

DIRECT TESTIMONY
OF
SAMUEL S. MCCLERREN

FINANCIAL ANALYSIS DIVISION
RATES DEPARTMENT
ILLINOIS COMMERCE COMMISSION

AMEREN ILLINOIS COMPANY
RATE MAP-P MODERNIZATION ACTION PLAN - PRICING FILING

DOCKET NO. 12-0001

APRIL 12, 2012

1 **Q. Please state your name and business address.**

2 A. My name is Samuel S. McClerren and my business address is 527 East Capitol
3 Avenue, Springfield, Illinois 62701.

4
5 **Q. What is your current position with the Illinois Commerce Commission
6 (“Commission”)?**

7 A. I am an Engineering Analyst IV in the Rates Department of the Financial Analysis
8 Division of the Illinois Commerce Commission (“Commission”).

9
10 **Q. Please describe your qualifications and background.**

11 A. I graduated from Eastern Illinois University with a Bachelor of Arts Degree in
12 Economics in 1976 and a Master of Arts Degree in Economics in 1977. From
13 1978 to 1984 I worked in retail, supervising six outlets in the St. Louis area. In
14 1984, I joined the Missouri Public Service Commission (“MPSC”) as a
15 Management Auditor. In 1987, I left the MPSC to join the Commission as a
16 Management Analyst. In my role as a Management Analyst, I managed
17 telecommunications projects of Contel of Illinois, Inc., GTE North, Inc., and Illinois
18 Bell Telephone Company. In April of 1996, I began working in the
19 Telecommunications Division of the Commission as an Engineering Analyst
20 responsible for service quality and tariff submissions. In February 2012, pursuant

21 to a reorganization of the Public Utilities Bureau, I was reassigned to the Rates
22 Department of the Financial Analysis Division.
23

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

25 A. On January 3, 2012, Ameren Illinois Company (“AIC”), submitted tariffs in this
26 proceeding to implement its Rate Modernization Action Plan – Pricing (“Rate MAP-
27 P”), pursuant to Section 16-108.5 of the Public Utilities Act (“Act”). With regard to
28 AIC’s submitted tariffs, my testimony addresses AIC’s compliance with regard to
29 Section 16-108.5, as well as the completeness and accuracy of those submitted
30 tariffs.
31

32 **Q. Please summarize your findings and recommendations.**

33 A. AIC’s submitted tariffs comply with the requirements of Section 16-108.5;
34 however, I found two instances in which AIC could have provided additional
35 detail regarding termination terms and conditions of Rate MAP-P, similar to the
36 level of detail found in Commonwealth Edison’s (“ComEd”) Delivery Service
37 Pricing and Performance (“DSPP”) tariff filing. I recommend that AIC add that
38 termination detail to its “Application of Delivery Service Charges” and
39 “Informational Filings” tariff sections.
40

41 Additionally, I found one instance in which AIC plans a four business day filing
42 interval rather than the two day filing interval utilized by ComEd. In a data
43 response, AIC noted that it had three separate rate zones, and the added
44 complexity supported a need for additional filing time. I recommend the
45 Commission grant AIC's request for a four business day filing interval.

46

47 **Q. Please describe your review of AIC's Rate MAP-P tariff submission.**

48 A. Initially, I reviewed Section 16-108.5 to understand the purpose of AIC's tariff
49 submission in this docket. Then I reviewed AIC's tariff submission to assess its
50 compliance with Section 16-108.5. Finally, I compared AIC's tariff submission to
51 ComEd's DSPP tariff submission in Docket 11-0721, checking for differences in
52 the tariff submission approach of the two companies.

53

54 **Q. What are tariffs filed with the Commission supposed to include?**

55 A. As stated in Section 9-102 of the Act:

56 Every public utility shall file with the Commission and shall print and
57 keep open to inspection schedules showing all rates and other
58 charges, and classifications, which are in force at the time for any
59 product or commodity furnished or to be furnished by it, or for any
60 service performed by it, or for any service in connection therewith,
61 or performed by any public utility controlled or operated by it. Every
62 public utility shall file with and as a part of such schedule and shall
63 state separately all rules, regulations, storage or other charges,
64 privileges and contracts that in any manner affect the rates charged
65 or to be charged for any service.

66

67 **Q. How would you paraphrase that portion of Section 9-102?**

68 A. Although I am not a lawyer, my understanding is that it means any known rate,
69 term or condition potentially impacting a rate charged or to be charged by a utility
70 for any product or commodity furnished, or service provided, should be included
71 in that utility's tariff submission to the Commission.

