

PUBLIC VERSION
REBUTTAL TESTIMONY

of

Theresa Ebrey
Accountant

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Confidential Information Identified As
******BEGIN CONF**** [REDACTED] ****END CONF******

Ameren Illinois Company

Tariffs and charges submitted pursuant to
Section 16-108.5 of the Public Utilities Act

Docket No. 12-0293

August 28, 2012

TABLE OF CONTENTS

Witness Identification	1
Schedule Identification	2
Attachments	3
Revenue Requirement Schedules	3
Revenue Effect of Adjustments	4
Interest Synchronization	4
Gross Revenue Conversion Factor	4
Adjustment for ADIT - FIN 48	5
Adjustment for Accrued Vacation Reserve	7
Adjustment for Regulatory Commission Expense	11
Rate Case Expense	22
ADIT for Investment Tax Credits	26
State Tax Rates	27
Late Payment Revenue	29
Uncollectibles Expense Recommendations	30
Coordination Issue with Docket No. 12-0001	31
Conclusion	31

SCHEDULES

Schedule 6.01	Statement of Operating Income with Adjustments
Schedule 6.02	Adjustments to Operating Income
Schedule 6.03	Rate Base
Schedule 6.04	Adjustments to Rate Base
Schedule 6.05	Revenue Effect of Adjustments
Schedule 6.06	Interest Synchronization Adjustment
Schedule 6.07	Gross Revenue Conversion Factor
Schedule 6.08	Adjustment for ADIT - FIN 48
Schedule 6.09	Adjustment for Accrued Vacation Reserve
Schedule 6.10	Adjustment for Regulatory Commission Expense
Schedule 6.11	Adjustment for Rate Case Expense
Schedule 6.12	Adjustment to ADIT for ITCs
Schedule 6.13	Adjustment for State Tax Rates
Schedule 6.14	Adjustment for Late Payment Revenues

ATTACHMENT

Attachment A	Allowable rate case costs for Docket No.11-0279
--------------	---

1 **Witness Identification**

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

3 A. My name is Theresa Ebrey. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. Are you the same Theresa Ebrey who previously provided direct**
6 **testimony in this proceeding?**

7 A. Yes. I provided direct testimony in this case as ICC Staff Exhibit 1.0 on
8 July 3, 2012.

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. I present the Staff of the Illinois Commerce Commission's ("Staff") rebuttal
11 Revenue Requirement schedules for Ameren Illinois Company ("Ameren"
12 or "Company"). These schedules begin with the revenue requirement
13 presented by the Company in its rebuttal testimony and incorporate Staff's
14 adjustments thereto.

15 I also present testimony to:

- 16 1. Propose adjustments to the Statement of Operating Income and
17 Rate Base concerning Interest Synchronization, Accumulated
18 Deferred Income Taxes ("ADIT") - FIN 48, Accrued Vacation
19 Reserve, Regulatory Commission Expense, Rate Case
20 Expense, and ADIT for Investment Tax Credits;

- 21 2. Address adjustments due to the change in the State income tax
22 rate discussed by both AG/AARP witness Brosch and CUB
23 witness Smith;
- 24 3. Address the adjustment for late payment revenue proposed by
25 AG/AARP witness Brosch; and
- 26 4. Discuss coordination between the conclusions in Docket No. 12-
27 0001 and the instant case.

28 **Schedule Identification**

29 **Q. Are you sponsoring any schedules as part of your rebuttal**
30 **testimony?**

31 A. Yes. I am sponsoring the following schedules for the Company, which
32 show data for 2011:

33 Revenue Requirement Schedules

34	Schedule 6.01	Statement of Operating Income with Adjustments
35	Schedule 6.02	Adjustments to Operating Income
36	Schedule 6.03	Rate Base
37	Schedule 6.04	Adjustments to Rate Base
38	Schedule 6.05	Revenue Effect of Adjustments
39	Schedule 6.06	Interest Synchronization Adjustment
40	Schedule 6.07	Gross Revenue Conversion Factor

41 Adjustment Schedules

42	Schedule 6.08	Adjustment for ADIT - FIN 48
43	Schedule 6.09	Adjustment for Accrued Vacation Reserve
44	Schedule 6.10	Adjustment to Regulatory Commission Expense

45	Schedule 6.11	Adjustment to Rate Case Expense
46	Schedule 6.12	Adjustment to ADIT for ITCs
47	Schedule 6.13	Adjustment for State Tax Rates
48	Schedule 6.14	Adjustment for Late Payment Revenue

49 **Attachments**

50 **Q. Have you included any attachments as part of your rebuttal**
51 **testimony?**

52 A. Yes. I have included the following Attachment as part of my testimony:

53 Attachment A Allowable rate case costs for Docket No. 11-0279

54 **Revenue Requirement Schedules**

55 **Q. Please describe Schedule 6.01, Statement of Operating Income with**
56 **Adjustments.**

57 A. Schedule 6.01 is the same as ICC Staff Exhibit 1.0, Schedule 1.01,
58 described on pages 4-5 of ICC Staff Exhibit 1.0, except that it incorporates
59 Company and Staff rebuttal testimony positions.

60 **Q. Please describe Schedule 6.02, Adjustments to Operating Income.**

61 A. Schedule 6.02 identifies Staff's adjustments to Operating Income. The
62 source of each adjustment is shown in the heading of each column. The
63 last column is carried forward to Schedule 6.01, column (c).

64 **Q. Please describe Schedule 6.03, Rate Base.**

65 A. Schedule 6.03 is the same as ICC Staff Exhibit 1.0, Schedule 1.03
66 described on page 5 of ICC Staff Exhibit 1.0, except that it incorporates
67 Company and Staff rebuttal testimony positions.

68 **Q. Please describe Schedule 6.04, Adjustments to Rate Base.**

69 A. Schedule 6.04 identifies Staff's adjustments to Rate Base. The source of
70 each adjustment is shown in the heading of each column. The last
71 column is carried forward to Schedule 6.03, column (c).

72 **Revenue Effect of Adjustments**

73 **Q. Please describe Schedule 6.05, Revenue Effect of Adjustments.**

74 A. Schedule 6.05 uses the same concept as ICC Staff Exhibit 1.0, Schedule
75 1.05. The theory is discussed on ICC Staff Exhibit 1.0, page 6.

76 **Interest Synchronization**

77 **Q. Please describe Schedule 6.06, Interest Synchronization Adjustment.**

78 A. Schedule 6.06 uses the same concept as ICC Staff Exhibit 1.0, Schedule
79 1.06. The theory is discussed on ICC Staff Exhibit 1.0, page 6.

80 **Gross Revenue Conversion Factor**

81 **Q. Please describe Schedule 6.07, Gross Revenue Conversion Factor.**

82 A. Schedule 6.07 uses the same concept as ICC Staff Exhibit 1.0, Schedule
83 1.07. The theory is discussed on ICC Staff Exhibit 1.0, page 7.

