

REBUTTAL TESTIMONY

of

ROCHELLE PHIPPS

Finance Department

Financial Analysis Division

Illinois Commerce Commission

Ameren Illinois Company

Tariffs and charges submitted pursuant to

Section 16-108.5 of the Public Utilities Act

Docket No. 12-0001

June 5, 2012

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1 **Introduction**

2 **Q1. Please state your name and business address.**

3 A1. My name is Rochelle Phipps. I am employed by the Illinois Commerce
4 Commission (“Commission”), 527 East Capitol Avenue, Springfield, Illinois
5 62701.

6 **Q2. Are you the same Rochelle Phipps that previously submitted direct**
7 **testimony in this proceeding?**

8 A2. Yes, I am.

9 **Q3. What is the purpose of your testimony in this proceeding?**

10 A3. I respond to the rebuttal testimony of:

- 11 • Mr. Craig D. Nelson (Ameren Ex. 11.0), who testified on behalf of Ameren
12 Illinois Company (“AIC” or the “Company”) regarding capital structure;
- 13 • Mr. Ronald D. Stafford (Ameren Ex. 13.0), who testified on behalf of AIC
14 regarding the common equity balance; and
- 15 • Mr. Ryan J. Martin (Ameren Ex. 14.0), who testified on behalf of AIC
16 regarding the CWIP adjustment to long-term capital components and the cost
17 of short-term debt.

18 Additionally, I will present my revised and corrected average common equity
19 balance for AIC, which removes the inadvertent double counting for elimination of
20 Other Comprehensive Income (“OCI”) and the effects of purchase accounting

21 adjustments, including goodwill. Schedule 16.06 presents those changes, which
22 result in an 8.86% rate of return on rate base, as shown on Schedule 16.01.

23 **Q4. Please summarize your conclusions and recommendations.**

24 A4. I recommend an 8.86% rate of return on rate base, which reflects my updated
25 adjustment to remove purchase accounting adjustments, including goodwill, from
26 AIC's common equity balance. With that exception, my recommendations have
27 not changed from those presented in my direct testimony (ICC Staff Ex. 7.0).

28 **Average Capital Structure**

29 **Q5. Why does the Company oppose your recommendation to use an average**
30 **capital structure for the formula ratemaking process described in Section**
31 **16-108.5 of the Public Utilities Act (the "Act")?**

32 A5. The Company alleges that my proposal to use an average capital structure "is
33 unnecessary, is inconsistent with the terms of Section 16-108.5 of the Act, and
34 would not produce results any more accurate than those produced by the
35 Company's approach."¹

36 **Q6. The Company claims, "an average capital structure solves a problem that**
37 **does not exist, and merely introduces more complexity into the**
38 **determination of the capital structure."**² **Is this correct?**

¹ Ameren Ex. 11.0, p. 8.

²*Id.*, p. 9.

39 A6. No. The Company argues:

40 The basis for Ms. Phipps' proposal is her contention that average
41 capital structures are "less sensitive to manipulation than capital
42 structures measured on a single date." She then offers the
43 example of a utility purposefully delaying a dividend from one year
44 to the next in order to boost the common equity ratio. Ms. Phipps'
45 example is not persuasive, because the Commission has the
46 authority to review a utility's capital structure for prudence and
47 reasonableness. In Ms. Phipps' example, the Commission could
48 find that a utility's deliberate delay of a dividend was not or [sic]
49 prudent or reasonable, and could adjust the capital structure to
50 reverse the effects of the delay.³

51 The Company's argument ignores the reality that assessing the prudence or
52 reasonableness of the timing of debt and equity financing is problematic because
53 outside parties would be hard-pressed to refute a utility assertion that the utility
54 changed the date of a debt issuance by a few weeks or months because of
55 capital market conditions.

56 As shown in Tables One through Three below, transactions as ordinary as
57 issuing \$100 million long-term debt to replace short-term debt, or conversely,
58 using \$100 million short-term debt to bridge long-term financing can affect a
59 year-end capital structure, especially if those transactions happen towards the
60 end of the year. Table One shows that year-end capital structure is identical to
61 the average capital structure when the month-end balances for each capital
62 component remains constant every month for a given calendar year.

³ *Id.*, pp. 8-9.

63
 64

Table One: End-of-Year versus Average Capital Structure (in millions)
 (Balances Remain Constant)

	Short-Term Debt		Long-Term Debt		Common Equity	
	End of Month	Monthly Average	End of Month	Monthly Average	End of Month	Monthly Average
12/31/09	\$100		\$900		\$1,000	
1/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
2/28/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
3/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
4/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
5/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
6/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
7/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
8/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
9/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
10/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
11/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
12/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
Average		\$100		\$900		\$1,000
Capital Structure						
			<u>Amount</u>		<u>Ratio</u>	
<u>Company Methodology</u>						
			\$100		5.0%	
			\$900		45.0%	
			\$1,000		50.0%	
			\$2,000		100.0%	
<u>Staff Methodology</u>						
			\$100		5.0%	
			\$900		45.0%	
			\$1,000		50.0%	
			\$2,000		100.0%	

65

66 Refinancing \$100 million of short-term debt with \$100 million of long-term debt
 67 during December 2010, as illustrated in Table Two below, affects the end of year
 68 capital structure more than the average capital structure. Although the
 69 refinancing of short-term debt with long-term debt does not change total debt, the

70 Company's method for measuring capital structure would incorrectly indicate that
71 total debt had risen. The total debt ratio in the end of year capital structure
72 increases to 52.3% from 50% and total capital for the end of year capital
73 structure increases to \$2,096 million from \$2,000 million. In contrast, the total
74 debt ratio for the average capital structure correctly remains at 50% and total
75 capital remains at \$2,000 million.

76
 77

Table Two: Year-End versus Average Capital Structure (in millions)
 (Replace \$100 Short-Term Debt with \$100 Long-Term Debt in December 2010)

	Short-Term Debt		Long-Term Debt		Common Equity	
	End of Month	Monthly Average	End of Month	Monthly Average	End of Month	Monthly Average
12/31/09	\$100		\$900		\$1,000	
1/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
2/28/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
3/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
4/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
5/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
6/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
7/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
8/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
9/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
10/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
11/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
12/31/10	\$0	\$50	\$1,000	\$950	\$1,000	\$1,000
Average		\$96		\$904		\$1,000
Capital Structure						
			<u>Amount</u>		<u>Ratio</u>	
<u>Company Methodology</u>						
			\$96		4.6%	
			\$1,000		47.7%	
			\$1,000		47.7%	
			\$2,096		100.0%	
<u>Staff Methodology</u>						
			\$96		4.8%	
			\$904		45.2%	
			\$1,000		50.0%	
			\$2,000		100.0%	

78

79 Finally, an opposite refinancing transaction – *i.e.*, refinance \$100 million of long-
 80 term debt with \$100 million of short-term debt during December 2010 – as
 81 illustrated in Table Three below, also affects the end of year capital structure
 82 more than the average capital structure. The end of year capital structure would

83 misleadingly indicate that the total debt ratio had fallen to 47.5% from 50% and
 84 total capital for the end of year capital structure had fallen to \$1,904 million from
 85 \$2,000 million. In contrast, the total debt ratio for the average capital structure
 86 correctly remains at 50% and the total capital remains at \$2,000 million.

