

DIRECT TESTIMONY

OF

YASSIR RASHID

Engineering Department

Energy Division

Illinois Commerce Commission

Ameren Illinois Company d/b/a Ameren Illinois
Proposed General Increase in Electric and Natural Gas rates

Dockets Nos. 11-0279 and 11-0282 (Cons.)

June 29, 2011

1 **Q. Please state your name and business address.**

2 A. My name is Yassir Rashid. My business address is 527 East Capitol Avenue,
3 Springfield, Illinois 62701.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the Illinois Commerce Commission (“ICC” or “Commission”) as
6 an Electrical Engineer in the Engineering Department of the Energy Division
7 since September 2008.

8 **Q. What is the function of the Engineering Department of the Commission?**

9 A. The Engineering Department’s function is to monitor and review planning and
10 operating practices of Illinois’ regulated utilities as part of the Commission’s
11 responsibilities under the Public Utilities Act [220 ILCS 5] (“Act”) and to provide
12 information, technical expertise, or recommendations on matters before the
13 Commission through Staff reports or testimony.

14 **Q. What is your work experience prior to coming to the Commission?**

15 A. Prior to joining the Commission Staff (“Staff”), I worked as an Electrical Engineer
16 in three different companies in Sudan from 1994 to 1999.

17 **Q. What is your educational background?**

18 A. I earned a Bachelor of Science in Electrical Engineering with Honors from the
19 University of Khartoum, Sudan in 1994. I earned a Postgraduate Diploma in
20 Business Administration with Merit from the University of Khartoum, Sudan in
21 1997. I earned a Master of Science in Electrical and Computer Engineering from
22 Southern Illinois University Carbondale in 2004.

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

24 A. My testimony is intended to convey my opinions and recommendations regarding
25 two particular aspects of the electric delivery services rate case filings made by
26 Ameren Illinois Company (“Ameren”). Specifically, I will discuss the following:

- 27 • Ameren’s proposal to include the costs of capital additions associated with
28 specific electric distribution projects in rate base and revenue requirements,
29 and
- 30 • Ameren’s Operations and Maintenance (“O&M”) expenditures during the test
31 year and how it relates to O&M expenditures in prior years.

32 The exclusion of other topics from my direct testimony should not be construed to
33 mean that I have the same opinion as Ameren regarding those topics.

34 **Q. Do you recommend that the Commission make any adjustments for**
35 **Ameren’s rate base and revenue requirements?**

36 A. Yes. I propose two rate base adjustments and reserve the right to propose
37 adjustments to O&M expenses in my rebuttal testimony based on Ameren’s
38 response to this direct testimony.

39 Based on my review of Ameren’s response to Staff data request (“DR”) YMR 1.1
40 (See ICC Staff Attachment A), I recommend a decrease of \$1,015,250 to
41 Ameren’s proposed rate base. This proposed adjustment is associated with an
42 installation of capacitor banks project that Ameren deferred to year 2020.

43 I also recommend a decrease of \$2,122,864 to Ameren’s proposed rate base.
44 This latter adjustment is associated with a project that Ameren anticipates will
45 result from an impending Commission ruling in ICC Docket No. 06-0703.

46 My proposed adjustments are reflected in ICC Staff Exhibit 2.0 and Schedules
47 2.08 and 2.09 respectively.

48 **Q. Are you sponsoring any schedules as part of your direct testimony?**

49 A. Yes. I prepared the following schedules and included them as part of my direct
50 testimony:

51 ICC Staff Schedule 12.1: List of most costly specific projects that Ameren
52 proposes to include in rate base.

53 ICC Staff Schedule 12.2: Analysis of Ameren electric distribution expenses
54 2005 – 2012.

55 **Q. Have you included any attachments as part of your Direct Testimony?**

56 A. Yes. I included the following attachments as part of my direct testimony:

57 ICC Staff Attachment A: Ameren's response to Staff DR YMR 1.1 pertaining to
58 WO 26577 and WO26669.

59 ICC Staff Attachment B: E-mail from Ameren explaining cost allocation for WO
60 26577.

61 ICC Staff Attachment C: Ameren's response to Staff DR YMR 2.02.

62 **Capital Additions Adjustments**

63 **Q. Did your review of Ameren's capital additions include every investment in**
64 **plant that Ameren placed in service since its last rate case filing?**

65 A. No. I reviewed information about projects that Ameren has included in its
66 proposed rate base in this proceeding. Ameren categorizes its distribution plant
67 investments as either blanket programs or specific programs¹. Ameren defines

¹ See Ameren Exhibit 6.0E, lines 334 through 352.

68 blanket programs as programs that “encompass many similar activities that are
69 typically a high volume and lower cost”² and that “are funded at an annual
70 anticipated spending level.”³ Ameren defines specific projects as projects that
71 “are generally higher cost investments or serve a unique purpose”⁴ which “are
72 implemented according to 5-year or 10-year plans.”⁵ Given the time constraints
73 associated with my investigation in this proceeding, I reviewed several higher-
74 cost specific projects that Ameren has proposed to include in its rate base. I
75 believe that my examination of these specific projects provides a reasonable
76 review of the capital additions associated with electric operations that Ameren
77 proposes to include in rate base.

78 **Q. What is the basis of your recommendation that the Commission adjust**
79 **Ameren’s proposed rate base and revenue requirements?**

80 A. Section 9-211 of the Act states:

81 The Commission, in any determination of rates or charges, shall
82 include in a utility's rate base only the value of such investment
83 which is both prudently incurred and used and useful in providing
84 service to public utility customers.

85 Although I am not an attorney, from my layman’s perspective it appears that
86 Section 9-211 of the Act indicates that, for the Commission to allow a utility’s
87 investments to be included in rate base, such investments must be prudent and
88 used and useful. Accordingly, I reviewed Ameren’s capital project investments to
89 come to a determination on whether such investments are prudent and used and
90 useful in providing reliable service to customers.

² See Ameren Exhibit 6.0E, lines 336 and 337.

³ See Ameren Exhibit 6.0E, line 354.

⁴ See Ameren Exhibit 6.0E, lines 349 and 350.

⁵ See Ameren Exhibit 6.0E, line 360.

