Ameren Exhibit 31.0

ILLINOIS COMMERCE COMMISSION

DOCKET Nos. 11-0279, 11-0282 (Cons.)

REBUTTAL TESTIMONY

OF

LEONARD M. JONES

Submitted on Behalf Of

AMEREN ILLINOIS COMPANY

d/b/a Ameren Illinois

July 26, 2011

TABLE OF CONTENTS

ILLINOIS COMMERCE COMMISSION

DOCKET Nos. 11-0279, 11-0282 (Cons.)

REBUTTAL TESTIMONY OF

LEONARD M. JONES

Submitted on Behalf of

Ameren Illinois

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Leonard M. Jones. My business address is 1901 Chouteau Ave, P.O. Box 66149, St. Louis, MO 63103.

Q. Are you the same Leonard M. Jones who provided revised direct testimony in this proceeding?

A. Yes, I am.

II. PURPOSE OF TESTIMONY

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

A. The purpose of my rebuttal testimony is to respond to the direct testimony of Illinois Commerce Commission Staff (Staff) witnesses, Mr. Peter Lazare, Ms. Bonita Pearce, Mr. Tortsen Clausen, and Mr. Philip Rukosuev; Illinois Industrial Energy Consumers (IIEC) witness Mr. Robert Stephens; the People of the State of Illinois and Citizens Utility Board (AG/CUB) witness, Mr. Scott Rubin; The Kroger Company (Kroger) witness, Mr. Kevin Higgins; and Grain and Feed Association of Illinois (GFAI) witness, Mr. Jeffrey Adkisson.

Q. Are you sponsoring any exhibits with your rebuttal testimony?

A. Yes. I am sponsoring the following exhibits:

- Ameren Exhibit 31.1: Revenue Allocation
- Ameren Exhibit 31.2: Summary of Present and Proposed Prices
- Ameren Exhibit 31.3: Jurisdictional Operating Revenue
- Ameren Exhibit 31.4: Proposed Changes to Rider PER – Purchased Electricity Recovery

III. RESPONSE TO STAFF WITNESS, MR. LAZARE

Q. Mr. Lazare claims that Ameren Illinois Company's proposed class revenue allocation is fundamentally flawed because of its decision to base its approach on the Initial ECOSS. What is your response?

A. The Final Order in Docket 10-0517 suggests that decisions to move toward single-tariff pricing should be based on individual Rate Zone cost of service determinations. On rebuttal, Ameren Illinois Company d/b/a Ameren Illinois (AIC or Company) has revised its Rate Zone cost of service studies, sponsored by AIC witnesses, Mr. Ryan Schonhoff and Ms. Karen Althoff, to address issues raised by Mr. Lazare in his direct testimony. Moreover, AIC has modified its revenue allocation approach to partially adopt the recommendations of Mr. Lazare. As a result, AIC no longer bases its revenue allocation methodology on the single class cost of service study.

Q. Mr. Lazare develops an alternative proposal to allocate the revenue requirement among rate classes. Briefly summarize his proposal.

A. Mr. Lazare has developed one approach for base revenue charges and another for distribution taxes. Mr. Lazare finds the overall revenue requirement allocations to the three Rate Zones acceptable and uses those studies as the foundation for his revenue allocation proposal. For base revenue allocations, he has proposed to move half the distance from equal percentage across-the-board increases to fully cost-based revenue allocations for the three Rate Zones. The revenue changes allocated to individual rate classes within each Rate Zone are uniform (although the amounts allocated to each Rate Zone are different). Mr. Lazare does not differentiate changes in the revenue requirement among rate classes. Distribution Taxes are allocated separately. Mr. Lazare rejects AIC's proposal for a phase-in to an average Distribution Tax rate, and instead proposes to move immediately to an equal per kWh charge for each Rate Zone and customer class.

Q. What is the overall effect of his proposal?

A. In general, the rate changes move in similar direction to what AIC proposed in its direct case. Rate Zones I and II are targeted to receive above average increases while Rate Zone III is targeted to receive a below average increase. Mr. Lazare's method applied base delivery service rate changes uniformly across all rate classes within a Rate Zone due to his concerns related to the individual Rate Zone cost of service studies. Moving immediately to a uniform Distribution Tax charge across each class in each Rate Zone has a relatively minor impact on all classes except DS-4, and the +100 kV DS-4 sub-class in particular.

Q. Mr. Lazare claims his alternative approach is reasonable given the lack of viable Rate Zone ECOSSs to support revenue allocations to the rate classes within the three Rate Zones. Do you agree?

A. No. If there were no viable Rate Zone ECOSS, Mr. Lazare's revenue allocation proposal would be acceptable, although I do not support his treatment of Distribution Tax recovery (which I will discuss further below). Mr. Schonhoff' s rebuttal testimony, however, provides cost of service studies by Rate Zone that address Mr. Lazare's concerns. Thus, I have used the results of those studies to incorporate some of Mr. Lazare's revenue allocation suggestions, in addition to some of my own, in an alternative revenue allocation proposal.

Q. Please describe your revenue allocation proposal as presented on rebuttal.

A. AIC's revenue allocation proposal starts with the Rate Zone ECOSS sponsored in Mr. Schonhoff's rebuttal testimony. AIC adopts Mr. Lazare's first step of his revenue allocation methodology, where he has proposed to move half the distance from equal percentage across-the-board increases to fully cost-based revenue allocations for the three Rate Zones. Adding this step helps smooth out bill impacts to Rate Zone II. Absent this step, the increase to Rate Zone II would be 18% (the highest of all of the Rate Zones). With the step, the average Rate Zone II increase is limited to 13.5%. Next, rather than allocating the same percentage amount to each rate class (as done by Mr. Lazare), I propose that the target revenue requirement for each Rate Zone be allocated according to the class cost of service study. Specifically, the relative percentage relationship between class cost of service (COS) to total COS within each Rate Zone, multiplied by the total Rate Zone revenue target, should be set as the revenue target for each class. Finally, increases to individual rate classes should not exceed 1.5 times the overall percentage increase allocated to any Rate Zone, or 10%, whichever is greater. The rebuttal revenue requirement provided by Mr. Ronald Stafford indicates electric Rate Zone III may receive a modest change in rates. If this is the case, or in the case of a very small change, it makes sense to raise the mitigation constraint to allow greater progress toward cost based rates. The approach to limit the increase to classes to 1.5 times the overall percentage increase appears to be generally supported by Mr. Higgins, Mr. Stephens, Mr. Rubin, and The Commercial Group (CG) witness, Mr. Steve Chriss. I show the revenue allocation methodology in Ameren Exhibit 31.1. In the interest of continuity, the revenue requirement shown is equal to the initial revenue requirement requested in February.

Q. Do you continue to propose inclusion of the Distribution Tax in your revenue allocation methodology?

A. Yes. As I explained in my revised direct testimony, the Order in Dockets 09-0306 (Cons.) included the effect of the Distribution Tax within the revenue allocation and rate mitigation methodology used within that case. In deference to the prior Order, AIC proposes to maintain inclusion of the Distribution Tax within the revenue allocation methodology. As in revised direct testimony, I maintain that the revenue allocation methodology should not extend to the voltage "subclass" level for DS-3 and DS-4. Applying the revenue allocation at the "subclass" level does not permit the DS-4 High Voltage and +100 kV subclasses to increase by a level great enough to make meaningful progress toward eliminating the Distribution Tax subsidy.

Q. Does the change in the revenue allocation methodology impact your proposed rates?

A. Yes, the level of some of the rates will differ. The general methodology used to develop prices has not changed from my revised direct testimony. I recommend all Customer, Meter, Transformation, and Reactive Demand Charges be left at the level proposed in my revised direct testimony. DS-1 – DS-4 Distribution Delivery Charges have been adjusted by an equal percentage amount within each class and Rate Zone in order to achieve the targeted allocated revenue.

The "rate limiter" credit amounts for DS-3 and DS-4 was also updated to reflect new proposed levels of proposed DS-3 and DS-4 Distribution Delivery Charges. For DS-5 – Lighting Service, Fixture Charges were adjusted by and equal percentage amount within each Rate Zone to achieve the targeted allocated revenue. A summary of current and proposed charges is provided in Ameren Exhibit 31.2. Jurisdictional operating revenue proof, similar to part 285 Schedule E-5 (and Ameren Exhibit 13.3E), is provided in Ameren Exhibit 31.3.

Q. Mr. Lazare proposes that the Illinois Commerce Commission move to full recovery of Distribution Taxes from all ratepayers in this docket through an equal per-kWh charge. He observes this approach will align the recovery of Distribution Taxes with their causation and would be consistent with the methodology approved by the Illinois Commerce Commission for Commonwealth Edison Company in its recent rate case. Do you oppose this recommendation?

A. Yes. I support the notion of movement toward equal cost recovery on a cents/kWh basis, although at a more gradual pace. The AIC phase-in plan provides the proper balance between movement to full cost recovery and mitigating bill impacts, giving consideration to rate gradualism. Referring to the Commonwealth Edison Company's (ComEd) proceeding, large use customers had previously been allocated Distribution Tax costs based on kWh delivered, but the cents/kWh charge had not been unbundled from the $/kW charge. Thus, the customer impacts were not starting from a position where very little Distribution Tax costs had been allocated to large use customers, as they are for AIC. Moreover, the Order in Dockets 09-0306 (Cons.)

included the effect of the Distribution Tax within the revenue allocation and rate mitigation methodology used within that case. By the time this rate proceeding has concluded, it will have been roughly 18 months since that Order. If the Illinois Commerce Commission (Commission) feels sufficient time has passed and all customer classes should pay the same cents/kWh Distribution Tax rate, Mr. Lazare's proposal would be acceptable. I continue to recommend the Commission approve AIC's proposed phase-in to uniform Distribution Tax rates using the three step plan proposed in my revised direct testimony.

