

**ILLINOIS COMMERCE COMMISSION**

**DOCKET No. 12-\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**LEONARD M. JONES**

**Submitted on Behalf Of**

**AMEREN ILLINOIS COMPANY  
d/b/a Ameren Illinois**

**April, 2012**

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22 **B. Purpose, Scope and Identification of Exhibits**

23 **Q. What is the purpose of your direct testimony?**

24 A. The purpose of my testimony is to explain how AIC has calculated new charges  
25 for its electric delivery costs for each Rate Zone based on its updated revenue  
26 requirement for its performance-based formula rate, Rate Modernization Action Plan -  
27 Pricing (Rate MAP-P). My testimony sponsors the general rate design of Rate MAP-P  
28 for this annual update, as well as the populated formula establishing new pricing based on  
29 AIC's updated revenue requirement.

30 **Q. Please summarize the conclusions of your direct testimony.**

31 A. As explained below, I conclude that:

- 32 • Rate MAP-P pricing based on AIC's updated revenue requirement  
33 appropriately relies on separate Rate Zone revenue requirements and class  
34 cost of service study results.
- 35 • The pricing will flow through the Rate MAP-P tariffs as approved by the  
36 Illinois Commerce Commission (Commission) consistent with the rate  
37 design established in Docket Nos. 09-0306 (cons.).
- 38 • Any ordered changes to pricing as a result of the initial formula rate filing in  
39 Docket No. 12-0001 will be implemented to the extent applicable.

40 **Q. Are you sponsoring any exhibits with your direct testimony?**

41 A. Yes. I sponsor the following exhibits:

- 42 • Ameren Exhibit 7.1 – Determination of Delivery Service Charges for Each  
43 Rate Zone in the Form of Appendix B
- 44 • Ameren Exhibit 7.2 – Bill Comparisons

45 **II. DELIVERY SERVICE CHARGES – RATE MAP-P PRICING**  
46 **DEVELOPMENT**

47 **Q. How is the actual effective pricing developed?**

48 A. The updated pricing was developed in the same manner as the initial Rate MAP-P  
49 tariff filing (Docket No. 12-0001); that is, the pricing follows the rate design ordered in  
50 Docket Nos. 09-0306 (cons.).

51 **Q. Did you propose any substantive modifications to the rate design for the**  
52 **purposes of this proceeding?**

53 A. No, I did not. I have not altered the rate design parameters as set forth in the Rate  
54 MAP-P tariff.

55 **Q. What steps were followed to develop proposed pricing update?**

56 A. AIC followed a process using three major steps. First, the class cost of service for  
57 each Rate Zone was developed. AIC witness, Mr. Ryan Schonhoff sponsors the Rate  
58 Zone level embedded cost of service studies (ECOSS) for use in this proceeding.  
59 Second, a revenue allocation process similar to the one used in Docket Nos. 09-0306  
60 (cons.) determined the revenue responsibility for each class within each Rate Zone.  
61 Third, individual charge components for each Delivery Service Rate were adjusted  
62 following the methodology used in Docket Nos. 09-0306 (cons.) as set forth in the Rate  
63 MAP-P tariff. Each of these three steps is described in more detail in the Rate MAP-P  
64 tariff, Appendix B, which is pending approval in Docket No. 12-0001.

65 **Q. Has AIC developed separate prices by Rate Zone?**

66 A. Yes. The process outlined in Appendix B of Rate MAP-P ensures charges  
67 recover the revenue requirement allocated to each Rate Zone. Consistent with the  
68 outcome in Docket Nos. 09-0306 (cons.), several price components are uniform, and will  
69 remain uniform, among the Rate Zones (i.e., Customer, Meter, Transformation, and  
70 Reactive Demand Charges).