91 **Q. What criteria did you use to determine whether a specific project**
92 **investment was prudent and used and useful?**

93 A. The criteria that I used to determine whether a specific project is prudent and
94 used and useful are embedded in Section 9-212 of the Act. Section 9-212 of the
95 Act explains “prudent” as follows:

96 . . . For purposes of this Section, "prudent" means that at the time
97 of certification, initiation of construction and each subsequent
98 evaluation of any construction project until the time of completion,
99 based on the evidence introduced in any hearings and all
100 information which was known or should have been known at the
101 time, and relevant planning and certification criteria, it was prudent
102 and reasonable to conclude that the generating or production
103 facility would be used and useful in providing service to customers
104 at the time of completion. . .

105 Section 9-212 of the Act explains “used and useful” as follows:

106 . . . A generation or production facility is used and useful only if,
107 and only to the extent that, it is necessary to meet customer
108 demand or economically beneficial in meeting such demand. No
109 generation or production facility shall be found used and useful until
110 and unless it is capable of generation or production at significant
111 operating levels on a consistent and sustainable basis. . .

112 In light of the above definitions and explanations of “prudent” and “used and
113 useful”, I studied Ameren’s specific project investments and analyzed the
114 information that Ameren provided in its witnesses’ direct testimony, Part 285
115 Filing, and responses to Staff DR’s. I opine that in order for an investment in
116 plant to be “used and useful,” the plant must be necessary to provide service to
117 customers or must be economically beneficial to customers. In the course of my
118 investigation, I requested copies of the management reports and studies that

119 Ameren management relied upon when it decided the plant addition it invested in
120 was the best alternative to satisfy the need involved.

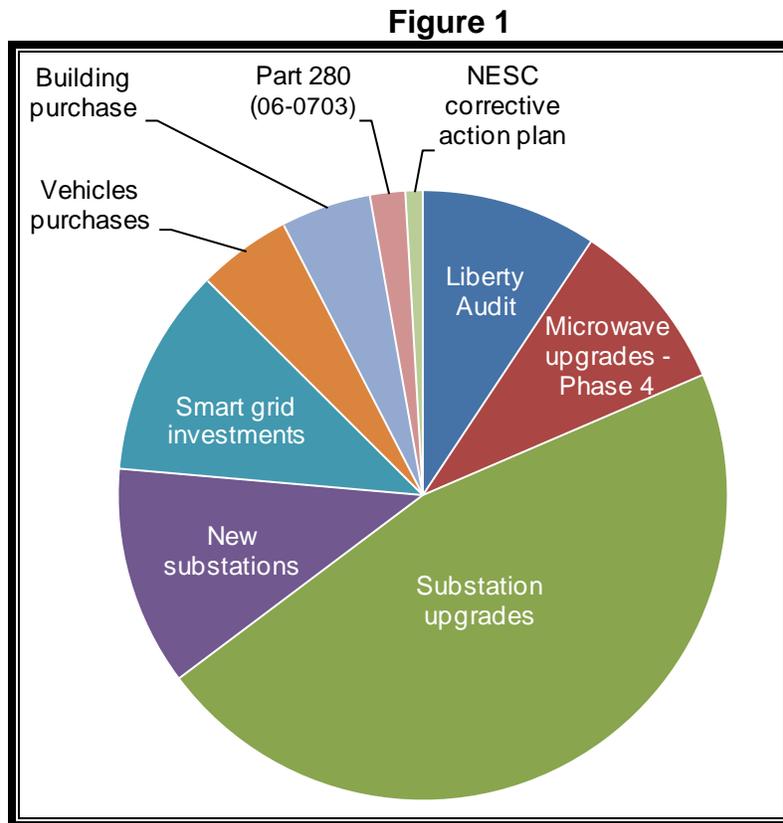
121 **Q. Please explain how you gathered the information you used in your**
122 **analysis.**

123 A. Pursuant to Section 285.6100 of 83 Illinois Administrative Code (“Code”), utilities
124 requesting a rate increase must file a Schedule F-4, which includes information
125 about plant additions the utility made since the previous rate case that exceed a
126 specified cost. According to the requirements of Section 285.6100 of the Code,
127 Ameren filed a Schedule F-4 that listed each capital addition that exceeded 0.1%
128 of Ameren’s net plant. In addition to reviewing ten specific projects identified on
129 Ameren’s Schedule F-4, I requested information similar to the information
130 included in Schedule F-4 that pertains to the next thirty most costly electric
131 distribution plant additions since Ameren’s last rate case. Overall, I reviewed
132 information that Ameren provided on forty specific projects.

133 **Q. Please provide a general description of Ameren’s capital additions that you**
134 **reviewed.**

135 A. I included the specific projects I examined in my direct testimony as ICC Staff
136 Schedule 12.1. I examined all but two of the specific projects listed in ICC Staff
137 Schedule 12.1. For purposes of this testimony, I categorized the projects I
138 examined as follows: twenty five substation upgrades projects that cost a total of
139 \$51,842,277; construction of five new substations projects, including a portable
140 substation, that cost a total of \$8,484,780; four projects that pertain to smart grid
141 investments that cost a total of \$12,502,198; two projects that pertain to vehicle

142 purchases that cost \$5,564,303; a project that pertains to Ameren’s microwave
143 network upgrades that costs \$10,371,490; the purchase of the Decatur Material
144 Distribution Facility that costs \$5,320,348; a project that pertains to the
145 implementation of an anticipated Commission action in ICC Docket No 06-0703
146 that costs \$2,122,864; and a project that pertains to the implementation of the
147 National Electrical Safety Code Corrective Action Plan that costs \$985,125.
148 Figure 1 is a depiction of the proportions of the above mentioned expenditures.



149 **Q. What is the total cost of the projects that you reviewed that Ameren**
150 **proposes to include in rate base?**

151 A. Based on the information that Ameren provided, the combined cost for these
152 projects (excluding WO 27384 and WO 20828, which I did not examine) is
153 approximately \$97,193,384.

154 **Q. Based upon your examination, do you recommend that the Commission**
155 **disallow the inclusion of the costs of specific projects in Ameren’s**
156 **proposed rate base?**

157 A. Yes. I recommend the Commission disallow \$1,015,250 associated with
158 Ameren’s WO 26669 and \$2,122,864 associated with Ameren’s WO 26577.