Q. Mr. Lazare contends his proposed allocations move the Rate Zones closer to uniformity because that movement is consistent with the results of the Rate Zone ECOSSs. Do you agree that his proposal advances the goal of uniform rate levels across the Rate Zones?

A. Mr. Lazare's revenue allocation among Rate Zones is a step in the right direction. We have individual Rate Zone cost of service studies for use in the proceeding, proposed by Mr. Schonhoff; thus I recommend that Mr. Lazare's general approach be extended to individual rate classes (and further modified to include the effect of the Distribution Tax).

Q. Mr. Lazare claims there are difference between Distribution Taxes and base revenues that support different approaches for revenue allocation. Do you agree with that assessment?

A. In part. Mr. Lazare's proposal is similar to my proposal in the previous rate case, where I suggested that Distribution Taxes be recovered from a flat cents/kWh charge and base revenues excluding the Distribution Taxes be allocated with a rate mitigation constraint. The Commission ultimately decided to include Distribution Taxes within the overall rate mitigation methodology. Unless the Commission's concern has abated, I recommend approval of the AIC phase-in plan.

Q. Mr. Lazare rejects AIC's phase-in approach for the Distribution Tax charge, claiming that the additional annual rate adjustment could confuse ratepayers who might not understand why their rates are changing in 2013 and 2014. Do you think that is a sufficient reason to move to full cost recovery of the Distribution Tax charge in rates effective in January 2012?

A. No. Under the AIC phase-in plan, customer rates for DS-1 – DS-3, and DS-5 will decrease in 2013 and 2014. Only Distribution Tax charges for DS-4 will increase. Most customers do not question changes in rates when prices decline. DS-4 customers are sophisticated enough to understand these changes in rates, and have the added benefit of an Account Executive assigned to them for the purpose of answering questions about periodic changes in rates, among other things. Customer understanding is unlikely to be an issue for the vast majority of customers.

Q. Mr. Lazare also claims that the Company's proposed delivery services rate design is fundamentally flawed because the alleged deficiencies of the Rate Zone ECOSSs do not allow the Company to accurately capture the cost of serving rate classes in the three Rate Zones. He says the Company lacks a viable or reasonable cost foundation. What is your response?

A. The concern is misplaced. The proposed uniform charges – Meter Charge, Customer Charge, Transformation Charge, and Reactive Demand Charge – do not require Rate Zone level detail to determine proper rate structure. For example, the Meter Charge is cost based, designed to recover meter related costs, and is priced uniformly for each class in the three Rate Zones. Under either the single AIC study or the sum of three Rate Zone cost studies, DS-1 costs for meters and meter reading were approximately $72 million. The Meter Charges proposed in my revised direct testimony are set to recover meter related costs. I continue to propose the same Meter Charges. Meter Charges for DS-2, and Customer and Meter Charges for DS-3 and DS-4 were similarly established. All tie back to the single AIC cost study, which in turn approximately matches the sum of related cost components from the individually calculated Rate Zone studies. For these price components, a single AIC study provides adequate cost foundation.

Q. What price components are left after accounting for the Meter, Customer, Transformation, and Reactive Demand Charges for DS-1 – DS-4 rates?

A. The Distribution Delivery Charge is the remaining base delivery service price component[1]. The Distribution Tax was the other significant price element that influenced my proposed rate design. Distribution Tax price differences among Rate Zones and customer classes are proposed to phase-in to a single average rate using a three step plan. Proposed Distribution Tax values for use in this proceeding (step one of the plan) are fixed. Thus, the Distribution Delivery Charge is the only price element that "floats" to recover the allocated class revenue requirement.

Q. How did you establish proposed Distribution Delivery Charges?

[1] In Rate Zone I, DS-3 and DS-4 also contain a Metering Reassignment Charge applicable to some customers. All Rate Zones also contain a rate limiter provision in DS-3 and DS-4 designed to address bill impact concerns for seasonal use customers.

A. Present Distribution Delivery Charges were adjusted by a uniform percentage to a level sufficient to recover the allocated class revenue requirement. Thus, it is the revenue allocated to a class that dictates the level of the Distribution Delivery Charges. The proposed cost-based rate design changes should not be discarded due to the absence of (or lack of initial use of) Rate Zone level cost of service studies.

Q. Mr. Lazare develops an alternative ratemaking approach for rate design. He applies an across-the-board, equal percentage increase on all existing base rate charges for all retail classes within each individual Rate Zone. Under his proposal, Customer, Meter, delivery, Transformation and remaining charges for each Rate Zone would increase by the same percentage: 9.5 percent for Rate Zone I, 12.3 percent for Rate Zone II and 5.0 percent for Rate Zone III. What is your reaction to Mr. Lazare's alternative approach?

A. It should be rejected for several reasons. First, the proposal unwinds all price uniformity that has already been achieved. In past, the Commission has established uniform rates when the legacy utilities were separate legal entities. If uniform rates could be established in that environment, it makes sense we should be working to retain today's uniform rates now that the legacy utilities are combined.

Second, as established above, development of some pricing components under a single AIC cost of service study are valid for setting uniform rates. An across-the-board allocation ignores this fact.

Third, an across-the-board rate change would not permit the rebalancing of DS-3 Distribution Delivery Charges for customers served from +100 kV Supply voltage in Rate Zones I and III. The present charges are \$2.303/kW and \$2.95/kW for Rate Zones I and III, respectively, higher than the charges for High Voltage service. Customers served from High Voltage supply lines use more of the distribution system than customers served from +100 kV supply lines. Intuitively, the charges for +100 kV supply voltage service should be lower because one would expect costs to be lower. In comparison, the comparable charge in Rate Zone II is $0.049/kW. The comparable charge for DS-4 customers does not exceed $0.03 in any of the Rate Zones. Those DS-3 charges in Rate Zones I and III are not cost based, and need to be reset. Mr. Lazare's approach does not permit that flexibility.

Fourth, application of Mr. Lazare's approach would produce strange relationships between overall cost levels and individual price levels. For example, rate levels in Rate Zone III are highest among the AIC Rate Zones for all rate classes. Mr. Lazare's revenue allocation approach allocates the lowest increase to Rate Zone III. That increase applied to Customer and Meter Charges results in the lowest Customer and Meter Charges for all Rate Zones, even though Rate Zone III has the highest overall average prices. The converse is true. Rate Zones I and II have lower average prices, yet would be assigned greater Customer and Meter Charges than those for Rate Zone III.

Fifth, application of Mr. Lazare's approach serves to prolong the subsidy to high non-summer use BGS-2 customers and to BGS-1 space-heat customers in Rate Zones I and III and all large non-summer use customers in the Rate Zone II and the Metro-east region of Rate Zone I. As I stated in my revised direct testimony, rates for DS-1 and BGS-1, and DS-2 and BGS-2, were considered together, respectively, to continue movement toward a flat non-summer price for each rate class. The combined total of the Customer and Meter Charge was increased by an above average amount so that changes to variable Distribution Delivery Charges could be minimized. Minimizing changes to variable Distribution Delivery Charges allows variable BGS charges to move by a greater amount toward a non-subsidized flat rate.

Finally, notwithstanding all of the reasons above, AIC has recalculated Rate Zone cost of service studies addressing Mr. Lazare's concerns. For these reasons, Mr. Lazare's across-the-board rate design approach should be rejected.

Q. How have you adjusted rates to achieve class revenue requirements for each rate class with each Rate Zone?

A. Customer, Meter, Transformation, and Reactive Demand charges have been retained at the prices I proposed in my revised direct testimony. Existing DS-1 – DS-4 Distribution Delivery Charges have been scaled up or down by a uniform percentage, except for DS-3 +100 kV RZ I and RZ III charges which remain at a level proposed in my revised direct testimony ($0.20/kW and $0.25/kW, respectively). The Rate Limiter provision within DS-3 and DS-4 has been set at price levels that continue to permit a 20% reduction in overall credits. (The Rate Limiter calculation is performed to conform rates to the final revenue requirement, subject to the 20% reduction in the total amount of Rate Limiter credits provided.)

The increase to the Rate Limiter price cap and discount values is as follows:

Rate Limiter Summary

	Present		Proposed		Difference	
	¢/kWh	Dollars	¢/kWh	Dollars	Dollars	Percent
Rate Zone I	$0.02175	($795,804)	$0.02784	($644,507)	$151,297	-19.0%
Rate Zone II	$0.02100	($509,564)	$0.02373	($407,763)	$101,802	-20.0%
Rate Zone III	$0.02800	($880,631)	$0.03455	($705,832)	$174,799	-19.8%
Total		($2,186,000)		($1,758,101)	$427,898	-19.6%

For DS-5 – Lighting Service, Fixture Charges have been adjusted by a uniform percentage amount to achieve the target revenue requirement. Proposed Distribution Tax levels have not changed.

Q. How should rates be changed to achieve a revenue level different from that shown herein?

A. I recommend the same procedure as outlined above.

Q. Mr. Lazare admits that, by applying different percentage increases to charges for the three Rate Zone, his proposal has the effect of moving away from uniformity for the individual charges. He claims that uniformity is a non-issue for ratepayers. Do you agree?

