DIRECT TESTIMONY

of

DANIEL KAHLE
Accountant

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Ameren Illinois Company d/b/a Ameren Illinois
Proposed general increase in gas rates

Docket No. 13-0192

June 11, 2013

TABLE OF CONTENTS

SCHEDULES

ATTACHMENTS

Witness Identification

Q. Please state your name and business address.

A. My name is Daniel G. Kahle. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

Q. By whom are you employed and in what capacity?

A. I am employed as an Accountant in the Accounting Department of the Financial Analysis Division of the Illinois Commerce Commission (“Commission”).

Q. Please describe your background and professional affiliations.

A. I have a Bachelor of Science degree in Accountancy from the University of Illinois. I am a Certified Public Accountant, licensed to practice in the State of Illinois. My prior accounting experience includes seventeen years as an internal auditor for the State of Illinois, including four years as Chief Auditor at the Department of Commerce and Economic Opportunity (“DCEO”), five years as an Accounting Office Manager at DCEO, as well as two years as an Assurance Services Manager in a public accounting firm. I joined the Staff of the Illinois Commerce Commission ("Staff") in April, 2006.

Q. Have you previously testified before this Commission?

A. Yes, I have testified before the Commission on several occasions.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is:

1. To propose adjustments to the operating statements and rate base concerning Cash Working Capital (“CWC”), uncollectible expense, non-

union wages, outside professional services and employee benefits of Ameren Illinois Company ("AIC", "Ameren Illinois" or the "Company");

2. To propose an alternate gross revenue conversion factor; and
3. To recommend a finding regarding the amount of uncollectible expense that will be included in the Company's base rates for purposes of the Company's future Rider GUA – Gas Uncollectible Adjustments reconciliations.

<u>Schedule Identification</u>

Q. Are you sponsoring any schedules as part of your testimony?

A. Yes. I am sponsoring the following schedules, which show data as of, or for the test year ending, December 31, 2014:

<u>ADJUSTMENT SCHEDULES</u>

Schedule 2.01 – Adjustment to Cash Working Capital
Schedule 2.02 – Adjustment to Uncollectibles Expense
Schedule 2.03 – Adjustment to Non-union Wages
Schedule 2.04 – Adjustment to Expenses for Outside Professional Services
Schedule 2.05 – Adjustment to Employee Benefits

Q. Are you sponsoring any attachments as part of your testimony?

A. Yes. I am sponsoring the following attachments:

Attachment A – Company Response to DGK-9.02;
Attachment B – Company Response to DGK-14.01;
Attachment C – Company Schedule G-5, p. 7;
Attachment D – Company Response to DGK-7.02; and
Attachment E – Company Response to DGK-7.02, Attach 2.
Attachment F – Company's Response to Staff DR DGK-2.01 (Attachment), p. 2

Attachment G – Instructions for ILDOR Form RPU-6

Adjustment to Cash Working Capital

Q. Please describe Schedule 2.01: Adjustment to Cash Working Capital.

A. Schedule 2.01 for each rate zone presents my proposed adjustments to the Company's CWC based on my calculation of CWC using the Gross Lag Approach. This schedule also reflects certain adjustments to the test year revenues, expenses and lead days. The final balance of CWC will be established using the revenue requirement and methodology that is ultimately approved by the Commission in this proceeding.

Q. Please explain "Cash Working Capital."

A. Cash Working Capital is the amount of funds required from investors to finance the day-to-day operations of the Company. In other words, CWC reflects the amount of cash a company needs to keep on hand to pay its cash operating expenses after taking into account its cash revenues. A company's CWC requirement may be positive or negative, depending on whether revenues are received, on average, slower or faster than expenses are paid.

In this case, CWC to be included in rate base is based on a lead-lag study. A lead-lag study analyzes the date of payments for goods and services compared to the date the goods and services were received and also analyzes the date customers were billed for utility services and the date that the company received payment from the customers. In general, lag times are associated with the collection of revenues owed to the Company (that is, the collection of cash from customers lags behind the Company's cash outlays for the provision of service). Lead times are associated with the payments for goods and services received by the Company (for example, vendors may allow the Company to pay for goods and services after the goods and services were received).

Q. What are the primary differences between your calculation of CWC and the Company's calculation of CWC?

A. The differences between my calculation of CWC and the Company's calculation of CWC are the measurement of expense lead days for certain pass-through taxes.

Q. Your lead-lag study differs from the Company's lead-lag study because of a difference in the measurement of lead days for pass-through taxes. Please explain what pass-through taxes are.

A. Pass-through taxes are taxes that are added on to ratepayers' bills, collected by the Company and then forwarded by the Company to the appropriate taxing authority. The Company treats municipal utility taxes, energy assistance charges, the Illinois Public Utility Tax and the ICC Gross Revenue Tax as pass-through taxes.[1]

Q. Are pass-through taxes included in the revenue requirement?

A. No. The Company did not include pass-through taxes in its revenue requirement. It is appropriate for the Company to exclude pass-through taxes

[1] Ameren Ex. 12.0, p. 5

because pass-through taxes are not operating expenses to be recovered through the revenue requirement.

<u>Energy Assistance Charges Lead</u>

Q. Please explain your proposal for the Energy Assistance Charges ("EAC") lead.

A. I use an expense lead of 41.84 days for EAC in my CWC calculation rather than the 4 days proposed by the Company.

Q. Why do you use 41.84 lead days for EAC?

A. EAC payments are required to be made on or before the 20th day of each month for charges <u>collected</u> during the <u>preceding</u> month.[2] Assuming that collections are made evenly throughout a month, the Company would collect EAC, on the average, by the midpoint of a month, or at 15.21 days into the month. Combining the midpoint of the collection month with the required remittance of 20 days following the month-end and 7.14 days of bank float time[3] for EAC remittances results in a lead time of 42.35 days (15.21 days + 20.00 days + 7.14). The Company makes this calculation in its workpaper, WPB-8, that supports its Schedule B-8. The Company further calculates a weighted average of EAC remittances to arrive at an EAC lead time of 41.84 days.[4]

Q. How did the Company arrive at its proposed lead time of 4 days?

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[2] Company's Response to Staff DR DGK-2.01 (Attachment), p. 2: Illinois Department of Revenue instruction "When must I file Form RG-6" (ICC Staff Exhibit 2.0, Attachment F).
[3] Company workpaper WPB-8, Taxes worksheet.
[4] *Id*.

A. The Company follows a practice of remitting EAC by the 20th of the month following service provision[5] rather than the month following collection. Assuming collection by the midpoint of the month following service provision, the Company computes a 4-day lead from the estimated collection of the preceding month's billing to the 20th of the month due date. The Company uses the 4-day lead time in its CWC calculation rather than the 41.84 day lead time the Company computed itself using actual tax periods and required remittance dates in its workpaper WPB-8.

Q. Why isn't the Company's proposal appropriate?

A. The Company's practice of remitting EAC based on billing results in EAC being remitted earlier than required. The Company applies their practice to the CWC calculation and reduces payment leads which results in a lower expense lead and thereby a higher CWC component. Ratepayers should not be penalized with a higher CWC component based solely on the Company's practice of remitting the taxes earlier than the taxes are due. The Company's workpaper, WPB-8, accurately measures EAC lead time. EAC remittances are required 20 days after the month in which the charges are collected. The Company's own workpaper supports collection of EAC by mid-month (15.21 days), required payment after month-end (20.00 days), and float time on payments (7.14 days). The Company's workpaper correctly calculates EAC lead as 15.21 days + 20 days + 7.41 days = 42.35 days; which calculates to 41.84 days after weighting EAC remittances.

[5] Ameren Ex. 12.0, p. 6.