159 **Q. Please explain the rationale behind your recommendation that the**
160 **Commission disallow the cost of WO 26669 from inclusion in rate base in**
161 **the instant rate case.**

162 A. Ameren indicated that WO 26669 involves the addition of two 69 kV capacitor
163 banks in North Champaign. In response to Staff DR YMR 1.1, Ameren stated,
164 “[this] project was deferred to year 2020.”⁶ Ameren plans to implement this
165 project eight years after the test year. Accordingly, this project fails to meet the
166 “used and useful” criterion, and it is inappropriate to include this project in rate
167 base in the instant proceeding. Hence, I recommend the Commission disallow
168 the \$1,015,250 associated with Ameren’s WO 26669 from inclusion in rate base.
169 My proposed adjustment for this project is reflected in ICC Staff Exhibit 2.0,
170 Schedule 2.08.

171 **Q. Are you aware of whether other projects that Ameren included in its**
172 **proposed rate base have completion dates past 2012?**

173 A. No. Because I reviewed only a limited number of Ameren’s specific projects, I
174 am not aware of whether Ameren included other projects with completion dates
175 after the end of 2012 in its proposed rate base. I only identified this project

⁶ See ICC Staff Attachment A, Page 4 of 4.

176 because it was one of thirty projects that Ameren provided information on in
177 response to Staff inquiry about the thirty most costly projects next to the twelve
178 projects that Ameren included in Schedule F-4. In its rebuttal testimony, Ameren
179 should state whether it included other projects with completion dates after the
180 end of 2012 in its proposed rate base. If that is the case, I recommend the
181 Commission disallow the cost associated with those projects from inclusion rate
182 base because, similar to WO26669, those projects fail to meet the “used and
183 useful” criterion.

184 **Q. Please describe WO26577.**

185 A. In response to Staff DR YMR 1.1, Ameren indicated that WO 26577 is a project
186 that “will result from the impending ruling on ICC Docket No. 06-0703 concerning
187 amendments to Illinois Administrative Code Part 280.”⁷ Ameren indicated that
188 this project involves “[significant] modifications to Ameren's Energy Delivery Suite
189 of Applications [that] will be required to support Staff's proposed changes to the
190 Code.”⁸ Ameren further stated, “this project will start after a Final Order is
191 entered in [the] proceeding [of ICC Docket No 06-0703].”⁹

192 **Q. Please explain how Ameren proposes to allocate the cost of WO26577.**

193 A. This projects costs \$2,122,864. Ameren proposes to allocate this cost under the
194 Asset Separation Project (“ASP”).¹⁰ Ameren witness Ronald Stafford states,
195 “[the] purpose of the ASP was to determine the portion of the common general
196 and intangible plant recorded in the electric plant accounts at December 31, 2011

⁷ See ICC Staff Attachment A, Page 2 of 4.

⁸ See ICC Staff Attachment A, Page 2 of 4.

⁹ See ICC Staff Attachment A, Page 2 of 4.

¹⁰ See ICC Staff Attachment B.

197 and December 31, 2012 for use in developing average Test Year 2012 plant that
198 should be allocated to the electric delivery services operations for ratemaking
199 purposes.”¹¹ Mr Stafford further explains that intangible plant is a “plant which is
200 utilized by both [Ameren’s] gas and electric business.”¹² Based on the ASP,
201 73.87% of the cost of WO 26577 (\$1,568,159) will be allocated to the Electric
202 side of Ameren rate base and 26.13% of the cost of WO 26577 (\$554,705) will
203 be allocated to the Gas side of Ameren rate base.¹³

204 **Q. Which part of the cost of WO 26577 do you recommend the Commission**
205 **disallow Ameren from inclusion in rate base in the instant rate case?**

206 A I recommend the Commission disallow the whole cost of the project from being
207 included in rate base in the instant proceeding; i.e. \$2,122,864.

208 **Q. Please explain the rationale behind your recommendation that the**
209 **Commission disallow the cost of WO 26577 from inclusion in rate base in**
210 **the instant rate case.**

211 A. Neither Ameren nor any participant in ICC Docket No. 06-0703 knows with
212 certitude what the Commission will decide in its Final Order in that docket or
213 when the Commission will enter its Final Order. Docket No. 06-0703 began on
214 October 31, 2006, and has continued for over four and a half years. For that
215 reason, any discussion of a Final Order date is speculation, not fact. Therefore, I
216 do not believe that Ameren can represent that it will complete the project before
217 the end of the test year. In addition, the contents of the Commission’s Final
218 Order, including the findings and ordering paragraphs, cannot be known at this

¹¹ See Ameren Exhibit 2.0E, lines 637 through 640.

¹² See Ameren Exhibit 2.0E, lines 663 and 664.

¹³ See ICC Staff Attachment B.

219 time. At this point, it is not known whether this particular Ameren's project will be
220 an appropriate response to that future Commission order. Under those
221 circumstances, I cannot conclude this project will be used and useful. Hence, I
222 recommend the Commission disallow the \$2,122,864 associated with Ameren's
223 WO 26577 from inclusion in rate base. My proposed adjustment for this project
224 is reflected in ICC Staff Exhibit 2.0, Schedule 2.09.

225 **Ameren O&M Expenses**

226 **Q. Please explain how you gathered the information you used in your analysis**
227 **of the O & M expenses.**

228 A. Pursuant to Section 285.3025 of the Code, utilities requesting a rate increase
229 must file a Schedule C-4, which provides comparative operating income
230 statements by ICC Account number, with operation and maintenance shown by
231 individual operation and maintenance expense account. I reviewed Ameren's
232 proposed expenses that pertain to ICC Accounts 580 through 598, which include
233 the electric distribution expenses. In addition to reviewing the information that
234 Ameren included in Schedule C-4, I requested information regarding the same
235 expense accounts that Ameren provided in Schedule C-4 for the years 2005
236 through 2008. I examined the spending pattern over the years 2005 through
237 2012 and sought explanation from Ameren regarding the deviation in electric
238 distribution spending during the test year. I incorporated the data that that I
239 analyzed in ICC Staff Schedule 12.2. Similar to my review of capital additions, I
240 believe that my examination of the electric distribution expenses for Ameren
241 provides a reasonable review of those expenses.