84 **Adjustment for ADIT - FIN 48**

85 **Q. Please describe ICC Staff Exhibit 6.0, Schedule 6.08, Adjustment for**
86 **Accumulated Deferred Income Taxes (“ADIT”) FIN 48.**

87 A. Schedule 6.08 reflects my adjustment to ADIT to remove the impact of the
88 FIN 48 balances. Both the AG/AARP and CUB witnesses proposed this
89 same adjustment in their direct testimonies. (AG/AARP Ex. 2.1, Schedule
90 DJE-1.2 and CUB Ex. 1.2, p. 6)

91 **Q. What was the Company’s response to the adjustment proposed by**
92 **Staff and Intervening parties?**

93 A. Ameren witness Warren posits that FIN 48 amounts are completely unlike
94 ADIT balances and should therefore not be accorded the same rate base
95 treatment. (Ameren Ex. 15.0, p. 4, lines 65 – 70) In response to my direct
96 testimony, Mr. Warren claims that because under FIN 48 the tax position
97 is uncertain, the deferred taxes should be accorded different treatment
98 from other ADIT balances.

99 **Q. What does history show with regards to the uncertainty of the tax**
100 **positions that the “experts”¹ claim to be FIN 48 positions?**

101 A. In Docket No. 12-0001, it was shown that for the 2005 – 2006 audit cycle
102 settled in June 2011 only 36% of the FIN 48 liability was actually paid

¹ Ameren Ex. 15.0, p. 5.

103 (\$3.212 million divided by \$8.899 million) and for the 2007 audit cycle 62%
104 of the FIN 48 liability would be settled in 2012 (\$0.858 million divided by
105 \$1.392 million).² For the 3-year period 2005 - 2007, the actual payments
106 related to FIN 48 balances were only 39.5% (\$4.070 million divided by
107 \$10,291 million) of the total that was deemed more likely than not to be
108 disallowed by the IRS.³ It seems the “experts” opinion on tax positions for
109 the 3-year period was more likely than not *rejected* by the IRS. Under the
110 Company’s position, the ratepayers would not have received the benefits
111 of 60.5% of these deferred taxes until up to 6 years after the Company
112 enjoyed the benefit of the zero cost government funds.

113 **Q. How will the determination of this issue in this case be impacted by**
114 **the decision on this same issue in Docket No. 12-0001?**

115 A. It is my understanding that the decision on the treatment of ADIT related
116 to FIN 48 in Docket No. 12-0001 will provide direction for the treatment of
117 this issue in this docket and subsequent formula rate proceedings. The
118 Proposed Order in Docket No. 12-0001 recommended that the
119 Commission should accept the position put forth by Staff and the
120 Intervenors that the FIN 48 amount represents cost-free capital that
121 should be reflected as a rate base deduction.⁴ I agree with this
122 recommendation.

² Docket No. 12-0001, AG/AARP Ex. 2.0 at 9.

³ Docket No. 12-0001, Tr., June 22, 2012, at 580.

⁴ Proposed Order, Docket No. 12-0001, August 22, 2012, p. 43.

123 **Adjustment for Accrued Vacation Reserve**

124 **Q. Please describe ICC Staff Exhibit 6.0, Schedule 6.09, Accrued**
125 **Vacation Reserve.**

126 A. Schedule 6.09 reflects my adjustment to include the liability for accrued
127 vacation pay with the operating reserves that are deducted from rate base.
128 The adjustment is substantially the same as proposed in ICC Staff Exhibit
129 1.0, Schedule 1.09, with the exception of applying the Administrative and
130 General (“A&G”) jurisdictional allocator of 93.07% that I had neglected to
131 reflect in my earlier calculation to the 2011 average accrued vacation
132 reserve balance. I have also updated the Cash Working Capital (“CWC”)
133 Factor used for determining the amount of the reserve accounted for in the
134 CWC allowance consistent with the recommendation made by Staff
135 witness Kahle in his rebuttal testimony. (ICC Staff Exhibit 7.0) Both the
136 AG/AARP and CUB witnesses proposed this same adjustment in their
137 direct testimonies. (AG/AARP Ex. 2.1, Schedule DJE – 1.3 and CUB Ex.
138 1.2, p. 4)

139 **Q. How does the amount of your adjustment compare with the**
140 **adjustments proposed by AG/AARP and CUB?**

141 A. After correcting my adjustment proposed in direct testimony to reflect the
142 A&G jurisdictional allocator, minor differences remain between the

143 adjustment amount I am proposing in rebuttal testimony and the amounts
144 proposed by the AG/AARP and CUB witnesses in direct testimony. (*Id.*)
145 AG/AARP witness Effron used the CWC factor from the Company's
146 Workpaper 3 for the calculation of the amount of the accrued vacation
147 accounted for in CWC.⁵ My calculation of the adjustment proposed in
148 rebuttal testimony differs from the adjustment proposed by AG witness
149 Effron for the amount of accrued vacation accounted for in CWC. My
150 adjustment uses the CWC factor for payroll reflected in the adjustment
151 proposed by Staff witness Kahle, ICC Staff Exhibit 7.0, Schedule 7.01. If
152 the Commission accepts this adjustment, the calculation for the accrued
153 vacation accounted for in CWC should use the CWC factor for payroll
154 expense reflected in the final order.
155 CUB witness Smith based his adjustment on the balance at December 31,
156 2011,⁶ unadjusted by the A&G jurisdictional allocator and the CWC factor
157 and does not reflect the related ADIT adjustment proposed by Mr. Effron
158 and myself.

159 **Q. How did the Company respond to the adjustments proposed for**
160 **accrued vacation pay?**

161 A. Company witness Stafford claims that since accrued vacation is a current
162 liability on AIC's books it is not a source of non-investor supplied capital.
163 In addition, he claims that the vacation reserve is completely depleted

⁵ Schedule DJE – 1.3 note (3).

⁶ CUB Exhibit 1.2, p. 4 of 12.

164 each year and is replaced with entirely new accruals based on new
165 vacation earned by employees.⁷
166 The fact that accrued vacation is recorded on the Company's books as a
167 liability has no bearing on whether it is a source of capital. Rather, the fact
168 that accrued vacation pay is reflected as a pension expense in the period
169 earned and that pension expense is a component of the revenue
170 requirement indicates that the accrued vacation pay is provided by
171 ratepayers.
172 Further, Mr. Stafford offers an inaccurate statement that the vacation
173 reserve is completely depleted each year.⁸ As I pointed out in my direct
174 testimony,⁹ Stafford's own response to AG data request AG 1.03¹⁰ proves
175 otherwise.
176 **Q. Mr. Stafford also offers a table on page 15 of his rebuttal testimony**
177 **as an illustration of when paid vacation is recovered from ratepayers.**
178 **Do you have any comments?**
179 A. Yes. Mr. Stafford's example provides an inaccurate and overly simplistic
180 view of how ratemaking functions. According to his example, for any year
181 that was not the basis of the test year for the revenue requirement, the
182 vacation paid in that year was not recovered from ratepayers. For
183 example, according to Mr. Stafford, vacation that was accrued in 2005 and

⁷ Ameren Exhibit 11.0R, p. 14, lines 286 – 292.

⁸ *Id.*, p. 291 – 292.

⁹ ICC Staff Ex. 1.0, p. 9, lines 193 – 197.

¹⁰ ICC Staff Ex. 1.0, Attachment B.

184 paid in 2006 was NEVER recovered from ratepayers. Another way of
185 looking at the table is that from the end of 2007 through September 2008,
186 from October 2009 through April 2010, and May 2011 through September
187 2012, *no vacation pay* was recovered from ratepayers. This is incorrect.
188 Since an amount for vacation pay was included in the revenue
189 requirements that formed the basis for rates charged during those periods,
190 the table is completely misleading and should be given no weight by the
191 Commission.

