

Ameren Corporation

Ameren Illinois Company

**Rider GUA (Gas Uncollectible Adjustment)
2010**

August 23, 2012



Environment:

- The Illinois Commerce Commission (ICC) approved Rider GUA (Gas Uncollectible Adjustment). Rider GUA (GUA) applies to all Ameren Illinois Company (AIC) residential and non-residential gas customers taking gas delivery service and gas supply service. Under GUA, AIC adjusts customer bills for (over)/under recoveries of uncollectible expenses for a calendar year (the reporting year) through the Delivery Service Uncollectible Adjustment (IDUA) and the Supply Service Uncollectible Adjustment (ISUA).
- The General Accounting and the Illinois Regulatory Policy and Rates departments calculate the components of the GUA rates. The Manager, Rates and Analysis reviews the GUA rate calculations. The Regulatory Specialist files the GUA rates with the ICC and forwards the final rates to a Customer Service System (CSS) Business Analyst, who enters them into CSS for customer billing. AIC issues approximately 9.8 million gas bills annually.
- Rates for each reporting year, which include the (over)/under recoveries of uncollectible expenses, are billed to customers over a twelve-month period, starting with the sixth month after the end of the reporting year. As such, the rates for the 2010 reporting year were billed to customers from June 2011 through May 2012. GUA uncollectible expenses that were over recovered and returned to customers for the 2010 reporting year were approximately \$775,000 (sum of line 8 in Appendices A and B).
- Beginning with the 2010 reporting year, the GUA rate calculation included an Automatic Balancing (AB) component, which represents the cumulative (over)/under recovery resulting from the application of the uncollectible adjustment from two years prior. As such, the Automatic Balancing (AB) component for reporting year 2010 was calculated based on data from 2008. After the GUA rate for reporting year 2010 was calculated and implemented, the Illinois Regulatory Policy and Rates department determined that the AB component was calculated using incomplete data. While the Delivery Service portion of the AB component was over collected by approximately \$19,000, it is not expected to materially impact customer bills. In addition, while the Supply Service portion of the AB component was over collected by approximately \$63,000, it is also not expected to materially impact customer bills. The over recoveries were presented to the ICC in March 2012, and will be refunded to customers once approved by the ICC. The Illinois Regulatory Policy and Rates department identified a better source of data for the rate calculation, which was used in the rate calculation for the 2011 reporting year and will continue to be used in future rate calculations.
- GUA requires an annual internal audit, as described below in the Scope.

Scope:

We reviewed the costs and revenues pursuant to GUA for the billing periods from June 2011 through May 2012. As required by GUA, we determined whether:

- Accounting controls are effectively preventing double recovery of costs through GUA and other means
- GUA is properly billed to customers
- GUA revenues are properly recorded in appropriate general ledger accounts
- Uncollectible costs are properly recorded in Account 904, Uncollectible Accounts Expense, and reported in the Form 21 ILCC

A reconciliation of costs and revenues for GUA Delivery Service and GUA Supply Service for each Rate Zone is summarized in the attached Appendices.

Conclusion:

Controls to prevent the double recovery of costs are in place and operating effectively. Rates are properly applied to customer bills, the revenues are properly recorded in appropriate general ledger accounts, and uncollectible costs are properly recorded in general ledger account 904 and reported in the Form 21 ILCC.

The misstatements described in the Environment were immaterial and did not impact our conclusion.

Appendix A

**Rider GUA 2010 Delivery Service Reconciliation
Ameren Illinois Company – Gas Uncollectible Adjustment
For the period from June 1, 2011 to May 31, 2012**