242 **Q. Describe the electric distribution expenses for the test year.**

243 A. According to the information that Ameren included in Schedule C-4, Ameren
244 anticipates that it will spend \$230,540,000 during 2012, which is a \$50,642,000
245 (28.15%) increase from Ameren's proposed electric distribution spending in the
246 prior year. The single account with the greatest increase in spending in the test
247 year compared to the prior year is Account 593 (Maintenance of Overhead
248 Lines), which Ameren proposes to increase by nearly 43% from \$75,147,000 in
249 2011 to \$107,123,000 in 2012. According to Ameren's response to Staff DR
250 YMR 2.14, this \$31,976,000 increase includes approximately \$6.6 million
251 towards the implementation of Liberty Audit recommendations. The second
252 largest increase is associated with Account 582 (Station operation expenses),
253 which Ameren proposes to increase by nearly 320% from \$2,016,000 in 2011 to
254 \$8,477,000 in 2012. According to Ameren's response to Staff DR YMR 2.05, this
255 \$6,461,000 increase includes approximately \$6.4 million towards the
256 implementation of Liberty Audit recommendations. The third largest increase is
257 associated with Account 592 (Maintenance of Station equipment), which Ameren
258 proposes to increase by nearly 14% from \$22,335,000 in 2011 to \$25,543,000 in
259 2012. In its response to Staff's request for explanation of this drastic increase in
260 electric distribution spending, Ameren attributed a sum of approximately \$15.7
261 million to the implementation of Liberty Audit recommendations.¹⁴ The
262 implementation of Liberty Audit recommendations accounts for 31% of the overall
263 increase in electric distribution spending in 2012 compared to 2011. The

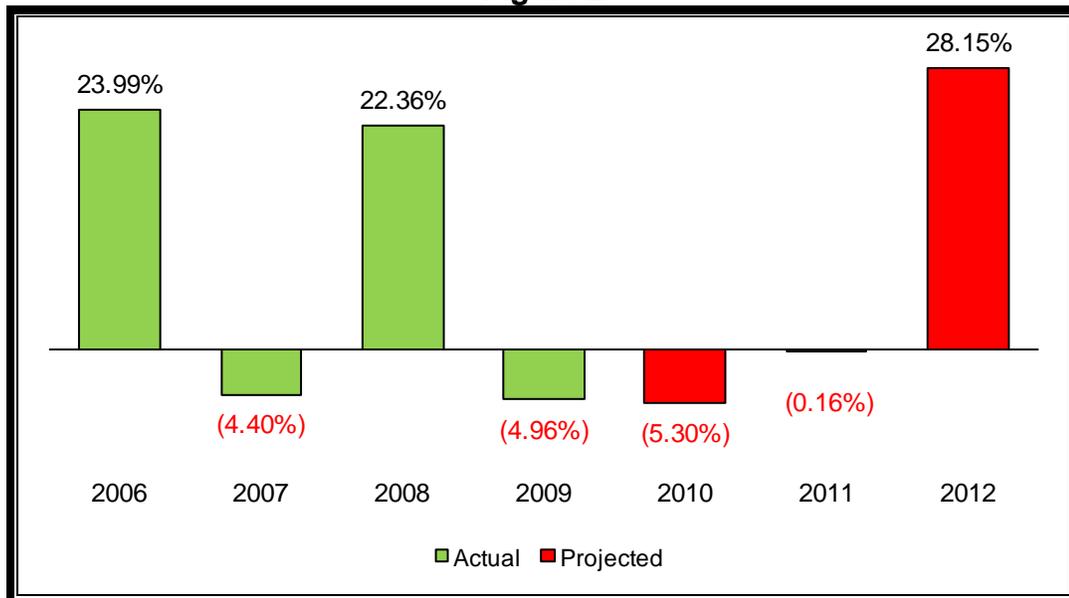
¹⁴ See ICC Staff Attachment C.

264 implementation of Liberty Audit recommendations is addressed in ICC Staff
265 Exhibit 10.0.

266 **Q. Are there any concerns that arose during your review of Ameren's**
267 **historical and proposed O&M expenditures?**

268 A. Yes. I plotted a chart that captures the variations of Ameren's O&M historical
269 and projected expenses from 2006 to 2012. The chart is shown below as Figure
270 2, which depicts the percentage deviations in Ameren's O&M expenses in each
271 given year from prior year's O&M expenses starting 2006 through 2012. The
272 chart shows significant increase in Ameren's O&M expenditures in years 2006,
273 2008, and 2012.

Figure 2



274 It is worth mentioning that 2006, 2008 and 2012 are test years in rate cases that
275 Ameren and its predecessors brought in front of the Commission. The concern is
276 that Ameren has the tendency to spend disproportionately more during a test
277 year than it does under normal circumstances. Doing so would have the

278 potential to increase Ameren's return on investment at the expense of
279 ratepayers. On the other hand, if the levels of Ameren's electric distribution O&M
280 expenditures during those test years were the appropriate levels, then spending
281 substantially less during non test years would potentially affect Ameren's ability
282 to adequately maintain its electric distribution system to the detriment of the
283 reliability of its electric system.

284 **Q. Are you proposing adjustments to Ameren's electric distribution expenses**
285 **at this time?**

286 A. No; however, I may need to propose adjustments in my rebuttal testimony if
287 Ameren cannot adequately explain the variations in its electric distribution
288 expenses that I have identified above. I believe that Ameren should offer rebuttal
289 testimony that explains its pattern of electric distribution expenditures over the
290 period 2005 through 2012 and addresses the concern that it has repeatedly
291 asked in rate cases for substantially more expense money than what it spent
292 during non test year periods. Ameren should also address the concern that if its
293 past and present test year expense requests are appropriate for maintenance
294 and operation of its electric system, then what harm has Ameren done to its
295 electric system by under spending during non test year periods of years 2007,
296 2009, 2010, and 2011.

297 **Q. Does that conclude your prepared direct testimony?**

298 A. Yes, it does.

Ameren Illinois Company
d/b/a Ameren Illinois
Response to ICC Staff Data Requests
Docket Nos. 11-0279 and 11-0282
Proposed General Increase in Electric and Gas Delivery Service Rates
Response Date: 4/8/2011

YMR 1.01

Please list AIC's 30 most costly additions to electric distribution plant, in addition to those already included on Schedule F-4, that AIC proposes to add to its rate base in the instant rate case. Provide the following information about each of these additions:

- a) Description of addition;
- b) Date project started;
- c) Completion date;
- d) Completion cost;
- e) Reason for the project;
- f) Alternatives considered and the reasons for rejecting each alternative; and
- g) List of reports relied upon by management when deciding to pursue the rate base addition.