<u>Illinois Gas Use and Gas Revenue Tax Expense Lead</u>

Q. Please explain your proposal for the Illinois Gas Use and Gas Revenue Tax ("GAS TAX") expense lead.

A. I use an expense lead of 29.79 days for the GAS TAX lead in my CWC calculation rather than the 1 day proposed by the Company.

Q. Why do you use 29.79 lead days for the GAS TAX?

A. GAS TAX payments are required to be made on or before the 15th day of each month for taxes on <u>receipts</u> and therms delivered during the preceding month.[6] GAS TAX receipts are the amount <u>received</u> for gas distributed, supplied or sold and for related services.[7] Assuming that collections are made evenly throughout a month, the Company would collect the GAS TAX, on the average, by the midpoint of a month or at 15.21 days into the month. Combining the midpoint of the collection month with the required remittance of 15 days following the month-end results in a lead time of 30.21 days (15.21 days + 15.00 days). The Company makes this calculation in its workpaper, WPB-8, that supports its Schedule B-8. The Company's calculation uses actual payment dates and further calculates a weighted average of the GAS TAX remittances to arrive at a GAS TAX lead time of 29.79 days.[8]

Q. How did the Company arrive at its proposed lead time of 1 day?

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[6] Company's Response to Staff DR DGK-2.04 (Attachment), p. 2: Illinois Department of Revenue instruction "When must I file Form RG-1".
[7] *Id*.
[8] Company workpaper WPB-8, Taxes worksheet.

A. The Company follows a practice of remitting the GAS TAX by the 15th of the month following billing rather than the month following receipt. Assuming collection by the midpoint of the month following billing, the Company computes a 1 day lead from the estimated collection of the preceding month's billing to the 15th of the month due date. The Company uses the 1-day lead time in its CWC calculation rather than the 29.79 day lead time the Company computed itself using actual tax periods and required remittance dates in its workpaper WPB-8.

Q. Why isn't the Company's proposal appropriate?

A. The Company's practice of remitting the GAS TAX based on billing results in the GAS TAX being remitted earlier than required. The Company applies their practice to the CWC calculation and reduces payment leads which results in a lower expense lead and thereby a higher CWC component. Ratepayers should not be penalized with a higher CWC component based solely on the Company's practice of remitting the taxes earlier than the taxes are due. The Company's workpaper, WPB-8, accurately measures the GAS TAX lead time. GAS TAX remittances are required 15 days after the month in which the receipts are taxed. The Company's own workpaper supports collection of the GAS TAX by mid-month (15.21 days) and required payment after month-end (15 days). The Company's workpaper correctly calculates the GAS TAX lead as 15.21 days + 15.00 days; which calculates to 29.79 days after weighting the GAS TAX remittances.

Prior Dockets

Q. Have the lead times for pass-through taxes been addressed in the Company's prior dockets?

A. Yes. The lead times for pass-through taxes were addressed in the Company's two most recent gas rate cases, Docket No. 11-0282 and Docket Nos. 07-0585, 07-0586, 07-0587, 07-0588, 07-0589 and 07-0590 (cons.) and in the Company's two electric formula rate cases, Docket Nos. 12-0001 and 12-0293.

Q. What did the Commission determine in the prior gas rate case dockets?

A. In Docket Nos. 07-0585, 07-0586, 07-0587, 07-0588, 07-0589 and 07-0590 (cons.), the Commission adopted pass-through tax lead times of (27.581) days for EAC and (22.581) days for the GAS TAX as agreed to by the parties.[9]

In Docket No. 11-0282, the Commission adopted pass-through tax lead times of (4.0) days for EAC and (1.0) days for the GAS TAX, which is the Company's position in this proceeding.[10] The Commission also stated that it would revisit this issue if the Company altered its remittance schedule.[11]

Q. Did the Company alter its remittance schedule after Docket No. 11-0282?

A. No.[12]

Q. Did the Commission revisit this issue in subsequent dockets?

[9] Orders, Docket No. 07-0585 et al. (cons.), Appendices D, E and F, p. 6.
[10] Order, Docket No. 11-0282, Appendices A, B and C, p. 10.
[11] Order, Docket No. 11-0282, p. 14.
[12] Ameren Ex. 12.0, p. 6.

A. Yes. In both Docket No. 12-0001 and No. 12-0293, the Commission adopted Staff's position of zero revenue days for pass-through taxes and pass-through tax lead times of (38.54) days for EAC.[13] These dockets did not include the GAS TAX.

Q. Are the EAC filing requirements in the formula rate case dockets the same as the EAC filing requirements in the gas rate case dockets?

A. Yes. The Company uses Illinois Department of Revenue Form (ILDOR) RG-6 for its gas utilities and ILDOR Form RPU-6 for its electric utilities. The instructions for these forms are practically identical except for their names and references to either gas or electric.[14]

Q. Is your reasoning for the GAS TAX lead days the same as your reasoning for EAC lead days?

A. Yes. In both cases, the Company is remitting payment earlier than required and creating a greater CWC component, and thereby a greater rate base, based solely on the Company's practice of remitting the taxes earlier than they are due. Since the Company paid these pass-through taxes prior to the date payment was due, the Company's practice reduced payment leads which resulted in a lower expense lead and thereby a higher CWC component. My approach does not penalize ratepayers with a higher CWC component based solely on the Company's practice of remitting the taxes before the taxes are due.

[13] Orders, Docket No. 12-0001, Appendix, p. 9 and Docket No. 12-0293, Appendix, p. 9.

[14] Instructions for ILDOR Form RG-6 (ICC Staff Exhibit 2.0, Attachment F) and ILDOR Form RPU-6 (ICC Staff Exhibit 2.0, Attachment G).

Adjustment to Uncollectibles Expense

Q. Please describe Schedule 2.02: Adjustment to Uncollectibles Expense.

A. Schedule 2.02 for each rate zone presents my proposed adjustments to the amount of uncollectibles expense included in base rates. My adjustments calculate uncollectibles expense using a percentage derived from a three-year average of net write-offs of accounts receivable. My adjustments to uncollectibles expense are on line 3 of Schedule 2.02.

Based on the percentage that I have derived, I am also recommending a change to the Gross Revenue Conversion Factor ("GRCF"). My recommended uncollectibles percentages for the GRCF, line 5 of Schedule 2.02, are:

Rate Zone	Uncollectible Percentage
I	0.9398 %
II	1.0796 %
III	0.9400 %

Q. What is your rationale for adjusting the amount of uncollectibles expense included in base rates on a three-year average of net write-offs of accounts receivable.

A. I used a three-year average of net write-offs, for each rate zone, as ordered by the Commission in the Company's most recent gas rate case. In that rate case, the Commission found that using net write-offs was more appropriate because net write-offs employ actual amounts in the calculation[15] and adopted a three-year average of net write-offs to calculate uncollectibles expense.[16]

Q. Did the Company use a three-year average of net write-offs to calculate the amount of uncollectibles expense it included in base rates in this proceeding?

A. No. According to the Company's response to Staff Data Request ("DR") DGK-9.02, the Company used historical information and economic factors to forecast net uncollectible expenses for 2013 and 2014. After the amount of net uncollectible expenses for 2013 and 2014 were forecast, a ratio of write-off and recoveries, based on eleven months of 2012, was applied to calculate forecasted gross uncollectibles and recoveries.[17]

In the Company's response to Staff DR DGK-14.01, the Company further explained that uncollectible expense, as a percentage of revenue, is calculated for the previous five years and the current year. The current year, 2012, includes five months actual and seven months of forecasted write-offs. For future years, 2013 and 2014, twelve months of forecasted revenues are used to make reasonable assumptions for uncollectible expense as a percent of revenue.[18]

The Company's responses to Staff DRs DGK-9.02 and DGK 14.01 appear to be inconsistent with each other and neither are consistent with the Commission's

[15] Order, Docket No. 11-0282, pp. 25-26.
[16] *Id*., pp. 23-24.
[17] Company Response to Staff DR DGK-9.02 (ICC Staff Exhibit 2.0, Attachment A).
[18] Company Response to Staff DR DGK-14.01 (ICC Staff Exhibit 2.0, Attachment B).

directive[19] to base uncollectible expenses on a three-year average of net write-offs.