		<u>RZ I</u>	<u>RZ II</u>	<u>RZ III</u>	<u>Total AIC</u>
1 - ICC Form 21 account 904 (uncollectible expense) ¹					
	Residential	\$ 599,665	\$ 661,243	\$ 1,851,277	\$ 3,112,185
	Non-Residential	<u>27,729</u>	<u>30,413</u>	<u>82,801</u>	<u>140,943</u>
		\$ 627,394	\$ 691,656	\$ 1,934,078	\$ 3,253,128
2 - Uncollectible Expense Allowed in Rates ²					
	Residential	\$ 830,913	\$ 864,198	\$ 2,307,444	\$ 4,002,555
	Non-Residential	<u>54,919</u>	<u>55,911</u>	<u>183,595</u>	<u>294,425</u>
		\$ 885,832	\$ 920,109	\$ 2,491,039	\$ 4,296,980
3 - Amount of (Over)/Under Recovery	Line 1 - 2				
	Residential	\$ (231,248)	\$ (202,955)	\$ (456,167)	\$ (890,370)
	Non-Residential	<u>(27,190)</u>	<u>(25,498)</u>	<u>(100,794)</u>	<u>(153,482)</u>
		\$ (258,438)	\$ (228,453)	\$ (556,961)	\$ (1,043,852)
4 - Automatic Balancing ³					
	Residential	\$ 2,006	\$ 6,806	\$ 73,940	\$ 82,752
	Non-Residential	<u>133</u>	<u>440</u>	<u>5,883</u>	<u>6,456</u>
		\$ 2,139	\$ 7,246	\$ 79,823	\$ 89,208
5 - Total Amount of (Over)/Under Recovery	Lines 3 + 4				
	Residential	\$ (229,242)	\$ (196,149)	\$ (382,227)	\$ (807,618)
	Non-Residential	<u>(27,057)</u>	<u>(25,058)</u>	<u>(94,911)</u>	<u>(147,026)</u>
		\$ (256,299)	\$ (221,207)	\$ (477,138)	\$ (954,644)
6 - Commission Ordered Adjustment ⁴					
	Residential	\$ 5,197	\$ 4,424	\$ (25,504)	\$ (15,883)
	Non-Residential	<u>(8,281)</u>	<u>(8,987)</u>	<u>13,782</u>	<u>(3,486)</u>
		\$ (3,084)	\$ (4,563)	\$ (11,722)	\$ (19,369)
7 - Total Amount of (Over)/Under Recovery w/ Factor O	Lines 5 + 6				
	Residential	\$ (224,045)	\$ (191,725)	\$ (407,731)	\$ (823,501)
	Non-Residential	<u>(35,338)</u>	<u>(34,045)</u>	<u>(81,129)</u>	<u>(150,512)</u>
		\$ (259,383)	\$ (225,770)	\$ (488,860)	\$ (974,013)
8 - Actual Collected - GL ⁵					
	Residential	\$ 237,069	\$ 189,324	\$ 366,838	\$ 793,231
	Non-Residential	<u>24,936</u>	<u>24,416</u>	<u>89,410</u>	<u>138,762</u>
		\$ 262,005	\$ 213,740	\$ 456,248	\$ 931,993
9 - Difference including Factor O	Lines 7 + 8				
	Residential	\$ 13,024	\$ (2,401)	\$ (40,893)	\$ (30,270)
	Non-Residential	<u>(10,402)</u>	<u>(9,629)</u>	<u>8,281</u>	<u>(11,750)</u>
		\$ 2,622	\$ (12,030)	\$ (32,612)	\$ (42,020)
10 - Difference excluding Factor O	Lines 5 + 8				
	Residential	\$ 7,827	\$ (6,825)	\$ (15,389)	(14,387)
	Non-Residential	<u>(2,121)</u>	<u>(642)</u>	<u>(5,501)</u>	<u>(8,264)</u>
		\$ 5,706	\$ (7,467)	\$ (20,890)	(22,651)

The above reconciliation is taken from a schedule prepared by Ameren Services Company.

¹ Represents uncollectible expenses as reported in Form 21 ILCC

² Represents the uncollectible expenses recovered through other adjustment factors and rate case orders effective during the reporting year

³ Represents the cumulative (over)/under recovery resulting from application of the prior period uncollectible adjustment

⁴ Corrects the AB calculation used in the rate calculation for reporting year 2010

⁵ Represents the GUA incremental delivery amount (collected)/charged

Appendix B

Rider GUA 2010 Supply Service Reconciliation
Ameren Illinois Company – Gas Uncollectible Adjustment
For the period from June 1, 2011 to May 31, 2012

