

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

AMEREN ILLINOIS COMPANY)
)
Proposed general increase in electric) Docket No. 11-0279
delivery service rates.)
)

AMEREN ILLINOIS COMPANY)
)
Proposed general increase in gas delivery) Docket No. 11-0282
service)
rates.)

STAFF GROUP CROSS EXHIBIT 13

STIPULATED DOCUMENTS AND DATA REQUEST RESPONSES

The Staff witnesses of the Illinois Commerce Commission (“Staff”) and Ameren Illinois Company (“Ameren” or “AIC” or “Company”) have stipulated that the following documents and data request responses, attached hereto, should be entered into the evidentiary record in the instant rate case proceedings:

A DLH 2.12 B DLH 2.12S	
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WHEREFORE, Staff respectfully requests that the attached documents be entered into evidence in this proceeding.

September 19, 2011

Respectfully submitted,

/s/

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Ameren Illinois Company
d/b/a Ameren Illinois
Response to ICC Staff Data Requests
Docket No. 11-xxx
Proposed general increase in electric and gas delivery service rates
Response Date: 3/11/2011

DLH 2.12

Referring to Ameren Exhibits 10.0E and 10.0G, p. 4, lines 66-71, for each of the Company's predecessor companies AmerenCILCO, AmerenCIPS, and AmerenIP, describe the specific ruling of the Commission's treatment of the decrease in the federal income tax rate by the Tax Reform Act of 1986. Include the docket number, order date, and specific cites to the order describing such treatment for each predecessor company.

RESPONSE

Prepared By: Brenda Menke
Title: Manager, Income Tax
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With respect to all three predecessor companies, the Commission issued an order on January 21, 1987 in Docket No. 87-0027, in which it indicated that it would review the reduction in corporate federal income tax rate under the Tax Reform Act of 1986 ("TRA") on "the revenue requirements of a number of Illinois utilities and telecommunications carriers." Order, Docket No. 87-0027 at 1. The Commission requested utilities to file tariff riders under which utilities accrued in a deferred account an amount calculated using the percentage of revenues which represents the difference between revenues billed under rates then in effect and revenues that would have been billed at the lower TRA rates. The Commission believed this mechanism was necessary so that the Commission could review the utility's revenue requirements "without sacrificing the ability to capture for ratepayers the benefits of the corporate tax reduction accruing during the period in which the review is being conducted." *Id.* At 2. The Order in Docket No. 87-0027 granted each utility special permission to place such tariffs in effect on less than 45 days' notice.

Subsequently, on December 9, 1987, entered an order in Docket No. 87-0687, authorizing the filing of riders establishing a percentage of revenue subject to refund based on the TRA 34% rate for 1988.

On the same day, the Commission issued orders initiating utility-specific investigations.

CIPS

The Commission's review of CIPS' revenue requirements occurred in Docket No. 87-0542. In that proceeding, ultimately, no refund of gas revenues was required. CIPS filed a gas rate case in Docket No. 90-0072, in which the Commission established new gas rates and cancelled the gas riders. CIPS moved to dismiss the electric rate investigation on the grounds that a retroactive review of rates was illegal under multiple Illinois court decisions. In an Interim Order dated April 17, 1991, the Commission denied the motion to dismiss, finding that the specific percentage of revenue set aside distinguished the case from other rate mechanisms found illegal by Illinois courts. Thereafter, the parties entered into a stipulation pursuant to which CIPS would refund

\$73 million to electric customers. The stipulation was approved in a Commission order dated May 13, 1992.

IP

On 01/15/1987 in Docket 87-0017, IP requested authority to record, as a deferred liability in Account 253, any reduction in federal income tax ("FIT") expense for electric utility operations in 1987 due to the reduction in the FIT rate resulting from the TRA. IP also requested authority to offset the amounts of deferred liability in Account 253 against the amounts of Clinton depreciation and fixed O&M expense to be recorded and deferred in Account 186 pursuant to the Order in 86-0002. On 01/30/1987, IP filed Rider X, Electric Rate Reduction for Consideration of Tax Reform Act of 1986. The Commission subsequently entered an order in 87-0027 authorizing Rider X to go into effect on 03/01/1987. Pursuant to the 11/24/1987 Order which approved a settlement in 87-0017, no adjustment was to be made to IP's electric rates to reflect any impacts of TRA until the final order in IP's next electric utility general rate increase proceeding, and any reflection of TRA in IP's rates at that time was to be prospective only. IP was to reflect the impact of TRA in the revenue requirements presented in its next electric utility general rate increase filing. In addition, IP's Rider X, authorized to go into effect in 87-0027 was to be cancelled. Any amounts accumulated in Account 253 pursuant to Rider X were to be cleared to Account 400, Operating Revenues. The Order in 87-0687 exempted IP from filing a revision to Rider X. At the request of the ICC Staff, IP filed a new Rider X for electric service showing a zero percent adjustment effective 03/04/1988. IP's next electric utility general rate increase proceeding was Docket 87-0695, in which the Commission established new electric rates and cancelled Rider X effective 04/04/1989.

