

**Ameren Illinois Company's
Response to AG Data Requests
Docket No. 12-0293
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing
Data Request Response Date: 6/25/2012**

AG 3.13

Please update and supplement the Company's response the following Attorney General and/or Staff data requests submitted and answered in Docket No. 12-0001, providing revised information as necessary in connection with updating from 2010 to 2011 data: AG 4.16 Short Term CWIP

RESPONSE

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

See AG 3.13 Attach 1 and 2.

Docket No. 12-0001
AG 4.16

Ref: Ameren WPB-7; Response to AG 1.17 (Short Term CWIP). Please provide the following additional information regarding the Company's CWIP rate base element:

- a) Explain whether any or all of the five projects listed in WPB-7 are double counted by inclusion within Projected Plant Additions at App 1 and, if so, why inclusion in rate base is CWIP is appropriate.
- b) State whether, at 12-31-2011~~0~~, Ameren had fully funded in cash all of the listed costs for the five projects listed in WPB-7 with no outstanding unpaid vendor invoices or accrued payroll costs included in any of the amounts shown.
- c) Provide the amounts of all accounts payable at 12/31/11~~0~~ for the listed projects on WPB-7, if any.
- d) Provide the amounts of all accrued payroll or benefits payable at 12/31/11~~0~~ for the listed projects on WPB-7, if any.
- e) When were each of the assets listed in WPB-7 actually placed in service, and at what completed cost?
- f) Provide, for each month of 2011~~0~~ and 2012~~+~~ the Company's month-end balance of CWIP Not Subject to AFUDC.
- g) Provide, for each month of 2011~~0~~ and 2012~~+~~ the Company's month-end balance of accounts payable associated with CWIP Not Subject to AFUDC and with CWIP that is subject to AFUDC.
- h) Does the AFUDC calculation module within PowerPlant, as referenced in AG 3.13~~1-17~~ Attach ~~2~~~~ment~~, reduce the CWIP balance that is subject to AFUDC for payables associated with such balance?
- i) Do FERC regulations governing AFUDC require that the CWIP balances that are subject to AFUDC in each work order be reduced for payables associated with such balance?

RESPONSE: (Do not edit or delete this line or anything above this. Start typing your response right BELOW Phone Number.)

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- a) Projects ~~27136, 27926, and 2825426805, 26867, and 25868~~ are included in the Projected Plant Additions adjustment at App 1. Sections 16-108.5(c) & (d) provide that the inputs to the performance-based formula rate be based on the utility's most recently filed FERC Form 1 data plus projected plant additions and correspondingly updated depreciation reserve and expense for the calendar year in which the inputs are filed. At the time of the Company's proposed formula rate tariff, Rate MAP-P, the most recently filed FERC Form 1 data was from 2011~~0~~. The amount included in proposed rate base for year-end 2011~~0~~ CWIP is based on 2011~~0~~ FERC Form 1 data. This historical amount also functions as representative

of the amount of CWIP that will exist in future periods. When the Company's actual costs are updated and reconciled in annual filings, the project specific data used to derive the amount of CWIP not subject to AFUDC included in rate base in this filing will be replaced by new CWIP projects not yet placed in service.

- b) No. At 12-31-2011, Ameren had fully funded in cash 26077, 27926, and 28254~~26805 and 26867~~. Projects 27136 and 29301~~26615, 28082, and 25868~~ are partially ~~were not yet funded,~~ with the entire balance in outstanding unpaid vendor invoices or accrued payroll costs.
- c) As indicated in response to subpart b), \$0 of projects 26077, 27926, and 28254~~26805 and 26867~~ were in accounts payable at 12/31/11 and the entire balance of projects 27136 and 29301~~26615, 28082, and 25868~~ had \$89,849 and \$36,659 in is-accounts payable at 12/31/11.
- d) There is no accrued payroll or benefits payable at 12/31/11 for the listed projects on WPB-7.
- e) Project 26077~~26805~~ was moved to plant in service in February 2012~~March 2011~~ at a value of \$61,958~~11,455~~. Project 29301~~26615~~ was moved to plant in service in May~~January~~ 2012 at a value of \$216,642~~95,826~~. Projects 27136, 27926, and 28254 are not in service. ~~26867~~ was moved to plant in service in April 2011 at a value of \$144,637. Project 28082 was moved to plant in service in December 2011 at a value of \$150,863. Project ~~25858~~ was moved to plant in service in April 2011 at a value of \$159,698.
- f) AIC does not maintain monthly data for the amount of CWIP not subject to AFUDC under the Company's AFUDC policy. Rather, compilation of CWIP not subject to AFUDC under the Company's AFUDC policy requires a manual review of project level detail. The Company has conducted such a review for the ~~2010~~ and 2011 year-end balances of CWIP not subject to AFUDC. The ~~2010 year-end~~ balance was \$548,683. The 2011 year-end balance was \$831,476.
- g) AIC does not record its accounts payable in the level of detail requested.
- h) No. The module within PowerPlant, as referenced in AG 3.13~~17~~ Attach 2~~ment~~, does not reduce the CWIP balance that is subject to AFUDC for payables associated with such balance.
- i) No. FERC regulations governing AFUDC do not require that the CWIP balances that are subject to AFUDC in each work order be reduced for payables.