72

73 **Q. At a summary level, please describe your understanding of Section 16-**
74 **108.5.**

75 A. Section 16-108.5 is a new regulatory framework by which very large electric or
76 combination utilities are authorized to establish performance-based formula rates
77 ("PBFR"). AIC is a combination utility, which is a utility that, as of January 1,
78 2011, provides electric service to at least one million retail customers in Illinois
79 and gas service to at least 500,000 retail customers in Illinois. By agreeing to
80 certain legislatively-mandated conditions, AIC may recover delivery service costs
81 through a PBFR, which must be approved by the Commission. This proceeding
82 provides the Commission with an opportunity to review and approve or reject
83 AIC's proposed PBFR.

84

85 **Q. Why do you consider it important to compare AIC's tariff for Rate MAP-P**
86 **with ComEd's Rate DSPP tariff?**

87 A. Both companies are submitting initial tariffs to become participating utilities as
88 defined in Section 16-108.5 of the Act. Given that it is a new regulatory
89 framework, we should have a consistent approach to reviewing the tariff

90 submissions since this will establish precedent going forward. Accordingly, to
91 the extent there are different approaches between the two companies' tariff
92 submissions, it is appropriate to review those differences and to examine the
93 reasons.

94

95 **Q. What specific direction was given in Section 16-108.5 to utilities seeking**
96 **the PBFR regulatory framework?**

97 A. Section 16-108.5(c) states:

98 The performance-based formula rate shall be implemented through
99 a tariff filed with the Commission consistent with the provisions of
100 this subsection (c) that shall be applicable to all delivery service
101 customers. The Commission shall initiate and conduct an
102 investigation of the tariff in a manner consistent with the provisions
103 of this subsection (c) and the provisions of Article IX of this Act to
104 the extent they do not conflict with this subsection (c).
105

106 **Q. What does Section 16-108.5 indicate about rate design and cost allocation**
107 **in the initial PBFR proceeding?**

108 A. Section 16-108.5(c)(6) states that:

109 Until such time as the Commission approves a different rate design and
110 cost allocation pursuant to subsection (e) of this Section, rate design and
111 cost allocation across customer classifications shall be consistent with the
112 Commission's most recent order regarding the participating utility's
113 request for a general increase in its delivery services rates.

114

115 Accordingly, AIC's initial rate design and cost allocations shall be based on AIC's
116 most recent order in Docket Nos. 09-0306, et al. consolidated ("Docket No. 09-
117 0306 (Cons.)").

118

119 **Q. In your review of AIC's tariff filing relative to Section 16-108.5(c)(6), did you**
120 **find that the tariffs fairly replicated existing tariffs?**

121 A. Yes. AIC's proposed tariff sheets are included in attachments to the testimony of
122 Ameren witness Leonard M. Jones, Ameren Ex. 9.1, which contains new tariff
123 sheets for Electric Service Schedule III. C. C. No. 1 tariff sheets 16 - 18 and
124 Ameren Ex. 9.4, which provides redlined tariff sheets showing changes to
125 existing tariff pages. My review indicated that AIC, in its implementation of
126 Section 16-108.5, modified its existing Electric Service Schedule III. C. C. No.1
127 tariffs for the three rate zones in the Distribution Delivery Service as follows:

128 Sheet 11, Rate DS-1, Residential Delivery Service – AIC removed
129 existing rates such as Customer Charge, Meter Charge,
130 Distribution Delivery Charge, and Uncollectible Expense, and
131 replaced them with wording similar to, “shown in the Delivery
132 Charges Informational Sheet supplemental to the Rate MAP-P
133 tariff.”

134 Sheet 12, Rate DS-2, Small General Delivery Service - AIC
135 removed existing rates such as Customer Charge, Meter Charge,
136 Distribution Delivery Charge, and Uncollectible Expense, and
137 replaced them with wording similar to, “shown in the Delivery
138 Charges Informational Sheet supplemental to the Rate MAP-P
139 tariff.”

140 Sheet 13, Rate DS-3, General Delivery Service – AIC removed
141 existing rates for Rate Limiter, Customer Charge, Meter Charge,
142 Distribution Delivery Charge, Transformation Charge, and
143 Uncollectible Expense, and replaced them with wording similar to,
144 “shown in the Delivery Charges Informational Sheet supplemental
145 to the Rate MAP-P tariff.”