Q. Do you have any other observations concerning the Company's proposed uncollectible expense?

A. Yes. As shown in the following table, the Company's responses to Staff DRs DGK-9.01 and DGK-9.02 indicate that test year gross write-offs are forecasted at $14,642,712 which is an increase of 40% over 2012 actual amounts.

Description	2014	2012	Increase Amount	Increase Percentage
Gross Write-offs	$14,642,712	$10,465,000	$4,177,712	40%
Source	AIC response to DGK-9.02	AIC response to DGK-9.01	2014 Amount minus 2012 Amount	Increase Amount divided by 2012 Amount

Q. Please describe your proposed change to the GRCF.

A. I propose changing the GRCF to utilize the uncollectible rates indicated above and calculated on ICC Staff Exhibit 1.0, Schedule 1.07.

Q. Provide your rationale for also changing the GRCF.

A. It is necessary to also change the GRCF because my adjustment to uncollectibles expense adjusts only the uncollectibles expense associated with revenues at present rates. There will also be an impact on uncollectibles expense associated with the change in revenues that result from this proceeding.

[19] Order, Docket No. 11-0282, pp. 25-26.

The GRCF adjusts uncollectibles expense for the change in revenues from present rates. The Staff proposed GRCF sponsored by Staff witness Mary Everson, ICC Staff Exhibit 1.0, Schedule 1.07, for each rate zone incorporates the percentage of uncollectible revenues that I have calculated based upon the three-year average of net-write offs of account receivables.

Q. Do you have any other observations concerning the Company's proposed GRCF?

A. Yes. The Company did not use the uncollectible rates from its Schedule C-16 in determining its proposed GRCF.[20] The uncollectible rate used to determine the GRCF should be the rate calculated using the Company's three-year average of net write-offs.

<u>Uncollectible Accounts Expense for Rider GUA</u>

Q. How is uncollectible accounts expense established in Rider GUA – Gas Uncollectible Adjustment?

A. For 2013 and subsequent years, Rider GUA establishes the incremental uncollectible adjustment amounts as the difference between the actual uncollectible expense amounts based on the Company's net write-offs for the year and the uncollectible amounts included in the utility's rates that were in effect for such reporting year.[21]

[20] Company Schedules A-2.1 and C-16.
[21] Rider GUA, 2nd Revised Sheet No. 42.001.

Q. What is the uncollectible amount to be included in the Company's rates to be used to determine incremental uncollectible adjustment amounts in Rider GUA for the test year?

A. The uncollectible amount to be used to determine incremental uncollectible adjustments in Rider GUA will be the uncollectible accounts expense determined by the Commission in this proceeding. In ICC Staff Exhibit 1.0, Schedule 1.01, the uncollectible accounts expense is in column (k), line 4. The final uncollectible accounts expense will be established using the revenue requirement and methodology that is ultimately approved by the Commission in this proceeding. I therefore recommend that the Final Order in this proceeding include a finding and ordering paragraph that states:

> (x) It is further ordered that the uncollectibles expense included in base rates for AIC is $yyy for Rate Zone I, $yyy for Rate Zone II, and $yyy for Rate Zone III.

The amounts used for the uncollectibles expense should be the amounts determined in the Final Order that correspond to ICC Staff Exhibit 1.0, Schedule 1.01. The uncollectible accounts expense is in column (k), line 4 of Schedule 1.01.

Adjustment to Non-union Wages

Q. Please describe Schedule 2.03: Adjustment to Non-union Wages.

A. Schedule 2.03 presents my proposed adjustments to change the increase for non-union wages to a more reasonable amount. My adjustment is calculated using the 2012-2016 Consumer Price Index ("CPI") inflation rate of 2.28% as forecasted by the Survey of Professional Forecasters ("Survey")[22] for the 2013 and 2014 pay increases. I used this rate to escalate the Company's 2012 actual non-union wages to determine test year non-union wages.

Q. What is the Companies' proposed test year percentage increase in non-union wages and rationale for such an increase?

A. The Companies' proposed increase in non-union wages were forecast to increase 4.00% in each calendar year 2013 and 2014 over 2012 levels.[23]

The Company based its non-union wage increase forecasts on its analysis of prior years' data as well as the economic environment and market trends. The Company also analyzed special adjustments, job classification changes, merit increases, market pay adjustments and promotions. For merit increases, the Company reviews market trends on an annual basis to assist in determining the annual merit budget.[24]

Q. How does the test year increase of 4.00% compare to the historical trend of the Company's non-union wage increases?

A. The Company's proposed 2013 and test year 4% percentage increases in non-union wages appear overstated in comparison to the years 2009 through 2012

[22] Fourth Quarter 2012 report, as produced by the Research Department of the Federal Reserve Bank of Philadelphia, Survey of Professional Forecasters, http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2012/survq412.cfm, November 9, 2012. The Survey aggregates the forecasts of approximately thirty forecasters. Percentage utilized reflects the report's Long-Run projections for 2012 through 2016.

[23] Company Schedule G-5, p. 7 (ICC Staff Exhibit 2.0, Attachment C).

[24] Company Response to Staff DR DGK-7.02 (ICC Staff Exhibit 2.0, Attachment D).

inclusive, wherein the actual percentage increase in non-union wages was 3.3%, 0.6%, 3.5% and 3.8%,[25] respectively for a simple average of 2.8%.

Adjustment to Expenses for Outside Professional Services

Q. Please describe Schedule 2.04: Adjustment to Adjustment to Expenses for Outside Professional Services.

A. Schedule 2.04 for each rate zone presents my proposed adjustments to reduce expenses for outside professional services. My adjustments remove the impact of out-of-period expenses from the test year since the payments are not necessary for the provision of utility service. The Company's response to Staff DR DGK-15.01 identified the expense as payments made in 2012 to the surviving spouse of a former IP employee related to post-employment consulting work in a prior period. The agreement called for monthly stipends to be made to the former employee for the rest of his life and then to the former employee's spouse if he preceded her in death. These payments are not appropriate expenses for the test year.

Adjustment to Employee Benefits

Q. Please describe Schedule 2.05: Adjustment to Employee Benefits.

A. Schedule 2.05 presents my proposed adjustments to reflect the Company's updated amounts for employee benefits. The Company provided updated employee benefit amounts in its response to AG DR 3.17. The Company's response to CUB DR 3.01 indicates that these updates were not reflected in the

[25] *Id*, Attach 2, "Hist Data" (ICC Staff Exhibit 2.0, Attachment E).

Company's supplemental direct testimony. My adjustments reduce the amount of employee benefits included in the Company's direct testimony to the updated amounts. My adjustments are the difference between employee benefits expensed and capitalized as indicated in attachments 2 and 3 of the Company's response to AG DR 3.17. I allocated expenses among rate zones using the allocation percentages for account 926 in the Company's workpaper WPC-4a RZ. I allocated capitalized amounts among rate zones using allocation percentages derived from totaling all plant functions in the Company's workpaper WPB-5 RZ.