192 **Q. How will the determination of this issue in this case be impacted by**
193 **the decision on this same issue in Docket No. 12-0001?**

194 A. It is my understanding that the decision on the treatment of accrued
195 vacation pay in Docket No. 12-0001 will provide direction for the treatment
196 of this issue in this docket and subsequent formula rate proceedings. The
197 Proposed Order in Docket No. 12-0001 recommended that the
198 Commission should accept the proposed adjustment of AG/AARP to
199 reflect the accrued liability for vacation reserve as a deduction from rate
200 base.¹¹ A similar adjustment was adopted in the ComEd formula rate case
201 Order issued in Docket No. 11-0721, and as noted by the Proposed Order
202 in Docket No. 12-0001, there are no differences between this case and

¹¹ Proposed Order, Docket No. 12-0001, August 22, 2012, p. 59.

203 those that would warrant a different regulatory treatment.¹² These
204 decisions support the adjustment I propose.

205 **Adjustment for Regulatory Commission Expense**

206 **Q. Please describe ICC Staff Exhibit 6.0, Schedule 6.10, Adjustment for**
207 **Regulatory Commission Expense.**

208 A. Schedule 6.10 reflects my adjustment to remove costs (included in
209 regulatory commission expense) associated with Docket No. 11-0279 from
210 recovery in rates set in this proceeding. The adjustment is substantially
211 the same as proposed in Schedule 1.10 with the exception of applying the
212 A&G jurisdictional allocator of 93.07% to the expense level reported by the
213 Company that I had neglected to reflect in my earlier calculation.

214 **Q. What was the Company's response to your adjustment?**

215 A. Ameren witness Nelson gives three reasons why he believes the costs
216 associated with Docket No. 11-0279 are recoverable in rates set in this
217 proceeding:

- 218 1) They represent actual costs reflected on the 2011 FERC Form
219 1, and so are recoverable under the terms of Energy
220 Infrastructure Modernization Act ("EIMA");
221 2) Nothing in EIMA indicates that the utility must forego its rate
222 case expense in the event the case is terminated as a result of
223 opting to become a "participating utility"; and

¹² *Id.*, p. 58.

224 3) The withdrawal requirement under EIMA was mandatory, not
225 voluntary.¹³

226 **Q. How do you reply?**

227 A. The mere reporting of a cost in the FERC Form 1 does not make it
228 recoverable under EIMA as Mr. Nelson claims. Mr. Nelson’s argument is
229 directly rebutted by the Public Utilities Act (“Act”). Section 16-108.5(c)(5)
230 of the Act states:

231 Nothing in this Section is intended to allow costs that are not
232 otherwise recoverable to be recoverable by virtue of
233 inclusion in FERC Form 1.

234 Mr. Nelson’s second argument likewise falls short. Nothing in the Act
235 provides any guidance on the treatment of costs associated with an
236 abandoned rate case. The costs for a rate case should be granted no
237 different treatment than legal fees associated with the potential purchase
238 of property that was not culminated. If costs are not incurred for the
239 provision of safe, reliable service to ratepayers, the costs are generally not
240 allowable for recovery in rates.

241 As for Mr. Nelson’s third argument, the decision to become a “participating
242 utility” through the filing of its formula rate case was completely within the
243 control of the Ameren Board of Directors.¹⁴ Its electric case would not
244 have had to be withdrawn if Ameren would have filed its formula rate case

¹³ Ameren Ex. 9.0, pp. 13-15, lines 277 – 318.

¹⁴ ICC Staff Ex. 1.0, p. 11, lines 231 – 235.

245 eight days later than it did. Therefore, the shareholders should shoulder
246 the burden of those costs.

247 **Q. Were other arguments offered by Ameren to support their position?**

248 A. Yes. Company witness Stafford explained that 50% of the costs incurred
249 for the rate cases Ameren filed in 2011 were assigned to the electric rate
250 case in Docket No. 11-0279 and 50% were assigned to the gas rate case
251 in Docket No. 11-0282. He claims that since Staff reviewed and agreed
252 with the requested total amount of \$6.126 million, but only 50% of the cost
253 was approved for recovery in Docket No. 11-0282, the remainder should
254 be recovered from the electric rate payers. (Ameren Ex. 11.0R, pp. 41-42,
255 lines 878 – 912)

256 **Q. What is your response?**

257 A. Various costs, including rate case expense, are routinely allocated
258 between operating companies (gas and electric), between segments of
259 the business (transmission and distribution), and among affiliates. The
260 approval of a level of rate case expense in the gas case conducted as a
261 traditional rate case under Section IX of the Public Utilities' Act on which
262 the Commission issued a Final Order does not dictate the level of costs
263 that should be recovered from electric utility ratepayers through a formula
264 rate structure under EIMA. As explained in my Direct Testimony, the
265 money spent in the attempt to obtain a rate increase, which was

266 subsequently abandoned by the Company, did not improve or enhance
267 the electric service to Ameren electric customers. Accordingly, the costs of
268 the Company's withdrawn rate case should not be reflected in rates.¹⁵

269 **Q. If the Commission determines that recovery of any costs associated**
270 **with the rate case filed in Docket No. 11-0279 is warranted in this**
271 **proceeding, what is your opinion on the amount that should be**
272 **recovered?**

273 A. If the Commission is convinced that some recovery of the costs incurred
274 associated with the rate case filed in Docket No. 11-0279 should be
275 allowed, the recovery should be limited to \$2,293,000.¹⁶

276 **Q. Please explain why you recommend costs to be recovered should be**
277 **less than what the Company incurred?**

278 A. My review of the support provided by the Company indicates that certain
279 actual costs are not reasonable for recovery from rate payers. Support
280 provided for the costs actually incurred for the 2011 Ameren rate cases
281 was sent to Staff in the Company's supplemental response to Staff Data
282 Request ("DR") TEE 3.02S after Staff Direct Testimony was filed on July
283 3, 2012. Certain costs from the following providers listed on TEE 3.02S
284 Attach 1 are not reasonable for recovery in the formula rates:

285 1) SFIO Consulting;

¹⁵ Staff Ex. 1.0, pp. 11-12, lines 246 – 257.

¹⁶ See Staff Attachment A.

- 286 2) Legal fees for CW Flynn and Carpenter, Lipps, & Leland;
287 3) Accenture;
288 4) The Communication Counsel of America, Inc. (“CCA”);
289 5) Concentric Energy Advisors; and
290 6) Winston & Strawn, LLP.

291 **Q. What is your concern with charges for SFIO Consulting?**

292 A. Invoices for SFIO Consulting provide only a vague description of services
293 rendered and the services described seem duplicative and redundant of
294 Company management and legal counsel responsibilities. It is unclear
295 what value SFIO added to the rate case process, given that SFIO is not a
296 consulting witness that offered testimony in the case. The Commission’s
297 Order for this consultant in Docket Nos. 11-0561 – 11-0566 (Cons.)
298 disallowed costs for this consultant on the same basis. (Order, May 22,
299 2012, p. 19)

300 **Q. What is your concern with charges for Legal fees for CW Flynn and**
301 **Carpenter, Lipps, & Leland?**

302 A. Invoices provided for legal fees from CW Flynn and Carpenter, Lipps, &
303 Leland include charges that are not related to the litigation of the rate
304 cases in Docket Nos. 11-0279 and 11-0282 but rather are costs related to
305 the withdrawal of the rate case in Docket No. 11-0279. It is unreasonable

306 to expect ratepayers to cover the costs to both litigate the case and to also
307 withdraw the same case.