71 **III. PRICING**

72 **Q. Please provide the calculated pricing resulting from application of Rate**  
73 **MAP-P.**

74 A. Ameren Exhibit 7.1 contains the populated spreadsheets provided in Appendix B  
75 to Rate MAP-P, which supplements the “Determination of Delivery Service Charges”  
76 section. The actual effective rates and charges are the product of the revenue requirement  
77 development presented by AIC witness, Mr. Ronald Stafford and in accordance with  
78 results of the ECOSS presented by Mr. Schonhoff. Weather normalized billing  
79 determinants, based on the year 2011, were used to establish the actual resultant pricing  
80 for all customer classes.

81 Please note that the “present” revenue and charges shown in Ameren Exhibit 7.1  
82 (pages 1-3, 6-30) are based on prices approved in Docket Nos. 09-0306 (cons.) (those  
83 currently in effect), not those pending in Docket No. 12-0001. The change in revenue  
84 presented by Mr. Stafford is a comparison between proposed revenue requirement in  
85 Docket No. 12-0001 and the proposed revenue requirement in this proceeding.

86 **Q. Has the value for delivery service “Uncollectible Recovered in Base Rates”**  
87 **used in conjunction with Rider EUA – Electric Uncollectible Adjustment, changed**  
88 **through application of Rate MAP-P?**

89 A. Yes. The proposed uncollectible base delivery service values have been updated  
90 to reflect proposed expense levels. The values will be shown in the Rate MAP-P  
91 Informational Sheet. The values themselves do not impact prices customers pay.  
92 Instead, the values are considered a subset of the Customer Charge and used to track the  
93 amount of uncollectible expense is “included in rates” for administration of Rider EUA.

94 **Q. Does Ameren Exhibit 7.1 contain a summary of prices necessary to achieve**  
95 **the net revenue requirement presented by Mr. Stafford?**

96 A. Yes. The summary of prices are contained on pages 31 through 34 of Ameren  
97 Exhibit 7.1, and represent an example of what the Informational Sheet will contain. A  
98 revenue proof, similar to Part 285 Schedule E-5, is contained within Appendix B of Rate  
99 MAP-P. These calculations are shown on pages 6-13, 14-21, and 22-29 of Ameren  
100 Exhibit 7.1 for Rate Zones I, II, and III, respectively.

101 **IV. BILL IMPACTS**

102 **Q. Have you developed bill impacts that the proposed change in charges will**  
103 **have on various customers?**

104 A. Yes, bill impacts are provided in Ameren Exhibit 7.2. Pages 1-2 show the impact  
105 of price changes on a series of residential customers. Pages 3-5 show the impact on a  
106 series of residential and non-residential customers. The impacts reflect changes in

107 delivery service prices from those in effect today (not delivery service charges proposed  
108 in Docket No. 12-0001) to those proposed in this proceeding.

109 **Q. What tariff changes are pending for Rates DS-1 – DS-5?**

110 A. Presently, Rates DS-1 through DS-5 each explicitly list charges for service within  
111 those tariff sheets. Once Rate MAP-P and the corresponding changes to Rates DS-1  
112 through DS-5 are approved, the updated, charges for service will instead be shown in  
113 informational sheets under the terms of the Rate MAP-P tariff. Accordingly, pending  
114 changes to Rates DS-1 through DS-5 remove the explicit charges from those tariffs and  
115 instead refer to the informational sheets provided under Rate MAP-P. These structural  
116 tariff changes are being considered in Docket No. 12-0001.

117 **Q. What changes are required to the Tax Additions tariff?**

118 A. Similar to the changes to Rates DS-1 through DS-5, the Tax Additions tariff  
119 presently contains a listing of charges for the EDT Cost Recovery (aka Distribution Tax)  
120 applicable to rate classes in each Rate Zone. The EDT Cost Recovery values have been  
121 removed from the Tax Additions tariff and will likewise be shown in the Rate MAP-P  
122 informational sheets. These structural tariff changes are also pending in Docket No. 12-  
123 0001.