RESPONSE

Prepared By: Ronald D. Pate
Title: Vice President, Operations
Phone Number: 217-424-6518

- 1) WO number: 25941 – Portable Subs – 14 MVA Purchase 2 - CIPS
 - a) Description of addition:
WO 25941 concerns the purchase of two 68.8 x 34.4kV - 13.2Y/7.62 x 4.36Y/2.52kV, 14MVA portable substations to replace one 1958 vintage portable substation and one 1956 vintage portable substation.
 - b) Date project started: 6/12/2009
 - c) Completion date: 9/30/2010
 - d) Completion cost: \$2,948,680
 - e) Reason for the project:
A dedicated fleet of mobile substations must be procured, maintained and replaced as necessary to operate a large transmission and distribution utility such as Ameren IL.

The justification for mobile substations is based on two distinct types of system events.
 1. Failures of transformers, switchgear or stations structures due to age, system events, weather or outside forces such as vehicles or sabotage.

2% overload prior to 2014. The addition of the new Mae Drive 34/4kV sub will relieve the projected substation overloads, and provide increased substation transformer and feeder capacity to allow for growth in Fairview Heights. The additional capacity from the new sub will also increase tie capability with various 4kV Frey and Fairview sub distribution circuits and provide greater flexibility to off-load circuits and transformers in order to perform routine maintenance work. The new site for this substation is presently in negotiations for purchase. The calculated SACF for this project is 229.5.

- f) Alternatives considered and the reasons for rejecting each:
Adjacent 2 unit subs at max size have projected loads above sub rating.
Maximum amount of load has been transferred away from adjacent subs to next adjacent units. Additional substation and transformer capacity is required in area to supply future growth.
- g) List of reports relied upon by management when deciding to pursue the rate base addition:
YMR 1.01 Attach 27326 ISP 2011-DP 11216-D60899-Mae Drive-New 34_4kv 14MVA Sub and Feeders-Fairview-CIP.xls

YMR 1.01 Attach 27326 PN FINAL Mae Drive-New Frvw Sub (Draft).doc

5) WO number: 26577 – Part 280 Proceedings

- a) Description of addition:
The Part 280 project will result from the impending ruling on ICC Docket No. 06-0703 concerning amendments to Illinois Administrative Code Part 280. This section of the Code relates to Illinois credit and collections processes. Significant modifications to Ameren's Energy Delivery Suite of Applications will be required to support Staff's proposed changes to the Code.
- b) Date project started:
As specified in Direct Testimony in Ameren Exhibit 2.0 of ICC Docket No. 06-0703, this project will start after a Final Order is entered in this proceeding. Based on current activity in this proceeding, it is anticipated that the Final Order will be received by the fall of 2011.
- c) Completion date:
As specified in Direct Testimony in Ameren Exhibit 2.0 of ICC Docket No. 06-0703, the project is estimated to be completed 18-24 months following the project start date. At this time, it is anticipated that this project will be completed by the fall of 2013.
- d) Completion cost:
\$2,122,864 - This amount assumed that the Commission approves Staff's proposed Part 280 without change.
- e) Reason for the project:
The project is required to comply with the impending revisions to Illinois Administrative Code Part 280.

- f) Alternatives considered and the reasons for rejecting each:
The project is required to comply with the impending revision to Illinois Administrative Code Part 280. There are no alternatives.
- g) List of reports relied upon by management when deciding to pursue the rate base addition:
YMR 1.01 Attach 26577 280 Rewrite Estimate Ameren.xls
YMR 1.01 Attach 26577 Part 280 Project.doc
- 6) WO number: 24620 – Clifton – Convert Substation to 34-12 kV
- a) Description of addition:
Convert the existing Clifton distribution substation from 4kV to 12kV operation by installing a new 11/14MVA; 34/12kV LTC transformer, 12kV metal clad switchgear, and two 12kV underground feeder cable exits to 12kV terminal poles. The existing two 4kV overhead distribution feeders at Clifton Sub will be converted to 12kV operation. Remove the existing 3.0/3.9MVA; 34/4kV LTC transformer; 2 position, 4.16kV switchgear; and two 4kV feeder exit cables.
- b) Date project started: 5/29/2009
- c) Completion date: 6/8/2011
- d) Completion cost: \$1,825,000
- e) Reason for the project:
The Arrow Wood 34/4kV, 5/6.25MVA distribution sub (# 350) is projected to have a 4% overload for the 2010 summer. The adjacent Clifton 34/4kV, 3.0/3.9MVA distribution sub (# 328) is also nearing its loading limits and the existing 4kV distribution feeders are voltage limited as they attempt to supply the far northwestern portion of the Ameren CIPS-Alton operating area. A large subdivision development in the Clifton/Arrow Wood area is presently being served via a 12kV UG distribution design, fed by 4 to 12kV step-up transformers. The conversion of Clifton Sub from 4kV to 12kV operation will provide additional capacity to relieve the projected overloads at Arrow Wood Sub and in turn allow Arrow Wood to provide relief to the North Alton distribution sub (# 329). Conversion of Clifton to 12kV operation will allow for longer circuit extensions to the fringe areas of the Alton service area north and northwest of the sub, with fewer voltage problems. The new 12kV sub will provide increased substation and feeder capacity to supply future development that could occur with the proposed extension of an "Outer-belt" highway around Alton. The conversion work at Clifton will be another step to the eventual construction of a 12kV distribution system around the outage edge of the Alton service area to supply the growth areas in the territory. The ultimate goal would be to establish 12kV distribution from Clifton, towards the Bethany Sub area, and tying with the existing 12kV system at Fosterburg Sub. The calculated SACF for this project is 2.24.
- f) Alternatives considered and the reasons for rejecting each:

- g) List of reports relied upon by management when deciding to pursue the rate base addition:
YMR 1.01 Attach 20904 ISP 2008-D26292-Elkville Sub (S31)-Remove 4-12kV Xfmr and Install 5_7 MVA, 34-12kv transformer.-CIP.xls

YMR 1.01 Attach 20904 PN FINAL – Elkville – Add 34-12kv Xfmr, Rmv 4-12.pdf

25) WO number: 26669 – North Champaign – Add two 69 kV Capacitor Banks

- a) Description of addition:
This project was deferred to year 2020.
- b) Date project started:
NA
- c) Completion date: NA
- d) Completion cost: \$1,015,250
- e) Reason for the project:
NA
- f) Alternatives considered and the reasons for rejecting each:
NA
- g) List of reports relied upon by management when deciding to pursue the rate base addition:
NA