A. No. Uniformity should be retained. AIC serves many non-residential customers with locations in more than one Rate Zone. Uniformity may be important to those customers who manage facilities in multiple Rate Zones. Uniformity may also be important to suppliers of power and energy who may find it easier to communicate with customers when fewer pricing differences exist among Rate Zones. Uniformity may be also important to potential meter service providers, who may offer services across AIC Rate Zones.

Q. Mr. Lazare claims uniformity is most important to the Company. AIC, he says, bears the responsibility to provide the cost foundation for moving to uniformity and has not fulfilled that responsibility. Do you agree?

A. No but as an aside AIC has been in the process of moving to uniform rates for some period, as endorsed and approved by the Commission. Why Mr. Lazare would suggest or imply to the contrary is puzzling. Continuing, the single AIC study provided in revised direct testimony adequately supports the continuation of uniform charges in this proceeding. Charges are uniform today, set with previous unique Rate Zone cost of service studies. The proposed charges, still uniform, were established with the backing of the single AIC cost study. It makes sense to retain those rates that have already been made uniform, regardless of one's perception about the presented cost of service study.

Q. Mr. Lazare also believes that the Company "did not have sufficient incentive to prepare accurate ECOSSs." He says "[i]f Ameren comes to understand that further progress depends on the quality of its cost studies that will incent Ameren to provide more reasonable studies in future cases." Please respond.

A. AIC seeks to do the right thing. This is in part why AIC filed the Accounting Petition (Docket 10-0517) on August 26, 2010 seeking clarification and permission to address certain accounting issues, including data required for rate cases

Referring to the appropriateness of the Rate Zone cost studies submitted in response to the initial deficiency letter issued on February 23, 2011 (and answered March 24, 2011), parties routinely take issue with the ECOSS studies in the course of rate cases. This is the first time we have undertaken Rate Zone cost of service studies since the merger of the legacy utilities. We are bound to find ways to improve ECOSS models each time they are performed. The models presented in Rebuttal are no different, and are responsive to Mr. Lazare's concerns. We anticipate making progress toward better COSS studies in this case, as well as future cases.

Q. He also contends the failure to establish a reasonable cost standard "is a problem of the Company's own making." He says that the Rate Zone ECOSSs present less detail than comparable studies prepared in previous cases because "Ameren decided on its own to no

longer maintain this level of cost detail." The Commission has been denied access to essential, reliable cost information, according to Mr. Lazare, "not because Ameren was unable to maintain this cost information but rather, because Ameren chose not to do so." Please respond.

A. I believe Mr. Lazare's reaction is in part due to a misunderstanding of what information the AIC has made available. AIC has presented detailed plant and depreciation reserve information by Rate Zone through September 30, 2010, the day before the merger. *Only cost information incurred after the merger*, specifically 2011 and 2012 budget information, is not retained by Rate Zone. In short, we have sufficient information to perform a cost of service study addressing the shortcomings identified in Mr. Lazare's direct testimony. Rebuttal testimony sponsored by Mr. Schonhoff provides an update to the Rate Zone level cost of service studies, addressing many of Mr. Lazare's concerns and providing an additional level of accuracy.

Q. He concludes "[i]t is important to signal to the Company that ratemaking remains the province of the Commission and it unacceptable for Ameren to take preemptive measures that limit the Commission's range of action." Please respond.

A. AIC agrees that ratemaking is the province of the Commission. But at no point did AIC attempt to take preemptive measures that limit the Commission's range of action. AIC responded to the deficiency letter requesting Rate Zone level cost of service studies, which were consistent with the intent of the Final Order in 10-0517. Mr. Lazare's concerns about the COS studies submitted in response to the deficiency letter were first expressed to AIC through his testimony, and we have addressed those concerns in our rebuttal filing.

Q. In summary, should the Commission accept any of Mr. Lazare's recommendations?

A. In part. The Commission should approve the portion of Mr. Lazare's revenue allocation approach where costs among Rate Zones are allocated by moving one-half the distance between an across-the-board change for all of AIC and the allocated Rate Zone cost of service.

IV. <u>RESPONSE TO STAFF WITNESS, MS. PEARCE</u>

Q. Ms. Pearce recommends that AIC switch to using net write-offs in determining the amount to recover through its Riders EUA and GUA. Has the Company agreed to this proposal on rebuttal?

A. No. Mr. Craig Nelson addresses the reasons why AIC opposes this recommendation.

Q. If the Commission agrees with Ms. Pearce's recommendation to adopt a net write-off methodology, are tariff changes necessary for Riders EUA and GUA?

A. Yes. Issues regarding the timing of the change, and ensuring amounts are not double or left unrecovered, need to be addressed. Presently, both Riders EUA and GUA clearly state that the incremental uncollectible adjustment amounts reflect the difference between the actual uncollectible expense amounts for Account 904, as reported in the FERC Form 1 of Company (Form 21 ILCC for gas), and the uncollectible amounts included in the utility's rates that were in effect for such reporting year. The Public Utilities Act pertaining to uncollectibles and the change to a net write-off standard states:

> "it shall be made effective at the beginning of the first full calendar year after the new rates approved in such proceeding are first placed in effect and an adjustment shall be made, if necessary, to ensure the change does not result in double-recovery or unrecovered uncollectible amounts for any year"
>
> (220 ILCS 5/16-118.8 for electric utilities and 220 ILCS 5/19-145(a) for natural gas utilities

Assuming this case concludes in January 2012, the first full calendar year after "new rates approved in such proceeding" would be 2013. Thus, the first Rider EUA and GUA incremental adjustment amounts reflecting a net write-off basis would be in May 2014 for factors effective from June 2014 through May 2015, reflecting the difference between net write-offs and the amount included in rates for 2013.

Q. Do you have specific proposed tariff changes?

A. Yes. The following paragraph should be added.

> For the 2013 reporting year, and for subsequent reporting years, the incremental uncollectible adjustment amounts shall be the difference between the actual uncollectible expense amounts based on the Company's net write-offs for the year, and the uncollectible amounts included in the utility's rates that were in effect for such reporting year. The incremental uncollectible adjustment amounts shall be computed pursuant to the formulas herein and shall apply during the twelve month period, beginning with the first billing cycle of the June (June 2014 for the 2013 reporting year) billing period and extending through the last billing cycle of the subsequent May billing period. For the 2013 reporting year, and subsequent reporting years, the annual net write-off expense amounts shall be allocated to each Rate Zone based on the relative weighting of Account 904 expense by corresponding legacy utility for the period January through September 2010.

The paragraph would be added to the "Incremental Uncollectible Adjustment" sections of both Riders EUA and GUA, and addresses the switch to the net write-off method for the 2013 reporting year, and subsequent reporting years. Additional relatively minor tariff language changes would be needed to clarify that through the 2012 reporting year, Account 904 will be used, but that starting with the 2013 reporting year, a net write-off method will be used.

Q. Is any adjustment necessary to "ensure the change does not result in double-recovery or unrecovered uncollectible amounts for any year"?

A. No. For the 2012 reporting year, the Riders ensure customers pay no more or less than the Account 904 balances. Beginning for the 2013 reporting year and beyond, the Riders will ensure customers pay no more or less than the net write-off amounts for each respective reporting year.

Q. Were any changes suggested for the Uncollectible Adjustment "factor" that is a fixed percentage adder applicable to AIC's Rider S - System Gas Service Customers?

A. Yes. Ms. Pearce is suggesting using a percentage derived from a six-year average of net write-offs of accounts receivable versus using the amounts recorded in FERC Account 904. Mr. Ronald Stafford provides a response to this issue.

Q. Will the Company be updating the uncollectible factors at this time?

A. No, not at this time. AIC will update the "included in rates" values to conform to the final uncollectibles rates agreed upon in this case.

Q. Ms. Pearce also offers several revisions to the Company's Rider PBR, should the Commission approve it. Do you have a need to address the Rider PBR tariff changes proposed by Ms. Pearce?

A. No. As explained by Mr. Nelson, AIC is no longer pursuing approval of a pension rider at this time. There is no reason to discuss the pros and cons of Ms. Pearce's revisions and the modifications to AIC's proposal that might address some of her concerns. To the extent that AIC submits a proposal for a pension expense rider in future proceedings, it will consider Ms. Pearce's recommendations in developing that proposal.

V. <u>RESPONSE TO STAFF WITNESS, MR. CLAUSEN</u>

Q. Mr. Clausen makes certain recommendations regarding AIC's proposed electric supply charges. What is his response to AIC's proposals with respect to its BGS-1 charges?

A. Mr. Clausen recommends the Commission adopt AIC's proposals to create uniform summer rates and uniform non-summer rates for the first 800 kWh. He also agrees with AIC's proposal to set summer rates at cost. However, he proposes some modifications to AIC's proposals to slowly reduce the subsidies to the non-summer rates for usage above 800 kWh.

Q. Mr. Clausen contends that unique problems in the delivery service ECOSSs justify the Staff's differing position on uniformity for supply and delivery costs. Do you agree with Mr. Clausen that AIC is purchasing power and energy for Illinois customers as a whole and therefore costs are uniform?

A. Yes. Purchased power and energy <u>costs</u> are the same for each Rate Zone.

Q. What does Mr. Clausen propose for non-summer usage above 800 kWh?

A. Mr. Clausen recommends that the Commission bring all non-summer tail block rates to at least 50 percent of its cost-based value. The non-summer tail block rates for Rate Zone I space-heat customers and Rate Zone II customers is proposed to be set at 80.84% and 91.09% of average non-summer cost. Table 3 of his direct testimony sets forth the over/under cost for his proposed rates. Table 5 sets forth his proposed BGS-1 charges based on his customer usage profiles. Mr. Clausen's Table 2 shows the over/under costs for AIC's proposed rates. A comparison of Tables 2 and 3 shows that Mr. Clausen seeks to more aggressively increase prices, compared to those proposed by AIC, that are priced below the non-summer average.

