

AG Cross Ex 8

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Ameren Illinois Company's
Response to AG Data Requests
Docket No. 12-0244

ILL. C. C. DOCKET NO. 12-0244

Exhibit No. AG-Cross 8

AIC's Advanced Metering Infrastructure Plan

Witness Michael Abba

Data Request Response Date: 9/19/2012 ~~to 9/20/12~~ Reenterer T. Gudget

AG 9.01

Rebuttal Testimony on Rehearing of Michael Abba, Ameren Exhibit 8.0RH pages 39 to 45 and Exhibit 8.2 RH.

- a. Please provide the present value of Ameren's operating income under each of the sensitivities (Operating Income = Operating Revenue minus Operation and Maintenance, Depreciation & amortization, Taxes and Tax Deferrals).
- b. Please confirm that the operating income under each of the sensitivities is calculated to provide Ameren an after-tax return on common equity of 10.10%. If not, please describe the after-tax return on common equity Ameren projects for each sensitivity.
- c. Please confirm that the "rate of return" reported in Exhibit 8.2 RH is the rate of return to society, and as such is an alternative to the benefit/cost ratio as a measure of cost-effectiveness. If not, please explain what this rate of return represents.
- d. Please explain why the rate of return reported for each of the three Staff analyses in Exhibit 8.2 RH is exactly the same, at 8.06%, but the benefit/cost ratios are different.

RESPONSE

Prepared By: Michael S. Abba

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a. Objection: Ameren Illinois objects to the request to the extent it requires the Company to compile data, create documentation or conduct analysis not yet compiled, created or conducted. Subject to that objection, Ameren Illinois provides the following response: The yearly nominal values of operating income for the scenarios shown in Ameren Exhibit 8.2 RH are included on the "Revenue Requirements" worksheet in the workpapers already submitted. Ameren Illinois has not done the present value calculation requested.

b. The return on equity is a cost of providing service and is therefore included in the Company's cost / benefit analysis. The return on equity assumed for all scenarios in Exhibit 8.2 RH was 10.1% and that cost is a component of operating income.

c. *Objection: What is meant by "rate of return to society" is vague and ambiguous. Subject to that objection, Ameren Illinois provides the following response: The "rate of return" in Ameren Exhibit 8.2RH represents the discount rate at which the present value of benefits equals the present value of costs.*

d. See response to c. above. In addition, as the costs and benefits in the three Staff analyses scenarios in Exhibit 8.2 RH are identical, the "rate of return" for all three is the same.