26) WO number: 26404 – Woodlawn – Rebuild Substation with 3.75-5.25 MVA

- a) Description of addition:
Rebuild Woodlawn Substation with one 3-phase 5/7 MVA, 34.5/4.16 KV transformer (non-LTC) and one 4.16 KV feeder with regulators and reclosers (ultimate configuration for 2 feeders). Obtaining additional land for the new sub is necessary (existing sub site is 50'x50')
- b) Date project started: 9/30/2009
- c) Completion date: 11/25/2011
- d) Completion cost: \$1,014,201
- e) Reason for the project:
The existing substation is made of 3 single-phase old transformers that need to be replaced due to condition. The station is projected to exceed its 1.5 MVA nameplate rating by 13% during normal peak conditions in 2010. A new Distribution substation with ultimate configuration for two feeders needs to be

Rashid, Yassir

From: Getz, Michael J
Sent: Friday, June 17, 2011 4:21 PM
To: Rashid, Yassir
Subject: Project 26577

I understand you had a question on how the project 26577 was split by rate zone. The project cost of \$2,122,864 was first split between electric and gas under the Asset Separation Project (ASP) 73.87% and 26.13%, respectively. Then the electric portion (\$1,568,159) was allocated to rate zones based on electric intangible plant as of Sept 30, 2010 as follows:

RZ-I .0131 (\$20,543)
RZ-II .0147 (\$23,052)
RZ-III .9722 (\$1,524,564)

The gas portion (\$554,705) was allocated to rate zones based on gas intangible plant as of Sept 30, 2010 as follows:

RZ-I 0
RZ-II .2072 (\$114,935)
RZ-III .7928 (\$439,770)

Also, since the project was scheduled to go in service in 2012 only 50% would have been applied to the rate base so all the values should be reduced 50%.

MICHAEL GETZ :: Controller, Ameren Illinois :: T 309.677.5111
Ameren Illinois :: 300 Liberty Street :: Peoria, IL 61602

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Ameren Illinois Company
d/b/a Ameren Illinois
Response to ICC Staff Data Requests
Docket Nos. 11-0279 and 11-0282 (Cons.)
Proposed General Increase in Electric and Gas Delivery Service Rates
Response Date: 4/15/2011

YMR 2.02

Please identify Ameren's actual O&M expenses for calendar years 2009 and 2010 and projected O&M expenses for calendar years 2011 and 2012 associated with:

- a) Electric distribution vegetation management;
- b) NESC Corrective Action Plan activities;
- c) Implementation of Liberty Audit recommendations; and
- d) Other utility activities that pertain to O&M that are not included in YMR 2.2(a), YMR 2.2(b), and YMR 2.2(c).

RESPONSE

Prepared By: Michael J. Getz
Title: Controller, Ameren Illinois
Phone Number: 309-677-5111

- a) Ameren Illinois's actual O&M expenses for electric distribution vegetation management activities for calendar year 2009 equaled \$44.1 million and for calendar year 2010 these expenses equaled \$46.2 million. Projections for electric distribution vegetation management activities for calendar year 2011 equal \$48.8 million and for calendar year 2012 equal \$53 million.
- b) Ameren Illinois's actual O&M expenses for NESC Corrective Action Plan activities for calendar year 2009 equaled \$3.3 million and for calendar year 2010 these expenses equaled \$4.7 million. Projections for NESC Corrective Action Plan activities for calendar year 2011 equal \$2.7 million and for calendar year 2012 equal \$2.6 million.
- c) Ameren Illinois's actual incremental O&M expenses for Implementation of Liberty Audit recommendations for calendar year 2009 and 2010 equaled zero. Projections for incremental O&M expenses for Implementation of Liberty Audit recommendations for calendar year 2011 equal zero and for calendar year 2012 equal \$15.7 million for electric distribution.
- d) The other significant electric distribution O&M expenses for each year are related to:
 - 1. Major storms of \$14.2 million in 2009, \$2.5 million in 2010, \$14.3 million in 2011 and \$14.6 million in 2012.
 - 2. Incremental circuit inspections of \$0 million in 2009, \$0 million in 2010, \$0 million in 2011 and \$6.4 million in 2012.
 - 3. Incremental substation inspections of \$0 million in 2009, \$0 million in 2010, \$0 million in 2011 and \$2.9 million in 2012.
 - 4. The remaining electric distribution O&M costs for each year to tie to the adjusted C-4 amounts are \$128.7 million in 2009, \$126.8 million in 2010, \$114.1 million in 2011 and \$135.4 million in 2012.

Ameren's Additions to Plant in Service Since the Last Rate Case [1]