87 **Table Three: Year-End Capital Structure versus Average Capital Structure**
 88 (Replace \$100 Long-Term Debt with \$100 Short-Term Debt in December 2010)

	Short-Term Debt		Long-Term Debt		Common Equity	
	End of Month	Monthly Average	End of Month	Monthly Average	End of Month	Monthly Average
12/31/09	\$100		\$900		\$1,000	
1/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
2/28/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
3/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
4/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
5/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
6/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
7/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
8/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
9/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
10/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
11/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
12/31/10	\$200	\$150	\$800	\$850	\$1,000	\$1,000
Average		\$104		\$896		\$1,000
Capital Structure						
			<u>Amount</u>		<u>Ratio</u>	
<u>Company Methodology</u>						
			\$104		5.5%	
			\$800		42.0%	
			\$1,000		52.5%	
			\$1,904		100.0%	
<u>Staff Methodology</u>						
			\$104		5.2%	
			\$896		44.8%	
			\$1,000		50.0%	
			\$2,000		100.0%	

89

90 **Q7. Would Staff’s proposal to use average capital structures for formula rates**
91 **make it impossible to manipulate capital structure for ratemaking**
92 **purposes?**

93 A7. No. Nonetheless, since the average comprises thirteen observations, any single
94 month end balance has less influence on the average. In other words, the
95 manipulation of capital structure through the timing of capital issuances and
96 retirements would have a smaller effect on a capital structure comprising average
97 balances than a capital structure comprising end of year balances.

98 **Q8. Is the Company’s assertion that an *average* capital structure does not**
99 **qualify as an *actual* capital structure valid?⁴**

100 A8. No. The Commission’s past practices and own rules recognize that the capital
101 structure components may be measured using average balances.⁵ Furthermore,
102 although Section 16-108.5(c)(2) of the Act specifies that rates reflect the utility’s
103 actual capital structure for the applicable year, it does not specify the
104 measurement methodology for capital structure.

105 **Q9. Please explain why average capital structures would more accurately**
106 **measure the Company’s earned return on equity than capital structures**
107 **measured on a single date for reconciliation purposes.**

⁴ *Id.*, p. 9.

⁵ 83 Ill. Adm. Code 285.4000(b).

108 A9. The Company proposes to calculate the rate of return on common equity for
109 reconciliations as $DS\ ROE = DS\ Net\ Income / DS\ Common\ Equity\ Balance$.⁶
110 The numerator, “DS Net Income,” represents earnings during the calendar year.
111 In contrast, under the Company’s proposal, the denominator, “DS Common
112 Equity Balance,” would be measured at a single point in time – the last day of the
113 calendar year. As such, the denominator would misstate the amount of common
114 equity that the Company had invested during the twelve months over which AIC
115 generated the net income reflected in the numerator. The Company alleges that
116 a rate of return on average common equity would not produce results any more
117 accurate than the Company’s rate of return on ending common equity.⁷ To the
118 contrary, Standard & Poor's uses average common equity in its calculation of
119 return on common equity and financial literature recognizes that it is “common
120 regulatory practice” to calculate a rate of return on average book equity.⁸

121 **Construction Work in Progress Adjustment**

122 **Q10. Why does the Company oppose your construction work in progress** 123 **(“CWIP”) adjustment?**

124 A10. The Company argues that my proposed adjustment to remove remaining CWIP
125 from long-term capital components is without real purpose or effect; therefore,

⁶ Ameren Ex. 13.1, Sch FR A-3, line 32. “DS” stands for “Delivery Service.” The Company’s response to ICC Staff DR RMP 10.01 indicates the formula presented on Schedule FR A-3 erroneously includes preferred stock and the Company will correct this in surrebuttal testimony.

⁷ Ameren Ex. 11.0, p. 8.

⁸ Morin, Roger A., “Regulatory Finance: Utilities’ Cost of Capital,” Public Utilities Reports, Inc. (1994).

126 AIC does not believe there is any reason to make this adjustment.⁹ Yet, the
127 Company supports removing CWIP from the short-term debt balance.¹⁰

128 **Q11. Please illustrate the problems associated with accepting adjustments to**
129 **the short-term debt calculation associated with CWIP but rejecting the**
130 **related adjustments to long-term debt and common equity.**

131 A11. Schedule 16.07 presents two scenarios for calculating an average capital
132 structure: (1) no removal of long-term debt and common equity assumed to be
133 financing CWIP from ratemaking capital structure; and (2) removal of long-term
134 debt and common equity assumed to be financing CWIP from ratemaking capital
135 structure. In summary, the second scenario, which removes long-term debt and
136 equity financing CWIP from the ratemaking capital structure, results in an amount
137 of capital financing CWIP, plus capital remaining after the removal of CWIP, that
138 equals the amount of total capital on the balance sheet.

139 In both scenarios, total capital equals \$100, including \$10 of CWIP. Column
140 Group (1) presents the total capital on a utility's balance sheet. Column Group
141 (2) presents the balances of capital used to calculate the allowance for funds
142 used during construction ("AFUDC") rate applied to CWIP (in other words, the
143 amounts of each source of capital the Commission's AFUDC formula assigns to
144 financing CWIP).

⁹ Ameren Ex. 14.0, p. 6.

¹⁰ Ameren Ex. 2.2 (Rev.), Workpaper 12, MFR Schedule D-2.

145 Since the \$15 January short-term debt balance is higher than the \$10 CWIP
146 balance, the Commission's AFUDC formula assumes that short-term debt
147 finances the entire \$10 CWIP balance. In February, the \$5 short-term debt
148 balance is less than the \$10 CWIP balance. Therefore, the Commission's
149 AFUDC formula assumes the entire short-term debt balance finances CWIP and
150 that long-term capital components finance the remaining \$5 of CWIP in the same
151 proportion that they compose long-term capital. Since there is \$45 long-term
152 debt and \$50 common equity in February, the AFUDC formula assumes that
153 long-term debt finances 47% of the remaining \$5 of CWIP, or \$2.4 (*i.e.*, $\$45 \text{ long-}$
154 $\text{term debt} \div (\$45 \text{ long-term debt} + \$50 \text{ common equity}) \times (\$10 \text{ CWIP} - \$5 \text{ short-}$
155 $\text{term debt})$). Similarly, the AFUDC formula assumes that equity finances 53% of
156 the remaining \$5 of CWIP, or \$2.6 (*i.e.*, $\$50 \text{ common equity} \div (\45 long-term
157 $\text{debt} + \$50 \text{ common equity}) \times (\$10 \text{ CWIP} - \$5 \text{ short-term debt})$).