Pursuant to the Order in 87-0027, IP filed Rider Y, Gas Rate Reduction for Consideration of Tax Reform Act of 1986, showing a 0.94% adjustment effective 03/01/1987. Pursuant to the Order in 87-0687, IP filed a revision to Rider Y showing a 1.70% adjustment effective 01/01/1988. Funds accrued in liability accounts in accordance with Rider Y during 1987 were to be transferred to "revenue accounts subject to refund". These funds were to remain subject to potential refund until the Commission made a final decision. On 12/98/1987, the Commission initiated a rate investigation regarding the impact of the TRA on IP (Docket 87-0545). On 06/21/1989, the ICC Staff filed a motion to dismiss stating that (i) the electric Rider X had been cancelled pursuant to the 87-0017 Order and that the rates established in 87-0695 took into consideration the provisions of the TRA and (ii) earnings for gas service were generating less than an excessive rate of return. Pursuant to the Commission's Order in 87-0545 which dismissed the docket, IP canceled Rider Y effective 05/21/1990.

CILCO

AIC continues to investigate CILCO's experience in the aftermath of the TRA.

Ameren Illinois Company
d/b/a Ameren Illinois
Response to ICC Staff Data Requests
Docket No. 11-xxxx
Proposed General Increase in Electric and Gas Delivery Service Rates
Supplemental Response Date: 3/16/2011

DLH 2.12S

Referring to Ameren Exhibits 10.0E and 10.0G, p. 4, lines 66-71, for each of the Company's predecessor companies AmerenCILCO, AmerenCIPS, and AmerenIP, describe the specific ruling of the Commission's treatment of the decrease in the federal income tax rate by the Tax Reform Act of 1986. Include the docket number, order date, and specific cites to the order describing such treatment for each predecessor company.

SUPPLEMENTAL RESPONSE

Prepared By: Brenda J. Menke
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The response to DLH 2.12 stated that AIC was still investigating CILCO's experience in the aftermath of the Tax Reform Act of 1986. That information is shown below.

CILCO

The Tax Reform Act of 1986 reduced the maximum federal income tax rate from 46% to 40%, effective July 1, 1987, and further reduced the maximum rate to 34%, effective January 1, 1988.

In accordance with the Commission's order in Docket No. 87-0027, Central Illinois Light Company (CILCO) requested special permission to place into effect its electric and gas Riders TR, General Rate Reduction for Consideration of Tax Reform Act of 1986 under Special Permission No. R-18649, filed February 6, 1987 and granted February 18, 1987. Pursuant to the riders CILCO began accruing revenues, effective March 1, 1987, based on the difference between the 46% and 40% maximum FIT rates. (The effective tax rate in 1987 was assumed to be 40% – a blend of the 46% rate, effective the first half of the year, and the 34% rate, effective the latter half of the year.)

The Commission subsequently investigated CILCO's revenue requirements in ICC Docket No. 87-0541 in which the Company was provided the option "to voluntarily reduce rates to reflect the reduction in the federal income tax component of cost of service to the new statutory rate of 34%, or be under order to show cause why such a reduction is inappropriate." (ICC Order 87-0533 through 87-0686, page 5)

On July 31, 1987, CILCO voluntarily filed to reduce its electric rates to recognize the maximum 34% federal income tax rate. In its filing, which effectively passed through to electric customers the tax-related benefits on electric service, CILCO reduced its electric base rates by 6.76% (a 6% or approximately \$16.4 million total reduction) effective September 14, 1987. This reduction gave full effect to the 34% FIT rate rather than waiting until January 1, 1988. Through the early implementation of the rates, CILCO in effect began refunding the electric accrual to customers.

At the same time, the Company filed to discontinue the accruals under its electric and gas rate reduction riders (Riders TR) and filed an electric tax refund rider to reduce the amount in the electric accrual account.

Amounts that had been accrued pursuant to the electric Rider TR were refunded to customers in accordance with CILCO's electric tax refund rider by 1) reducing the accrual by the amount by which base rates (or customers' bills) had been lowered on September 14, 1987, beyond the level which would have been necessary to account for the income tax reduction to 40%, and 2) instituting a cents per kilowatt-hour factor beginning March 1, 1988, to refund to customers the remaining amounts in the accrual account at year-end. The total accrued amount was fully refunded to customers on June 25, 1988.

The Company did not reduce its gas rates nor refund any amounts from its gas accrual account due to the fact that the rate of return on gas rate base after taking into account the tax rate reduction were still below the authorized rate of return allowed CILCO in its then most-recent gas rate case.

The Commission's April 11, 1990, final order in Docket No. 87-0541 "ordered that proceedings in the docket be dismissed." The prefatory portion of the order stated "[o]n February 8, 1988, Central Illinois Light Company filed a verified response, stating that its electric rates had already been reduced to reflect the new statutory tax rate and stating that its "tax rider" for gas service had been cancelled because its earnings for gas service, after giving effect to that tax rate, did not exceed a reasonable range." It went on to state that "[o]n June 21, 1989, Commission Staff filed a motion to dismiss, also stating that the electric rates had been reduced to reflect the provisions of the Tax Reform Act of 1986 and that the gas rates were producing earnings which generate less than an excessive rate of return."