No	WO number	Description	Start date	End date	Cost	Category [2]
1	25057	Purchase Decatur Material Distribution Facility Building	January 2007	04/01/2009	\$5,320,347	BP
2	27136	Advanced distribution Management system	08/01/2010	09/30/2012	\$7,420,231	SG
3	22583	Weedman 2nd transformer - 14 MVA, additional breaker	03/07/2008	08/14/2009	\$3,992,744	SU
4	24721	Belleville 17th street - 2nd 138-34.5 kV transformer	09/26/2008	06/16/2010	\$5,433,748	SU
5	23858	Microwave upgrades phase 4	01/01/2009	12/31/2012	\$10,371,490	MU
6	27324	Quincy east substation - upgrade bank #3	08/12/2010	06/01/2012	\$4,553,344	SU
7	26435	North Utica - new 34.5 - 12.5 kV substation	10/12/2009	06/01/2012	\$1,001,302	NS
8	27384	Liberty audit distribution work	01/01/2012	12/31/2012	\$10,432,971	LA
9	27574	Ameren Illinois- purchase electric vehicles	01/01/2012	12/31/2012	\$4,132,658	VP
10	20828	Kewanee north main - relocate substation	12/15/2010	12/31/2012	\$4,502,517	NS
11	17409	W. Tilton 2nd transformer and bus tie	07/12/2007	06/12/2009	\$3,968,433	SU
12	23349	W. Tilton replace 138 - 69 kV transformer #2	03/05/2008	06/12/2009	\$3,552,494	SU
13	25941	Portable substations	06/12/2009	09/30/2010	\$2,948,680	NS
14	14554	E. Springfield 3rd 138-34 kV Transformer	12/31/2005	03/11/2009	\$2,903,641	SU
15	27938	Smart grid distribution substations	02/01/2012	12/31/2012	\$2,451,234	SG
16	27326	Mae Dr - New 14 MVA, 34 kV -4 kV -Fairview Heights	03/29/2011	04/12/2012	\$2,215,341	SU
17	26577	Part 280 Proceedings	Contingent on Commission's Final Order in ICC Docket No 06-0703		\$2,122,864	PP
18	24620	Clifton- convert Substation to 34 - 12 kV	05/29/2009	06/08/2011	\$1,825,000	SU
19	26407	Richland Creek - new substation	11/15/2009	05/16/2011	\$1,965,365	NS
20	27347	Ferrin - 7 MVA, 69 - 12 kV Transformer, and 2 circuits	08/11/2010	10/26/2011	\$1,940,419	SU
21	27346	Coulterville - 34 - 12 kV transformer & 2 circuits	10/15/2010	04/04/2012	\$1,896,697	SU
22	27934	Smart grid distribution line	02/01/2012	12/31/2012	\$1,654,358	SG
23	27341	Spare transformer 138 - 34.5 kV -#5b	12/31/2010	12/31/2012	\$1,950,000	SU
24	27070	Spare 138 - 69 kV - 112 MVA transformer - Oreana	04/16/2010	12/28/2010	\$1,480,000	SU
25	27315	Rochester Oak Street - Construction new substation	08/13/2010	04/17/2012	\$1,581,471	NS
26	26403	O'Fallon Troy Road - 34 - 12 kV, 12-22.4 MVA	09/30/2009	12/29/2011	\$1,521,106	SU
27	24718	Kirby substation - replace transformer #1 with 22 MVA	03/12/2009	05/27/2010	\$1,483,724	SU
28	21750	Pittsfield - add 2nd 69 - 12 kV unit	07/19/2010	10/01/2011	\$1,467,534	SU
29	16394	2009 purchase vehicles for electric department - IP	01/01/2009	12/21/2009	\$1,431,645	VP
30	27314	Metamora - install transformer #2	09/01/2010	01/26/2012	\$1,426,366	SU
31	26953	Dupo Ferry - 138 - 34.5 kV, 93 MVA transformer	03/01/2010	06/01/2010	\$1,289,410	SU
32	27345	Ashley -Rebuild 10.5 MVA transformer & 2 circuits	09/09/2010	12/31/2012	\$1,281,011	SU
33	24614	Effingham North - Replace transformer & voltage regulators	01/03/2012	12/31/2012	\$1,277,647	SU
34	27327	Aviston- Upgrade transformer #1 - 22.4 MVA	09/17/2010	05/01/2012	\$1,221,401	SU
35	27334	Glen Carbon main street - 2nd transformer & circuits	12/16/2010	04/17/2012	\$1,011,100	SU
36	20904	Elkville - Add 34 - 12 kV transformer, remove 4 - 12 kV transformer	11/27/2007	06/23/2009	\$1,111,993	SU
37	26669	North Champaign - Add two 69 kV capacitor banks	Ameren deferred this project to 2020		\$1,015,250	SU
38	26404	Woodlawn - Rebuild Substation with 3.75-5.25 MVA	09/30/2009	11/25/2011	\$1,014,201	SU
39	26396	Auburn West - Add 2nd 69 kV transformer	09/21/2009	07/26/2010	\$1,009,674	SU
40	21726	2006 ICC NESC Work - various circuits	03/29/2007	01/01/2009	\$985,125	NP
41	23218	Abengoa Bioenergy - Customer Substation - Pt Reimburse	02/26/2008	07/10/2009	\$987,962	NS
42	26722	Metropolis Loop - 69 kV Automation	11/01/2009	07/01/2012	\$976,375	SG
		Total Cost			\$112,128,872	

[1] Data on projects numbered 1 through 12 is obtained from Schedule F-4

[1] Data on projects numbered 13 through 42 is obtained from Ameren's response to data request YMR 1.01

[2] Key to Categories

- LA Implementation of Liberty audit recommendations
- MU Microwave upgrades phase 4
- SU Substation upgrades
- NS New substations
- SG Smart grid investments
- VP Vehicles purchases
- BP Building purchase
- PP Part 280 Proceeding (ICC Docket 06-0703)
- NP NESC Corrective Action Plan

Line No.	Account No. (A)	Description (B)	2005 [1]	2006 [1]	2007 [1]	2008 [1]	2009 (C)	2010 [2] (D)	2011 [3] (E)	2012 (F)
66		Electric Distribution Expenses (\$ thousand)								
67		Operations								
68	580	Operation, Supervision, and Engineering	7,670	9,431	8,952	9,020	8,579	8,233	8,107	10,111
69	581	Load Dispatching	3,820	4,341	4,648	5,006	4,799	5,668	5,530	5,737
70	582	Station Expenses	2,322	2,219	2,222	2,241	1,732	1,827	2,016	8,477
71	583	Overhead Line Expenses	5,847	7,655	8,845	10,433	8,776	9,323	7,671	7,655
72	584	Underground Line Expenses	2,670	3,430	3,186	3,526	2,750	2,149	2,138	2,833
73	585	Street Lighting and Signal System Expenses	1,061	1,082	1,120	1,405	1,596	1,533	1,687	1,764
74	586	Meter Expenses	10,202	11,932	12,601	12,197	14,459	13,319	15,619	16,501
75	587	Customer Installations Expenses	3,284	3,392	3,813	3,652	3,378	3,518	4,729	4,845
76	588	Other Expenses	19,543	18,981	24,026	23,906	23,667	19,552	19,946	23,020
77	589	Rents	407	475	448	465	152	274	125	127
78		Total Operations	56,826	62,938	69,861	71,851	69,888	65,396	67,568	81,070
79		Maintenance								
80	590	Maintenance, Supervision, and Engineering	3,546	3,840	3,311	2,720	1,602	1,442	2,404	2,676
81	591	Maintenance of Structures	494	1,091	1,198	1,456	1,141	1,018	346	442
82	592	Maintenance of Station Equipment	14,790	15,397	16,360	16,908	17,437	17,968	22,335	25,543
83	593	Maintenance of Overhead Lines	54,357	76,628	62,473	94,973	87,469	81,794	75,147	107,123
84	594	Maintenance of Underground Lines	2,806	3,696	4,199	4,825	5,301	5,321	4,124	4,804
85	595	Maintenance of Line Transformers	1,097	723	779	1,128	1,387	1,304	1,850	1,884
86	596	Maintenance of Street Lighting and Signal Systems	1,783	2,987	1,345	2,271	2,399	2,199	1,053	1,357
87	597	Maintenance of Meters	519	380	455	524	465	507	1,071	1,121
88	598	Maintenance of Miscellaneous Distribution Plant	1,821	3,475	3,636	3,540	3,183	3,230	4,000	4,520
89		Total Maintenance	81,213	108,217	93,756	128,345	120,384	114,783	112,330	149,470
90		Total Electric Distribution Expenses	138,039	171,155	163,617	200,196	190,272	180,179	179,898	230,540