146 Sheet 14, Rate DS-4, Large General Delivery Service - AIC
147 removed existing rates for Rate Limiter, Customer Charge, Meter
148 Charge, Distribution Delivery Charge, Transformation Charge,
149 Reactive Demand Charge, and Uncollectible Expense, and
150 replaced them with wording similar to, “shown in the Delivery
151 Charges Informational Sheet supplemental to the Rate MAP-P
152 tariff.”

153 Sheet 15, Rate DS-5, Lighting Service - AIC removed existing rates
154 for Street and Protective Lighting Service for Area, Directional, and
155 Decorative Lighting, Customer-Owned Lighting, Distribution
156 Delivery Charge, Uncollectible Expense, and Conversion or
157 Modification of Lamps and replaced them with wording similar to,
158 “shown in the Delivery Charges Informational Sheet supplemental
159 to the Rate MAP-P tariff.”

160 Sheet 41, Tax Additions - AIC removed existing rates for EDT Cost
161 Recovery and replaced them with wording similar to, “shown in the

162 Delivery Charges Informational Sheet supplemental to the Rate

163 MAP-P tariff.”

164 For Electric Service Schedule III. C. C. No. 1 tariff sheets 11-15 and 41, AIC also
165 proposed new revision numbers, as well as anticipated revisions to date of filing
166 and date effective.

167

168 **Q. With the changes you just described to AIC’s existing tariffs, did AIC’s**
169 **revisions to its existing Electric Service Schedule III. C. C. No. 1 for the**
170 **three rate zones in the Distribution Delivery Service tariff sheets 11-15 and**
171 **41 comport with Section 16-108.5?**

172 A. Yes. AIC’s changes to existing tariff sheets consisted exclusively of deleting
173 existing rates and pointing to the newly created Electric Service Schedule III. C.
174 C. No. 1 tariff sheets 16 – 18 for the new rates. Rate design categories from
175 Docket No. 09-0306 (Cons.) were not changed in AIC’s tariff submission.

176

177 **Q. Please describe AIC’s newly created Electric Service Schedule III. C. C. No.**
178 **1 tariff sheets 16-18.**

179 A. These three tariff sheet sections replace sheets AIC previously identified as “For
180 Future Use.” Effectively, these new tariff sheets implement Section 16-108.5,
181 and have the following section titles:

182 Sheet 16 – Rate MAP-P Modernization Action Plan – Pricing

183 Sheet 17 – Rate MAP-P Modernization Action Plan – Pricing Appendix A -

184 Determination of Revenue Requirement

185 Sheet 18 - Rate MAP-P Modernization Action Plan – Pricing Appendix B -

186 Determination of Delivery Service Charges

187

188 **Q. In your review of AIC’s tariff sheets 16-18 relative to Section 16-108.5, did**
189 **you find any missing material?**

190 A. No. Relative to my initial review of Section 16-108.5 and AIC’s proposed tariff, I
191 found that material in Section 16-108.5 impacting a rate, term or condition of a
192 product or commodity furnished, or service provided was contained in AIC’s
193 proposed tariff.

194

195 **Q. In your comparison of AIC’s proposed Rate MAP-P tariff to ComEd’s**
196 **proposed DSPP tariff, did you find any material in AIC’s Rate MAP-P tariff**
197 **that should be changed?**

198 A. Yes. The two utilities had different approaches reflected in termination language
199 in the “Application of Delivery Service Charges” section.

200

201 **Q. What did AIC include about termination in its “Application of Delivery**
202 **Service Charges” tariff section?**

203 A. At page 5 of Ameren Ex. 9.1, AIC states the following:

204

205 Operation of this tariff is terminable in accordance with the
206 provisions of 220 ILCS 5/16-108.5. In the event the operation of
207 this tariff is rendered inoperable pursuant to 220 ILCS 5/16-108.5,
208 the rates in effect at the time of termination or inoperability shall
209 survive until such time as new rates become effective in
210 accordance with the Act.