158 Column Group (3) presents the balances of capital remaining after the removal of
159 CWIP.¹¹ Since only short-term debt is assigned to CWIP in January, no
160 adjustment to the long-term capital components is required and the amount of
161 capital net of CWIP – *i.e.*, \$5 net short-term debt balance + \$35 long-term debt +
162 \$50 equity – equals \$90 in both the First and Second Scenarios. In contrast, in
163 February, the AFUDC rate formula includes long-term capital. Nonetheless, the
164 Company's proposal would ignore the AFUDC formula's assignment of long-term
165 capital to CWIP. Consequently, Column Group (3) incorrectly shows \$95 of

¹¹ Hereafter, capital balances adjusted to remove some or all capital used to calculate the AFUDC rate shall be referred to as being "net of CWIP."

166 capital net of CWIP in the First Scenario while the correct amount of capital net of
167 CWIP, \$90, is shown in the Second Scenario.

168 Column Group (4), which equals the sum of Column Groups (2) and (3), shows
169 that adjusting only short-term debt causes the sum of total capital financing
170 CWIP, plus capital net of CWIP to exceed the \$100 of total capital on the balance
171 sheet (First Scenario). That is, the First Scenario illustrates the problems
172 associated with accepting the CWIP adjustment used to calculate the short-term
173 debt balance but rejecting the CWIP adjustment to long-term debt and common
174 equity. In contrast, my adjustments to long-term debt and equity, as illustrated by
175 the second scenario, avoid double counting capital (Second Scenario). That is, in
176 the Second Scenario, the sum of total capital financing CWIP and capital net of
177 CWIP equals the \$100 of capital on the balance sheet.

178 **Q12. Please respond to the Company's argument that "[t]his is an adjustment**
179 **without a real purpose or effect."**¹²

180 A12. Because AIC had no short-term debt outstanding during 2010, the CWIP
181 adjustment does not affect the capital structure ratios for 2010 and, thus, it does
182 not affect the rate of return on rate base for 2010. However, the formula must
183 include this adjustment in the event that AIC uses sufficient amounts of short-
184 term debt in future years to affect rate of return on rate base.

¹² Ameren Ex. 14.0, p. 6.

185 **Q13. Has the Company agreed to Staff's construction work in progress**
186 **adjustment in other ratemaking proceedings?**

187 A13. Yes. Staff made the same adjustment in AIC's most recent gas delivery services
188 rate case, Docket No. 11-0282. In that case, the Company witness Mr. Ryan
189 Martin accepted Staff's proposed CWIP adjustments to long-term debt, preferred
190 stock and common equity balances.¹³

191 **Common Equity Balance**

192 **Q14. Did you make any changes to your common equity balance?**

193 A14. I corrected my calculation of the average common equity balance where I
194 inadvertently double counted the elimination of OCI. Additionally, I am
195 withdrawing my recommendation to subtract only the goodwill portion of
196 purchase accounting adjustments and recommending removal of purchase
197 accounting adjustments, including goodwill, from the Company's common equity
198 balance. Schedule 16.06 presents those changes.

199 **Q15. Did you revise the amount of your adjustment to remove purchase**
200 **accounting adjustments, including goodwill, from that presented in your**
201 **direct testimony as an alternative proposal for the Commission?**

202 A15. Yes. My original recommendation removed \$108 million of income statement
203 purchase accounting adjustments, based on 2008 data. Given that Company
204 witness Mr. Stafford notes, "IP generated negative net income \$7,446,481 from

¹³ Docket No. 11-0282, Ameren Ex. 24.0, p. 2.

205 purchase accounting in 2009 and 2010,”¹⁴ I revised my recommendation to
206 reflect the negative net income purchase accounting related adjustments.
207 Schedule 16.06 presents my revised average common equity balance
208 calculation.

209 **Q16. Please respond to Mr. Stafford’s claim that your adjustment eliminates**
210 **purchase accounting related to net income that is no longer “retained” by**
211 **the Company, thereby removing from the common equity balance over**
212 **\$100 million of retained earnings that were not generated by purchase**
213 **accounting.**¹⁵

214 A16. Mr. Stafford alleges that paying dividends can eliminate purchase accounting
215 adjustments to net income. This could only be true if the purchase accounting
216 adjustments to net income were a necessary condition for AmerenIP to pay a
217 portion of its common dividends.¹⁶ This is incorrect. AIC’s common dividends
218 were paid from cash, and as such, decrease the amount of funds available for
219 investment. In contrast, purchase accounting adjustments, including those to net
220 income, do not represent changes in funds (*i.e.*, cash) available for investment;
221 they do not represent the generation of cash, which can then be invested in utility
222 plant or distributed to investors in the form of common dividends. This is
223 illustrated in the Company’s cash flow statement, which subtracts purchase

¹⁴ Ameren Ex. 13.0, p. 16, footnote 7.

¹⁵ Ameren Ex. 13.0, p. 17.

¹⁶ Even if a condition is necessary, it might not be sufficient.

224 accounting adjustments from net income to calculate cash from operations. In
225 contrast, common dividend payments reduce cash.¹⁷

226 Moreover, the lines separating the components of common equity, such as paid
227 in capital and retained earnings, are permeable. For example, from 2007
228 through 2009, AmerenIP reduced capital available for investment through the
229 payment of common dividends totaling \$152 million, which was recorded as a
230 reduction to the retained earnings component of common equity. Immediately
231 thereafter, beginning in the first quarter of 2009, Ameren Corp. contributed \$155
232 million to AmerenIP, which was recorded as an increase in the paid in capital
233 component of common equity.¹⁸ The contributed capital (*i.e.*, equity infusions)
234 effectively returned to AmerenIP the \$152 million in capital that AmerenIP had
235 distributed to Ameren Corp. through the common dividend payments, with a net
236 increase of \$3 million to AmerenIP's common equity balance. That is, with the
237 combination of AmerenIP common dividend payments by Ameren and the
238 offsetting equity infusions of Ameren Corp to AmerenIP, the Company essentially
239 transferred retained earnings balances to paid in capital.¹⁹

¹⁷ AIC 2010 FERC Form 1, Statement of Cash Flows, p. 120.

¹⁸ Schedule 16.08 provides a summary of AmerenIP's common dividend payments and equity infusions from 2004 through the 3rd quarter of 2010. Schedule 16.09 is an excerpt from Ameren Corp.'s 2009 Form 10-K annual report, which summarizes AmerenIP's consolidated statement of stockholders' equity.