[1] Data in this column is obtained from Ameren's response to Staff data request YMR 2.20

Data in the remaining columns is included in Ameren Schedule C-4

[2] Includes nine months of actual data and three months of forecasted data

[3] Includes zero months of actual data and three months of forecasted data

Account No.	Description	2006	2007	2008	2009	2010	2011	2012
Electric Distribution Expenses Deviation from Prior Year (\$ thousand) [4] [5]								
Operations								
580	Operation, Supervision, and Engineering	1,761	(479)	68	(441)	(346)	(126)	2,004
581	Load Dispatching	521	307	358	(207)	869	(138)	207
582	Station Expenses	(103)	3	19	(509)	95	189	6,461
583	Overhead Line Expenses	1,808	1,190	1,588	(1,657)	547	(1,652)	(16)
584	Underground Line Expenses	760	(244)	340	(776)	(601)	(11)	695
585	Street Lighting and Signal System Expenses	21	38	285	191	(63)	154	77
586	Meter Expenses	1,730	669	(404)	2,262	(1,140)	2,300	882
587	Customer Installations Expenses	108	421	(161)	(274)	140	1,211	116
588	Other Expenses	(562)	5,045	(120)	(239)	(4,115)	394	3,074
589	Rents	68	(27)	17	(313)	122	(149)	2
Total Operations Deviation from Prior Year		6,112	6,923	1,990	(1,963)	(4,492)	2,172	13,502
Maintenance								
590	Maintenance, Supervision, and Engineering	294	(529)	(591)	(1,118)	(160)	962	272
591	Maintenance of Structures	597	107	258	(315)	(123)	(672)	96
592	Maintenance of Station Equipment	607	963	548	529	531	4,367	3,208
593	Maintenance of Overhead Lines	22,271	(14,155)	32,500	(7,504)	(5,675)	(6,647)	31,976
594	Maintenance of Underground Lines	890	503	626	476	20	(1,197)	680
595	Maintenance of Line Transformers	(374)	56	349	259	(83)	546	34
596	Maintenance of Street Lighting and Signal Systems	1,204	(1,642)	926	128	(200)	(1,146)	304
597	Maintenance of Meters	(139)	75	69	(59)	42	564	50
598	Maintenance of Miscellaneous Distribution Plant	1,654	161	(96)	(357)	47	770	520
Total Maintenance Deviation from Prior Year		27,004	(14,461)	34,589	(7,961)	(5,601)	(2,453)	37,140
Total Electric Distribution Expenses Deviation from Prior Year		33,116	(7,538)	36,579	(9,924)	(10,093)	(281)	50,642

[4] Deviation from prior year = Expense in a given year - Expense in prior year

[5] Numbers between parentheses are negative numbers

Account No.	Description	2006	2007	2008	2009	2010	2011	2012
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Electric Distribution Expenses Deviation from Prior Year (%) [6] [7]**Operations**

580	Operation, Supervision, and Engineering	22.96%	(5.08%)	0.76%	(4.89%)	(4.03%)	(1.53%)	24.72%
581	Load Dispatching	13.64%	7.07%	7.70%	(4.14%)	18.11%	(2.43%)	3.74%
582	Station Expenses	(4.44%)	0.14%	0.86%	(22.71%)	5.48%	10.34%	320.49%
583	Overhead Line Expenses	30.92%	15.55%	17.95%	(15.88%)	6.23%	(17.72%)	(0.21%)
584	Underground Line Expenses	28.46%	(7.11%)	10.67%	(22.01%)	(21.85%)	(0.51%)	32.51%
585	Street Lighting and Signal System Expenses	1.98%	3.51%	25.45%	13.59%	(3.95%)	10.05%	4.56%
586	Meter Expenses	16.96%	5.61%	(3.21%)	18.55%	(7.88%)	17.27%	5.65%
587	Customer Installations Expenses	3.29%	12.41%	(4.22%)	(7.50%)	4.14%	34.42%	2.45%
588	Other Expenses	(2.88%)	26.58%	(0.50%)	(1.00%)	(17.39%)	2.02%	15.41%
589	Rents	16.71%	(5.68%)	3.79%	(67.31%)	80.26%	(54.38%)	1.60%
Total Operations Deviation from Prior Year		10.76%	11.00%	2.85%	(2.73%)	(6.43%)	3.32%	19.98%

Maintenance

590	Maintenance, Supervision, and Engineering	8.29%	(13.78%)	(17.85%)	(41.10%)	(9.99%)	66.71%	11.31%
591	Maintenance of Structures	120.85%	9.81%	21.54%	(21.63%)	(10.78%)	(66.01%)	27.75%
592	Maintenance of Station Equipment	4.10%	6.25%	3.35%	3.13%	3.05%	24.30%	14.36%
593	Maintenance of Overhead Lines	40.97%	(18.47%)	52.02%	(7.90%)	(6.49%)	(8.13%)	42.55%
594	Maintenance of Underground Lines	31.72%	13.61%	14.91%	9.87%	0.38%	(22.50%)	16.49%
595	Maintenance of Line Transformers	(34.09%)	7.75%	44.80%	22.96%	(5.98%)	41.87%	1.84%
596	Maintenance of Street Lighting and Signal Systems	67.53%	(54.97%)	68.85%	5.64%	(8.34%)	(52.11%)	28.87%
597	Maintenance of Meters	(26.78%)	19.74%	15.16%	(11.26%)	9.03%	111.24%	4.67%
598	Maintenance of Miscellaneous Distribution Plant	90.83%	4.63%	(2.64%)	(10.08%)	1.48%	23.84%	13.00%
Total Maintenance Deviation from Prior Year		33.25%	(13.36%)	36.89%	(6.20%)	(4.65%)	(2.14%)	33.06%

Total Electric Distribution Expenses Deviation from Prior Year

23.99%	(4.40%)	22.36%	(4.96%)	(5.30%)	(0.16%)	28.15%
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[6] Percentage deviation from prior year = ((Expense in a given year - Expense in prior year) / Expense in prior year)*100

[7] Numbers between parentheses are negative numbers