Allowance for Funds Used During Construction

AFUDC Review

Definition:

AFUDC stands for Allowance for Funds Used During Construction. It is used by utilities to capitalize a portion of interest expense on construction projects. The Federal Energy Regulatory Commission (FERC) has established a formula to calculate AFUDC based on the company's eligible construction and capital structure. Two key factors in the formula are the average amount of short term debt and the average amount of Construction Work in Progress (CWIP). If short term debt exceeds CWIP, the AFUDC rate is based solely on short term debt and results in a lower rate. In order to qualify for AFUDC a project must have 30 days of construction. AFUDC is charged until a project is placed in service.

Procedure Overview

Ameren records AFUDC to all construction projects where capital dollars are expended on projects that exceed more than 30 days of construction as allowable by FERC, Electric Plant Instruction, components of construction costs, no. 17. Ameren utilizes PowerPlant, an accounting software package that systematically calculates AFUDC based on the formula prescribed by FERC. Each month, AFUDC is calculated by adding 1/2 of current month capital charges to the month's beginning AFUDC base for any qualified project using the following accounting distribution:

Regulated

Corps = AIC, ITC, UEC, ATX

<u>Major</u>	<u>Description</u>	<u>DR</u>	<u>CR</u>
432	AFUDC Borrowed Funds – Credit		XXX
419001	AFUDC Other Funds		XXX
3XX	FERC Capital Account - Debit	XXX	

Corp = AMS – Ameren Services Company

<u>Major</u>	<u>Description</u>	<u>DR</u>	<u>CR</u>
432	AFUDC Borrowed Funds – Credit		XXX
419001	AFUDC Other Funds		XXX
3XX	FERC Capital Account - Debit	XXX	

Unregulated

Corps = AFS, AMC, ARG, CWR, GEN, GMC, MVI

<u>Major</u>	<u>Description</u>	<u>DR</u>	<u>CR</u>
431002	AFUDC Borrowed Funds – Credit		XXX
419001	AFUDC Other Funds		XXX
3XX	FERC Capital Account - Debit	XXX	

Process for Reviewing AFUDC

- Work orders in “Open” or “Initiated” status need to be reviewed to determine if they are AFDUC qualified. The AFUDC setting is found in Power Plant on the Details screen, in the Accounts Tab.

The screenshot displays the 'PowerPlant Prod Database - [Work Order Information]' window. The main area shows the following details:

- Title: HARRIS LANE 4 RELOCATE
- Work Order Number: 24219
- General Options:
 - Closing Option: [Blanket/Expense/Other]
 - WD Group (FMC): [DGS-GAS TECH SERV]
 - Functional Class: []
 - Reimbursable Indicator: [None]
 - Co-Tenancy Agreement: []
 - Unitization Allocation: [Actual Dollars]
- AFUDC and Unitization (highlighted):
 - AFUDC Type: [AmericanIP (IPC)]
 - Eligible for AFUDC: [yes]
 - Eligible for CPI: [yes]
 - AFUDC Start Date: []
 - AFUDC Stop Date: []
 - Unitize by Account: [Yes]
 - Unitization Tolerance: [none]

The right sidebar contains the following tabs: Details, Accounts, Contacts, Tasks, Class Codes, Billings, Justification, Authorizations, Chg acct, and Audits.