<u>Conclusion</u>

Q. Does this conclude your prepared direct testimony?

A. Yes.

Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0192
Proposed General Increase in Natural Gas Delivery Service Rates
Data Request Response Date: 4/24/2013

DGK 9.02

Referring to the Company's Schedule C-16, please describe the method of forecasting the amount of write-offs for 2013 and 2014 for each rate zone and in total. Include all calculations related to the response in Excel format with working formulas.

RESPONSE

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

See DGK 9.02 Attach for the supporting calculations for the forecasted amount of write-offs for 2013 and 2014. Net uncollectible expense for the upcoming year is forecasted based on historical uncollectible expense as a percentage of revenue and forecasted retail revenues. For 2013 and 2014 net uncollectible expense was forecasted for Ameren Illinois and then allocated 60% to electric and 40% to gas. Since net uncollectible dollars are forecasted the following method was used to determine gross uncollectible dollars and recoveries based on the forecasted net uncollectible amount for gas. The actual 2012 gas gross write-offs were used to calculate the forecasted gross write-off amount for 2013 and 2014. The 2012 total gross gas write-off amount, as a percentage of total net gas write-offs, was used as the basis for this calculation.

Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0192
Proposed General Increase in Natural Gas Delivery Service Rates
Data Request Response Date: 5/10/2013

DGK 14.01

Regarding the Company's response to DGK-9.02, please explain how "Forecasted Total Net Uncollectible Dollars" is forecasted.

RESPONSE

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

Uncollectible expense, as a percentage of revenue, is calculated for the previous 5 years and the current year. The percent of revenue calculation is the net uncollectible expense divided by retail revenues. For the current year five months of actual write-offs and seven estimated months are used. This provides historical trending of uncollectible expense as a percent of revenue. For future years, forecasted revenues along with historical uncollectible expense are used to make reasonable assumptions for future year's uncollectible expense as a percent of revenue. In forecasting, consideration is given to the projected retail revenues, the current state of the economy, pending legislations if applicable, and shifts in the climate of the utility industry.

Forecasted gas purchased costs were determined by utilizing forward market pricing, adjusted for applicable basis differentials and existing hedge positions.

The cost of gas purchased for sales to customers is passed on directly to customers at the Company's actual cost, without any mark-up, through the purchased gas adjustment mechanism. A gas uncollectible charge is applied to recover the uncollectible related to gas supply.

Operations and Maintenance Costs
Forecasted operations and maintenance costs reflect a return to normal expected levels compared to levels experienced in 2009 and 2010, which were subjected to cost reduction strategies due to the economic environment and rate levels. The discussion below summarizes the key assumptions utilized in the determination of operations and maintenance costs in the forecasted financial statements.

Labor: The number of employees is projected to increase by 1% or 23 employees in calendar year 2014, as compared to 2013.

Union employee wage increases were based on existing union contracts which cover the forecast period. The contract stipulates an average 2.5% increase, the majority of which is effective in July of each year.

Non-union wages were forecast to increase 4.0% annually for calendar year 2013 and 2014, over 2012 levels. Non-union wages are primarily effective in April of each year.

Bad Debt: The provision for bad debt, including non-service revenue, was forecast at approximately $24 million per year. The amount projected to be recovered in rates is approximately $28-29 million per year, with the $4-5 million per difference accounted for as a regulatory liability, in accordance with the Illinois bad debt rider.

Other Costs: Operating and maintenance costs are forecast through a detailed bottoms-up budgeting process. Unless specifically determined otherwise, this process assumed, as a default, a 2.0% annual rate of inflation for 2014. For certain supplies including meters, transformers, polyethylene pipe, aluminum, copper and other energy delivery materials, budgeters were provided specific price escalation factors, to be used in the development of project based budgets.

Pension and Post Retirement Expense: Assumptions used to determine net periodic benefit cost for the year ending December 31, 2014 were consistent with those used in the October 2012 actuarial valuation and included the following:

	Pension	OPEB
- Discount rate	3.50%	3.50%
- Expected return on plan assets	7.75%	7.50%
- Rate of compensation increase	3.50%	3.50%
- Initial health care cost trend rate	N/A	5.00%
- Ultimate health care cost rate	N/A	5.00%
- Year ultimate reached	N/A	2013

Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0192
Proposed General Increase in Natural Gas Delivery Service Rates
Data Request Response Date: 4/17/2013

DGK 7.02

Referring to Schedule G-5 p. 7, the non-union wage increase of 4.00% forecasted for the years 2013 and 2014, please explain how the increase was developed. Include all calculations related to the response in Excel format with working formulas.

RESPONSE

Prepared By: Marla J. Langenhorst
Title: Director, Total Rewards
Phone Number: 314-554-2565

Non-union wage increase forecasts are based on analysis of prior years' data as well as the economic environment and market trends. Components analyzed include special adjustments, job classification changes, merit increases, market pay adjustments and promotions. With respect to merit increases, market trends are reviewed on an annual basis to assist in determining the annual merit budget.

See DGK 7.01 Attach 1 and 2.

Historical Salary Increases
Mgmt ALT

		Management			
		#	$	% Sal	Tot %
2009	**Starting Salaries**		**$308,664,331**		
Actual	Classification Change	14	-$193,000	-0.06%	
	Merit	3,391	$8,677,727	2.81%	
	Merit Pay Adjustment	23	$78,450	0.03%	
	Promotion	245	$1,429,609	0.46%	
	Job Reclassification	2	$8,140	0.00%	
	Temp to Reg	5	$65,981	0.02%	**3.3%**
2010	**Starting Salaries**		**$305,272,526**		
Actual	Adjustment	245	$606,492	0.20%	
	Classification Change	3	-$9,200	0.00%	
	Merit Pay Adjustment	16	$55,100	0.02%	
	Promotion	179	$1,126,152	0.37%	
	Job Reclassification	1	-$35,000	-0.01%	
	Temp to Reg	1	$11,240	0.00%	**0.6%**
2011	**Starting Salaries**		**$299,360,050**		
Actual	Adjustment	18	$61,832	0.02%	
	Classification Change	5	-$34,900	-0.01%	
	Merit	3,409	$8,586,004	2.87%	
	Merit Pay Adjustment	98	$238,300	0.08%	
	Promotion	253	$1,608,182	0.54%	
	Temp to Reg	3	$48,072	0.02%	**3.5%**
2012	**Starting Salaries**		**$297,702,357**		
Actual	Adjustment	11	$68,540	0.02%	
	Classification Change	1	-$8,992	0.00%	
	Merit	3,362	$8,550,102	2.87%	
	Merit Pay Adjustment	177	$553,840	0.19%	
	Promotion	325	$2,152,295	0.72%	
	Demotion	1	-$11,500	0.00%	
	Exec Shift Add	1	$1,500	0.00%	
	Temp to Reg	3	$8,456	0.00%	**3.8%**
2013	**Starting Salaries**		**$313,330,767**		
Projected	Adjustment	1	$11,484	0.00%	
	Classification Change	4	-$18,230	-0.01%	
	Merit	3,516	$9,057,000	2.89%	
	Merit Pay Adjustment	159	$278,600	0.09%	
	Promotion	97	$640,446	0.20%	
	Temp to Reg	1	$21,240	0.01%	**3.2%**
Assumptions					
	- Starting salaries as of January 1 of each respective year				
	- Data does NOT include increases resulting from new hires or decreases				
	- Mgmt data does NOT include increases resulting from Union to Mgmt pro				

Form RG-6 Instructions

General Information

Who must file Form RG-6?

You must file Form RG-6, Assistance Charges Return for Natural Gas Distributors, if you are a public utility, a gas cooperative, or a municipal gas utility that delivers natural gas in Illinois and you collect the Energy Assistance Charge and Renewable Energy Resources and Coal Technology Development Assistance Charge (hereafter referred to as the "Renewable Energy Charge") from your customers.