308 **Q. What is your concern with charges for Accenture?**

309 A. Invoices supporting charges for Accenture indicate “Witness Fees and
310 expenses”; however, the identity of the witness is not known. The actual
311 invoices provide no information beyond the description “Services rendered
312 in connection with Ameren Illinois Rate Case Support”.

313 **Q. What is your concern with charges for CCA?**

314 A. Invoices for CCA are bills for “Witness Development Skills Lab” and cover
315 three phases. Based on the extensive experience and involvement in
316 prior cases as an expert witness before regulatory bodies (including the
317 ICC) indicated for the Ameren witnesses in Docket No. 11-0279, it is
318 unclear why the witnesses require additional training. Ratepayers should
319 not be made to bear the cost of training expert witnesses who have
320 already testified on multiple occasions before this Commission.
321 However, during my review of the invoices for legal fees associated with
322 Docket No. 11-0279, I also observed costs of over \$42,000 related to
323 witness preparation and mock cross. I am not proposing that those costs
324 be disallowed. In my opinion, those would be reasonable costs for
325 witness preparation since the legal team defending the case would

326 become more familiar both with the issues and with the witnesses'
327 positions.

328 **Q. What is your concern with charges for Concentric Energy Advisors?**

329 A. The invoices supporting charges for Concentric Energy Advisors on pages
330 32 – 34 of TEE 3.02S Attach 6 included lunch charges for one of the
331 consultants assigned to the Ameren case over a 5-month period. This
332 consultant was not on travel status for this assignment as the lunch
333 charges were the only “Reimbursable Expenses” included on the bills. In
334 the Ameren Illinois Utilities rate cases in Docket Nos. 07-0585 et al.
335 (Cons.), the Commission disallowed this type of expense for this same
336 individual as set forth in the presentation of the Staff position on the issue
337 on page 115 of the Order. The Commission concluded as follows:

338 With regard to the alleged conflict of interest, AIU attempts to dismiss
339 the possibility by alleging that the AIU employee at issue was not
340 actually approving the costs in question but that it was AIU’s
341 attorneys approving the costs. Given the circumstances, AIU’s
342 explanation is not convincing. The Commission, however, does not
343 see a need to require AIU to perform an extensive analysis of
344 potential conflicts of interest and report back to the Commission. The
345 Commission simply directs AIU to ensure that such potential conflicts
346 do not occur again and to avoid the appearance of impropriety. If
347 such a situation arises again, any associated expenses will not be
348 viewed favorably to AIU.

349 AIU claims that it should not be penalized when a vendor incorrectly
350 bills it; however, Staff has raised legitimate concerns about billing
351 errors that the Commission is unable to fully resolve. As a result of
352 the legitimate concerns raised regarding Navigant/Concentric billing
353 issues, the Commission finds Staff’s proposed disallowances to be
354 reasonable and they are hereby adopted.

355 (Order, Docket No. 07-0585 et al (Cons.), September 24, 2008, pp. 114-
356 116)

357 **Q. What is your concern with charges for James Warren of Winston &**
358 **Strawn, LLP?**

359 A. The amount the Company paid Mr. Warren for ****BEGIN
360 CONF******XXXX******END CONF**** hours of work was ****BEGIN
361 CONF******\$XXXX******END CONF****, or an hourly rate of ****BEGIN
362 CONF******\$XXX******END CONF****. The reasonableness of the hourly rate
363 charged by Mr. Warren in his capacity of an expert witness addressing
364 FIN 48 issues has been previously litigated in the rate proceeding of
365 Illinois American Water Company, Docket No. 11-0767. While a Final
366 Order in that case is not anticipated until mid-September, the Proposed
367 Order, issued July 31, 2012, found that a reasonable rate for Mr. Warren's
368 services to be recovered through rate case expense would be an average
369 of the CPA rate with Mr. Warren's actual rate. I have reflected a similar
370 calculation in my recommendation for disallowance of rate case expense
371 for the 2011 case.

372 In the alternative, the Commission could approve the rate of****BEGIN
373 CONF**** **\$XXX** ****END CONF**** per hour recommended by Staff in
374 Docket No. 11-0767. As explained in that case, Staff's recommended
375 hourly rate, which compares the spread between two consultants (Mr.
376 Warren with CUB witness Mr. Ralph Smith) with similar education,

377 expertise, and experience, is a more appropriate proxy for a reasonable
378 hourly rate.¹⁷

379 It is also important to note that the charges for Mr. Warren were included
380 in the amount approved in Docket No. 11-0282, Ameren’s gas rate case,
381 in the category “Other Rebuttal Witnesses, Various”. No breakdown of the
382 costs was included, nor was an invoice for Mr. Warren’s services provided
383 for Staff review. Thus, this is the initial review of these actual costs for
384 Docket No. 11-0279.

385 **Q. Do you have any additional comments regarding the overall level of**
386 **“Regulatory Commission” expense for Docket No. 11-0279 requested**
387 **by the Company?**

388 A. I note that the total actual rate case expense associated with the two
389 Ameren rate cases (Docket No. 11-0279 and 11-0282) recorded by the
390 Company was over 10% less than the amount estimated in their initial rate
391 case filing. Thus, the amount currently being recovered from the Ameren
392 gas customers is more than 10% higher than its allocated share of actual
393 costs incurred.¹⁸ While I understand that it is not appropriate to adjust
394 rates already approved by the Commission as that would result in
395 retroactive ratemaking, this fact partially addresses Mr. Stafford’s

¹⁷ Docket No. 11-0767, Staff Brief on Exceptions, pp. 3-4.

¹⁸ The percentage increases when one considers the legal fees for researching and drafting documents to withdraw the electric rate case in Docket 11-0279 discussed *supra*.

396 argument that the Company should be able to recover its costs for
397 conducting the rate case.

398 **Q. Why do you believe the Commission would consider approving an**
399 **amount less than the actual costs incurred for Docket No. 11-0279?**

400 A. The Commission is currently evaluating rate case expense with greater
401 scrutiny than in the past, as evidenced by the Commission decisions in
402 Utilities' Inc. Docket No. 11-0561/0562/0563/0564/0565/0566 (Cons.) and
403 Aqua Illinois Docket No. 11-0436, as well as the Order in ComEd Docket
404 No. 10-0467. The Commission's position on what is expected regarding
405 recovery of rate case expense has evolved since the Ameren rate case
406 was filed in Docket No. 11-0282. The Commission initiated a rulemaking
407 as Docket No. 11-0711 to develop "language that will assist the
408 Commission in formulating a policy on the issue of rate case expense."
409 (Order, November 2, 2011, Docket No. 11-0711, p. 1) That rulemaking is
410 ongoing.

