

Response to AIC's
First Set of Data Requests to the Illinois Attorney General's Office ("AG")
and the Citizens Utilities Board ("CUB")
AIC-AG/CUB 1.01 - 1.28
Docket Nos. 11-0279 and 11-0282 (Cons.)
Response of AG/CUB Witness David Effron and Scott Rubin
Response Date 7/14/2011

AIC-AG/CUB 1.01 Referring to p. 11 of AG/CUB Exhibit 1.0, beginning at line 9, Mr. Effron recites the Company's four main areas of increase in electric distribution O&M expense in 2012 - substation maintenance, circuit maintenance, vegetation management, and implementation of recommendations from the Liberty Audit. Does Mr. Effron dispute that the level of work cited by the Company needs to be performed?

Response:

Mr. Effron does not dispute the Company's evidence that the work needs to be performed. However, Mr. Effron questions why the Company did not perform the necessary work in 2010 and is not expecting to perform the work in 2011.

OFFICIAL FILE
ILL. C. C. DOCKET NO. 11-0279 + 11-0282
AIC CR Exhibit No. 10
Witness _____
Date 9-14-11 Reporter LP

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AIC-AG/CUB 1.06 Explain why Mr. Efron believes it is appropriate to adjust the AIC rate base for accrued OPEB liabilities. Provide all supporting facts, documentation and source of authority.

Response:

See AG/CUB Exhibit 1.0, pages 4-5. Mr. Efron believes that all of the documentation and source of authority cited therein is in the Company's possession.

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AIC-AG/CUB 1.08 Has Mr. Effron made an independent determination of whether Illinois law follows federal tax law in regard to 100% bonus depreciation? Please explain and provide all supporting facts, documentation and sources of authority. Also identify when such determination was made.

Response:

The People objects to this data request on the grounds that it calls for legal conclusion, Without waiving these objections, the People respond as follows:

No. Mr. Effron relied on the Company's responses to data requests and his experience in other recent cases in Illinois. There are no supporting facts or documentation, and Mr. Effron did not rely on any sources of authority in formulating this response.

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AIC-AG/CUB 1.09 Identify the information Mr. Effron needs to determine whether AIC properly reclassified the deferred tax liabilities identified in Ameren Schedule B-9 to ADIT FIN 48 liabilities.

Response:

Mr. Effron has not identified all the information that he would need to determine whether AIC properly reclassified the deferred tax liabilities identified in Ameren Schedule B-9 to ADIT FIN 48 liabilities. However, at minimum, Mr. Effron would need to have an explanation of what the uncertain "plant related" tax positions were, why it was believed that the tax positions were uncertain, why it considered likely that the taxes would be paid with interest, the potential liability for interest, when the "repayment" of the deferred taxes would take place, and the extent to which similar tax positions taken by other taxpayers have resulted in payments to the tax authorities with interest.

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AIC-AG/CUB 1.10 Does Mr. Effron contend that AIC's reclassification of certain deferred tax liabilities as uncertain tax positions violates or is inconsistent with the standards set forth in FASB Interpretation No. 48? Please explain and provide all supporting facts, documentation and sources of authority.

Response:

Without more detail regarding AIC's reclassification of certain deferred tax liabilities as uncertain tax position, Mr. Effron does not have an opinion of whether the reclassification violates or is inconsistent with the standards set forth in FASB Interpretation No. 48. It should be noted that the issue here is not whether the reclassification pursuant to FIN 48 was appropriate for financial reporting purposes, but whether it was appropriate for the purpose of determining the Company's electric rate base (AG/CUB Exhibit 1.0, pages 8-9). There are no supporting facts or documentation, and Mr. Effron did not rely on any sources of authority in formulating this response.

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AIC-AG/CUB 1.12 Explain Mr. Effron's qualifications for rendering an opinion concerning the number of FTEs necessary to perform substation maintenance during 2012. Provide all supporting documentation.

Response:

The People objects to this data request on the ground that it is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the People respond as follows:

Mr. Effron has not rendered an opinion concerning the number of FTEs necessary to perform substation maintenance during 2012.

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AIC-AG/CUB 1.13 Explain Mr. Efron's qualifications for rendering an opinion concerning the number of FTEs necessary to perform Liberty Audit work during 2012. Provide all supporting documentation.

Response:

The People objects to this data request on the ground that it is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the People respond as follows:

Mr. Efron has not rendered an opinion concerning the number of FTEs necessary to perform Liberty Audit work during 2012.

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AIC-AG/CUB 1.14 With respect to the \$12 million backlog of circuit maintenance work as of the end of 2010, does Mr. Effron contend that the current level of FTEs is sufficient to reduce that backload over a period of five years? Please explain and provide all supporting facts, documentation and sources of authority.

Response:

Mr. Effron has not investigated whether the current level of FTEs is sufficient to reduce that backload over a period of five years. There are no supporting facts or documentation, and Mr. Effron did not rely on any sources of authority in formulating this response.

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AIC-AG/CUB 1.15 Has Mr. Effron reviewed the Liberty Audit report? If so, when? If Mr. Effron has an opinion concerning the prudence of the Liberty Audit recommendations, please explain and provide all supporting facts, documentation and sources of authority.

Response:

Mr. Effron reviewed the Liberty Audit report, although given its length, he did not read all the sections in great detail. Mr. Effron does not recall the exact date or dates when he reviewed the Liberty Audit report. Mr. Effron does not have an opinion concerning the prudence of the Liberty Audit recommendations.

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AIC-AG/CUB 1.16 Does Mr. Effron agree that AIC will incur merger costs? If not, please explain and provide all supporting facts, documentation and sources of authority.

Response:

Mr. Effron believes that it is possible that AIC will incur merger costs. However, the extent to which such costs would be incremental to the costs incurred in the normal course of business is not clear to Mr. Effron.

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AIC-AG/CUB 1.17 Does Mr. Efron dispute the accuracy of AIC's estimate of merger costs and savings? Please explain and provide all supporting facts, documentation and sources of authority.

Response:

Mr. Efron believes that it is unlikely the actual merger costs and savings will be exactly as estimated by AIC. However, he has not conducted an analysis of the potential magnitude of any deviation between the Company's estimates and what the actual merger costs and savings will be. There are no supporting facts or documentation, and Mr. Efron did not rely on any sources of authority in formulating this response.

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AIC-AG/CUB 1.20 In reference to the Accrued OPEB adjustment shown on AG/CUB Exhibit 1.1, would Mr. Effron agree there is a calculation error made by AIC and relied on by Mr. Effron at line 11 of AG-DJE 3.19? If not, please explain. If yes, would Mr. Effron agree that the correct calculation for the average 2012 OPEB Liability balance is (11,645), rather than (12,633), for Electric Distribution and (5,206), rather than (5,649), for Gas?

Response:

Based on further review, it appears that there is a calculation error made by AIC and relied on by Mr. Effron at line 11 of AG-DJE 3.19. Mr. Effron would agree that the correct calculation for the average 2012 OPEB Liability balance is (11,645), rather than (12,633), for Electric Distribution and (5,206), rather than (5,649), for Gas