When must I file Form RG-6?

You must file Form RG-6 on or before the 20th day of the month to report and pay the total amount of assistance charges you collected from your customers during the preceding month.

What is the Energy Assistance Charge?

This is an amount that a public utility, a gas cooperative, or a municipal gas utility collects monthly from each of its customers for natural gas services delivered by the utility or cooperative. The utility or cooperative then pays the total collected charges each month to the Illinois Department of Revenue (IDOR). Revenue collected from the charge will assist low-income residential customers with energy services.

What is the Renewable Energy Charge?

This is an amount that a public utility, a gas cooperative, or a municipal gas utility collects monthly from each of its customers for natural gas services delivered by the utility or cooperative. The utility or cooperative then pays the total collected charges each month to IDOR. Revenue collected from the charge is used to foster investment in and the development and use of renewable energy resources.

What is "residential gas service"?

"Residential gas service" is a gas utility service for household purposes delivered to a dwelling

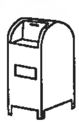
- of two or fewer units that is billed under a residential rate; *or*
- unit or units that are billed under a residential rate and are registered by a separate meter for each dwelling unit.

What is "nonresidential gas service"?

"Nonresidential gas service" is all gas utility service that is not residential gas service.

Where do I send Form RG-6?

Mail your completed Form RG-6 and payment to:



ASSISTANCE CHARGES
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19019
SPRINGFIELD IL 62794-9019

Note: If you prefer, you can file Form RG-6 using our WebFile program at **tax.illinois.gov.**

What if I have questions?

If you have any questions, write to us at the address above or call weekdays between 8:00 a.m. and 4:30 p.m. at **217 785-6606** or visit our Web site at **tax.illinois.gov.**

Step-by-Step Instructions

Step 1: Identify your business

Line 8 - You must file a **"final"** return when you have sold or discontinued your business and you are no longer collecting the Energy Assistance Charge and the Renewable Energy Charge.

Step 2: Figure your assistance charges due

Lines 10, 13, and 16 - The rate depends, effective August 1, 2009, on the number of customers you were serving on January 1, 2009.

Line 10:	**$ 0.40** = Less than 100,000 customers served
	$ 0.48 = 100,000 or more customers served
Line 13:	**$ 4.00** = Less than 100,000 customers served
	$ 4.80 = 100,000 or more customers served
Line 16:	**$ 300.00** = Less than 100,000 customers served
	$ 360.00 = 100,000 or more customers served

Line 18a: Utility companies that offer an Arrearage Reduction Program may take a subtraction for the amount necessary to fund and cover the cost of the program. The amount of the subtraction cannot exceed the incremental difference between the energy assistance rates charged prior to August 1, 2009, and the rates charged on or after August 1, 2009, times the number of accounts for each energy assistance rate classification.

Line 18b: If the number of customers you were serving on January 1, 2009 was 100,000 or greater, and you fund a Percentage of Income Payment Plan (PIPP) from the Supplemental Low Income Energy Assistance Fund, write the amount of administrative and operational costs incurred for the PIPP during the reporting period on line 18b.

Line 18c: Add lines 18a and 18b, then subtract the sum from line 18. This is your total Energy Assistance Charge. If the sum of lines 18a and 18b is greater than line 18, write 0 on line 18c.

Step 3: Sign below

An owner, partner, or officer of the corporation, or other person who is authorized to file this return must sign the return. Be sure to include a daytime telephone number where we can reach you if we have questions.

Docket No. 13-0192
ICC Staff Ex. 2.0
Attachment G

Form RPU-6 Instructions

General Information

Who must file this return?

You must file Form RPU-6, Assistance Charges Return for Electricity Distributors, if you are a public utility, an electric cooperative, or a municipal utility that delivers electricity in Illinois and you collect the Energy Assistance Charge and Renewable Energy Resources and Coal Technology Development Assistance Charge (hereafter referred to as the “Renewable Energy Charge”) from your customers. All electric utilities, except municipal electric utilities and electric cooperatives, must collect the assistance charges.

Note: If you are a municipal electric utility or an electric cooperative, you may choose to collect the assistance charges. If you choose to do so, you must notify the Illinois Department of Revenue (IDOR) in writing.

When must I file Form RPU-6?

You must file Form RPU-6 on or before the 20th day of the month to report and pay the total amount of assistance charges you collected from your customers during the preceding month.

What is the Energy Assistance Charge?

This is the amount that you collect monthly from each of your customers for electric services delivered by the utility or cooperative. The utility or cooperative then pays the total collected charges each month to the IDOR. Revenue collected from the charge will assist low-income residential customers with energy services.

What is the Renewable Energy Charge?

This is the amount that you collect monthly from each of your customers for electric services delivered by the utility or cooperative. The utility or cooperative then pays the total collected charges each month to the IDOR. Revenue collected from the charge is used to foster investment in and the development and use of renewable energy resources.

What is “residential electric service”?

“Residential electric service” is electric utility service for household purposes delivered to a dwelling

- of two or fewer units that is billed under a residential rate;

  or

- unit or units that are billed under a residential rate and are registered by a separate meter for each dwelling unit.

What is “nonresidential electric service”?

“Nonresidential electric service” is all electric utility service that is not residential electric service.

What if I have questions?

If you have any questions, write to us at the address in Step 3 or call weekdays between 8:00 a.m. and 4:30 p.m. at **217 782-7517** or visit our website at **tax.illinois.gov.**

Step-by-Step Instructions

Step 1: Figure your assistance charges due

Lines 2, 5, and 8 - The rate depends, effective August 1, 2009, on the number of customers you were serving on January 1, 2009.

Line 2: **$ 0.40 =** Less than 100,000 customers served
$ 0.48 = 100,000 or more customers served

Line 5: **$ 4.00 =** Less than 100,000 customers served
$ 4.80 = 100,000 or more customers served

Line 8: **$ 300.00 =** Less than 100,000 customers served
$ 360.00 = 100,000 or more customers served

Line 10a: – Utility companies that offer an Arrearage Reduction Program may take a subtraction for the amount necessary to fund and cover the cost of the program. The amount of the subtraction cannot exceed the incremental difference between the energy assistance rates charged prior to August 1, 2009, and the rates charged on or after August 1, 2009, times the number of accounts for each energy assistance rate classification.

Line 10b: – If the number of customers you were serving on January 1, 2009, was 100,000 or greater, and you fund a Percentage of Income Payment Plan (PIPP) from the Supplemental Low Income Energy Assistance Fund, write the amount of administrative and operational costs incurred for the PIPP during the reporting period on line 10b.

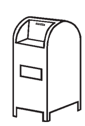
Line 10c: **–** Add lines 10a and 10b, then subtract the sum from line 10. This is your total Energy Assistance Charge. If the sum of lines 10a and 10b is greater than line 10, write 0 on line 10c.

Step 2: Sign below

An owner, partner, or officer of the corporation, or other person who is authorized to file this return must sign the return. Be sure to include a daytime telephone number where we can reach you if we have questions.

