

**Ameren Illinois Company's
Response to AG Data Requests
Docket No. 12-0001
Petition for approval of Rate MAP-P Modernization Action Plan - Pricing
Data Request Response Date: 3/19/2012**

AG 4.14

Ref: Ameren Response to AG 1.07 (Forfeited Discounts). Please provide the following additional information:

- a) Identify each 2010 expense, rate base investment or other cost that is incurred by the Company, for which forfeited discount revenues are believed to compensate or that are incurred by the Company in connection with forfeited discount revenues.
- b) For each cost elements referenced in your response to part (a), explain whether the cost has been either reflected in the determination of ICC Delivery Service revenues requirements (in Exhibit 2.1) or is being excluded from such determination. Provide references into the Schedules of Ameren Exhibit 2.1 where the costs are reflected.
- c) Please define with specificity what is meant by “Production [that] relates to power supply service to Ameren Illinois delivery service customers” in your response to AG 1.07.
- d) What if any costs associated with the services referenced in your response to part (c) are being absorbed by shareholders and not included within either delivery service revenue requirements or some other tariff rider cost recovery provision?
- e) Please define with specificity what is meant by “Transmission [that] relates to transmission service to Ameren Illinois delivery service customers” in your response to AG 1.07.
- f) What if any costs associated with the services referenced in your response to part (e) are being absorbed by shareholders and not included within either delivery service revenue requirements or some other tariff rider cost recovery provision?
- g) Please define with specificity what is meant by “Other [that] relates primarily to rider related revenues or add on or revenue related taxes paid by Ameren Illinois delivery service customers” in your response to AG 1.07.
- h) What if any costs associated with the riders referenced in your response to part (g) are being absorbed by shareholders and not included within either delivery service revenue requirements or some other tariff rider cost recovery provision?
- i) Given the response to AG 1.07 part (b) that, “Each of the jurisdictions identified in response to [AG 1.07] part a are ICC related,” provide each and every reason Ameren has proposed to attribute only 41.89% of such revenues to the ICC jurisdiction on Workpaper 10, page 150.
- j) Provide complete copies of all reports, analyses, workpapers, projections and other documents relied upon in your response to part (i).

RESPONSE

Prepared By: Ronald D. Stafford

Title: Manager, Regulatory Accounting

Phone Number: 314-206-0584

- a) The Company has not conducted an analysis or review of each 2010 expense, rate base investment or other cost that is incurred by the Company for which forfeited discount revenues are believed to compensate or that are incurred by the Company in connection with forfeited discount revenues. Forfeited discount revenues are the result of the implementation by the utility of a late payment charge assessed on customer bills under authority and at the rate specified by the Commission at Ill. Adm. Code 280.90. This authority requires certain limitations on assessment of such charges, such as waiver one time per twelve month period for residential customers, delay in imposition of such charges to governmental units, and provision for preferred payment dates to customers. The Commission's rules do not explicitly state that this charge is intended to make the utility whole for its costs, or whether such charge is intended as a form of reimbursement to the utility for a specific cost or costs of providing service to customers.
- b) See response to subpart a).
- c) Production refers to Company electric power supply, or Company billings pursuant to UCB/POR provisions for RES electric power supply appearing on a customer's electric bill.
- d) The Company has not conducted an analysis or review of each 2010 cost associated with electric power supply service that is being absorbed by shareholders and not included within either delivery service revenue requirements or some other tariff rider cost recovery provision. Generally, production related costs for electric delivery service customers are intended to be recovered through Rider PER. A material cost incurred by Ameren Illinois related to production not presently being recovered in delivery service revenue requirements or another tariff or rider is pension and other post retirement costs from Ameren Illinois production retirees. This amount is removed from electric delivery service revenue requirements and not presently reflected in any production or power supply tariff or rider. Another cost absorbed by shareholders is the risk reduction in ROE approved by the ICC (Docket 09-0306 cons) resulting in a lower allowed ROE and revenue requirements explicitly associated with the existence of Rider EUA that recovers electric power supply uncollectible expense.
- e) Transmission refers the transmission supply portion of a customer's electric bill.
- f) The Company has not conducted an analysis or review of each 2010 cost associated with electric transmission service that is being absorbed by shareholders and not included within either delivery service revenue requirements or some other tariff rider cost recovery provision. Generally, transmission related costs for electric delivery service customers are intended to be recovered through Rider TS. An example of a cost related to such service not recovered through either Rider TS or electric delivery service rates is the cash lag between the provision of service and receipt of payment. The cash lag for the transmission