¹⁹ Illinois Power Company implemented a quasi-reorganization in 1998 that eliminated a retained earnings deficit. Per Illinois Power Company's 1999 Form 10-K, "A quasi-reorganization is an accounting procedure that eliminates an accumulated deficit in retained earnings and permits the company to proceed on much the same basis as if it had been legally reorganized. A quasi-reorganization involves restating a company's assets and liabilities to their fair values, with the net amount of these adjustments added to or deducted from the deficit. Any balance in the retained earnings account is then eliminated by

240 **Q17. Please respond to the Company’s statement that it offered to meet with**
241 **Staff “in an effort to answer questions and clarify any uncertainty on Staff’s**
242 **part in understanding this adjustment, but Staff did not choose to discuss**
243 **this further with the Company in advance of its filing of testimony in this**
244 **proceeding.”²⁰**

245 A17. I am not challenging the accuracy of AIC’s calculation of its purchase accounting
246 adjustments. Rather I am disputing how those adjustments should be treated for
247 the purpose of setting rates.

248 **Cost of Short-Term Debt**

249 **Q18. Does the Company agree with your cost of short-term debt proposal?**

250 A18. No. AIC argues:

251 ...the cost of short-term debt on Form 10-K is an Ameren consolidated
252 value, and it may not be appropriate for ratemaking purposes. The
253 Company would agree to use the cost of short-term debt stated in its
254 current credit facility, which is LIBOR plus 205 bps.²¹

255 **Q19. Is the Company’s proposal to use LIBOR, plus 205 basis points,**
256 **appropriate?**

a transfer from common stock equity, giving the Company a 'fresh start' with a zero balance in retained earnings.”

²⁰ Ameren Ex. 13.0, p. 16.

²¹ Ameren Ex. 14.0, p. 8.

257 A19. No. The Company's proposal is inappropriate for formula ratemaking since it
258 would not reflect the actual interest costs incurred by AIC for short-term
259 borrowings.²²

260 **Q20. Please respond to the Company's argument that the cost of short-term**
261 **debt on Form 10-K is an Ameren consolidated value, which may not be**
262 **appropriate for ratemaking purposes.**²³

263 A20. In the 2010 Form 10-K, the cost of short-term debt is an Ameren consolidated
264 value because AIC did not borrow under its credit facilities that year. If AIC had
265 borrowed under its credit facilities during 2010, then the Form 10-K would
266 present a daily weighted cost of short-term debt for only AIC.²⁴

267 **Rate MAP-P Spreadsheets and Tariffs**

268 **Q21. What changes do you recommend to the Company's proposed Rate MAP-P**
269 **spreadsheets?**

270 A21. I recommend the same changes to the Company's proposed Rate MAP-P
271 spreadsheets and tariffs, as presented in my Direct Testimony, ICC Staff Ex. 7.0,
272 Sch. 7.07, with the following revisions:

²² Actual costs refers to actual costs incurred, as adjusted for prudence, reasonableness and any other adjustments warranted under Article IX of the Act.

²³ Ameren Ex. 14.0, p. 8.

²⁴ Company response to ICC Staff DR RMP 8.01.

Summary of Proposed Changes to Company SCH FR D-1		
Citation	Staff Recommendation (ICC Staff Ex. 7.0, Sch. 7.07)	Revised Staff Recommendation
Line 5, Column (B)	Change source to "Sch FR D-1 WP 16, Average Adjusted Common Equity Balance, divided by 1,000" to reflect average common equity balance, less goodwill and any adjustments for remaining CWIP accruing AFUDC	Change source to "Sch FR D-1 WP 16, Average Adjusted Common Equity Balance, divided by 1,000" to reflect average common equity balance, less purchase accounting adjustments, including goodwill, and any adjustments for remaining CWIP accruing AFUDC
Line 6, Column (B)	Change source to "Sch FR D-1 WP 15, Average Adjusted Preferred Stock Balance, divided by 1,000" to reflect the average preferred stock balance, less the portion of long-term debt that is reflected in the AFUDC rate	Change source to "Sch FR D-1 WP 15, Average Adjusted Preferred Stock Balance, divided by 1,000" to reflect the average preferred stock balance, less the portion of preferred stock that is reflected in the AFUDC rate
Line 8, Column (B)	Change source to "Sch FR D-1 WP 12 Pg 1 Col (F) Ln 14"	Change source to "Sch FR D-1 WP 12 Pg 1 Col (F) Ln 14, divided by 1,000"
NEW Sch FR D-1 WP 12	Calculate short-term debt balance and the cost to maintain credit facilities using work paper that is substantially similar to Schedule 7.02	Calculate short-term debt balance and the cost to maintain credit facilities using work paper that is substantially similar to Schedule 16.02
NEW Sch FR D-1 WP 13	Calculate adjustments to the long-term capital components that result from remaining CWIP accruing AFUDC using work paper that is substantially similar to Schedule 7.03	Calculate adjustments to the long-term capital components that result from remaining CWIP accruing AFUDC using work paper that is substantially similar to Schedule 16.03
NEW Sch FR D-1 WP 14	Calculate the average long-term debt balance and the embedded cost of long-term debt using work paper that is substantially similar to Schedule 7.04	Calculate the average long-term debt balance and the embedded cost of long-term debt using work paper that is substantially similar to Schedule 16.04
NEW Sch FR D-1 WP 15	Calculate the average preferred stock balance and the embedded cost of preferred stock using work paper that is substantially similar to Schedule 7.05	Calculate the average preferred stock balance and the embedded cost of preferred stock using work paper that is substantially similar to Schedule 16.05

Summary of Proposed Changes to Company SCH FR D-1 (continued)		
Citation	Staff Recommendation (ICC Staff Ex. 7.0, Sch. 7.07)	Revised Staff Recommendation
NEW Sch FR D-1 WP 16	Calculate the average common equity balance, including adjustments to remove goodwill, accumulated OCI and non-utility and unregulated affiliates, using work paper that is substantially similar to Schedule 7.06	Calculate the average common equity balance, including adjustments to remove purchase accounting adjustments, including goodwill, and non-utility and unregulated affiliates, using work paper that is substantially similar to Schedule 16.06

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Conclusion

275 **Q22. Does this conclude your prepared rebuttal testimony?**

276 A22. Yes, it does.

Ameren Illinois Company
 Cost of Capital Summary

Staff Proposal
 Average 2010

Capital Component	Balance	Weight	Cost	Weighted Cost
1 Short-Term Debt	\$ -	0.00%	0.00%	0.00%
2 Long-Term Debt	1,752,483,457	46.06%	7.44%	3.43%
3 Preferred Stock	93,263,264	2.45%	5.00%	0.12%
4 Common Equity	1,959,181,926	51.49%	10.05%	5.17%
5 Credit Facility Fees				0.14%
6 Total	<u>\$ 3,804,928,646</u>	<u>100.00%</u>		<u>8.86%</u>

Company Proposal
 December 31, 2010

Capital Component	Balance	Weight	Cost	Weighted Cost
7 Short-Term Debt	\$ -	0.00%	0.00%	0.00%
8 Long-Term Debt	1,744,329,780	44.18%	7.48%	3.30%
9 Preferred Stock	60,718,696	1.54%	4.98%	0.08%
10 Common Equity	2,142,898,006	54.28%	10.05%	5.46%
11 Credit Facility Fees				0.18%
12 Total	<u>\$ 3,947,946,482</u>	<u>100.00%</u>		<u>9.02%</u>