Step 3: Mail your return

Mail your completed Form RPU-6 and payment to:



ASSISTANCE CHARGES
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19019
SPRINGFIELD IL 62794-9019

Note: You can file Form RPU-6 electronically using MyTax Illinois at **tax.illinois.gov.**

Ameren Illinois Company - Rate Zone I
Adjustment to Cash Working Capital
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	Amount (b)	Lag (Lead) (c)	CWC Factor (d) (c/365)	CWC Requirement (e) (b*d)	Column b Source (f)
1	Revenues	$ 158,413	49.74	0.13627	$ 21,588	ICC Staff Ex. 2.0, Sch. 2.01, p. 2, line 7
2	Pass-through Taxes	9,796	-	0.00000	-	Lines 12+14+15+17
3	Total Receipts	$ 168,209			$ 21,588	Line 1 + Line 2
4	Employee Benefits	$ 5,449	(15.97)	(0.04375)	$ (238)	
5	Base Payroll and Withholdings	21,470	(11.39)	(0.03121)	(670)	
6	PGA Purchases	99,099	(39.23)	(0.10748)	(10,651)	
7	Other Operations and Maintenance	14,023	(48.87)	(0.13389)	(1,878)	ICC Staff Ex. 2.0, Sch. 2.01, p. 2, line 17
8	FICA	1,187	(13.13)	(0.03597)	(43)	
9	Federal Unemployment Tax	22	(76.38)	(0.20925)	(5)	
10	State Unemployment Tax	76	(76.38)	(0.20925)	(16)	
11	St. Louis Payroll Expense Tax	1	(83.51)	(0.22880)	-	
12	ICC Gross Revenue Tax	173	65.50	0.17945	31	
13	Illinois Invested Capital Tax	1,669	(30.13)	(0.08253)	(138)	
14	Municipal Utility Tax	2,857	(15.00)	(0.04110)	(117)	
15	Energy Assistance Charges	2,098	(41.84)	(0.11463)	(240)	
16	Corporation Franchise Tax	102	(161.97)	(0.44375)	(45)	
17	Illinois Gas Use and Gas Revenue Tax	4,668	(29.79)	(0.08162)	(381)	
18	Property/Real Estate Taxes	385	(375.08)	(1.02763)	(396)	
19	Interest Expense	7,359	(91.25)	(0.25000)	(1,840)	ICC Staff Ex. 1.0, Sch. 1.06 RZ I, line 3 less line 20 below
20	Bank Facility Costs	148	156.59	0.42900	63	
21	State Income Tax	1,714	(37.88)	(0.10377)	(178)	ICC Staff Ex. 1.0, Sch. 1.01 RZ I, Col. i, line 17
22	Federal Income Tax	5,710	(37.88)	(0.10377)	(593)	ICC Staff Ex. 1.0, Sch. 1.01 RZ I, Col. i, line 18
23	Total Outlays	$ 168,210			$ (17,335)	Sum of Lines 4 through 22
24	Cash Working Capital per Staff				$ 4,253	Line 3 plus line 23
25	Cash Working Capital per Company				4,929	Ameren Exhibit 15.1, Schedule 2, p. 4
26	Difference -- Adjustment per Staff				$ (676)	Line 24 minus Line 25

Note: Amount is from Ameren Ex. 15.1, Schedule 2, Column (B) except where noted in "Source" column
Lag (Lead) is from Ameren Ex. 15.1, Schedule 2, Column (C) except lines 15 and 17 which are from ICC Staff Ex. 2.0, pp. 5 - 10

Ameren Illinois Company - Rate Zone I
Adjustment to Cash Working Capital
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)		Amount (b)	Source (c)
1	Total Operating Revenues	$	79,500	ICC Staff Ex. 1.0, Schedule 1.1 RZ I, line 3
2	Uncollectible Accounts		(749)	ICC Staff Ex. 1.0, Schedule 1.1 RZ I, line 4
3	Depreciation & Amortization		(8,834)	ICC Staff Ex. 1.0, Schedule 1.1 RZ I, line 12
4	PGA		99,099	ICC Staff Ex. 2.0, Sch. 2.01, p. 1, Line 6
5	Deferred Taxes and ITCs Net		121	ICC Staff Ex. 1.0, Sch. 1.01 RZ I, Col. i, line 19
6	Return on Equity		(10,724)	Line 10 below
7	Total Revenues for CWC Calculation	$	158,413	Sum of Lines 1 through 6
8	Total Rate Base	$	247,105	ICC Staff Ex. 1.0, Schedule 1.3 RZ I, line 23
9	Weighted Cost of Capital		4.340%	Schedule 5.01
10	Return on Equity	$	10,724	Line 8 times Line 9
11	Operating Expense Before Income Taxes	$	53,967	ICC Staff Ex. 1.0, Schedule 1.1 RZ I, line 15
12	Employee Benefits Expense		(5,449)	Ameren Ex. 15.1, Schedule 2, p. 4
13	Payroll Expense		(21,470)	Ameren Ex. 15.1, Schedule 2, p. 4
14	Uncollectible Accounts		(749)	ICC Staff Ex. 1.0, Schedule 1.1 RZ I, line 4
15	Depreciation & Amortization		(8,834)	ICC Staff Ex. 1.0, Schedule 1.1 RZ I, line 12
16	Taxes Other Than Income		(3,442)	ICC Staff Ex. 2.0, Sch. 2.01, p. 1, lines 8 - 11, 13, 16 & 18
17	Other Operations & Maintenance for CWC Calculation	$	14,023	Sum of Lines 10 through 16

Ameren Illinois Company - Rate Zone I
Adjustment to Uncollectibles Expense
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	Amount (b)	Source (c)
	Operating Statement Adjustment:		
1	Adjusted Uncollectibles Expense Per Staff at present rates	$ 709	Line 6 below
2	Adjusted Uncollectibles Expense per Company at present rates	856	AIC Exhibit 15.1, Schedule 1, Line 4
3	Staff Adjustment to Uncollectibles Expense at present rates	$ (147)	Line 1 minus line 2
	Staff calculation of uncollectibles expense for 2014:		
4	Base Rate Revenues After Adjustments at present rates	$ 75,418	ICC Staff Ex. 1.0, Schedule 1.1 RZ I
5	Uncollectibles percentage based on 3-year average of net write-offs	0.9398%	ICC Staff Ex. 2.0, Schedule 2.02 RZ I
6	Uncollectibles expense for 2014 per Staff	$ 709	Line 4 multiplied by line 5

Ameren Illinois Company - Rate Zone I
Adjustment to Uncollectibles Expense
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	2010 (b)	2011 (c)	2012 (d)	3-Year Average (e) (b+c+d) / 3
1	Write-offs during the Year	$ 2,704	$ 3,062	$ 2,343	$ 2,703
2	Recoveries during the Year	745	920	817	827
3	Net Write-offs (Line 1 + Line 2)	$ 1,959	$ 2,142	$ 1,526	$ 1,876
4	Revenues	$ 220,882	$ 196,075	$ 181,853	$ 199,603
5	Expense as a Percent of Revenues (Line 3 / Line 4)	0.8869 %	1.0927 %	0.8391 %	0.9398 %

Source:
- Column (b), Lines 1, 2 and 4: AIC response to DGK-9.01
- Column (c), Lines 1, 2 and 4: AIC Schedule C-16
- Column (d), Lines 1, 2 and 4: AIC response to DGK-9.01

Ameren Illinois Company - Rate Zone I
Adjustment to Non-union Wages
For the Year Ending December 31, 2014
(In Thousands)

