

**Ameren Illinois Company  
Docket No. 11-0279/11-0282 (Cons.)**

**Illinois Industrial Energy Consumers' Responses to  
Ameren Illinois Company's Sixth Set of Data Requests**

**AIC-IIEC 6.05:**

Please identify every state commission proceeding where Mr. Stowe used "the minimum intercept method applied to distribution components that only just conform to the NESC," (IIEC Ex. 2.0, ll. 707-08), to calculate the cost of the Minimum Distribution System ("MDS").

**Response:**

Although Mr. Stowe has advocated the minimum intercept method applied to distribution components that conform to the NESC before the Illinois Commerce Commission in Commonwealth Edison Company, Docket No. 07-0566 and Central Illinois Light Company, et al., Docket Nos. 07-0585 et al. (cons.), the instant case is the first commission proceeding where Mr. Stowe has applied this particular method.

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**AIC-IIEC 6.06:**

Does Mr. Stowe know if any state commission has approved or accepted the use of "the minimum intercept method applied to distribution components that only just conform to the NESC," (IIEC Ex. 2.0, Il. 707-08), to calculate the cost of the Minimum Distribution System ("MDS")? If so, please identify each proceeding in which this methodology has been approved or accepted.

**Response:**

Mr. Stowe has not attempted to research the full extent of the use of this particular method, or similar methods, for computing the MDS in jurisdictions other than those in which he has testified. Therefore, he does not know of specific state commissions that have used the referenced method to calculate the cost of the MDS.

However, Mr. Stowe is aware that the NARUC Electric Utility Cost Allocation Manual ("NARUC Manual"), published in 1992, refers to these requirements. On page 95, under the heading "The Minimum System vs. Minimum-Intercept Approach," the NARUC Manual states:

The results of the minimum-size method can be influenced by several factors. The analyst must determine the minimum size for each piece of equipment: "*Should the minimum size be based upon the minimum size equipment currently installed, historically installed, or the minimum size necessary to meet safety requirements?*" The manner in which the minimum size equipment is selected will directly affect the percentage of costs that are classified as demand and customer costs.

The NARUC Manual's reference to "the minimum size necessary to meet safety requirements" indicates that there has been – for at least two decades – a general awareness that conformance with safety requirements (which are described in the NESC) affect the MDS. This language suggests that the MDS has been quantified by one or more regulatory commissions as the minimum size necessary to meet safety requirements.

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**AIC-IIEC 6.09:**

Generally, an MDS approach includes FERC Account 368, line transformers. Did IIEC perform such an analysis for line transformers? If yes, please indicate where in the study this analysis is conducted. If no, why not?

**Response:**

Mr. Stowe assumes the question is directed to himself, the witness who testified on the MDS approach, rather than to the IIEC.

Mr. Stowe did not perform an MDS analysis on the cost of line transformers in this case, although he has done so in the past, when he worked for a utility. Ameren filed the instant case on February 18, 2011. However, an electronic version of the electric cost of service study was not provided to IIEC until May 10, 2011, only a few weeks before Mr. Stowe's direct testimony was due.

This short timeframe did not allow Mr. Stowe sufficient time to perform his MDS analysis on all of the electric components in all of the FERC accounts that are generally analyzed. Therefore, Mr. Stowe, recognizing the time constraints, determined to perform his MDS analysis on the FERC Accounts 364, 365 and 367. Mr. Stowe would note that the costs recorded in FERC Account 366 – Underground Conduit and those recorded in FERC Account 367 – Underground Cables and Devices are oftentimes classified as customer-related and demand-related based on the MDS results of FERC Account 367 alone. Therefore, Mr. Stowe has determined to use the results of the MDS analysis of FERC Account 367, as a proxy for FERC Account 366. However, no such proxy was available, in this case, for the costs of FERC Account 368, the separation of which into demand and customer components is more complex.

Had more time and information been available, Mr. Stowe likely would have included FERC Account 368 in his analysis. Inclusion of this additional account would have increased the overall customer allocation, since this account is allocated 100% on demand presently, although the customer classes receiving the bulk of the allocation is limited, due to the fact that the use of line transformers is primarily done on lower voltage portions of the system. Therefore, exclusion of FERC Account 368 from the MDS analysis at this time may be considered a conservative assumption, when going from a situation where the MDS is ignored to one where the MDS is quantified and reflected in the ECOS study.

The absence of an MDS analysis of FERC Account 368 does not impugn the accuracy or integrity of Mr. Stowe's MDS analysis of FERC Accounts 364, 365, 366 or 367, or the validity of his modifications to Ameren's ECOS study with regard to these FERC accounts.

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**AIC-IIEC 6.12:**

Ameren's model uses coincident peak class demands to allocate 100% of the distribution line costs to each rate class. IIEC proposes MDS to split distribution line costs into customer and demand related components. Did IIEC use the same demand allocation factors as Ameren used to allocate the remaining demand related distribution costs of its MDS analysis? If not, what allocation factor was used?

**Response:**

Mr. Stowe assumes the question is directed to himself, the witness who testified on the MDS approach, rather than to the IIEC.

Mr. Stowe was unaware that Ameren's ECOS model uses CP class demands to allocate secondary voltage distribution line costs to each rate class. This appears to contradict the direct testimony of Ameren witness Schonhoff (See Ameren Ex. 14.0E (Rev.) at 10:207-209) and the allocator nomenclature used in Ameren's model. Nevertheless, Mr. Stowe did use the same demand allocation factors to allocate the remaining demand related distribution costs of its MDS analysis as Ameren used in the ECOS study presented in direct testimony.

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