Ameren Illinois Company
 Short-Term Debt Balance
 Average 2010

End of Month Balances							
Date	Gross Short-Term Debt Outstanding	CWIP	CWIP Accruing AFUDC	Net Short-Term Debt Outstanding	Monthly Average	Remaining CWIP Accruing AFUDC	Monthly Average
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1 Dec-09	\$ -	\$ 62,487,994	\$ 67,898,907	\$ -		\$ 67,898,907	
2 Jan-10	-	56,302,860	55,719,525	-	\$ -	55,719,525	\$ 61,809,216
3 Feb-10	-	52,660,398	47,361,610	-	-	47,361,610	51,540,568
4 Mar-10	-	51,847,459	49,324,267	-	-	49,324,267	48,342,939
5 Apr-10	-	54,480,536	48,226,572	-	-	48,226,572	48,775,420
6 May-10	-	53,231,527	47,191,583	-	-	47,191,583	47,709,078
7 Jun-10	-	49,093,079	47,101,608	-	-	47,101,608	47,146,596
8 Jul-10	-	50,884,939	46,220,892	-	-	46,220,892	46,661,250
9 Aug-10	-	48,791,201	39,708,628	-	-	39,708,628	42,964,760
10 Sep-10	-	54,213,309	42,717,653	-	-	42,717,653	41,213,141
11 Oct-10	-	58,089,369	44,079,378	-	-	44,079,378	43,398,516
12 Nov-10	-	56,416,931	45,031,938	-	-	45,031,938	44,555,658
13 Dec-10	-	42,842,436	43,871,843	-	-	43,871,843	44,451,891
14 Average					\$ -		\$ 47,380,752

15 Notes:

Column (E) = the greater of [Column (B) - Column (D)] or [Column (B) - Column (B) / Column (C) × Column (D)]

Column (G) - Column (D) - [Column (B) - Column (E)]

Staff recommends Schedule 16.02 serve as the template for Sch FR D-1 WP 12.

Ameren Illinois Company
 Cost to Maintain Credit Facilities

Description (A)	Total AIC Amount (B)
1 <i>Prior Credit Facility - in place 252 days of 2010</i>	
2 Annual amortization of upfront fees	\$ 2,978,476
3 Facility commitment fees and annual fees	1,640,278
4 Line of credit drawn fees	-
5 Subtotal	\$ 4,618,755
6 <i>New Credit Facility - in place 113 days of 2010</i>	
7 Annual amortization of upfront fees	\$ 170,214
8 Facility commitment fees	701,413
9 Line of credit drawn fees	-
10 Subtotal	\$ 871,627
11 Total	<u>\$ 5,490,382</u>
12 Total capital	\$ 3,804,928,646
13 Credit facility cost of capital (Line 11 / Line 12)	0.14%

14 Note:

Total Capital presented on ICC Staff Exhibit 16.0, Schedule 16.01.

Ameren Illinois Company
 Remaining CWIP Accruing AFUDC Adjustment Calculation
 Average 2010

Unadjusted Capital Structure

	<u>Balance</u>	<u>Weight</u>
1 Short-Term Debt	\$ -	0.00%
2 Long-Term Debt	1,774,307,031	46.06%
3 Preferred Stock	94,424,093	2.45%
4 Common Equity	1,983,578,275	51.49%
5 Total	<u>\$ 3,852,309,399</u>	<u>100.00%</u>

Capital Structure without Short-Term Debt

	<u>Balance</u>	<u>Weight</u>
6 Long-Term Debt	\$ 1,774,307,031	46.06%
7 Preferred Stock	94,424,093	2.45%
8 Common Equity	1,983,578,275	51.49%
9 Total	<u>\$ 3,852,309,399</u>	<u>100.00%</u>

Remaining CWIP Accruing AFUDC Adjustment to Long-Term Capital Components

10	Remaining CWIP Accruing AFUDC : (per Schedule 16.02, p. 1, column (H))	\$ 47,380,752
	<u>Weight</u>	<u>Reduction to Long-Term Capital Components</u>
11 Long-Term Debt	46.06%	\$ 21,823,575
12 Preferred Stock	2.45%	1,160,828
13 Common Equity	51.49%	24,396,349
14 Total	<u>100.00%</u>	<u>\$ 47,380,752</u>

15 Note:

Staff recommends Schedule 16.03 serve as the template for Sch FR D-1 WP 13.