411 The Commission Order in Docket No. 10-0467 which required the initiation
412 of the rate case expense rulemaking, analyzed the various components of
413 rate case expense in considerable detail. (Order, Docket No. 10-0467,
414 May 24, 2011, pp. 65 – 86) Significant adjustments were approved in that
415 docket's Final Order which resulted in the disallowance of \$1.2 million or

416 24% of the \$5 million total rate case costs requested in that case. (Final
417 Order Docket No. 10-0467, May 24, 2011, Appendix A, p. 21)

418 **Q. Section 9-229 of the Act requires the Commission to expressly**
419 **address in its final order the justness and reasonableness of any**
420 **amount expended by a public utility to compensate attorneys or**
421 **technical experts to prepare and litigate a general rate case filing. Do**
422 **you have a recommendation regarding the information the**
423 **Companies have provided to support the justness and**
424 **reasonableness of rate case expenses for Docket No. 11-0279?**

425 A. Yes. I recommend that Ameren incorporate into its surrebuttal testimony
426 the responses to the following Staff DRs that support the recovery of rate
427 case expenses for Docket No. 11-0279 as just and reasonable:

428 TEE 3.02

429 TEE 3.02 Attach

430 TEE 3.02S

431 TEE 3.02S Attach 1through Attach 7

432 **Q. What finding do you recommend that the Commission make in its**
433 **final order?**

434 A. If the Commission determines that any of the costs associated with the
435 litigation of Docket No. 11-0279 should be recovered in rates in this
436 proceeding, I recommend that the Commission make the following finding
437 in its final order:

438 The Commission finds that the amounts of compensation for
439 attorneys and technical experts to prepare and litigate the rate case
440 in Docket No. 11-0279, as adjusted by Staff, are just and
441 reasonable pursuant to Section 9-229 of the Public Utilities Act (220
442 ILCS 5/9-229).

443 **Q. Since the Company is not requesting the costs associated with**
444 **Docket No. 11-0279 as rate case expense, why do you believe that**
445 **Section 9-229 of the Act applies to those costs?**

446 A. Section 9-229 of the Act specifically discusses “any amount expended...to
447 prepare and litigate a general rate case filing”. This section is not limited
448 only to those costs requested for recovery as “rate case expense”.
449 Therefore, if any of the \$2.69 million costs requested for recovery as
450 regulatory commission expense by the Company are approved, the issue
451 must be expressly addressed in the Commission’s final order.

452 **Rate Case Expense**

453 **Q. Please describe ICC Staff Exhibit 6.0, Schedule 6.11, Adjustment for**
454 **Rate Case Expense.**

455 A. Schedule 6.11 reflects my adjustment to reflect the three-year
456 amortization for rate case expense incurred in 2011 associated with the
457 initial formula rate filing in Docket No. 12-0001. My adjustment is based
458 on the amounts supported by the Company in their response to my Staff
459 DR 6.01S, received on July 27, 2012. I recommend that the Commission
460 approve the \$178,000 for rate case expense (1/3 of the total amount of

461 \$533,317 supported) to be recovered in rates set in this proceeding for
462 recovery of those costs incurred in 2011. The remaining 2/3 of the
463 allowable costs incurred in 2011 will be recovered in rates set in 2013 and
464 2014. Any costs incurred in 2012 associated with the initial formula rate
465 filing will be considered for recovery over a 3-year amortization period
466 beginning with the 2012 rate year.

467 **Q. Please explain why you did not include the full amount of costs that**
468 **the Company reports on its FERC Form 1 for the year ending**
469 **12/31/2011.**

470 A. In response to Staff DR TEE 6.01S, the Company finally provided the
471 support for the \$664,958 Costs for Initial Formula Rate Filing, a month
472 after the initial response due date. To the extent that the attachments to
473 the DR provided unredacted support for the costs, I am allowing those
474 costs in my calculation. However, I am not allowing the costs indicated for
475 Outside Legal Services included in that response.

476 **Q. Why are you disallowing the costs for Outside Legal Services**
477 **provided in the response?**

478 A. First, the invoices for Outside Legal Fees show redactions without any
479 explanations of why the information must be redacted from the
480 “Confidential and Proprietary” version provided to Staff in response to DR
481 TEE 6.01S Attach 2. Certain charges on the bills indicate that the costs

482 are associated with the “performance metrics plan”¹⁹ which was the
483 subject of a completely separate proceeding, albeit related to the formula
484 rate case. In addition, charges referring to “Review of ALJPO Research
485 regarding BOE”²⁰ do not seem related to the initial formula rate filing since
486 the case had not been filed by 11/9/2011, so the ALJPO and BOE could
487 not have been issued yet in that case.

488 **Q. Did you note any other concerns with the support provided by the**
489 **Company for rate case expense associated with Docket No. 12-0001?**

490 A. Yes. As noted above in the discussion of Regulatory Commission
491 expense associated with Docket No. 11-0279, the invoices from
492 Concentric Energy Advisors included expenses for lunch for one of the
493 consultants apparently not on travel status. While the amount on the
494 invoices provided only totaled \$138.14, not an amount significant enough
495 to impact the expense when rounded to thousands, I reiterate my
496 objection to those charges being passed on to ratepayers.²¹ The
497 Commission’s decision regarding the costs for those lunches in this case
498 should be adopted when the remainder of the Company’s rate case costs
499 for its initial formula rate case filing are presented for consideration in the
500 Company’s next formula rate filing.

¹⁹ Company response to TEE 6.01S Attach 2, p. 22 of 31.

²⁰ Company response to TEE 6.01S Attach 2, p. 27 of 31.

²¹ See pp. 14-15, lines 291 - 300 above.

501 **Q. Section 9-229 of the Act requires the Commission to expressly**
502 **address in its final order the justness and reasonableness of any**
503 **amount expended by a public utility to compensate attorneys or**
504 **technical experts to prepare and litigate a general rate case filing. Do**
505 **you have a recommendation regarding the information the**
506 **Companies have provided to support the justness and**
507 **reasonableness of rate case expenses?**

508 A. Yes. I recommend that Ameren incorporate into its surrebuttal testimony
509 the responses to the following Staff DRs that support the recovery of rate
510 case expenses for Docket No. 12-0001 as just and reasonable:

511 TEE 6.01

512 TEE 6.01S

513 TEE 6.01S Attach 1through Attach 5

514 **Q. What finding do you recommend that the Commission make in its**
515 **final order?**

516 A. I recommend that the Commission make the following finding in its final
517 order:

518 The Commission finds that the amounts of compensation incurred
519 in 2011 for attorneys and technical experts to prepare and litigate
520 Docket No. 12-0001, as adjusted by Staff, are just and reasonable
521 pursuant to Section 9-229 of the Public Utilities Act (220 ILCS 5/9-
522 229).

523 **ADIT for Investment Tax Credits**

524 **Q. Please describe ICC Staff Exhibit 6.0, Schedule 6.12, Adjustment to**
525 **ADIT for ITCs.**

526 A. Schedule 6.12 reflects my adjustment to remove the deferred tax asset
527 associated with the unamortized investment tax credit (“ITC”) from the
528 balance of ADIT that reduces rate base. My adjustment reflects the
529 amount included in Ameren’s rebuttal revenue requirement, \$1.695
530 million.²² The deferred tax asset arises from the deferred credit balance of
531 ITC that represents realized tax savings that have not yet been reflected in
532 the Company’s income statement. Since the deferred credit balance of
533 ITC is not deducted from the Company’s rate base, the directly related
534 deferred tax debit balance should not be included in rate base as a
535 reduction to the ADIT balance. Both the AG/AARP and CUB witnesses
536 proposed this same adjustment in their direct testimonies. (AG/AARP Ex
537 2.1, Schedule DJE-1.1 and CUB Ex. 1.2, p. 7)

538 **Q. What was the Company’s response to this adjustment?**

539 A. Ameren witness Stafford claims that the deferred tax asset exists
540 regardless of which election the Company has made.²³ Mr. Stafford also
541 offers his explanation of the way in which rate payers are benefitting from
542 AIC’s reduction to income tax expense when compared to the rate base

²² Ameren Ex. 11.0R, p. 23, lines 482 – 484.