211
212

213 **Q. What did ComEd include about termination in its “Application of Delivery**
214 **Service Charges” tariff section?**

215 **A. ComEd, at page 572 of its proposed DSPP, states:**

216 Notwithstanding the provisions of the previous paragraph, after
217 December 31, 2017, or in the event that (a) the Company does not
218 fulfill its obligations in accordance with the provisions of Section 16-
219 108.5(b) of the Act; (b) the average annual increase in the amount
220 paid by certain retail customers for electric service exceeds 2.5%,
221 as presented in the report that must be filed by the Company with
222 the ICC by July 31, 2014, in accordance with the provisions of
223 Section 16-108.5(g) of the Act; or (c) this tariff is otherwise
224 terminated in accordance with provisions in the Act, the then
225 currently effective delivery service charges remain in effect beyond
226 the end of the otherwise scheduled December monthly billing
227 period as necessary until such time that the ICC approves delivery
228 service rates in accordance with Article IX of the Act. Such then
229 approved delivery service rates may include retroactive rate
230 adjustment with interest, as applicable, to reconcile the Company’s
231 delivery service rates charged with its actual corresponding delivery
232 service costs.

233

234 **Q. Do you prefer AIC’s or ComEd’s approach to termination language?**

235 **A. To the extent these termination conditions are both known and could potentially**
236 **impact AIC’s future Rate MAP-P filings, I find ComEd’s language to be more**
237 **comprehensive and, therefore, preferable. Accordingly, I recommend that AIC**

238 be directed to add that termination detail to its “Application of Delivery Service
239 Charges” tariff section.

240

241 **Q. In your comparison of AIC’s proposed Rate MAP-P tariff to ComEd’s**
242 **proposed DSPP tariff, did you find other differences with AIC’s Rate MAP-P**
243 **tariff?**

244 A. At page 5 of Ameren Ex. 9.1, the following is stated:

245

246 The annually updated delivery service charges that are scheduled
247 to be applicable beginning with a January monthly Billing Period
248 and extending through the following December monthly Billing
249 Period shall be filed with the ICC for informational purposes within
250 four (4) business days after the ICC issues its Order pertaining to
251 such updates.

252

253 ComEd, at page 575 of its proposed DSPP, states:

254

255 For the annually updated delivery service charges that are
256 scheduled to be applicable with a January monthly billing period
257 and extending through the following December monthly billing
258 period, the Company must file such delivery service charges with
259 the ICC for informational purposes within two (2) business days
260 after the ICC issues its Order pertaining to such updates to such
261 delivery service charges as described in the Annual Updates
262 section of this tariff.

263

264 **Q. Why have the two companies specified a different filing interval?**

265 A. In response to data request SSM 1.02, AIC indicated:

266 A period of 4 business days was selected to allow sufficient time to
267 accommodate potential changes required by the Commission
268 within the formula rate. The issue is less of a concern after the
269 initial approval of Rate MAP-P. However, unlike ComEd, AIC has
270 three separate rate zones so there is added complexity for such

271 compliance filings for AIC and the potential additional two days
272 could perhaps be beneficial.
273

274 **Q. Which interval should AIC utilize in this tariff section?**

275 A. The period of four business days appears reasonable when considering the
276 additional complexity of submitting delivery service tariff filings for three separate
277 rate zones.

278

279 **Q. In your comparison of AIC's proposed Rate MAP-P tariff to ComEd's**
280 **proposed DSPP tariff, did you find any material in Commonwealth Edison's**
281 **submission that AIC didn't contain?**

282 A. Yes. ComEd, at page 579 of its proposed DSPP, regarding Informational Filings,
283 states:

284 In the event that (a) the Company does not fulfill its obligations in
285 accordance with the provisions of Section 16-108.5(b) of the Act;
286 (b) the average annual increase in the amount paid by certain retail
287 customers for electric service exceeds 2.5%, as presented in the
288 report that must be filed by the Company with the ICC by July 31,
289 2014, in accordance with the provisions of Section 16-108.5(g) of
290 the Act; or (c) this tariff is otherwise terminated in accordance with
291 provisions in the Act, and the then currently effective delivery
292 service charges remain in effect beyond the end of the otherwise
293 scheduled December monthly billing period, such then currently
294 effective delivery service charges must be refiled by the Company
295 with the ICC for informational purposes with proper references that
296 such delivery service charges are to remain in effect until such time
297 that the ICC approves delivery service rates in accordance with
298 Article IX of the Act. The provisions of this paragraph survive any
299 termination of this tariff, as applicable.

300

301 **Q. Do you believe AIC should include the language just cited in its**

302 **“Informational Filings” section?**

303 A. Yes. The issue is termination language as it pertains to the Informational Filings
304 requirements. I recommend that the Commission direct AIC to add this
305 termination language to the “Informational Filings” section of its tariff.

306

307 **Q. Does this question end your testimony?**

308 A. Yes, it does.