Ameren Illinois Company
 Embedded Cost of Long-Term Debt
 Average 2010

	Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Principal Amount (D)	Face Amount Outstanding (E)	Unamortized Debt		Carrying Value (H)	Coupon Interest Expense (I)	Amortization of Debt		Annual Interest Expense (L)	
						Discount or (Premium) (F)	Expense (G)			Discount or (Premium) (J)	Expense (K)		
<u>First Mortgage Bonds</u>													
CIPS													
1	7.610%	Series 97-2	06/10/97	06/01/17	\$ 40,000,000	\$ 28,273,973	\$ -	\$ 107,110	\$ 28,166,863	\$ 2,151,649	\$ -	13,604	\$ 2,165,253
2	6.125%	Series AA	12/15/98	12/15/28	60,000,000	60,000,000	242,558	344,914	59,412,528	3,675,000	13,498	19,194	3,707,692
3	6.625%	Series BB	06/13/01	06/15/11	150,000,000	150,000,000	59,996	19,616	149,920,388	9,937,500	131,920	43,132	10,112,552
4	6.700%	Series CC	06/14/06	06/15/36	61,500,000	44,907,308	214,603	389,752	44,302,953	3,008,790	8,631	15,560	3,032,981
5	4.700%	Interco. Note	05/02/05	05/02/10	66,695,406	16,592,692	-	-	16,592,692	779,857	-	-	779,857
CILCO													
6	6.200%	Sen. Sec. Note	06/14/06	06/15/16	54,000,000	54,000,000	104,691	322,972	53,572,337	3,348,000	19,173	59,150	3,426,323
7	6.700%	Sen. Sec. Note	06/14/06	06/15/36	42,000,000	42,000,000	196,444	492,029	41,311,527	2,814,000	7,712	19,315	2,841,027
8	6.760%	Series CC	12/09/08	12/15/13	150,000,000	150,000,000	2,691	772,685	149,224,624	10,140,000	909	261,139	10,402,048
IP													
9	6.250%	Sen. Sec. Note	06/14/06	06/15/16	75,000,000	75,000,000	78,650	577,316	74,344,034	4,687,500	14,404	105,730	4,807,634
10	6.125%	Sen. Sec. Note	11/20/07	11/15/17	250,000,000	250,000,000	190,023	1,726,797	248,083,180	15,312,500	27,622	251,008	15,591,130
11	6.250%	Sen. Sec. Note	04/08/08	04/01/18	337,000,000	337,000,000	569,200	1,781,033	334,649,768	21,062,500	78,458	245,497	21,386,456
12	9.750%	Sen. Sec. Note	10/23/08	11/15/18	350,000,000	350,000,000	4,336,080	2,721,235	342,942,685	34,125,000	550,302	345,358	35,020,661
13	7.440%	Sen. Sec. Note	10/23/08	11/15/18	50,000,000	50,000,000	-	-	50,000,000	3,720,000	-	-	3,720,000
<u>Pollution Control Bonds</u>													
CIPS													
14	5.500%	Series 2000A	03/09/00	03/01/14	51,100,000	51,100,000	-	222,080	50,877,920	2,810,500	-	70,120	2,880,620
15	5.950%	Series C1	08/15/93	08/15/26	35,000,000	35,000,000	-	490,221	34,509,779	2,082,500	-	31,358	2,113,858
16	5.700%	Series C2	08/15/93	08/15/26	25,000,000	7,500,000	-	45,114	7,454,886	427,500	-	2,886	430,386
CILCO													
17	6.200%	PCB Series G	08/01/92	11/01/12	1,000,000	1,000,000	529	7,135	992,337	62,000	287	3,881	66,169
18	5.900%	PCB Series H	08/01/93	08/01/23	32,000,000	32,000,000	-	168,071	31,831,929	1,888,000	-	13,348	1,901,348
IP													
19	5.700%	PCB Series 1994 A	02/01/94	02/01/24	35,615,000	35,615,000	2,910,664	798,242	31,906,093	2,030,055	222,258	60,954	2,313,266
20	5.400%	PCB Series 1998 A	03/06/98	03/01/28	18,700,000	18,700,000	-	334,762	18,365,238	1,009,800	-	19,488	1,029,288
21	5.400%	PCB Series 1998 B	03/06/98	03/01/28	33,755,000	33,755,000	-	338,264	33,416,736	1,822,770	-	19,692	1,842,462
22		Total Mortgage and Pollution Control Bonds			\$ 1,918,365,406	\$ 1,822,443,973	\$ 8,906,129	\$ 11,659,349	\$ 1,801,878,495	\$ 126,895,420	\$ 1,075,175	\$ 1,600,413	\$ 129,571,009

Ameren Illinois Company
 Embedded Cost of Long-Term Debt
 Average 2010

	Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Principal Amount (D)	Face Amount Outstanding (E)	Unamortized Debt		Carrying Value (H)	Coupon Interest Expense (I)	Amortization of Debt		Annual Interest Expense (L)	
						Discount or (Premium) (F)	Expense (G)			Discount or (Premium) (J)	Expense (K)		
Net (Gain)/Loss on Reacquired Debt													
<u>Central Illinois Public Service Company Legacy Reacquired Debt:</u>													
23	Variable	2004 Series	4/17/08	7/1/25	\$ -	\$ -	\$ -	\$ 781,641	\$ (781,641)	\$ -	\$ -	\$ 53,871	\$ 53,871
24	13.625%	FMB Series U	3/31/86	1/1/16	-	-	-	291,506	(291,506)	-	-	58,237	58,237
25	9.000%	FMB Series D	3/31/90	2/1/14	-	-	-	65,277	(65,277)	-	-	21,123	21,123
26	Variable	FMB Series A	3/31/90	4/1/13	-	-	-	17,340	(17,340)	-	-	7,700	7,700
27	9.125%	FMB Series T	5/31/92	5/1/22	-	-	-	709,820	(709,820)	-	-	62,596	62,596
28	8.500%	FMB Series W	12/15/98	4/1/21	-	-	-	1,071,529	(1,071,529)	-	-	104,463	104,463
29	6.375%	PCB Series B	1/1/93	5/1/28	-	-	-	220,655	(220,655)	-	-	12,721	12,721
30	6.750%	PCB Series C	6/1/93	6/1/28	-	-	-	97,209	(97,209)	-	-	5,577	5,577
31	5.850%	PCB Series A	8/1/93	8/1/26	-	-	-	76,871	(76,871)	-	-	4,929	4,929
32	6.375%	PCB Series 1993A	12/22/04	6/1/25	-	-	-	334,493	(334,493)	-	-	23,185	23,185
33	5.900%	PCB Series B-2	12/20/04	5/1/28	-	-	-	306,325	(306,325)	-	-	17,661	17,661
34	5.700%	PCB Series C-2	12/20/04	8/1/26	-	-	-	231,928	(231,928)	-	-	14,872	14,872
35	7.610%	Series 97-2	10/15/10	6/1/17	-	-	-	211,306	(211,306)	-	-	32,355	32,355
<u>Central Illinois Light Company Legacy Reacquired Debt:</u>													
36	Variable	PCB Series 2004	4/17/08	10/1/39	-	-	-	340,178	(340,178)	-	-	11,824	11,824
37	Variable	PCB Series 2004	4/17/08	10/1/26	-	-	-	100,930	(100,930)	-	-	6,404	6,404
38	7.730%	FMB	7/17/06	6/1/16	-	-	-	283,436	(283,436)	-	-	52,276	52,276
39	7.730%	FMB	7/17/06	6/1/36	-	-	-	339,628	(339,628)	-	-	13,352	13,352
40	9.625%	FMB	2/20/92	1/1/22	-	-	-	296,629	(296,629)	-	-	26,939	26,939
41	9.250%	FMB	3/2/92	1/1/22	-	-	-	286,992	(286,992)	-	-	26,064	26,064
42	9.250%	FMB	2/20/92	1/1/22	-	-	-	193,924	(193,924)	-	-	17,612	17,612
43	11.375%	PCB Series C	9/1/92	2/1/18	-	-	-	141,804	(141,804)	-	-	19,992	19,992
44	10.800%	PCB Series D	11/2/92	11/1/12	-	-	-	4,823	(4,823)	-	-	2,623	2,623
45	6.125%	PCB Series B	9/12/93	8/1/23	-	-	-	49,983	(49,983)	-	-	3,970	3,970
46	6.200%	PCB Series A	10/1/93	8/1/23	-	-	-	43,188	(43,188)	-	-	3,430	3,430
47	8.200%	FMB	4/30/03	1/1/22	-	-	-	1,536,245	(1,536,245)	-	-	139,520	139,520
48	7.800%	FMB	4/30/03	2/1/23	-	-	-	282,239	(282,239)	-	-	23,333	23,333
49	6.500%	PCB Series E	12/22/04	10/1/39	-	-	-	242,886	(242,886)	-	-	8,442	8,442
50	6.500%	PCB Series F	12/22/04	10/1/26	-	-	-	26,839	(26,839)	-	-	1,703	1,703