²³ The Company has reflected an adjustment to reduce the deferred tax asset by 40% in its rebuttal revenue requirement to be consistent with its position from the Initial Brief in 12-0001. (Ameren Ex. 11.0R, p. 23, lines 479 – 484)

543 option. Mr. Stafford claims there is no restriction to the inclusion of the
544 deferred tax asset in Rate Base.²⁴

545 **Q. How will the determination of this issue in this case be impacted by**
546 **the decision on this same issue in Docket No. 12-0001?**

547 A. I do not recognize any new arguments regarding this issue that were not
548 previously made in Docket No. 12-0001. It is my understanding that the
549 decision on the treatment of ADIT for ITCs in Docket No. 12-0001 will
550 provide direction for the treatment of this issue in this docket and
551 subsequent formula rate proceedings. The Proposed Order in Docket No.
552 12-0001 issued on August 22, 2012 recommends to the Commission that
553 the AG/AARP and CUB recommendation to remove the deferred tax asset
554 for ITC's from rate base be adopted.²⁵ I agree with that recommendation.

555 **State Tax Rates**

556 **Q. Please describe ICC Staff Exhibit 6.0, Schedule 6.13, Adjustment for**
557 **State Tax Rate.**

558 A. Schedule 6.13 reflects my adjustment to correct the Company's
559 adjustment for the state income tax rate change. Specifically my
560 adjustment removes the Company's adjustment and reflects a different
561 adjustment to correctly reflect the Company's benefit resulting from the
562 state income tax rate change.

²⁴ Ameren Ex. 11.0R, p. 22, lines 452 – 456.

²⁵ Proposed Order, Docket No. 12-0001, August 22, 2012, pp. 64-65.

563 **Q. How did the Company respond to the proposals made by both**
564 **AG/AARP and CUB witnesses for adjustments due to the state**
565 **income tax rate changes?**

566 A. Ameren witness Stafford agrees with the Intervenor witnesses that the tax
567 savings resulting from the state tax rate increase in 2011 should be
568 reflected in the revenue requirement in this proceeding.²⁶ In addition, Mr.
569 Stafford's calculations (Ameren Exhibit 11.3) approximate the calculations
570 presented by the AG/AARP and CUB. As Mr. Stafford points out, the
571 AG/AARP's calculation only reflects the decrease to state income tax
572 expense but not the offsetting increase to federal income tax expense. I
573 accept the calculations made by Mr. Stafford and reflect the state and
574 federal tax impacts to income tax expense in my proposed adjustment.

575 **Q. Do you agree with Mr. Stafford's treatment of the impacts to state**
576 **and federal income tax expense in his rebuttal revenue requirement?**

577 A. No. Mr. Stafford's treatment of these amounts in the Company's rebuttal
578 revenue requirement misapply Section 16-108.5(c)(4)(F) of the Act.

579 **Q. Please explain.**

580 A. Mr. Stafford, in applying Section 16-108.5(c)(4)(F) of the Act, amortizes
581 the \$4.137 million tax credit over 5 years with 1/5 of the amount or

²⁶ Ameren Ex. 11.0R, pp. 37-38, lines 782 – 803.

582 \$827,000 included as a reduction to operating expenses and the
583 remaining \$3.31 million included as a credit in Rate Base. Section 16-
584 108.5(c)(4)(F) of the Act states in part:

585 (F) amortization over a 5-year period of the full amount of each
586 charge or credit that exceeds \$3,700,000 for a participating utility
587 that is a combination utility...in the applicable calendar year...

588 This section provides for unusual significant costs (credits) that occur in a
589 calendar year to be spread over a longer period for recovery, such as
590 storm expense. The tax credit resulting from the change in state income
591 taxes is not a credit that occurs in the calendar year 2011 but is rather the
592 impact that will be realized in future periods as the taxes that were
593 deferred at the higher rate will be paid out at a lower rate when the state
594 tax rate decreases. Therefore, I have reversed the adjustments made by
595 Mr. Stafford under Section 16-108.5(c)(4)(F) and replaced them with the
596 applicable adjustments for state and federal income tax expense.

597 **Late Payment Revenue**

598 **Q. Please describe ICC Staff Exhibit 6.0, Schedule 6.14, Adjustment for**
599 **Late Payment Revenue.**

600 A. Schedule 6.14 reflects my adjustment to reflect 100% of the Late Payment
601 Revenue as an offset in the determination of rates in this proceeding. I
602 agree with the adjustment proposed by AG/AARP on this issue. These
603 revenues are not considered in any other rates charged to Ameren

604 customers. It does not seem proper that only 45.56% of the late
605 payments should be used to offset the Company's revenue requirement.
606 As the PO in Docket No. 12-0001 states, "To apply only a portion of
607 ratepayer supplied funds in Account 450 equal to electric delivery service
608 and ignoring the remainder represents a windfall to shareholders."²⁷

609 **Q. Did the Company accept the AG/AARP adjustment to allocate 100%**
610 **of late payment revenues as an offset in the determination of rates in**
611 **this proceeding?**

612 A. No. (Ameren Exhibit 11.0R, pp. 28 – 34) The Company argued against
613 the adjustment stating it would run counter to the Commission's long-
614 standing practice to include in electric delivery service revenue
615 requirements only electric distribution system costs. Instead, the
616 Company suggested that at some future time, the late payment revenue
617 could be reflected in rates charged under Rider PER, the supply service
618 charge. This proposal only allows the Company to receive the windfall of
619 revenues that are not considered in any rates currently until some future
620 point in time when changes could be made to Rider PER.

621 **Uncollectibles Expense Recommendations**

622 **Q. How did the Company respond to your recommendations regarding**
623 **uncollectibles expense for purposes of the reconciliation**
624 **calculation?**

²⁷ Proposed Order, Docket No. 12-0001, August 22, 2012, p. 105.

625 A. Company witness Stafford confirmed the Company's agreement with my
626 recommendation under the condition that the revisions are accepted by
627 the Commission in its order in Docket No. 12-0001.²⁸ The revisions that
628 would be consistent are correctly reflected on Schedule FR A-1REC
629 included in Ameren Ex. 11.1. The PO in Docket 12-0001 recommends
630 adoption of the agreement between Staff and the Company.²⁹

631 **Coordination Issue with Docket No. 12-0001**

632 **Q. What was the Company's response to your concern regarding the**
633 **overlap between Docket No. 12-0001 and the current case?**

634 A. Company witness Mill responded that based on the Commission's last
635 scheduled bench session prior to the Commission deadline for Docket No.
636 12-0001, Ameren would submit conformed formula rate revenue
637 requirement schedules for this proceeding no later than October 1, 2012.³⁰
638 Mr. Mill further agrees that after the filing of the conformed formula rate
639 revenue requirement schedules, parties should have the opportunity to
640 review and respond to those schedules.³¹ I therefore propose that the
641 record be left open in this case at the conclusion of the hearings currently
642 scheduled to end on September 17 for that review and response.

643 **Conclusion**

644 **Q. Does this question end your prepared rebuttal testimony?**

²⁸ Ameren Ex. 11.0R, p. 3, lines 60 – 61.

²⁹ Proposed Order, Docket No. 12-0001, August 22, 2012, p. 188.

³⁰ Ameren Ex. 10.0, pp. 3-4, lines 57 – 66.

³¹ *Id.*, p. 4, lines 67 – 73.