Q. Do you oppose Mr. Clausen's proposal for non-summer tail block rates?

A. Yes. Customer impacts will be too great under Mr. Clausen's proposal, particularly for those very high use customers who use electricity to heat their homes. The profiles used by Mr. Clausen in Tables 4 and 5 do not adequately capture customer impacts for very high non-summer use customers.

Q. What modifications to Mr. Clausen's analysis do you suggest to make it more complete?

A. I propose two modifications. First, since delivery service rates are also changing in this proceeding, another profile analysis including the effect of delivery service rate changes should be performed, similar in form to Mr. Clausen's Table 5. This will provide an analysis to ensure the combined total of delivery service and BGS-1 price changes are examined for reasonableness. I suggest increases for the combined total of delivery service and BGS-1 price changes not exceed 7.5% for any one of the profiles. Using 7.5% allows greater percentage increases than I proposed in my revised direct testimony, but not as great as those proposed by Mr. Clausen. Since customers' bills include both delivery services and power and energy, the examination of combined impact should be considered.

Second, I recommend another non-summer usage type be added to the profiles. Specifically, a profile showing usage of 4,500 kWh for November – April and 1,500 kWh in October and May should be added to each summer scenario showing summer use of 2,000 kWh, 1,200 kWh, and 800 kWh per month. AIC serves approximately 18,800 customers eligible for below average non-summer prices using 3,000 kWh or more in the months of November – April last year. Of that amount, approximately 3,500 customers used more than 4,500 kWh per month in the November – April. While the customer segment is relatively small, they were at the center of attention during the residential rate redesign effort in 2007. Those customers experienced relatively greater percentage rate increases than smaller use customers. On Ameren Exhibit 13.5E, I show bill impacts for a residential space heat customer using 36,978 kWh per year. This customer average usage is slightly greater than 4,500 kWh per month during November-April, about 1,400 kWh per month for October and May, and about 1,700 kWh per month during the summer. The customer profile in Ameren Exhibit 13.5E fits well within the recommended additional profiles above.

Adding these two modifications introduces additional customer protections. AIC acknowledges these customers receive subsidized rates, and agrees with Mr. Clausen that those subsides should be reduced over time - and we are making that adjustment These added measures will help identify and mitigate additional potentially adverse bill impacts.

Q. What proposal did AIC offer in its direct testimony?

A. BGS-1 prices were changed to 1) create uniform summer rates, 2) create uniform non-summer rates for the first 800 kWh of monthly usage, 3) set summer rates at the cost level, 4) reduce the level of discounts provided to certain residential customer groups for non-summer usage above 800 kWh, up to a level where the combined effect of changes in the delivery service and supply service rates did not exceed 10%. (Ameren Exhibit 13.0E, l. 661-691) In addition, the tail block rates for Rate Zone I Metro-east customers and Rate Zone III space-heat customers were set to be uniform. Similarly, Rate Zone I and Rate Zone III non-space heat prices were set to be uniform.

Q. Is Mr. Clausen's profile analysis an appropriate method for evaluating potential customer impacts?

A. Yes, with modifications. The profile analysis captures price changes for all applicable price categories: summer, non-summer first 800 kWh, and non-summer over 800 kWh. In addition to adding the profiles I discuss above, I recommend a second profile analysis be performed that incorporate changes to delivery service pricing in addition to changes to BGS-1 pricing. Since both prices are proposed to change in this proceeding, an evaluation of the effect of those combined is appropriate.

Q. Do you have an alternative recommendation to Mr. Clausen's proposal to set Rate Zone I Metro East and Rate Zone III space-heat tail block rates at 50% of cost, Rate Zone I space-heat at Rate Zone II at 80.84% and 91.09% of cost, respectively?

A. Yes. We do not yet know final residential delivery service rate levels. We both agree that bill impacts should be mitigated. Rather than targeting a fixed percentage of power and energy supply cost as a target, I recommend BGS-1 prices be set by examining the 12 profiles (including my recommended 4,500 kWh non-summer use profile) to ensure bill impacts do not exceed 7.5% for any profile for changes BGS-1 and DS-1 combined. If any profile exceeds a 7.5% change, adjustments to BGS-1 should be made to lower the increase below 7.5%. Limiting the increase to 7.5% constrains movement of tail block pricing to 47.5% of cost for Rate Zone I Metro East and Rate Zone III space-heat, and 78.56% and 82.9% for Rate Zone I space-heat and Rate Zone II, respectively[2].

---

[2] Reflects the combined effect of both BGS-1 changes and AIC's proposed delivery service rate design changes reflected in Ameren Exhibit 31.2.

Q. Please show a table similar to Mr. Clausen's Table 4, but with the impact of your delivery services and BGS-1 proposed prices, and a table similar to Mr. Clausen's Table 5 also showing the impact of your delivery services but paired with Mr. Clausen's BGS-1 proposed prices.

A. The table below shows the percentage change reflecting the difference between present and proposed delivery service and BGS-1 prices proposed by AIC. Please note the delivery services prices reflect recovery of a total revenue requirement equal to that filed by AIC in its direct testimony in February. BGS-1 prices have been updated to reflect the most recent IPA procurement event, which increased all BGS prices by 2% over those in effect from June 1, 2010 – May 31, 2011.

AIC Recommended BGS-1 and Delivery Service Prices
Comparison of Present and Proposed

Usage Profile			Rate Zone I			Rate Zone II	Rate Zone III	
Summer	Oct & May	Nov-Apr	Non-Heat	Space Heat	Metro-east	All customers	Non-Heat	Space Heat
2,000	1,500	4,500	-3.7%	7.3%	6.6%	7.5%	-1.0%	7.0%
2,000	1,200	3,000	-2.1%	6.1%	5.5%	6.9%	0.0%	5.9%
2,000	800	2,000	-0.2%	4.9%	4.5%	6.4%	1.2%	4.8%
2,000	800	1,000	2.4%	3.4%	3.3%	5.6%	2.9%	3.6%
1,200	1,500	4,500	-4.7%	7.4%	6.6%	7.2%	-1.6%	7.3%
1,200	1,200	3,000	-3.2%	6.0%	5.3%	6.5%	-0.6%	6.1%
1,200	800	2,000	-1.4%	4.6%	4.0%	5.7%	0.6%	4.9%
1,200	800	1,000	1.4%	2.7%	2.6%	4.7%	2.4%	3.3%
800	1,500	4,500	-5.2%	7.5%	6.6%	7.0%	-1.9%	7.5%
800	1,200	3,000	-3.8%	6.0%	5.1%	6.2%	-1.0%	6.2%
800	800	2,000	-2.1%	4.4%	3.7%	5.3%	0.2%	4.9%
800	800	1,000	0.7%	2.2%	2.0%	4.0%	2.1%	3.1%

This next table shows the percentage change reflecting the difference between present and proposed delivery service proposed by AIC and BGS-1 prices proposed by Staff.

Staff Recommended BGS-1 and AIC Recommended Delivery Service Prices
Comparison of Present and Proposed

Usage Profile			Rate Zone I			Rate Zone II	Rate Zone III	
Summer	Oct & May	Nov-Apr	Non-Heat	Space Heat	Metro-east	All customers	Non-Heat	Space Heat
2,000	1,500	4,500	-4.1%	**8.4%**	**8.0%**	**11.5%**	-1.4%	**8.2%**
2,000	1,200	3,000	-2.5%	6.8%	6.4%	**9.8%**	-0.4%	6.7%
2,000	800	2,000	-0.6%	5.3%	4.9%	**8.0%**	0.9%	5.2%
2,000	800	1,000	2.1%	3.3%	3.2%	5.8%	2.6%	3.5%
1,200	1,500	4,500	-5.2%	**8.6%**	**8.2%**	**11.7%**	-2.0%	**8.7%**
1,200	1,200	3,000	-3.6%	6.9%	6.3%	**9.8%**	-1.0%	7.0%
1,200	800	2,000	-1.8%	5.0%	4.5%	**7.7%**	0.2%	5.3%
1,200	800	1,000	1.1%	2.5%	2.4%	4.9%	2.1%	3.2%
800	1,500	4,500	-5.8%	**8.8%**	**8.3%**	**11.8%**	-2.4%	**8.9%**
800	1,200	3,000	-4.3%	6.9%	6.3%	**9.7%**	-1.4%	7.2%
800	800	2,000	-2.5%	4.8%	4.3%	7.5%	-0.2%	5.4%
800	800	1,000	0.4%	2.0%	1.9%	4.2%	1.8%	3.0%

A comparison of the two tables shows that Staff's BGS-1 prices have a more dramatic influence on customer bill impacts. While this is no surprise, the impacts are in a range that begin approach, or even exceed 10%.

Q. If the comparisons only examined BGS-1 costs, would the price changes fall below Mr. Clausen's longer term goal of changing prices by an amount that keeps power and energy supply costs below 10%?

A. No. Under Staff's proposal, the profile containing 4,500 kWh of non-summer monthly use exceeds a 10% increase to BGS-1 costs for Rate Zone II and is approximately 15% for Rate Zone III space-heat. Under the AIC recommended BGS-1 prices, the increase to the same profile is less than 5% for Rate Zone II and about 12% for Rate Zone III space-heat.