		<u>RZ I</u>	<u>RZ II</u>	<u>RZ III</u>	<u>Total AIC</u>
1 - ICC Form 21 account 904 (uncollectible expense) ⁶					
	Residential	\$ 1,032,214	\$ 1,138,695	\$ 3,190,482	\$ 5,361,391
	Non-Residential	<u>36,618</u>	<u>39,615</u>	<u>104,426</u>	<u>180,659</u>
		\$ 1,068,832	\$ 1,178,310	\$ 3,294,908	\$ 5,542,050
2 - Uncollectible Expense Allowed in Rates ⁷					
	Residential	\$ 1,035,723	\$ 1,595,500	\$ 2,659,694	\$ 5,290,917
	Non-Residential	<u>74,259</u>	<u>96,866</u>	<u>293,400</u>	<u>464,525</u>
		\$ 1,109,982	\$ 1,692,366	\$ 2,953,094	\$ 5,755,442
3 - Amount of (Over)/Under Recovery	Line 1 - 2				
	Residential	\$ (3,509)	\$ (456,805)	\$ 530,788	\$ 70,474
	Non-Residential	<u>(37,641)</u>	<u>(57,251)</u>	<u>(188,974)</u>	<u>(283,866)</u>
		\$ (41,150)	\$ (514,056)	\$ 341,814	\$ (213,392)
4 - Automatic Balancing ⁸					
	Residential	\$ 3,448	\$ 36,239	\$ 293,037	\$ 332,724
	Non-Residential	<u>247</u>	<u>2,200</u>	<u>32,325</u>	<u>34,772</u>
		\$ 3,695	\$ 38,439	\$ 325,362	\$ 367,496
5 - Total Amount of (Over)/Under Recovery	Lines 3 + 4				
	Residential	\$ (61)	\$ (420,566)	\$ 823,825	\$ 403,198
	Non-Residential	<u>(37,394)</u>	<u>(55,051)</u>	<u>(156,649)</u>	<u>(249,094)</u>
		\$ (37,455)	\$ (475,617)	\$ 667,176	\$ 154,104
6 - Commission Ordered Adjustment ⁹					
	Residential	\$ 15,496	\$ 11,166	\$ (197,692)	\$ (171,030)
	Non-Residential	<u>(24,754)</u>	<u>(25,275)</u>	<u>157,742</u>	<u>107,713</u>
		\$ (9,258)	\$ (14,109)	\$ (39,950)	\$ (63,317)
7 - Total Amount of (Over)/Under Recovery w/ Factor O	Lines 5 + 6				
	Residential	\$ 15,435	\$ (409,400)	\$ 626,133	\$ 232,168
	Non-Residential	<u>(62,148)</u>	<u>(80,326)</u>	<u>1,093</u>	<u>(141,381)</u>
		\$ (46,713)	\$ (489,726)	\$ 627,226	\$ 90,787
8 - Actual Collected - GL ¹⁰					
	Residential	\$ 1,591	\$ 426,475	\$ (816,433)	\$ (388,367)
	Non-Residential	<u>38,783</u>	<u>53,332</u>	<u>139,231</u>	<u>231,346</u>
		\$ 40,374	\$ 479,807	\$ (677,202)	\$ (157,021)
9 - Difference including Factor O	Lines 7 + 8				
	Residential	\$ 17,026	\$ 17,075	\$ (190,300)	\$ (156,199)
	Non-Residential	<u>(23,365)</u>	<u>(26,994)</u>	<u>140,324</u>	<u>89,965</u>
		\$ (6,339)	\$ (9,919)	\$ (49,976)	\$ (66,234)
10 - Difference excluding Factor O	Lines 5 + 8				
	Residential	\$ 1,530	\$ 5,909	\$ 7,392	\$ 14,831
	Non-Residential	<u>1,389</u>	<u>(1,719)</u>	<u>(17,418)</u>	<u>(17,748)</u>
		\$ 2,919	\$ 4,190	\$ (10,026)	\$ (2,917)

The above reconciliation is taken from a schedule prepared by Ameren Services Company.

⁶ Represents uncollectible expenses as reported in Form 21 ILCC

⁷ Represents the uncollectible expenses recovered through other adjustment factors and rate case orders effective during the reporting year

⁸ Represents the cumulative (over)/under recovery resulting from application of the prior period uncollectible adjustment

⁹ Corrects the AB calculation used in the rate calculation for reporting year 2010

¹⁰ Represents the GUA incremental supply amounts (collected)/charged

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