645 A. Yes.

Ameren Illinois Company
Adjustments to Operating Income
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description	Interest Synchronization (Sch. 6.06)	Regulatory Comm Exp Adjustment (Sch. 6.10)	State Income Tax Rates (Sch. 6.13)	State Income Tax Rates (Sch. 6.13)	Charitable Contributions (Sch. 8.02)	Rate Case Expense (Sch. 6.11)	Advertising Expense (Sch. 8.04)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Electric Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Miscellaneous Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenues	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Distribution Expenses	-	-	827	-	-	-	-	827
6	Customer Accounts Expenses	-	-	-	-	-	-	-	-
7	Cust. Service & Inform. Expenses	-	-	-	-	-	-	(644)	(644)
8	Admin. & General Expenses	-	(2,504)	-	-	(56)	178	(54)	(2,436)
9	Depreciation & Amort. Expenses	-	-	-	-	-	-	-	-
10	Regulatory Debits	-	-	-	-	-	-	-	-
11	Taxes Other Than Income	-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(2,504)	827	-	(56)	178	(698)	(2,253)
16	Before Income Taxes	-	(2,504)	827	-	(56)	178	(698)	(2,253)
17	State Income Tax	(129)	238	(79)	(6,365)	5	(17)	66	(6,281)
18	Federal Income Tax	(431)	793	(262)	2,228	18	(6)	221	2,561
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(560)	(1,473)	486	(4,137)	(33)	155	(411)	(5,973)
21	NET OPERATING INCOME	\$ 560	\$ 1,473	\$ (486)	\$ 4,137	\$ 33	\$ (155)	\$ 411	\$ 5,973

Ameren Illinois Company
Rate Base
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1)	Staff Adjustments (Sch 6.04)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 5,116,801	\$ -	\$ 5,116,801
2	Less: Accumulated Depreciation	(2,417,000)	-	(2,417,000)
3		-	-	-
4	Net Plant	2,699,801	-	2,699,801
5	Additions to Rate Base			
6	Plant Held for Future Use	373	-	373
7	CWIP Not Subject to AFUDC	127	(37)	90
8	Cash Working Capital	13,096	(2,228)	10,868
9	Materials & Supplies Inventory	31,073	-	31,073
10	Deferred Charges Greater than \$3.7M	3,051	3,310	6,361
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15	Deductions From Rate Base			
16	Operating Reserves	-	(11,983)	(11,983)
17	Customer Advances	(23,747)	-	(23,747)
18	Accumulated Deferred Income Taxes	(644,995)	(53,273)	(698,268)
19	Customer Deposits	(30,423)	-	(30,423)
20	OPEB Liability	(11,036)	-	(11,036)
21	Budget Payment Plans	-	-	-
22	Accum. Provision for Injuries & Damages	-	-	-
23	Rate Base	<u>\$ 2,037,320</u>	<u>\$ (64,211)</u>	<u>\$ 1,973,109</u>

Ameren Illinois Company
Adjustments to Rate Base
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description	Cash Working Capital (Sch. 7.01)	FIN 48 ADIT (Sch. 6.08)	Vacation Reserve (Sch. 6.09)	ADIT for ITCs (Sch 6.12)	State Income Tax Rates (Sch. 6.13)	ADIT on Projected 2012 Plant (Sch. 8.01)	Accts Payable on CWIP (Sch. 10.01)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -		\$ -		\$ -	\$ -	\$ -	\$ -
2	Less: Accumulated Depreciation	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	-	-
5	Additions to Rate Base								
6	Plant Held for Future Use	-	-	-	-	-	-	-	-
7	CWIP Not Subject to AFUDC							(37)	(37)
8	Cash Working Capital	(2,228)	-	-	-	-	-	-	(2,228)
9	Materials & Supplies Inventory		-	-	-	-	-	-	-
10	Deferred Charges Greater than \$3.7M		-	-	-	3,310	-	-	3,310
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Deductions From Rate Base								
16	Operating Reserves	-	-	(11,983)	-	-	-	-	(11,983)
17	Customer Advances	-	-	-	-	-	-	-	-
18	Accumulated Deferred Income Taxes	-	(8,589)	1,001	(1,695)	-	(43,990)	-	(53,273)
19	Customer Deposits	-	-	-	-	-	-	-	-
20	OPEB Liability	-	-	-	-	-	-	-	-
21	Budget Payment Plans	-	-	-	-	-	-	-	-
22	Accum. Provision for Injuries & Damages	-	-	-	-	-	-	-	-
23	Rate Base	\$ (2,228)	\$ (8,589)	\$ (10,982)	\$ (1,695)	\$ 3,310	\$ (43,990)	\$ (37)	\$ (64,211)

Ameren Illinois Company
Revenue Effect of Adjustments
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description	Per Company	Staff Adjustments	Per Staff
	(a)	(b)	(c)	(d)
1	Present Revenues	\$ 848,559 ⁽¹⁾	\$ 6,556	\$ 855,115 ⁽²⁾
2	Proposed Increase	<u>(16,129) ⁽³⁾</u>	<u>(33,223) ⁽⁴⁾</u>	<u>(49,352) ⁽⁵⁾</u>
3	Proposed Revenues	<u>\$ 832,430</u>	<u>\$ (26,667)</u>	<u>\$ 805,763</u>
4	% Increase	-1.90%		-5.04%
5	Staff Adjustments:			
6				
7	Rate of Return (Applied to Company Rate Base)		(6,912)	
8	State Income Tax Rate reversal		832	
9	Vacation Reserve		(1,354)	
10	Cash Working Capital		(275)	
11	ADIT on Projected Plant Additions		(12,508)	
12	Regulatory Commission Expense		(2,523)	
13	ADIT - ITCs		(209)	
14	FIN 48 ADIT		(1,059)	
15	Gross Revenue Conversion Factor		-	
16	State Income Tax Reversal		408	
17	Interest Synchronization		(2,566)	
18	Charitable Contributions		(57)	
19	Advertising Expense		(704)	
20	Industry Association Dues		265	
17				
17				
17				
18				
19	Rounding		<u>(5)</u>	
20	Total Revenue Effect of Staff Adjustments		<u>\$ (26,667)</u>	

Sources:

- (1) ICC Staff Exhibit 6.0, Schedule 6.01, column (b), line 3
- (2) ICC Staff Exhibit 6.0, Schedule 6.01, column (d), line 3
- (3) ICC Staff Exhibit 6.0, Schedule 6.01, column (e), line 3
- (4) ICC Staff Exhibit 6.0, Schedule 6.01, columns (f) + (h), line 3
- (5) ICC Staff Exhibit 6.0, Schedule 6.01, column (i), line 24

Ameren Illinois Company
Interest Synchronization Adjustment
For the Year Ending December 31, 2011
(In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Staff Rate Base	\$ 1,973,109 (1)
2	Weighted Cost of Debt	3.63% (2)
3	Synchronized Interest Per Staff	71,624
4	Company Interest Expense	<u>70,264</u> (3)
5	Increase (Decrease) in Interest Expense	<u>1,360</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	\$ <u>(129)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	\$ <u>(431)</u>

(1) Source: ICC Staff Ex. 1.0, Schedule 1.03, Column (d).