Q. Why is there such a large difference between your BGS-1 pricing proposals?

A. AIC's BGS-1 adjustments take into consideration delivery services price movements as well. Rate Zones with relatively lower delivery service increases permit greater flexibility to increase discounted BGS-1 tail block prices. Conversely, Rate Zones with relatively greater delivery service increases permit less flexibility to increase discounted BGS-1 tail block prices. For example, residential Rate Zone II delivery service increases are the greatest among the three Rate Zones at 14.7% (at a total revenue requirement equal to the one submitted in February), The combination of delivery service and Staff's proposed BGS-1 price increase push total bill impacts over 10% for the 4,500 kWh non-summer profile. Conversely, Rate Zone III is proposed to receive the lowest increase at 6.1%. The combination of lower delivery service increases permits BGS-1 prices to change by a greater amount, and still fall under a 7.5% overall price cap.

Q. Is Mr. Clausen's proposal to more aggressively increase below average non-summer supply charges impacted by Mr. Lazare's delivery rate design?

A. Yes. Customer impacts are a combination of both delivery service and power supply pricing changes. Mr. Lazare's pricing proposal increases variable delivery charges by a greater amount than the AIC proposal. Thus, the combination of Mr. Lazare's and Mr. Clausen's pricing proposals may result in greater than anticipated bill impacts. If the Commission accepts my proposal to limit combined BGS and delivery service changes to no more than 7.5% for any of the 12 profile types, adoption of Mr. Lazare's pricing proposal would slow progress toward eliminating subsidized tail block non-summer BGS prices. Also, retaining the DS-1 Customer Charge as proposed in direct testimony ($15.55 per month) will permit lower increases, or even decreases, to the variable Distribution Delivery Charges, which in turn will allow greater progress toward eliminating below cost non-summer tail block charges.

Changes to delivery service pricing and changes to BGS-1 pricing should be evaluated together, not just independently. This is recognized in the prior rate case order where the Commission stated “the fact remains that when it comes time to pay a bill, a customer’s budget, whether it be a residential or industrial customer, is impacted by the bill total regardless of the reasonableness of the bill’s components.” (Docket 09-0306, Order, p. 295)

Q. Mr. Clausen proposed a consistent path towards cost-based electric supply rates in the future. He recommends that the Commission order AIC to move those rates close to cost every year from this point forward, using his proposed customer usage profiles as yardsticks to cap the bill impact in any given year. Do you have any comments on his specific recommendation with respect to further moving the supply rates close to cost in the future (lines 244-275)?

A. Yes. Mr. Clausen’s proposal is a step in the right direction. In addition to limiting profiles only to a maximum of 3,000 kWh in a non-summer month, I am concerned about other non-power and energy factors that may impact customer bills, such as delivery service rate changes.

Q. Do you have a counter proposal that addresses your concerns?

A. Yes. I recommend three modifications to Mr. Clausen’s proposal. First, add the 4,500 kWh non-summer profiles discussed above to the nine proposed by Mr. Clausen. Second, if a delivery service change has occurred during the previous year, in addition to restricting movement to no more than 10% for annual BGS-1 prices for the 12 profiles, a second analysis examining the "before" (or present) and "after" (or proposed) combination of delivery service and BGS-1 rates should be performed to ensure no more than a 7.5% increase. Third, invite a Commission review period for adjustments to non-summer prices after each IPA procurement event concludes prior to each summer. Changes to non-summer BGS-1 prices are revenue neutral, so any changes to prices resulting from the review could be implemented before October without consequence to customers. The Commission review would permit changes to the proposed non-summer prices to account for unforeseen events or tariff changes.

Adding these steps will allow progress toward subsidy elimination, while paying attention to all-electric customers who were negatively impacted during the 2007 transition to unbundled rates.

Q. He further recommends that the Commission use June 1 as the date to make adjustments to the BGS rates, with no additional movement towards cost-based rates for the June 1, 2012 supply rate filing. What is your response?

A. I believe this is appropriate. Rate changes from this proceeding will go into effect in mid-January, 2012. Another change (beyond the regular across-the-board change to BGS prices on June 1, 2012) of up to 10% may cause too much of an impact for customers to absorb into their budgets.

Q. Do you have proposed tariff language that captures Mr. Clausen's proposal, as modified by you?

A. Yes. Ameren Exhibit 31.4 shows changes to Rider PER that would be required to implement the proposal to adjust BGS-1 prices outside of a rate proceeding.

Q. Does Mr. Clausen makes any recommendations with respect to AIC's proposal concerning BGS-2 charges?

A. He recommends that the Commission accept the Company's proposal to eliminate non-summer tail block rates for Rate Zones and III and to set uniform prices for the summer and non-summer periods.

Q. Should the Commission accept any of Mr. Clausen's recommendations?

A. Yes, but some should be modified prior to implementation as outlined above.

VI. <u>RESPONSE TO STAFF WITNESS, MR. RUKOSUEV</u>

Q. Mr. Rukosuev reviewed the proposed electric tariff change to the Standards and Qualifications to implement combined billing of multiple meters on a single premise. Did he agree to the proposed changes?

A. Yes. Mr. Rukosuev states "I believe that the Company provided sufficient justification for the proposed language additions. Therefore, I recommend adopting the proposed language changes for Sheet 4.019 and Sheet 4.023." (lines 983-985) I note that Mr. Stephens also recommends approval of the tariff provisions. I consider this issue resolved.

VII. <u>RESPONSE TO IIEC WITNESS, MR. STEPHENS</u>

Q. Mr. Stephens claims AIC's proposed rate moderation plan is not consistent with the Commission's recent order in AIC's last rate case, Docket Nos. 09-0306 et al. He claims that proper application of the Commission's order dictates that the total charges, both delivery service and Distribution Tax charges, should not exceed the system-average

increase for <u>any subclass</u>. AIC's proposed rates, he says, violates that standard. Do you agree?

A. No. I disagree that any standard has been established. AIC's proposal strikes a proper balance between eliminating non-cost based rates and customer impacts. We can learn from the prior order, and new perspectives can be brought to an old issue. Mr. Lazare and Mr. Rubin prefer an approach where all classes in all Rate Zones pay the same cents/kWh Distribution Tax value. I proposed that an average rate be assessed to all classes equally in the prior rate case. The Commission chose not to adopt this approach, and instead chose to include the Distribution Tax within the revenue allocation methodology. As I outline in my revised direct testimony, I propose to apply the constrained revenue allocation approach in this proceeding, but not at a "subclass" level.

Q. Mr. Stephens observes that AIC has nine subclasses in the DS-4 class, corresponding to the three different service voltages and three different Rate Zones. He contends that under rates that would take effect in January 2012, seven of the nine DS-4 subclasses would receive an increase that exceeds AIC's proposed maximum increase of 10.87 percent. He recommends that no delivery service subclass receive more than a 10.87 percent increase, in light of the Commission's last rate case order. What is your response?

A. Mr. Stephens's proposal should be rejected. As I stated in my revised direct testimony, constraining rate changes to customer supply voltage categories does not permit enough flexibility to increase DS-4 Distribution Tax prices, especially those for High Voltage and +100 kV supply voltage categories. (Ameren Ex. 13.0E, l. 309-311) For example, DS-4 for Rate Zone I is proposed to increase by 13.5%. Limiting the +100 kV DS-4 group to a 13.5% increase would only permit the +100 kV Distribution Tax rate to increase from \$0.00010/kWh to \$0.0001413/kWh. The price would increase from 7.7% of the full average Distribution Tax rate of \$0.0012936/kWh to only 10.9%. AIC's proposal increases the Distribution Tax rate to 20.9% of the average rate, or to \$0.000270/kWh in this proceeding, and 60% of the full rate in February 2013 increasing to 100% in February 2014..

I also note that Mr. Lazare and Mr. Rubin exclude the effect of the Distribution Tax from the rate mitigation methodology. Under their proposals, total increases to DS-4 would far exceed those proposed by AIC. If one were to exclude the effect of the Distribution Tax from AIC's proposal, each of the AIC DS-4 classes, and subclasses, would be well below the rate mitigation threshold. AIC's proposal strikes the proper balance by addressing removal of subsidies, while mitigating bill impacts. Adopting Mr. Stephens's proposal would indefinitely continue the subsidy to DS-4 customers, particularly customers served from +100 kV supply voltage.

Q. Mr. Stephens rejects your opinion that rate moderation at the subclass level is unnecessary for DS-3. He also contends your reasons for not applying rate moderation at the subclass level for DS-4 were rejected by the Commission. Do you agree?

A. No. The rate changes proposed by AIC for DS-3 were minimal as set out in the direct case, and continue to be minimal now. AIC proposes a revenue allocation percentage of 6.0%, -0.7%, and 1.1% for Rate Zones I, II, and III, respectively. None of the voltage level "subclass" impacts exceed 7%. The moderate impact to DS-3 is in part because DS-3 is already paying the full average Distribution Tax rate established in the prior rate case. The moderate impact is also in part because of the pricing methodology employed by AIC. After Customer and Meter Charges were established, the \$/kW Distribution Delivery Charges were scaled up or down to achieve the total revenue requirement for the class. This method ensures relatively consistent, stable bill impacts among the customers served at each of the three supply voltage levels. Incremental changes proposed in this proceeding do not have a significant bearing on the overall proposed percentage increase for these customers. I have not identified any alternate revenue allocation or rate design proposals from the various witnesses' direct testimony that would cause me to be concerned about potential undue bill impacts for DS-3 "subclasses" arising from proposed revenue allocations.