Ameren Illinois Company
Embedded Cost of Long-Term Debt
Average 2010

	Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Principal Amount (D)	Face Amount Outstanding (E)	Unamortized Debt		Carrying Value (H)	Coupon Interest Expense (I)	Amortization of Debt		Annual Interest Expense (L)
						Discount or (Premium) (F)	Expense (G)			Discount or (Premium) (J)	Expense (K)	
<u>Illinois Power Company Legacy Reacquired Debt:</u>												
51	Refunded by 6.25% Senior Secured Notes											
52	Series 1997 A,B,C	5/28/08	3/1/18		-	-	2,125,575	(2,125,575)	-	-	296,460	296,460
53	Series 2001 Non-AMT	5/20/08	3/1/18		-	-	2,047,207	(2,047,207)	-	-	285,530	285,530
54	Series 2001 AMT	5/20/08	3/1/18		-	-	829,465	(829,465)	-	-	115,688	115,688
Refunded by 5.4% PCB Series A												
55	6.000% PCB B due 5/2007	3/6/98	3/1/28		-	-	109,427	(109,427)	-	-	6,370	6,370
Refunded by 5.4% PCB Series B												
56	8.300% PCB I due 4/2017	3/6/98	3/1/28		-	-	197,524	(197,524)	-	-	11,499	11,499
Refunded by variable rate Series P,Q & R PCB due 4/2032												
57	7.625% PCB F,G & H due 201	6/2/97	4/1/32		-	-	1,470,889	(1,470,889)	-	-	69,167	69,167
Refunded by 9.875% MB due 7/1/2016												
58	9.875% MB due 2004	7/1/86	7/1/16		-	-	74	(74)	-	-	13	13
59	12.625% MB due 2010	8/4/86	7/1/16		-	-	32,216	(32,216)	-	-	5,853	5,853
60	9.875% MB due 2016	11/25/90	7/1/16		-	-	572	(572)	-	-	104	104
61	9.875% MB due 2016	11/26/90	7/1/16		-	-	3,641	(3,641)	-	-	661	661
Refunded by 9.375% Series MB due 9/1/2016												
62	14.500% IPF Deb due 1989	9/8/86	9/1/16		-	-	46,684	(46,684)	-	-	8,228	8,228
63	12.000% MB due 2012	9/12/86	9/1/16		-	-	733,235	(733,235)	-	-	129,228	129,228
64	14.500% MB due 1990	9/12/86	9/1/16		-	-	407,269	(407,269)	-	-	71,778	71,778
Refunded by Series I PCB due 4/1/2017												
65	8.300% PCB E due 3/1/2015	7/29/87	4/1/17		-	-	499,253	(499,253)	-	-	79,819	79,819
66	12.000% MB due 11/15/2012	1/4/88	11/15/12		-	-	18,495	(18,495)	-	-	9,855	9,855
Refunded by \$200 million 7.5% NMB due 7/15/2025												
67	8.250% MB due 2007	8/16/93	7/1/25		-	-	294,776	(294,776)	-	-	20,316	20,316
68	10.000% MB due 1998	8/16/93	7/1/25		-	-	118,964	(118,964)	-	-	8,199	8,199
69	7.500% MB due 2025	4/1/96	7/1/25		-	-	(192,626)	192,626	-	-	(13,276)	(13,276)
Refunded by \$111,770,000 Variable PCB Series A,B & C due 11/1/2028												
70	10.750% PCB C due 2013	12/15/93	11/1/28		-	-	1,321,085	(1,321,085)	-	-	74,013	74,013

Ameren Illinois Company
Embedded Cost of Long-Term Debt
Average 2010

	Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Principal Amount (D)	Face Amount Outstanding (E)	Unamortized Debt		Carrying Value (H)	Coupon Interest Expense (I)	Amortization of Debt		Annual Interest Expense (L)	
						Discount or (Premium) (F)	Expense (G)			Discount or (Premium) (J)	Expense (K)		
	Refunded by \$235 million 8% NMB due 2/15/2023												
71	9.375% MB due 2016	3/22/93	2/1/23		-	-	1,624,696	(1,624,696)	-	-	134,318	134,318	
72	8.875% MB due 2008	3/22/93	2/1/23		-	-	819,134	(819,134)	-	-	67,720	67,720	
	Refunded by \$35,615,000 5.7% FMB due 2/1/2024												
73	11.625% FMB due 2014	5/1/94	2/1/24		-	-	331,607	(331,607)	-	-	25,321	25,321	
	Refunded by \$84,150,000 7.4% FMB due 12/1/2024												
74	10.750% FMB due 2015	3/1/95	12/1/24		-	-	560,986	(560,986)	-	-	40,275	40,275	
	Refunded by \$111,770,000 Variable PCB Series Non-AMT 2001 due 11/1/2028												
75	Variable FMB due 2028	5/1/01	11/1/28		-	-	913,609	(913,609)	-	-	51,185	51,185	
	Refunded by \$75 million Variable PCB Series due 3/1/2017												
76	Variable PCB due 2017	5/1/01	3/1/17		-	-	213,357	(213,357)	-	-	34,581	34,581	
77	IP Capital MIPS	5/30/00	12/1/43		-	-	2,169,385	(2,169,385)	-	-	65,859	65,859	
78	IP Financing I TOPRS	9/30/01	1/1/45		-	-	2,289,341	(2,289,341)	-	-	67,279	67,279	
79	Total Net (Gain)/Loss on Reacquired Debt				\$ -	\$ -	\$ 27,571,464	\$ (27,571,464)	\$ -	\$ -	\$ 2,442,817	\$ 2,442,817	
80	Total Long-Term Debt				\$ 1,918,365,406	\$ 1,822,443,973	\$ 8,906,129	\$ 39,230,813	\$ 1,774,307,031	\$ 126,895,420	\$ 1,075,175	\$ 4,043,231	\$ 132,013,826
81													Less: Remaining CWIP Accruing AFUDC (See Schedule 16.03, line 11) \$ 21,823,575
82													Average Adjusted Long-Term Debt Balance \$ 1,752,483,457
83													Average Embedded Cost of Long-Term Debt = 7.44%

84 Notes: Column (H) = Columns (E) + (F) + (G)
Column (L) = Columns (I) + (J) + (K)
Embedded Cost of Long-Term Debt = Column (L) ÷ (H)