(2) Source: ICC Staff Exhibit 4.0, Schedule 4.01

(3) Source: Company Schedule C-5.4

Ameren Illinois Company
 Gross Revenue Conversion Factor
 For the Year Ending December 31, 2011

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.7395%	<u>0.007395</u>	
3	State Taxable Income		0.992605	1.000000
4	State Income Tax	9.5000%	<u>0.094297</u>	<u>0.095000</u>
5	Federal Taxable Income		0.898308	0.905000
6	Federal Income Tax	35.0000%	<u>0.314408</u>	<u>0.316750</u>
7	Operating Income		<u>0.583900</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.712622</u>	<u>1.699958</u>

Ameren Illinois Company
Adjustment to ADIT - FIN 48
For the Year Ending December 31, 2011
(In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	ADIT FIN 48 - Federal	\$ 7,381	Company Schedule B-9
2	ADIT FIN 48 - State	<u>1,208</u>	Company Schedule B-9
3	ADIT FIN 48 total per Company	<u>\$ 8,589</u>	Line 1 + line 2
4	ADIT exclusion for FIN 48 per Staff	\$ -	
5	ADIT exclusion for FIN 48 per Company	<u>\$ 8,589</u>	Line 3
6	Staff Proposed Adjustment to ADIT	<u>\$ (8,589)</u>	Line 4 - line 5

Ameren Illinois Company
 Adjustment for Accrued Vacation Reserve
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Vacation Reserves per Staff	\$ (11,983)	Page 2
2	Vacation Reserves per Company	<u>0</u>	
3	Staff Proposed Adjustment to Rate Base	<u>\$ (11,983)</u>	Line 1 - line 2
4	Related ADIT per Staff	\$ (4,934)	Line 17 x 41.175%
5	ADIT per Company	<u>(5,935)</u>	Company Schedule B-9, sum of lines 40 and 41
6	Staff proposed adjustment to ADIT	<u>\$ 1,001</u>	Line 4 - line 5

Ameren Illinois Company
 Adjustment for Accrued Vacation Reserve
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	January-11	\$ 12,782	Company response to AG 1.03
2	February-11	12,801	Company response to AG 1.03
3	March-11	12,820	Company response to AG 1.03
4	April-11	12,840	Company response to AG 1.03
5	May-11	12,859	Company response to AG 1.03
6	June-11	12,878	Company response to AG 1.03
7	July-11	12,897	Company response to AG 1.03
8	August-11	12,917	Company response to AG 1.03
9	September-11	12,936	Company response to AG 1.03
10	October-11	12,955	Company response to AG 1.03
11	November-11	12,974	Company response to AG 1.03
12	December-11	<u>12,994</u>	Company response to AG 1.03
13	Average balance	\$ 12,888	Average of lines 1 - 12
14	Jurisdictional Allocator	<u>93.07%</u>	Ameren Exhibit 1.1, Schedule FR A-2
15	Jurisdictional Average	\$ 11,995	Lijne 13 times line 14
16	2011 Incremental vacation accrual	\$ 361	Company response to TEE 2.08 Attach
17	CWC factor	<u>-3.244%</u>	ICC Staff Ex. 2.0, Schedule 2.01, line 7
18	Accounted for in Cash Working Capital	<u>(12)</u>	Line 16 times line 17
19	Operating Reserve per Staff	<u>\$ 11,983</u>	Line 15 plus line 18

Ameren Illinois Company
 Adjustment to Regulatory Commission Expense
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Expense for Docket No. 11-0279 per Staff	\$ -	
2	Expense for Docket No. 11-0279 per Company	\$ 2,690	Company response to Staff data request TEE 3.0 Ameren Exhibit 1.1, Schedule FR A-2 Line 2 times line 3
3	A&G Jurisdictional Allocator	93.07%	
4		<u>2,504</u>	
5	Staff Proposed Adjustment to A & G Expense	<u>\$ (2,504)</u>	Line 1 - line 2

Ameren Illinois Company
 Adjustment to Rate Case Expense
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Concentric Energy Advisors	\$ 333	
2	Filing Fee	200	
3	Total	<u>\$ 533</u>	Company response to TEE 6.01S Attach 2, p. 18
4	Initial Formula Rate Proceeding Rate Case Expense per Staff	\$ 178	line 3 divided by 3
5	Initial Formula Rate Proceeding Rate Case Expense per Company	<u>0</u>	
6	Staff Proposed Adjustment to A & G Expense	<u><u>\$ 178</u></u>	Line 4 - line 5

Ameren Illinois Company
Adjustment to ADIT for ITCs
For the Year Ending December 31, 2011
(In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	ADIT - Unamortized Investment Tax Credit per Staff	\$ -	
2	ADIT - Unamortized Investment Tax Credit per Company	<u>1,695</u>	Ameren Ex. 11.0, p. 23, line 484
3	Staff Proposed Adjustment to ADIT	<u>\$ (1,695)</u>	Line 1 - line 2

Ameren Illinois Company
Adjustment for State Tax Rates
 For the Year Ending December 31, 2011
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Deferred Charges per Staff	\$ -	
2	Deferred Charges per Company	<u>(3,310)</u>	Company Schedule C-2.2
3	Staff Proposed Adjustment to Deferred Charges	<u>\$ 3,310</u>	Line 1 - line 2
4	Other Distribution Expense per Staff	\$ -	
5	Other Distribution Expense per Company	<u>(827)</u>	Company Schedule C-2.2
6	Staff Proposed Adjustment to Distribution Expense	<u>\$ 827</u>	Line 1 - line 2
7	Adjustment to State Income Tax per Staff	\$ (6,365)	Ameren Exhibit 11.3, p. 2
8	Adjustment to State Income Tax per Company	<u>0</u>	
9	Staff Proposed Adjustment to State Income Tax	<u>\$ (6,365)</u>	Line 1 - line 2
7	Adjustment to Federal Income Tax per Staff	\$ 2,228	Ameren Exhibit 11.3, p. 1
8	Adjustment to State Income Tax per Company	<u>0</u>	
9	Staff Proposed Adjustment to Federal Income Tax	<u>\$ 2,228</u>	Line 1 - line 2

Ameren Illinois Company
Adjustment for Late Payment Revenue
For the Year Ending December 31, 2011
(In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Late Payment Revenue per Staff	\$ 12,043	Ameren Ex. 1.2, MFR Schedule C-23
2	Late Payment Revenue per Company	<u>5,487</u>	Ameren Ex. 1.2, MFR Schedule C-23
3	Staff Proposed Adjustment to Late Payment Revenue	<u>\$ 6,556</u>	Line 1 - line 2

Ameren Illinois Company
 Potential Allowable Rate Case Recovery for Docket No. 11-0279
 (in thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Electric Portion per Company	\$ 2,690	Company Response to TEE 3.02S Attach 1, p. 5
2	SFIO consulting		Company Response to TEE 3.02S Attach 1, p. 3
3	Legal Fees		Confidential workpaper for Attachment A
4	Accenture		Company Response to TEE 3.02S Attach 1, p. 2
5	CCA Training		Company Response to TEE 3.02S Attach 1, p. 4
6	CCA Training		Company Response to TEE 3.02S Attach 1, p. 3 (PCARD Charges 8-10-11)
7	Meals for consultants not on travel status		Company Response to TEE 3.02S Attach 1, Attach 2, Attach 5, Attach 6
8	James Warren		Confidential workpaper for Attachment A
9	Adjusted total allocated to Electric case	\$ 2,464	Sum of lines 1 through 7
10	Jurisdictional allocator	<u>93.07%</u>	Ameren Exhibit 1.1, Schedule FR A-2
11	Potential allowable rate case recovery	<u>\$ 2,293</u>	Line 8 times line 9