Q. Mr. Stephens acknowledges his rate moderation protection at the subclass level may slow movement toward full cost of service or uniform rates within classes or subclasses. But he contends that his approach is the proper balance, as it allows for movement toward cost causation (and potentially toward uniform zonal rates), while maintaining gradualism and avoid rate shock. Is his the proper balance?

A. No, not at all. It is AIC's proposal that strikes the proper balance by allowing movement toward cost causation and maintaining gradualism. As I stated in revised direct testimony, adhering to the rate mitigation approach for +100 kV DS-4 customers approved in the previous rate case would not permit a meaningful increase to the Distribution Tax rates for the group. Continuing with the example above, where the Rate Zone I +100 kV DS-4 group is limited to a 13.5% total increase and the Distribution Tax rate to increases from $0.00010/kWh to $0.0001413/kWh, the incremental change is $0.0000413/kWh. At that pace, it would take nearly *28 more iterations* to reach the average rate of $0.0012936/kWh ([$0.0012936 - $0.0001413]/$0.0000413 = 27.9).

The mitigation approach requested by Mr. Stephens is inappropriate if we are to make meaningful progress toward eliminating the Distribution Tax subsidy. I note Mr. Lazare and Mr. Rubin propose to separate revenue allocation of base rates from revenue allocation of Distribution Taxes. Without Distribution Tax inclusion, AIC's proposed rate changes are near or below the overall limits within the "1.5 times average" revenue allocation limit.

Q. Based on his "experience" in the last several AIC rate cases, Mr. Stephens concludes that "rate stability and avoidance of rate shock is an overarching goal that 'trumps' other revenue allocation and rate design criteria." Do you agree?

A. I agree that starting with the rate redesign docket (Docket 07-0165), the Commission has limited increases to full cost of service to address bill impacts. I take these actions to be one of exercising caution in a time of significant rate changes. It is still appropriate to exercise restraint, where necessary, in movement toward cost based rates. In any event in this proceeding AIC has provided the Commission with a level of detail and information by which to make informed decisions about rate design.

Q. Mr. Stephens also contends that AIC's proposed 14.95 percent cap applied to the DS-4 class as a whole violates the Commission's rate moderation policy. Do you agree?

A. No. The Commission's rate moderation method used in one case may be different than the one used in the next case. It is common for the Commission to make adjustments based on the facts in the current case. In the last rate case, the Commission expressed a desire to eliminate subsidies to the extent practical and prudent. I read this statement to mean the Commission is receptive toward more aggressively eliminating subsidies. In any event, AIC's rate moderation proposal is balanced because it moves toward eliminating subsidies more aggressively than in the prior rate case while still addressing bill impacts.

Q. Mr. Stephens concludes that his rate moderation plan should be considered an overarching criterion for natural gas rates as well. How do you respond?

A. AIC witness, Ms. Karen Althoff responds to the revenue allocation proposal for natural gas. Ms. Althoff uses a rate mitigation methodology similar to what I have proposed in my rebuttal.

Q. Does Mr. Stephens confirm agreement with AIC on any electric rate design issues?

A. Yes. He does not object to AIC's proposed changes to its Standards and Qualifications tariff to implement the Company's proposed policy on combined billing of multiple meters.

Q. Mr. Stephens also objects to the Company's allocation of the Illinois Electric Distribution Tax charge by kWh sales or deliveries. Hasn't the Commission previously rejected his position?

A. Yes. The Commission has already established that the Distribution Tax should be allocated and assessed on a per kWh basis. The Commission has done this in AIC's previous rate case, and more recently in ComEd's recent rate case, Docket 10-0467.

Q. Despite the Commission's rejection of his Distribution Tax allocation proposal in AIC's and ComEd's last rate cases, Mr. Stephens still claims the Company's Distribution Tax charge is not currently caused by kWh sales, but rather is a function of the utilities' 1997 levels of plant assets. Is there anything new about his argument?

A. No. I did not observe any new compelling arguments by Mr. Stephens. I will address various elements of his arguments below.

Q. Mr. Stephens claims AIC's Distribution Tax burden can go up or down in ways that are not a direct result of its delivery volumes, and is largely dependent on the deliveries of other utilities in the state. In this respect he makes a "proportional share" claim. Please respond.

A. Mr. Stephens' analysis is the proverbial red herring as it ignores the fact that the Distribution Tax amount is ultimately still driven by kWh sales. It is true that the Distribution Tax amount can go up or down based on the contributions of other utilities in the State. However, The Distribution Tax contributions from other utilities are still driven by kWh sales.

Mr. Stephens also insists that the Distribution Tax is substantially related to plant. This simply cannot be true, because if plant investment at AIC were to double on one extreme, or completely vanish on another extreme, it would have no impact on the level of Distribution Tax owed. Instead, Distribution Tax is based on utility kWh sales.

Q. In IIEC Exhibit 1.3, Mr. Stephens again introduces his linear regression analysis. Is this any more persuasive than it was in the last rate case?

A. No. To suggest that the Distribution Tax is not substantially influenced by kWh deliveries defies the plain reading of the Public Utilities Revenue Tax Act provided for in 35 ILCS 620. There it states that the present distribution tax replaced the previous tax "with a new tax *based on the quantity of electricity that is delivered in this State*." (emphasis added) The statute reads "The General Assembly finds and declares that this new tax is a fairer and more equitable means to replace that portion of the personal property tax that was abolished by the

Illinois Constitution of 1970 and previously replaced by the invested capital tax on electric utilities".

In statistics, it is said that correlation does not mean causation. The opposite can be said about Mr. Stephens' analysis – lack of correlation does not mean absence of causation. This is the case, as we know that the Distribution Tax is driven by kWh sales. Carried to an extreme, if AIC does not deliver one single kWh in a given year, it will not incur Distribution Tax. If AIC delivers more in a given year, its expense will go up (all other variables constant).

Q. Mr. Stephens also observes that $2.6 million of the incremental test year Distribution Tax charge was not caused by customers, but by AIC's decision to merge. He suggests some or all of this incremental expense should be disallowed if the Company cannot identify net savings attributable to the merger. What is your response?

A. AIC witnesses, Mr. Craig Nelson and Mr. James Mazurek address this issue in their rebuttal testimonies.

Q. Mr. Stephens claims that his allocation approach is much more in line with an embedded cost analysis, in that it focuses on the cause of existing costs rather than hypothetical marginal or incremental costs that he says you focus on. Do you agree?

A. No. My marginal revenue and marginal cost analysis is a basic business analysis tool that can be useful in guiding sound economic and regulatory policy. Mr. Stephens does not dispute the merits of my marginal revenue and marginal cost analysis, other than to disagree that kWh sales give rise to Distribution Tax expense.

Mr. Stephens singles out page 23 of my revised direct testimony (lines 460-475) that highlights a hypothetical addition of a 100 MW customer served on DS-4 at +100 kV supply voltage. The analysis shows AIC would lose revenue by adding the customer at today's rates, even including incremental delivery service revenue, because the additional Distribution Tax burden would overwhelm all marginal revenue sources. The example is instructive, highlighting the relationship between actual costs AIC incurs to actual revenue that would be received.

Mr. Stephens' mentions marginal cost studies falling out of favor and being replaced by embedded cost studies. This is true for class cost of service studies, where distribution plant and expenses are allocated to customer classes. I recall Mr. Lazare was an advocate of switching from a marginal to embedded costing methodology prior to the initial delivery services filings shortly after the 1997 Customer Choice Law was passed. I also note that Mr. Lazare agrees with the arguments I presented on page 23 of my revised direct testimony, stating he believes they provide further reason to eliminate the current subsidy. In the end, the example is not about whether a marginal or embedded cost approach is appropriate. It is about highlighting and addressing a rate inequity.

Q. Mr. Stephens again proposes two separate cost categories for the Distribution Tax charge: an allocation based on utility plant in service for the 1997 levels of the Distribution Tax charge and an allocation based on kWh sales for the amounts in excess of 1997 levels. Why is this allocation less appropriate than AIC's proposal?

A. Mr. Stephens ignores the differences in the structure of the industry in 1997 compared to today. In 1997, each of the legacy AIC entities owned power plants. Transmission service was not yet unbundled. The utilities paid an invested capital tax on total utility capital, including generation, transmission, and distribution assets. All retail customers used these assets when taking electric service in 1997. The changes to the PURA tax provisions were implemented as part of the "Electric Service Customer Choice and Rate Relief Law of 1997". The General Assembly knew utilities would have the opportunity to sell or transfer their generation assets, and transmission assets would fall under the jurisdiction of the Federal Energy Regulatory Commission (FERC), leaving a relatively small asset base to apply an invested capital tax. The General Assembly anticipated that using remaining utility capital as the basis for the tax would not produce the desired result, and replaced it with a kWh based tax. The General Assembly created a "new tax" calling it "fairer and more equitable" to replace the previous tax. Mr. Stephens methodology fails to address how his cost allocation approach is "fairer and more equitable" relative to similar costs paid by customers with demands over 1,000 kW prior to enactment of the Customer Choice Law.

Q. Please continue.

A. According to Mr. Stephens, DS-4 customers taking +100 kV supply voltage should only pay a Distribution Tax rate of $0.000360/kWh, consisting of $0.000346/kWh for the "post 1997 PURA Tax" and $0.000014/kWh for a plant based allocation. However, in the end, his proposed tax rate is still only about 28% of the average ¢/kWh cost. I remain convinced it is "fairer and more equitable" to ultimately assess the tax equally to all customers through a uniform per kWh charge.

