$0	$0	$0	$0
4	OTHER RENTS - IL. ONLY		$0	$0	$0	$0	$0	$0	$0	$0	$0
5											
6	TOTAL OPERATING REVENUE		$3,350	$2,066	$255	$0	$967	$56	$3	$2	$0
7											
8											
9	TOTAL DISTRIBUTION, CUSTOMER, AND A&G EXPENS		$3,188	$1,966	$243	$0	$920	$53	$3	$2	$0
10	TOTAL DEPRECIATION AND AMMORTIZATION EXPENSE		$79	$48	$6	$0	$23	$1	$0	$0	$0
11	REAL ESTATE AND PROPERTY TAXES		$8	$5	$1	$0	$2	$0	$0	$0	$0
12	INCOME TAXES		$17	$10	$1	$0	$5	$0	$0	$0	$0
13	PAYROLL TAXES		$29	$18	$2	$0	$9	$0	$0	$0	$0
14											
15	TOTAL OPERATING EXPENSES		$3,321	$2,048	$253	$0	$959	$55	$3	$2	$0
16											
17	NET OPERATING INCOME		$29	$17.80	$2.21	$0.00	$8.39	$0.48	$0.03	$0.02	$0.00
18											
19											
20	GROSS PLANT IN SERVICE		$592	$364	$45	$0	$172	$10	$1	$0	$0
21	RESERVES FOR DEPRECIATION		$238	$146	$18	$0	$69	$4	$0	$0	$0
22											
23	NET PLANT IN SERVICE		354	218	27	0	103	6	0	0	0
24											
25											
26	MATERIALS & SUPPLIES - FUEL		$0	$0	$0	$0	$0	$0	$0	$0	$0
27	MATERIALS & SUPPLIES -LOCAL		$0	$0	$0	$0	$0	$0	$0	$0	$0
28	CASH WORKING CAPITAL		$0	$0	$0	$0	$0	$0	$0	$0	$0
29	CUSTOMER ADVANCES & DEPOSITS		$0	$0	$0	$0	$0	$0	$0	$0	$0
30	ACCUMULATED DEFERRED INCOME TAXES		$0	$0	$0	$0	$0	$0	$0	$0	$0
31											
32	TOTAL NET ORIGINAL COST RATE BASE		$354	$218	$27	$0	$103	$6	$0	$0	$0
33											
34	RATE OF RETURN		8.16%	8.16%	8.16%	8.16%	8.16%	8.16%	8.16%	8.16%	8.16%
35	ACCUMU CUSTOMER CHARGE BILLING UNITS		3,884,580	3,317,340	492,420	1,176	64,032	3,684	216	5,700	12
36	SBO CREDIT PER BILL		0.86	0.62	0.52	0.37	15.10	15.10	15.10	0.37	15.10

AMERENUE
DELIVERY SERVICES COST OF SERVICE ALLOCATION STUDY
YEAR: 12 MONTHS ENDED DECEMBER 31, 1999

	======= TITLE: SUMMARY	ALLOCATION BASIS	SBO	DS-1	DS-2	DS-3	DS-4	DS-4 (HV)	DS-4 (HV-2)	LIGHTING
1	BASE REVENUE		$562.430	$410.181	$86.768	$52.720	$11.629	$0.581	$0.388	$0.162
2	OTHER REVENUE		$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
3	OTHER RENTS-IL. ONLY		$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
4	OTHER RENTS - IL. ONLY		$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
5										
6	TOTAL OPERATING REVENUE		$562.430	$410.181	$86.768	$52.720	$11.629	$0.581	$0.388	$0.162
7										
8										
9	TOTAL DISTRIBUTION, CUSTOMER, AND A&G EXPENSES		$531	$387	$82	$50	$11	$1	$0	$0
10	TOTAL DEPRECIATION AND AMMORTIZATION EXPENSES		$11	$8	$2	$1	$0	$0	$0	$0
11	REAL ESTATE AND PROPERTY TAXES		$3	$2	$0	$0	$0	$0	$0	$0
12	INCOME TAXES		$6	$5	$1	$1	$0	$0	$0	$0
13	PAYROLL TAXES		$5	$3	$1	$0	$0	$0	$0	$0
14										
15	TOTAL OPERATING EXPENSES		$555	$405	$86	$52	$11	$1	$0	$0
16										
17	NET OPERATING INCOME		$7	$5	$1	$1	$0	$0	$0	$0
18										
19										
20	GROSS PLANT IN SERVICE		$107	$78	$17	$10	$2	$0	$0	$0
21	RESERVES FOR DEPRECIATION		$27	$19	$4	$2	$1	$0	$0	$0
22										
23	NET PLANT IN SERVICE		81	59	12	8	2	0	0	0
24										
25										
26	MATERIALS & SUPPLIES - FUEL		$0	$0	$0	$0	$0	$0	$0	$0
27	MATERIALS & SUPPLIES -LOCAL		$0	$0	$0	$0	$0	$0	$0	$0
28	CASH WORKING CAPITAL		$0	$0	$0	$0	$0	$0	$0	$0
29	CUSTOMER ADVANCES & DEPOSITS		$0	$0	$0	$0	$0	$0	$0	$0
30	ACCUMULATED DEFERRED INCOME TAXES		($8)	($6)	($1)	($1)	($0)	($0)	($0)	($0)
31										
32	TOTAL NET ORIGINAL COST RATE BASE		$72	$53	$11	$7	$2	$0	$0	$0
33										
34	RATE OF RETURN		10.001%	10.001%	10.001%	10.001%	10.001%	10.001%	10.001%	10.001%
35										
35	CUSTOMER CHARGE BILLING UNITS		738,960	650,688	83,820	3,264	780			408
36	SBO CREDIT PER BILL		0.76	0.63	1.04	16.15	16.15			0.40