Blankets and Expense Work Orders

- Always coded “No” for AFUDC
- There is no need to review blankets for AFUDC because Blanket Work orders are always coded as “In Service”.
 - (NOTE: Even if a blanket work order is coded “Yes”, AFUDC will not be charged to the Blanket Work Order as once the status is set to “In Service”, AFUDC is no longer calculated or allocated.)

Specific Work Orders

- Set to “Yes” regardless of dollar amount with the following exceptions:
 - Set AFUDC to No when the following applies
 - Not for construction
 - Equipment purchase only
 - Studies – Account 183
 - If no capital accounts
 - If Work Order reads “To capture all non-specific contract”
 - “Preliminary” Work Orders – Labor has not begun
 - Preliminary Projects that are \$100,000 or less in capital dollars are always coded “No” for AFUDC. This information will be found in the Long Description and justification window.
 - However, once a new revision is sent to Plant Accounting for authorization on a Preliminary Project and authorized capital dollars exceeds \$100,000, change the setting to “Yes” (see criteria exceptions below where AFUDC would not be applicable by account).

Reimbursable Work Orders**Payment in Arrears**

- AFUDC rules are the same as Specific Work Orders above.
 - Verify capital dollars on the work order estimates screen. If \$100,000 or less in capital dollars, verify on the Annual Estimates screen that the project is reimbursable and set the AFUDC based on the above criteria.

Payment in Advance

- If 100% of payment is processed in advance, for example a payment is made by a customer to Ameren as a condition to start construction, based on the project estimate, set the AFUDC to **“NO”**. It is the business lines supervisors responsibility to make note in justification that payment was made up front.

Major (MAJ) accounting exceptions below when no AFUDC should be charged

- Work orders with the following **Majors (and or any Overhead, AFUDC and Tax accounts)** should all be coded **“No”** for AFUDC unless combined with other capital accounts on the same work order.

105	Future Use
121	Non-utility Plant
301	Organization
302	Franchises and Consents
368	Electric Transformers
370	Electric Meters
381	Gas Meters
382	Gas Meter Installation (account presently not used)
383	Gas House Regulators
384	Gas house Regulators Installation (acct not used)
391	Office Furniture & Fixture (Should be coded “Yes” if it includes Building & Structures)
392	Motor Transportation
393	Stores Equipment
394	Tools and Work Equipment
395	Laboratory Equipment
396	Power Operated Tools
398	Miscellaneous General Plant
399	Unallocated In-Service Overheads

NOTE: If on a Work Order the accounts above are combined with other capital accounts for which AFUDC is required, set AFUDC to **“Yes”** and the work order should be reviewed to determine if it needs to be split into separate work orders.

o **Work Orders where Land is only item purchased (Same rules as prior 3.13 Attach 2 Major Accounting Exceptions**

- Work orders for purchases of land (see the following MAJORS) should all be coded “No” for AFUDC.

Electric

Gas

310 Land and Land Rights	350 Land Compressor Station Site
320 Land and Land Rights	365 Land Gas Transmission
330 Land and Land Rights	374 Land Gas Distribution
340 Land and Land Rights	389 Land
350 Land and Land Rights	
360 Land and Land Rights	
380 Land and Land Rights	
389 Land	

NOTE: In cases where Land accounts are set up on a Work Order with other accounts where AFUDC is required, AFUDC should be set to “Yes”. The work order should be analyzed to determine if it should be split into separate work orders.

Work Orders with no Capital dollars and are not Reimbursable

- Always code “No” for AFUDC

Overhead, AFUDC and Tax Accounts only

- Work orders with the following **Majors** should all be coded “No” for AFUDC when they are the only account on the work order.

Electric

Gas

374 Engineering	324 Engineering
378 AFUDC	328 AFUDC
377 Taxes-Const Overhead	329 Gas-Misc Overheads Costs
379 Misc Overhead Costs	

The exception is 374, 378 and 379 should be “Yes” if they are a gas capital account.

AFUDC charges will stop accruing once the Work Order is placed “In-Service”

AFUDC will be changed to “No” if charges will be allocated

NOTE: In Rare, special circumstances as approved by the Plant Accountant and/or Supervisor – Plant Accounting some work orders will have AFUDC set to “No”.

Examples of this are:

- Project/Construction temporarily suspended until a later date
- Projects not required as previously agreed by appropriate parties

In all instances, individuals making the change should note on the justification screen who approved the modification and why.