Q. Mr. Stephens also says that continued exclusion of the Distribution Tax charge from base rates is not appropriate. Do you agree with his assessment?

A. In Dockets 09-0306 (cons.), the Commission explicitly expressed its intent for the Distribution Tax to operate as a pass-through tax. The Commission prefers the tax to operate as it does today, as a separate provision outside of base rates. Nevertheless, AIC would not oppose a move to reintegrate the Distribution Tax charge in to base rates.

Q. Mr. Stephens also rejects your proposal to make post rate case adjustments to the Distribution Tax charge. Do you agree with his assessment?

A. No, and for several reasons. Mr. Stephens' first objection is premised upon acceptance of his alternate Distribution Tax allocation methodology. As discussed previously, this methodology should be rejected in favor of a flat ¢/kWh value.

Second, Mr. Stephens claims that the post rate case adjustments resemble single issue ratemaking. In fact, the Commission has approved revenue neutral post rate case adjustments in the past. Moreover, I have proposed the step 2 and step 3 rates in this proceeding, rates that could be used to generate test year Distribution Tax expense recovery. I find it curious Mr. Stephens is now concerned about potential AIC over-recovery of Distribution Tax revenue, but rejected AIC's proposal to add a reconciliation provision to the Distribution Tax tariff provisions in the Dockets09-0306 (cons.) rehearing.

Third and finally, Mr. Stephens complains that the resulting increases are not covered under the rate moderation proposal, and the proposed changes do not represent a reasonable phase-in. I have two observations. I note Mr. Stephens did not propose what he thought would represent a reasonable phase-in, aside from adjusting values only in rate cases. Next, Mr. Lazare and Mr. Rubin advocate immediate movement to the average Distribution Tax rate. AIC's proposal strikes the appropriate balance of more gradually eliminating a subsidy while giving customers additional time to adjust to bill impacts.

Q. In summary, should the Commission accept any of Mr. Stephens' proposed adjustments?

A. Mr. Stephens' proposals regarding revenue allocation and Distribution Taxes should be rejected. Mr. Stephens agrees with tariff language changes proposed by AIC permitting customers to have multiple meters on single premises, and he generally supports uniform rates (subject to rate impact considerations). These are two points on which we agree.

VIII. <u>RESPONSE TO AG/CUB WITNESS, MR. RUBIN</u>

Q. Mr. Rubin approves AIC's proposal to limit the increase to any customer class to no more than 1.5 the system-average rate increase, but claims AIC has not implemented this constraint properly. He contends that base rates for the DS-4 class should be increased by approximately 11 percent. He suggests AIC has understated the appropriate increase for the DS-4 class because it applied the constraint on the combined effect of base rates and the Distribution Tax. Do you agree?

A. No. The AIC methodology properly applied the rate mitigation methodology because it is more inclusive - including both the effect of the change in base rates and the effect of the change due to the Distribution Tax. In Dockets 09-0306 (cons.), the Commission found "when it comes time to pay a bill, a customer's budget, whether a residential or industrial customer, is impacted by the total bill regardless of the reasonableness of the bill's components. Accordingly, rate mitigation efforts should be looked at from the perspective of the total bill." (Order, p. 295) The Commission subsequently ordered the effect of the Distribution Tax be included within the rate mitigation methodology. This is the general methodology the Company uses in this proceeding as well.

Q. Mr. Rubin also claims AIC erred in allocating revenue responsibility to the other classes. He contends the DS-1 and DS-2 classes are being asked to subsidize the rate reductions for DS-3 and DS-5. He recommends the revenues for DS-1 and DS-2 classes should be brought to the cost of serving each class and the rates for DS-3 and DS-5 should be reduced so that both classes are proving revenues that are approximately the same percentage above the cost of service. Do you agree?

A. No. AIC properly applied the rate mitigation method by including *both* base rates and Distribution Tax to determine overall increases. The effect Mr. Rubin observes is when the influence of the Distribution Tax is stripped away. This paints an incomplete picture of bill impacts on customers, and is counter to the direction the Commission set in the previous rate case.

Q. With respect to the allocation of Distribution Tax, Mr. Rubin claims AIC does not propose to levy the effective tax rate of $0.0012936 on each kWh sold. He contends the subsidy to large commercial and industrial customers should be phased out immediately in the rates effective with this case, rather than over a three-year period, as proposed by AIC. How do you respond?

A. As stated in response to Mr. Lazare, I support the notion of movement toward equal cost recovery on a cents/kWh basis, although at a more gradual pace. The AIC phase-in plan provides the proper balance between movement to full cost recovery and mitigating bill impacts, giving consideration to rate gradualism. Moreover, the Order in Dockets 09-0306 (Cons.) included the effect of the distribution tax within the revenue allocation and rate mitigation methodology used in that case. The Commission's language on page 295 of the prior Order indicates that they want to consider the Distribution Tax when deciding how or whether to best decide on a rate mitigation methodology. Mr. Rubin's methodology does not address how his proposal will impact customers, specifically DS-4 customers.

Q. If the Commission approves AIC's phased-in approach to eliminating the Distribution Tax subsidy, Mr. Rubin recommends that the Commission not approve AIC's proposal to increase the Distribution Tax charge for DS-1 customers in Rate Zone II in year one. He says customers already paying rates in excess of the Distribution Tax cost should not see the rate increased. Do you agree with his proposal, if AIC's phased-in approach is adopted?

A. No. Mr. Rubin's proposal fails to address which class would subsidize the Rate Zone II DS-4 class. AIC's proposal addresses the subsidy issue. Under AIC's proposal, each Rate Zone contributes the average effective Distribution Tax cost of $0.0012936/kWh. In each Rate Zone, DS-4 Distribution Tax charges are proposed to remain below the average rate to address bill impact concerns. In each Rate Zone, DS-1 – DS-3 and DS-5 classes are proposed to share equally in providing the subsidy to DS-4. So, if Rate Zone II charges to DS-1 – DS-3, and DS-5 are capped at no more than the average effective Distribution Tax cost of $0.0012936/kWh, there are no classes within Rate Zone II left to pay for the subsidy to DS-4. It is certainly not reasonable to move these costs for Rate Zone II over to DS-1 – DS-3 and DS-5 customers within Rate Zone I and III. Neither is it reasonable to deny AIC recovery of the total Distribution Tax expense. I do not see how Mr. Rubin's proposal could be implemented.

Q. Mr. Rubin also opposes AIC's proposed DS-1 customer charge of $15.55 per month. He says that a reasonable, cost-based customer charge is approximately $10.15 per month

and certainly no more than $10.67 per month. He recommends there should be no increase in AIC's existing customer charge of $12.28 per month. What is your response?

A. The AIC proposed Customer Charge of $15.55 per month is cost based, is consistent with movement toward a Straight Fixed Variable (SFV) rate design encouraged the Commission, and helps reduce subsidized BGS-1 tail block rates.

First, the proposed Customer Charge is cost based. The majority of AIC's cost of serving customers are fixed, meaning that once those facilities are installed, costs do not tend to change with monthly usage. With a lower Customer Charge, revenue must be recovered from somewhere—a higher ¢/kWh Distribution Delivery Charges. A customer who consumes more kWh will pay more, even though the cost of serving the customer has not changed. Assessing customers a Customer Charge that recovers more than the traditional "customer related costs" in a cost study is still cost based.

Second, an SFV rate design was encouraged by the Commission in Dockets07-0585 (cons.) (Order, pp. 281-282) and approved for present rates in Dockets 09-0306 (cons.) (Order, pp. 266-267, 287). The Commission encouraged movement toward an SFV rate design in its prior rate order, Dockets 09-0306 (cons.) (Order, p. 252). The Commission has approved movement toward an SFV design for ComEd in Docket 10-0467. In that case, ComEd was allowed to recover 50% of the residential delivery service revenue requirement through fixed charges. In addition, the Commission has approved recovery of 80% of the residential revenue requirement through AIC's residential Customer Charge in Dockets07-0585 (cons.). Residential rates for Nicor are similarly structured. By way of comparison, under proposed rates, AIC's combined Customer and Meter Charges will recover approximately 47% of the residential revenue requirement.

Third, a larger Customer Charge reduces bill impacts as we seek to reduce the subsidy within BGS-1 non-summer supply prices. In my revised direct testimony, I state "Rates for DS and BGS were evaluated together in an effort to reduce the subsidy in BGS prices for non-summer use over 800 kWh. In particular, the combined total of the Meter and Customer Charge was increased by an above average amount so that changes to the Distribution Delivery Charges could be minimized. Minimal changes to Distribution Delivery Charges allow variable BGS charges to move by a greater amount." (lines 626-631) Part of the Commission encouragement for AIC to move toward an SFV design was to help address the issue of subsidized BGS-1 non-summer tail block rates. It is working. Reverting back to more heavily weighted variable pricing will impede progress made toward reducing subsidies to BGS-1 non-summer tail block rates.

Q. In summary, should the Commission accept any of Mr. Rubin's recommendations?

A. No. Instead, the Commission should approve AIC's revenue allocation and rate design, as modified in response to Mr. Lazare, and AIC's proposed treatment of the Distribution Tax.

IX. RESPONSE TO KROGER WITNESS, MR. HIGGINS

Q. Mr. Higgins claims AIC's proposal to move toward uniform distribution delivery charges is contrary to the principle of assigning costs on the basis of cost causation. He states that the unique costs of each Rate Zone are already known and the costs of each Rate Zone should continue to be directly assigned to the customers in each Rate Zone. According to Mr. Higgins, AIC's proposal would establish a new dimension of "inter-rate-zone subsidization. What is your response?