- portion of an electric delivery service customer bill is not recovered either through electric delivery service base rates or a transmission related tariff or rider.
- g) Other refers to the portion of an electric customer's bill for charges other than electric delivery, power supply, or transmission service. All other rider related charges, including but not limited to uncollectibles, energy efficiency and demand response, and manufactured gas cleanup costs, are included in the "Other" category of revenues. In addition, add on/revenue taxes for costs such as energy assistance and municipal utility taxes are included in the "Other" category of revenues.
 - h) The Company has not conducted an analysis or review of each 2010 cost associated with other charges on customer's bills. Certainly, riders are intended to recoup a portion of such funds on an ongoing basis. Whether ongoing rider costs are recouped with only a one month billing lag and generally two month or more receipt lag is a function of each individual rider. No return on the cash lag is provided to the utility for rider related revenues other than indirectly through forfeited discount revenues. The cash lag for add on/revenue taxes is partially considered in the cash working capital calculation shown on Ameren Exhibit 2.1, Page 18, App 3.
 - i) The reason that Ameren Illinois attributes only 41.89% of such revenues to electric delivery service is because 41.89% of revenues from a customer's electric bill that generates the late payment charges is for electric delivery service. It would be inappropriate for a customer to receive credit via electric delivery service rates for a charge that is not for the portion of the customer's bill for electric delivery service. A similar allocation is made to separate DS related uncollectible expense from all other uncollectible expenses for DS base rates. While the add on/revenue tax component of an electric customer's bill are included in the electric delivery service cash working capital calculation, this component does reflect the full cash impact experienced by the Company, due primarily to limitations in measurement of the collections lag, and in turn generates a negative rather than positive impact on cash working capital (Ameren Exhibit 2.1, App 3, lines 2, 3, 19, and 20) and a corresponding reduction to electric delivery service revenue requirement. As explained in response to the above subparts of this question, there is a shortfall in recovery of costs related to production, transmission, and other revenues, and forfeited discount revenues are codified as a source of funds to provide a form of reimbursement for late payment by customers.
 - j) Both Ameren Exhibit 2.1 from Docket No. 12-0001 and Ill. Adm. Code 280.90 are available to AG on the Commission's website.

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AG 1.07

Ref: Ameren Ex. 2.1, App 10; WPC-23b, p.1 (Forfeited Discounts). At line 1 of App 10, the Companies apply a 41.89% jurisdictional factor to \$11.38 million of late payment / forfeited discount revenues. Please provide the following additional information:

- a) Identify and describe each jurisdiction other than Illinois Delivery Service, to which Ameren is attributing the other 58.11% of its Forfeited Discount revenues.
- b) For each non-ICC jurisdiction identified in your response to part (a), explain whether/if and how revenue credits for forfeited discount revenues are recognized in the pricing of services that are paid by ratepayers.
- c) Provide complete copies of all regulatory filings, reports, orders and other documents supportive of your response to part (b).
- d) What, if any, amounts of Illinois Forfeited Discount revenues have treated as a revenue credit in determining Ameren's FERC transmission revenues in the Companies' most recent transmission rate adjustment proceeding?

RESPONSE

Prepared By: Ronald D. Stafford
Title: Manager, Regulatory Accounting
Phone Number: 314-206-0584

- a) As indicated in response to AG 1.16, the other jurisdictions are Production, Transmission, and Other. Production relates to power supply service to Ameren Illinois delivery service customers, Transmission relates to transmission service to Ameren Illinois delivery service customers, and Other relates primarily to rider related revenues or add on or revenue related taxes paid by Ameren Illinois delivery service customers.
- b) Not applicable. Each of the jurisdictions identified in response to part (a) are ICC related.

- c) Not applicable. Each of the jurisdictions identified in response to part (a) are ICC related.
- d) None of the Illinois Forfeited Discount revenues have treated as a revenue credit in determining Ameren's FERC transmission revenues in the Companies' most recent transmission rate adjustment proceeding.

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AG 1.16

Ref: Ameren Ex. 2.2, Workpaper 11 (Revenue Allocation Study). Please provide complete and detailed workpapers supporting the Company's Revenue Allocation Calculation that is summarized on Workpaper 11, including a detailed statement of assumptions and methods employed and Excel native format worksheets supportive of each Revenue allocation and Activity Mapping (from Workpaper 12, as applicable).

RESPONSE

Prepared By: Ronald D. Stafford
Title: Manager, Regulatory Accounting
Phone Number: 314-206-0584

Please refer to AG 1.16 Attach for an Excel workbook which consists of multiple worksheets utilized in developing the allocation of operating revenue to the various functions. The results of these calculations are presented on Workpaper 11. The Table of Contents of this workbook contains details on the methodology utilized. Please note that the Activity Mapping workpaper should have been labeled as a continuation of Workpaper 11 on Ameren Ex. 2.2.

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AG 4.13

Ref: Ameren Ex. 2.1, Sch FR A-2; Ex. 2.2 Workpaper 11; Response to AG 1.03 (Revenue Allocator). Please provide the following additional information regarding Ameren's proposed "Revenue Allocator":

- a) Confirm that no comparable "Revenue Allocator" is used in Ameren Illinois' FERC Formula Transmission rate filings (as referenced in AG 1.03), or explain and document any inability to provide such confirmation.
- b) List and describe each element of the Company's asserted Delivery Service formula rate calculation, including rate base, revenue credits and operating expenses, where the Revenue Allocator is applied.
- c) For each revenue requirement element listed in your response to part (b), state whether any portion of the element has been affirmatively included in the Company's asserted FERC Formula Transmission rate revenue requirement.
- d) For each revenue requirement element listed in your response to part (b) that is not accounted explicitly in determining Ameren Illinois' FERC formula transmission rates, explain in detail each reason for excluding any portion of that element of rate base, revenue credits or operating expenses in determining ICC-jurisdictional delivery service rates.
- e) Provide complete copies of all reports, analyses, workpapers, projections and other documents associated with or supportive of your response to part (d).