Line	Description (a)	Historical 2012 Non-union Wages (b)	Calculated 2013 Non-union Wages per Staff (c)	Calculated 2014 Test Year Non-union Wages per Staff (d)	Source (d)
		(Company response to DGK-13.02)	(Column (b) * 1.0228)	(Column (c) * 1.0228)	
	Operating Statement Adjustment:				
1	Total Natural Gas Payroll Charged to Expense per Staff	$ 8,348	$ 8,538	$ 8,733	see headings
2	Total Natural Gas Payroll Charged to Expense per Company			9,306	(Company response to DGK-13.02)
3	Staff Adjustment to Total Natural Gas Payroll Charged to Expense			$ (573)	Line 1 - Line 2
	Rate Base Adjustment:				
4	Total Natural Gas Payroll Charged to Construction and Other per Staff	$ 2,323	$ 2,376	$ 2,430	see headings
5	Total Natural Gas Payroll Charged to Expense per Company			2,559	(Company response to DGK-13.02)
6	Staff Adjustment to Total Natural Gas Payroll Charged to Construction and Other			$ (129)	Line 4 - Line 5
	Derivative Operating Statement Adjustments:				
7	Payroll Taxes			$ (54)	(Lines 3 + 6) x 7.65%
8	Staff Adjustment to Depreciation Expense			$ (2)	page 2, Column (c)
	Derivative Rate Base Adjustments:				
9	Staff Adjustment to Accumulated Depreciation			$ 2	- Line 8
10	Staff Adjustment to Accumulated Deferred Income Tax			$ (4)	page 2, Column (k)

Ameren Illinois Company - Rate Zone I
Adjustment to Non-union Wages
For the Year Ending December 31, 2014
(In Thousands)

Line	2014 Non-Union Capitalized Wages Adjustment	Composite Depreciation Rate	Adjustment to Depreciation Expense	Tax Depreciation Rate	Tax Depreciation	Tax Difference	State Income Tax Rate	State ADIT	Federal Income Tax Rate	Federal ADIT	Adjustment to Federal & State ADIT
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Page 1, Colm (d), Line 6	Co. Response to DGK-13.04	(a) * (b)	Co. Response to DGK-13.04	(a) * (d)	(c) - (e)	Co. Response to DGK-13.04	(f) * (g)	Co. Response to DGK-13.04	((f) - (h)) / (j)	(h) + (j)
1	$ (129)	1.48%	**$ (2)**	9.500%	$ (12)	$ (10)	9.500%	$ (1)	35.00%	$ (3)	**$ (4)**

Ameren Illinois Company - Rate Zone I
Adjustment to Expenses for Outside Professional Services
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	Amount (b)	
	Operating Statement Adjustment:		
1	Payments for out-of-period Outside Professional Services per Staff	$ -	
2	Payments for out-of-period Outside Professional Services per Company	1	Co. Response to DGK-17.04
3	Staff Adjustment to Outside Professional Services	$ (1)	Line 1 minus line 2

Ameren Illinois Company - Rate Zone I
Adjustment to Employee Benefits
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)		Amount (b)	
	Operating Statement Adjustment:			
1	Updated Employee Benefits Expensed	$	18,013	Co. Response to AG-3.17 Attach 3, Line 11
2	Original Employee Benefits Expensed		21,926	Co. Response to AG-3.17 Attach 2, Line 11
3	Change to Employee Benefits Expensed	$	(3,913)	Line 1 minus line 2
4	Rate Zone Allocation		23.67%	Co. WPC-4a RZ
5	Staff Adjustment to Employee Benefits Expensed	$	(926)	Line 3 * Line 4
	Rate Base Adjustment:			
6	Updated Employee Benefits Expensed	$	3,995	Co. Response to AG-3.17 Attach 3, Line 12
7	Original Employee Benefits Expensed		4,883	Co. Response to AG-3.17 Attach 2, Line 12
8	Change to Employee Benefits Capitalized	$	(888)	Line 6 minus line 7
9	Rate Zone Allocation		20.96%	Co. WPB-5 RZ for all accounts
10	Adjust for Average Rate Base		50%	Use one-half for average rate base
11	Staff Adjustment to Employee Benefits Capitalized	$	(93)	Line 8 * Line 9 * Line 10

Ameren Illinois Company - Rate Zone II
Adjustment to Cash Working Capital
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	Amount (b)	Lag (Lead) (c)	CWC Factor (d) (c/365)	CWC Requirement (e) (b*d)	Column b Source (f)
1	Revenues	$ 165,495	49.74	0.13627	$ 22,553	ICC Staff Ex. 2.0, Sch. 2.01, p. 2, line 7
2	Pass-through Taxes	9,856	-	0.00000	-	Lines 12+14+15+17
3	Total Receipts	$ 175,351			$ 22,553	Line 1 + Line 2
4	Employee Benefits	$ 5,919	(15.97)	(0.04375)	$ (259)	
5	Base Payroll and Withholdings	17,653	(11.39)	(0.03121)	(551)	
6	PGA Purchases	100,821	(39.23)	(0.10748)	(10,836)	
7	Other Operations and Maintenance	21,718	(48.87)	(0.13389)	(2,908)	ICC Staff Ex. 2.0, Sch. 2.01, p. 2, line 17
8	FICA	1,381	(13.13)	(0.03597)	(50)	
9	Federal Unemployment Tax	25	(76.38)	(0.20925)	(5)	
10	State Unemployment Tax	89	(76.38)	(0.20925)	(19)	
11	St. Louis Payroll Expense Tax	1	(83.51)	(0.22880)	-	
12	ICC Gross Revenue Tax	174	65.50	0.17945	31	
13	Illinois Invested Capital Tax	2,296	(30.13)	(0.08253)	(189)	
14	Municipal Utility Tax	2,874	(15.00)	(0.04110)	(118)	
15	Energy Assistance Charges	2,111	(41.84)	(0.11463)	(242)	
16	Corporation Franchise Tax	140	(161.97)	(0.44375)	(62)	
17	Illinois Gas Use and Gas Revenue Tax	4,697	(29.79)	(0.08162)	(383)	
18	Property/Real Estate Taxes	529	(375.08)	(1.02763)	(544)	
19	Interest Expense	7,342	(91.25)	(0.25000)	(1,836)	ICC Staff Ex. 1.0, Sch. 1.06 RZ II, line 3 less line 20 below
20	Bank Facility Costs	148	156.59	0.42900	63	
21	State Income Tax	1,714	(37.88)	(0.10377)	(178)	ICC Staff Ex. 1.0, Sch. 1.01 RZ II, Col. i, line 17
22	Federal Income Tax	5,717	(37.88)	(0.10377)	(593)	ICC Staff Ex. 1.0, Sch. 1.01 RZ II, Col. i, line 18
23	Total Outlays	$ 175,349			$ (18,679)	Sum of Lines 4 through 22
24	Cash Working Capital per Staff				$ 3,874	Line 3 plus line 23
25	Cash Working Capital per Company				4,552	Ameren Exhibit 15.1, Schedule 2, p. 4
26	Difference -- Adjustment per Staff				$ (678)	Line 24 minus Line 25

Note: Amount is from Ameren Ex. 15.1, Schedule 2, Column (B) except where noted in "Source" column
Lag (Lead) is from Ameren Ex. 15.1, Schedule 2, Column (C) except lines 15 and 17 which are from ICC Staff Ex. 2.0, pp. 5 - 10