A. AIC has responded to the essence of this issue in reply to Mr. Lazare. In summary, AIC recognizes the Commission direction set in Docket 10-0517. The Commission requires examination of individual Rate Zone cost of service studies to set rates. AIC has recalculated its cost of service studies to address issues identified by Mr. Lazare (and one issue identified by Mr. Stowe), and proposes to use those studies as the foundation for revenue allocation and rate design in this proceeding. Further movement toward uniform distribution delivery charges will be dictated by results of cost of service studies by Rate Zone.

Q. Mr. Higgins claims that class costs across AIC's Rate Zones are markedly different in a number of important respects, as illustrated in Table KCH-1. Therefore, it is not prudent to force each class's assigned costs towards a single average across legacy utilities. Do you agree with his assessment?

A. In part. In light of the Commission's order in Docket 10-0517, progress toward single tariff pricing will be dictated by progress toward unit cost convergence among future Rate Zone cost of service studies. I agree with the Commission that over time, AIC's costs will begin to converge "(a)s the existing assets underlying the historic cost differentials among the three legacy utilities depreciate and new assets, contracts, and other expenses are incurred by AIC." (Order , p. 20) As I discuss in response to Mr. Lazare, the single AIC cost of service study provides support for certain uniform prices, but is no longer used for revenue allocation.

Q. Mr. Higgins recommends the rates in each Rate Zone be moved to cost consistent with the rate-zone-specific embedded cost of service studies, subject to the constraint that no customer class experiences a rate increase greater than 150 percent of the average

increase in its respective Rate Zone, as presented in Kroger Exhibit 1.2. What is your response to Mr. Higgins' proposal?

A. AIC's proposed rebuttal revenue allocation is a step toward the right direction, but does not exactly match Mr. Higgins' proposal. In summary, AIC adopts the first step of Mr. Lazare's revenue allocation methodology, where he has proposed to move half the distance from equal percentage across-the-board increases to fully cost-based revenue allocations for the three Rate Zones. From there, movement among the individual rate classes is constrained to an increase no larger than the greater of 10% or 1.5 times the average increase for the respective Rate Zone.

While not discussed by Mr. Higgins, I note that Kroger Exhibit1.2 includes the effect of the Distribution Tax within the revenue allocation methodology. The revenue allocation methodology is also applied at the voltage "subclass" level for DS-3 and DS-4. As previously discussed in response to Mr. Lazare and Mr. Stephens, applying the revenue allocation at the "subclass" level does not permit the DS-4 High Voltage and +100 kV subclasses to increase by a level great enough to make meaningful progress toward eliminating the Distribution Tax subsidy.

Q. Does Mr. Higgins take issue with your proposal to maintain uniform Customer and Meter Charges?

A. No. Mr. Higgins states that "there is no problem in having uniform charges across [R]ate [Z]ones for these rate components". (ll. 9-10) He goes on to state "it is necessary for the distribution delivery charge to make up the preponderance of the remaining class revenue requirement." (ll. 13-15) I agree with Mr. Higgins on this point.

Q. Mr. Higgins also recommends that the Commission reject Rider PBR - Pension Benefits Rider. Are you addressing any of these issues?

A. No. As explained by Mr. Nelson, AIC no longer seeks approval of Rider PBR - Pension Benefits Rider. As such, I will not address any criticisms of the rider.

Q. In summary, should the Commission accept Mr. Higgins's revenue allocation recommendations?

A. No. Instead, the Commission should approve AIC's revenue allocation as modified in response to Mr. Lazare, and AIC's proposed treatment of the Distribution Tax.

X. <u>RESPONSE TO GFAI WITNESS, MR. ADKISSION</u>

Q. Mr. Adkisson agrees with AIC's retention of the Rate Limiters. Does he object or propose modifications to AIC' proposed DS-3 and DS-4 Rate Limiters?

A. No.

Q. Mr. Adkisson contends the Circuit Study (Ameren Ex. 13.6E) does not support AIC's conclusion that the study shows sampled customers did not provide a revenue contribution that corresponded to their cost responsibility. He claims tthe Circuit Study never attempted to determine cost responsibility on a seasonal basis. What is your response in general to his criticisms of the Circuit Study?

A. Although it not exactly clear what "cost responsibility on a seasonal basis" is intended to mean, we respectfully disagree. Distribution planning engineers build and design the system to meet demand regardless of the season in which the peak occurs. If customers are contributing to or driving the peak on a circuit, they are responsible for the cost incurred to meet that demand whenever that may occur. Data request GFA 2.12, which Mr. Adkisson references, asks if the study looked at revenues that would be produced under seasonal rates that would result from a seasonally differentiated ECCOS and rate design. We were, and are still not sure what that would entail, and are not in a position to speculate on Mr. Adkisson's methodology for ECCOS or rate design.

Q. Mr. Adkisson complains that the Circuit Study does not use an approach consistent with the Commission-ordered annual system peak allocation of distribution and substation costs to DS-3 and DS-4 rates. Do you agree?

A. Not at all. An examination of annual system peak is unnecessary to evaluate customer contribution to local circuit level peak. AIC makes no statements at the current time calling for alternative methodologies for estimating cost divergent from the Commission's order in Dockets 09-0306 (Cons.), where substations and primary line costs were allocated based on system coincident peak. The circuit study merely responds to a Commission request to study a sample of circuits serving DS-3 and DS-4 customers. AIC has not made any policy recommendations, nor any rate design proposals based on the aforementioned study.

Q. Mr. Adkisson also complains the Circuit Study is "incomplete with regard to the Commission being able to make a decision with regard to seasonally differentiated DS-3 and DS-4 demand rates that are designed to recover distribution line and substation costs." How do you respond?

A. The Circuit Study was produced based on the Commission recommendation that we examine a set of circuits serving DS-3 and DS-4 customers to evaluate such customers' revenue contribution relative to their cost responsibility. To that effect, the Circuit Study provides the analysis that was requested.

Q. How do you respond to Mr. Adkisson's various critiques related to the lack of Substation level data in the Circuit Study?

A. The primary motivation of this study was to evaluate AIC's position in the prior case regarding seasonal customers and their contribution to local circuit peak.

> "DS-4 and large DS-3 customers connected at the primary voltage supply level can be large enough to drive local circuit peaks" – (Order p. 268)

Considering that goal, total system or substation coincident peak was deemed unnecessary in investigating that point. So an analysis of substation costs, although not a useless exercise by any means, is an analysis required to legitimize an argument we never made in the first place. To be sure, we never intended to prove anything regarding substation costs in this proceeding. The Commission directed AIC to "Study a sample of circuits serving DS-3 and DS-4 customers to evaluate such customers' contribution relative to their cost responsibility." Considering this, points 2, 3, 5, and 7 thru 10 can be disregarded in light of the analysis' intended purpose. Nevertheless, this information was provided later in the data request response to GFAI.

Q. How do you respond to Mr. Adkisson's critique of not containing a seasonal customer on each of the sampled feeders?

A. The sampled feeders were chosen to examine a variety of situations. In examining a sample of circuits, AIC chose to present a mix of different types of customers and corresponding circuits in order to show the variety of situations one might find on the distribution system.

Q. How do you respond to Mr. Adkisson's critiques the study had mixed results with only five of the fifteen circuits exhibiting a shift in peak load from fall to summer when the single selected seasonal customer load was removed?

A. As stated in the Circuit Study narrative in Ameren Exhibit 13.6E, we chose to provide a sample of feeders with a variety of outcomes. The fact there are "mixed results" is intentional in the way that was intended to provide a set of examples which demonstrated the variety of situations one might see on the distribution system. It was never stated that this was a condition of absolutely every seasonal customer served on a circuit. To reiterate, AIC stated, in Dockets 09-0306, that DS-4 and large DS-3 customers connected at the primary voltage supply level can be large enough to drive local circuit peak. If one example of this situation can be found, it legitimizes the argument that it can and does occur.

Q. Mr. Adkisson complains the Circuit Study only examines total circuit load with and without a single selected seasonal customer and not with and without all seasonal customer loads on the circuit. How do you respond?

A. If all of the seasonal customer loads served on a circuit were omitted from the circuit peak, it is likely the incidence of peak shifting would be that much more obvious. Due to geographic considerations, it often happens that one or more seasonal customers (particularly grain drying operations) might be served on the same circuit. That being said, the study sought to investigate the role of large DS-3 and DS-4 Customer's contribution to local circuit peak. The loads demanded by these customers often eclipse the demand of smaller seasonal operations from residential and small-commercial classes.

Q. How do you respond to Mr. Adkisson's critique of not adjusting for changes in feeder loads due to circuit switching for service restoration or maintenance reasons?

A. Switching circuits is rare, done only in cases of planned outages or maintenance. None of the circuit peaks in the sampled feeders were affected by this scenario.

Q. How do you respond to Mr. Adkisson's critique that the study did not address thermal loading capacity difference between summer and non-summer periods?

A. From a practical standpoint, AIC does not design circuits differently if they peak in the summer or fall/winter. The initial equipment selection will generally be based on long term load projections for that area. In this sense, the magnitude of the peak is much more important than the time of peak.

Q. In summary, should the Commission accept any of Mr. Adkisson's recommendations?

A. Yes. Mr. Adkisson recommends continuation of the Rate Limiter provisions, a point we both agree on. It is not clear to me if Mr. Adkisson has any other recommendations.

XI. CONCLUSION

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.