

Response to AIC's  
Sixteenth Set of Data Requests to Staff  
AIC-Staff 16.15 – 16.16  
Docket Nos. 11-0279 and 11-0282  
Response of Staff Witness Pearce  
Response Date: August 26, 2011

ICC Person Responsible: Bonita Pearce  
Title: Accountant, Financial Analysis Division  
Business Address: Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, IL 62701  
(217) 557-1739

Request AIC-Staff 16.15

Beginning at page 16 of ICC Staff Exhibit 21.0, Ms. Pearce discusses her Rebuttal proposal to withdraw certain adjustments she proposed in her Direct Testimony. In support of her proposal to withdraw her adjustment to remove merger costs, one of the reasons she provides is the following statement found at page 17, lines 379-380, "[t]he analyses provided by the Company reflect savings in excess of costs for the 2012 test year and beyond". In reference to this statement and Ms. Pearce's proposal to withdraw her adjustment to remove merger costs, please answer the following:

- a. Does Ms. Pearce agree that the analyses provided by the Company and relied on by Ms. Pearce does not include the costs Staff witness Mr. Tolsdorf proposes to reclassify from rate case expense to merger costs at ICC Staff Exhibit 22.0 lines 233-249? If not, please explain why and provide any documents relied on in support of that conclusion.
- b. If the answer to subpart a is yes, does Ms. Pearce agree that the Company's analyses, if modified to include these additional merger costs, would also show that savings exceed costs for the 2012 test year and beyond? If not, please explain why and provide any documents relied on in support of that conclusion.

Response

It is Ms. Pearce's understanding that the costs Staff witness Mr. Tolsdorf proposes to reclassify from rate case expense to merger costs at ICC Staff Exhibit 22.0 lines 233-249 were incurred in the fall of 2010. Based on Ms. Pearce's review of the Company's response to Staff Data Request ("DR") BAP 9.04, the merger costs reflected in the Company's merger analyses relate to periods after 2010. Accordingly, Ms. Pearce has no reason to believe the costs Mr. Tolsdorf proposes to disallow from rate case expense are reflected in the Company's analyses of merger costs and savings.

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ILL. C. C. DOCKET NO. 11-0279/11-0282

AIC Cross Exhibit No. 1

Witness Pearce

Date 9-12-11 Reporter CB

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Assuming that Ms. Pearce's understanding is correct, the Company's most current analysis of merger costs and savings, Ameren Exhibit 21.10, reflects savings of \$7.394 million and costs of \$2.530 million, resulting in net savings of \$4.864 million. This amount is greater than the amount reflected on ICC Staff Exhibit 22.0, Schedule 22.04, as disallowed merger costs. Therefore, Ms. Pearce would agree that the Company's analyses, if modified to include these additional merger costs, should also show that savings exceed costs for the 2012 test year and beyond.

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Signature