85 Staff recommends Schedule 16.04 serve as the template for Sch FR D-1 WP 14.

Ameren Illinois Company
 Common Equity Balance
 Average 2010

End of Month Balances

	Date (A)	Common Equity (B)	Purchase Accounting Adjustments, Including Goodwill (C)	Investment in Subsidiary Companies ¹ (D)	Adjusted Common Equity (E)	Monthly Average (F)
1	Dec-09	\$ 2,759,105,509	\$ 250,334,807	\$ 550,993,189	\$ 1,957,777,513	
2	Jan-10	2,780,059,507	250,334,807	554,224,198	1,975,500,502	\$ 1,966,639,008
3	Feb-10	2,757,466,274	250,334,807	559,079,628	1,948,051,839	1,961,776,171
4	Mar-10	2,772,145,884	250,334,807	563,477,323	1,958,333,754	1,953,192,797
5	Apr-10	2,737,952,823	250,334,807	565,351,432	1,922,266,584	1,940,300,169
6	May-10	2,747,913,760	250,334,807	565,453,277	1,932,125,676	1,927,196,130
7	Jun-10	2,793,033,658	250,334,807	572,054,169	1,970,644,682	1,951,385,179
8	Jul-10	2,841,529,606	250,334,807	578,328,056	2,012,866,743	1,991,755,713
9	Aug-10	2,847,792,987	250,334,807	583,178,865	2,014,279,315	2,013,573,029
10	Sep-10	2,900,025,941	250,334,807	591,346,956	2,058,344,178	2,036,311,747
11	Oct-10	2,454,347,763	454,262,363	-	2,000,085,400	2,029,214,789
12	Nov-10	2,464,827,684	454,262,363	-	2,010,565,321	2,005,325,361
13	Dec-10	2,493,731,358	451,758,260	-	2,041,973,098	2,026,269,210
14					Average Common Equity Balance	\$ 1,983,578,275
15					<u>Less: Remaining CWIP Accruing AFUDC (See Schedule 16.03, line 13)</u>	\$ 24,396,349
16					Average Adjusted Common Equity Balance	\$ 1,959,181,926

17 Note:

Staff recommends Schedule 16.06 serve as the template for Sch FR D-1 WP 16.

¹ Investment in Ameren Energy Resources Generating Company

Ameren Illinois Company
 Illustration of Double Counting Capital Invested in CWIP

First Scenario:

No removal of Long-Term Debt and Common Equity in financing CWIP from ratemaking capital structure:

	<u>(1) Capital: \$ 100</u>			<u>(2) Financing CWIP: \$ 10</u>			<u>(3) Capital Remaining after Removal of CWIP</u>			<u>(4) Total Implied Capital (\$)</u>			
	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Total Capital
Jan	\$ 15.0	\$ 35.0	\$ 50.0	\$ 10.0	\$ -	\$ -	\$ 5.0	\$ 35.0	\$ 50.0	\$ 15.0	\$ 35.0	\$ 50.0	\$ 100.0
Feb	\$ 5.0	\$ 45.0	\$ 50.0	\$ 5.0	\$ 2.4	\$ 2.6	\$ -	\$ 45.0	\$ 50.0	\$ 5.0	\$ 47.4	\$ 52.6	\$ 105.0
Average	\$ 10.0	\$ 40.0	\$ 50.0	\$ 7.5	\$ 1.2	\$ 1.3	\$ 2.5	\$ 40.0	\$ 50.0	\$ 10.0	\$ 41.2	\$ 51.3	\$ 102.5

Second Scenario:

Removal of Long-Term Debt and Common Equity in financing CWIP from ratemaking capital structure:

	<u>(1) Capital: \$ 100</u>			<u>(2) Financing CWIP: \$ 10</u>			<u>(3) Capital Remaining after Removal of CWIP</u>			<u>(4) Total Implied Capital (\$)</u>			
	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Total Capital
Jan	\$ 15.0	\$ 35.0	\$ 50.0	\$ 10.0	\$ -	\$ -	\$ 5.0	\$ 35.0	\$ 50.0	\$ 15.0	\$ 35.0	\$ 50.0	\$ 100.0
Feb	\$ 5.0	\$ 45.0	\$ 50.0	\$ 5.0	\$ 2.4	\$ 2.6	\$ -	\$ 42.6	\$ 47.4	\$ 5.0	\$ 45.0	\$ 50.0	\$ 100.0
Average	\$ 10.0	\$ 40.0	\$ 50.0	\$ 7.5	\$ 1.2	\$ 1.3	\$ 2.5	\$ 38.8	\$ 48.7	\$ 10.0	\$ 40.0	\$ 50.0	\$ 100.0

Notes:

Total Capital = \$100; CWIP = \$10.

(1) Total capital on utility's balance sheet.

(2) Balances of capital used to calculate AFUDC rate applied to CWIP.

(3) Balances of capital used to calculate rate of return on rate base.

(4) = (2) + (3)

Illinois Power Common Dividends and Common Equity Infusions: 10/2004 to 9/2010
 (in millions)

Year	Quarter	Common Dividends	Equity Infusions
2004	1st	0	0
	2nd	0	0
	3rd	0	0
	4th	0	871 ¹
	Subtotal	0	871
2005	1st	-20	0
	2nd	-20	0
	3rd	-20	0
	4th	-16	0
	Subtotal	-76	0
2006	1st	0	0
	2nd	0	0
	3rd	0	0
	4th	0	0
	Subtotal	0	0
2007	1st	0	0
	2nd	0	0
	3rd	0	0
	4th	-61	0
	Subtotal	-61	0
2008	1st	-15	0
	2nd	-15	0
	3rd	-15	0
	4th	-15	0
	Subtotal	-60	0
2009	1st	0	58
	2nd	0	0
	3rd	0	61
	4th	-31	36
	Subtotal	-31	155
2010	1st	-21	0
	2nd	-21	0
	3rd	-21	0
	4th*		
	Subtotal	-63	0
Total		-291	1026

*IP merged with CIPS and CILCO on October 1, 2010.

¹ \$802 million of the common equity contribution was used to refund debt. (Ameren 2004 SEC Form 10-K, p. 120)

ILLINOIS POWER COMPANY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
 (In millions)

	December 31,		
	2009	2008	2007
Common Stock	\$ -	\$ -	\$ -
Other Paid-in Capital:			
Beginning of year	1,194	1,194	1,194
Capital contribution from parent	155	-	-
Other paid-in capital, end of year	<u>1,349</u>	<u>1,194</u>	<u>1,194</u>
Preferred Stock Not Subject to Mandatory Redemption	46	46	46
Retained Earnings:			
Beginning of year	7	64	101
Net income	79	5	26
Common stock dividends	(31)	(60)	(61)
Preferred stock dividends	(2)	(2)	(2)
Retained earnings, end of year	<u>53</u>	<u>7</u>	<u>64</u>
Accumulated Other Comprehensive Income:			
Beginning of year	4	4	5
Change in deferred retirement benefit costs	(1)	-	(1)
Total accumulated other comprehensive income, end of year	<u>3</u>	<u>4</u>	<u>4</u>
Total Stockholders' Equity	<u>\$ 1,451</u>	<u>\$ 1,251</u>	<u>\$ 1,308</u>
Comprehensive Income, Net of Taxes:			
Net income	\$ 79	\$ 5	\$ 26
Pension and other postretirement activity, net of income taxes of \$-, \$-, and \$-, respectively	(1)	-	(1)
Total Comprehensive Income, Net of Taxes	<u>\$ 78</u>	<u>\$ 5</u>	<u>\$ 25</u>

The accompanying notes as they relate to IP are an integral part of these consolidated financial statements.