RESPONSE

Prepared By: Ronald D. Stafford
Title: Manager, Regulatory Accounting
Phone Number: 314-206-0584

- a) There is no comparable "Revenue Allocator" used in Ameren Illinois' FERC Formula Transmission rate filings.
- b) The revenue allocator is applied to rate base ADIT Account 190 federal and state uncollectible accounts and accrued gross receipt taxes (see Ameren Ex. 2.1, App 4 and related WP 4), uncollectibles operating expenses and gross receipts taxes (Ameren Ex. 2.1, App 7 and related WP 7), and forfeited discount revenue credits (Ameren Ex. 2.1, App 10 and related WP 10). Of the above five items, two relate to uncollectibles (ADIT and expense), two relate to gross receipt taxes (ADIT and expense - note App 7 incorrectly shows only

the DS allocable portion of this tax in the 100% DS column at line 45) and one relates to revenues for customer billed late payment charges.

- c) The only two revenue requirement elements listed in response to part (b) that are partially included in the Company's FERC Formula Transmission rate revenue requirement are ADIT account 190 federal and state uncollectible accounts and accrued gross receipt taxes.
- d) For the three revenue requirement elements listed in response to part (b) that are not accounted explicitly in determining Ameren Illinois' FERC formula transmission rates, the revenue allocator is used because only a portion of the underlying cost or revenue credit is associated with electric delivery service base rates billed to customers. As explained in response to AG-4.14, it would be inappropriate for a customer to receive credit (or pay more for expense) via electric delivery service rates for a charge that is not for the portion of the customer's bill for electric delivery service.
- e) Both Ameren Exhibit 2.1 from Docket No. 12-0001 and Ill. Adm. Code 280.90 are available to AG on the Commission's website. Prior Commission orders, testimony, exhibits, and Illinois Adm. Code Part 285 filing requirement schedules in Docket Nos. 06-0070 (Cons.), 07-0585 (Cons.) and 09-0306 (Cons.) for Ameren Illinois, which established electric delivery service rates to only include the DS portion of uncollectibles and forfeited discount revenue credits, are also available on the Commission's website.

**Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 12-0001
Petition for approval of Rate MAP-P Modernization Action Plan - Pricing
Data Request Response Date: 4/4/2012**

AG 6.03

Ref: Ameren Response to AG 4.14 (Forfeited Discounts).

According to the response to parts (d) and (f), generally production related costs for electric delivery service customers are intended to be recovered through Rider PER and transmission related costs for electric delivery service customers are intended to be recovered through Rider TS.” Please provide the following additional information:

- a. Explain whether Ameren has quantified any significant production-related costs for which recovery has been denied under Rider PER and for which a portion of Forfeited Discount revenues are believed to have been assigned by the Commission as indirect compensation or cost recovery for such under-recovered costs.
- b. Explain whether Ameren has quantified any significant transmission-related costs for which recovery has been denied under Rider TS and for which a portion of Forfeited Discount revenues are believed to have been assigned by the Commission as indirect compensation or cost recovery for such under-recovered costs.
- c. Provide a calculation of the “cash lag between the provision of service and receipt of payment” that is referenced in part (f) with regard to transmission related costs and cost recoveries.
- d. Explain whether Ameren has any ability under Rider TS or Rider PER to seek and recover a return on any Cash Working Capital that may be attributable to the production or transmission-related portion of services that are provided.
- e. Provide copies of documentation and calculations to support your responses to parts (a) through (d).

RESPONSE

**Prepared By: Ronald D. Stafford
Title: Manager, Regulatory Accounting
Phone Number: 314-206-0584**

- a. Ameren has not quantified any significant production-related costs for which recovery has been denied under Rider PER and for which a portion of Forfeited Discount revenues are believed to have been assigned by the Commission as indirect compensation or cost recovery for such under-recovered costs.
- b. Ameren has not quantified any significant transmission-related costs for which recovery has been denied under Rider TS and for which a portion of Forfeited Discount revenues are believed to have been assigned by the Commission as indirect compensation or cost recovery for such under-recovered costs.
- c. Ameren has not performed such a calculation as the measurement of the “cash lag between the provision of service and receipt of payment” is not included in the determination of electric DS revenue requirement.
- d. Rider PER provides for recovery of cash working capital. In response to AG 4.14 (d), the Company did not identify cash working capital as a production cost being absorbed by shareholders. Rider TS does not provide for recovery of cash working capital.
- e. Riders PER and TS are available to AG on the Company’s website.