124 **V. UPDATE AND RATE MAP-P TARIFF DOCKET**

125 **Q. Please explain how the Company will update tariffs given that the Rate  
126 MAP-P docket (Docket No. 12-0001) is still open.**

127 A. All charges must be consistent with the rate design established in Docket Nos. 09-  
128 0306 (cons.). Changes to the Rate MAP-P tariff filed in January could affect the final

129 rates and charges in this proceeding. In any event, the proposed rates and charges will  
130 conform to the final Rate MAP-P tariff language and be submitted in final compliance  
131 informational sheets at the conclusion of this proceeding.

132 **VI. PUBLIC NOTICE**

133 **Q. Does Ameren Illinois Company intend to publish Notice consistent with Part**  
134 **255 of the Administrative Code for the change in in rates?**

135 A. Yes. An Affidavit of Notice will be filed with the Commission as a late filed  
136 exhibit to my testimony.

137 **VII. CONCLUSION**

138 **Q. Does this conclude your direct testimony?**

139 A. Yes, it does.

**APPENDIX**

**STATEMENT OF QUALIFICATIONS**  
**LEONARD M. JONES**

My name is Leonard M. Jones. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103. I am employed by Ameren Illinois Company as Manager, Rates & Analysis.

I graduated from Western Illinois University with a Bachelor of Arts Degree in Economics in 1987. In 1988, I received a Master of Arts Degree in Economics, also from Western Illinois University. From 1988 through 2004 I was employed by Illinois Power Company ("Illinois Power") as a Rate Analyst, Senior Rate Analyst, Rate Specialist, Team Leader - Costing and Economic Services, and Director – Business Planning and Forecasting. Shortly after completion of Ameren Corporation's ("Ameren") acquisition of Illinois Power, I became Managing Supervisor – Restructured Services, Regulatory Policy and Planning. In 2008, I was promoted to my current position.

I previously testified before the Illinois Commerce Commission in Docket No. 91-0335, regarding Illinois Power's electric marginal cost of service study; Docket No. 93-0183, regarding Illinois Power's gas marginal cost of service study; Docket No. 98-0348, regarding Illinois Power's proposed Rider DA-RTP II; Docket No. 98-0680, regarding the investigation concerning certain tariff provisions under Section 16-108 of the Public Utilities Act and related issues; Docket No. 98-0769, regarding requirements governing the form and content of contract summaries for the 1999 Neutral Fact Finder; Docket Nos. 99-0120 & 99-0134 (Cons.) regarding approval of Illinois Power's Delivery Service Implementation Plan and Tariffs; Docket Nos. 00-0259/00-0395/00-0461

(Cons.) regarding proposed Rider MVI and revisions to Rider TC; Docket 01-0432 regarding electric Delivery Service Tariff rate design and related matters; Docket 04-0476 regarding gas rate design; Docket Nos. 06-0070/06-0071/06-0072 (Cons.) regarding electric Delivery Service Tariff rate design and related matters; Docket Nos. 06-0691/06-0692/06-0693 (Cons.) regarding residential real-time pricing tariffs; Docket 06-0800 regarding an investigation into changes to auction process and the Ameren Illinois Utilities' market value tariffs (Rider MV); Docket 07-0165 regarding an investigation into the Ameren Illinois Utilities' rate design, Docket 07-0527 regarding tariff changes resulting from passage of the IPA Act; Docket 07-0585 – 07-0590 (cons.) regarding electric rate design; Docket 07-0539 regarding electric energy efficiency programs; Docket 08-0104 regarding gas energy efficiency programs; Docket 09-0306 – 09-0311 (cons.) regarding electric rate design; Docket 09-0535 regarding Rider EDR and GER reconciliation; Docket 10-0095 regarding tariff changes required for on-bill financing programs; and Docket 10-0517 regarding a petition for an accounting order; Docket 11-0341 regarding reconciliation of revenue and costs under Riders EDR and GER; Docket 11-0358 regarding purchase of uncollectible receivables tariff provisions; Docket 11-0383 regarding Rider TS-Transmission Service reconciliation; Docket 12-0001 regarding initiation of electric formula ratemaking through Rate MAP-P – Modernization Action Plan – Pricing.