Ameren Illinois Company - Rate Zone II
Adjustment to Cash Working Capital
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)		Amount (b)	Source (c)
1	Total Operating Revenues	$	87,682	ICC Staff Ex. 1.0, Schedule 1.1 RZ II, line 3
2	Uncollectible Accounts		(949)	ICC Staff Ex. 1.0, Schedule 1.1 RZ II, line 4
3	Depreciation & Amortization		(11,444)	ICC Staff Ex. 1.0, Schedule 1.1 RZ II, line 12
4	PGA		100,821	ICC Staff Ex. 2.0, Sch. 2.01, p. 1, Line 6
5	Deferred Taxes and ITCs Net		79	ICC Staff Ex. 1.0, Sch. 1.01 RZ II, Col. i, line 19
6	Return on Equity		(10,694)	Line 10 below
7	Total Revenues for CWC Calculation	$	165,495	Sum of Lines 1 through 6
8	Total Rate Base	$	246,412	ICC Staff Ex. 1.0, Schedule 1.3 RZ II, line 23
9	Weighted Cost of Capital		4.340%	Schedule 5.01
10	Return on Equity	$	10,694	Line 8 times Line 9
11	Operating Expense Before Income Taxes	$	62,144	ICC Staff Ex. 1.0, Schedule 1.1 RZ II, line 16
12	Employee Benefits Expense		(5,919)	Ameren Ex. 15.2, Schedule 2, p. 4
13	Payroll Expense		(17,653)	Ameren Ex. 15.2, Schedule 2, p. 4
14	Uncollectible Accounts		(949)	ICC Staff Ex. 1.0, Schedule 1.1 RZ II, line 4
15	Depreciation & Amortization		(11,444)	ICC Staff Ex. 1.0, Schedule 1.1 RZ II, line 12
16	Taxes Other Than Income		(4,461)	ICC Staff Ex. 2.0, Sch. 2.01, p. 1, lines 8 - 11, 13, 16 & 18
17	Other Operations & Maintenance for CWC Calculation	$	21,718	Sum of Lines 10 through 16

Ameren Illinois Company - Rate Zone II
Adjustment to Uncollectibles Expense
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)		Amount (b)	Source (c)
	Operating Statement Adjustment:			
1	Adjusted Uncollectibles Expense Per Staff at present rates	$	829	Line 6 below
2	Adjusted Uncollectibles Expense per Company at present rates		709	AIC Schedule C-1, p. 5, colm. E, Line 116
3	Staff Adjustment to Uncollectibles Expense at present rates	$	120	Line 1 minus line 2
	Staff calculation of uncollectibles expense for 2014:			
4	Base Rate Revenues After Adjustments at present rates	$	76,755	ICC Staff Ex. 1.0, Schedule 1.1 RZ II
5	Uncollectibles percentage based on 3-year average of net write-offs		1.0796%	ICC Staff Ex. 2.0, Schedule 2.02 RZ II
6	Uncollectibles expense for 2014 per Staff	$	829	Line 4 multiplied by line 5

Ameren Illinois Company - Rate Zone II
Adjustment to Uncollectibles Expense
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	2010 (b)	2011 (c)	2012 (d)	3-Year Average (e)
					(b+c+d) / 3
1	Write-offs during the Year	$ 3,171	$ 3,591	$ 2,747	$ 3,170
2	Recoveries during the Year	874	1,079	958	970
3	Net Write-offs (Line 1 + Line 2)	$ 2,297	$ 2,513	$ 1,789	$ 2,200
4	Revenues	$ 225,455	$ 200,134	$ 185,618	$ 203,736
5	Expense as a Percent of Revenues (Line 3 / Line 4)	1.0188 %	1.2554 %	0.9638 %	1.0796 %

Source:
Column (b), Lines 1, 2 and 4: AIC response to DGK-9.01
Column (c), Lines 1, 2 and 4: AIC Schedule C-16
Column (d), Lines 1, 2 and 4: AIC response to DGK-9.01

Ameren Illinois Company - Rate Zone II
Adjustment to Non-union Wages
For the Year Ending December 31, 2014
(In Thousands)

Line	Description (a)	Historical 2012 Non-union Wages (b)	Calculated 2013 Non-union Wages per Staff (c)	Calculated 2014 Test Year Non-union Wages per Staff (d)	Source (d)
		(Company response to DGK-13.02)	(Column (b) * 1.0228)	(Column (c) * 1.0228)	
	Operating Statement Adjustment:				
1	Total Natural Gas Payroll Charged to Expense per Staff	$ 7,416	$ 7,585	$ 7,758	see headings
2	Total Natural Gas Payroll Charged to Expense per Company			8,144	(Company response to DGK-13.02)
3	Staff Adjustment to Total Natural Gas Payroll Charged to Expense			$ (386)	Line 1 - Line 2
	Rate Base Adjustment:				
4	Total Natural Gas Payroll Charged to Construction and Other per Staff	$ 3,219	$ 3,292	$ 3,367	see headings
5	Total Natural Gas Payroll Charged to Expense per Company			3,887	(Company response to DGK-13.02)
6	Staff Adjustment to Total Natural Gas Payroll Charged to Construction and Other			$ (520)	Line 4 - Line 5
	Derivative Operating Statement Adjustments:				
7	Payroll Taxes			$ (69)	(Lines 3 + 6) x 7.65%
8	Staff Adjustment to Depreciation Expense			$ (8)	page 2, Column (c)
	Derivative Rate Base Adjustments:				
9	Staff Adjustment to Accumulated Depreciation			$ 8	- Line 8
10	Staff Adjustment to Accumulated Deferred Income Tax			$ (17)	page 2, Column (k)

Ameren Illinois Company - Rate Zone II
Adjustment to Non-union Wages
For the Year Ending December 31, 2014
(In Thousands)

Line	2014 Non-Union Capitalized Wages Adjustment	Composite Depreciation Rate	Adjustment to Depreciation Expense	Tax Depreciation Rate	Tax Depreciation	Tax Difference	State Income Tax Rate	State ADIT	Federal Income Tax Rate	Federal ADIT	Adjustment to Federal & State ADIT
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Page 1, Colm (d), Line 6	Co. Response to DGK-13.04	(a) * (b)	Co. Response to DGK-13.04	(a) * (d)	(c) - (e)	Co. Response to DGK-13.04	(f) * (g)	Co. Response to DGK-13.04	((f) - (h)) / (j)	(h) + (j)
1	$ (520)	1.48%	**$ (8)**	9.500%	$ (49)	$ (42)	9.500%	$ (4)	35.00%	$ (13)	**$ (17)**

Ameren Illinois Company - Rate Zone II
Adjustment to Expenses for Outside Professional Services
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	Amount (b)	
	Operating Statement Adjustment:		
1	Payments for out-of-period Outside Professional Services per Staff	$ -	
2	Payments for out-of-period Outside Professional Services per Company	1	Co. Response to DGK-17.04
3	Staff Adjustment to Outside Professional Services	$ (1)	Line 1 minus line 2

Ameren Illinois Company - Rate Zone II
Adjustment to Employee Benefits
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)		Amount (b)	
	Operating Statement Adjustment:			
1	Updated Employee Benefits Expensed	$	18,013	Co. Response to AG-3.17 Attach 3, Line 11
2	Original Employee Benefits Expensed		21,926	Co. Response to AG-3.17 Attach 2, Line 11
3	Change to Employee Benefits Expensed	$	(3,913)	Line 1 minus line 2
4	Rate Zone Allocation		25.71%	Co. WPC-4a RZ
5	Staff Adjustment to Employee Benefits Expensed	$	(1,006)	Line 3 * Line 4
	Rate Base Adjustment:			
6	Updated Employee Benefits Expensed	$	3,995	Co. Response to AG-3.17 Attach 3, Line 12
7	Original Employee Benefits Expensed		4,883	Co. Response to AG-3.17 Attach 2, Line 12
8	Change to Employee Benefits Capitalized	$	(888)	Line 6 minus line 7
9	Rate Zone Allocation		27.55%	Co. WPB-5 RZ for all accounts
10	Adjust for Average Rate Base		50%	Use one-half for average rate base
11	Staff Adjustment to Employee Benefits Capitalized	$	(122)	Line 8 * Line 9 * Line 10

Ameren Illinois Company - Rate Zone III
Adjustment to Cash Working Capital
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	Amount (b)	Lag (Lead) (c)	CWC Factor (d) (c/365)	CWC Requirement (e) (b*d)	Column b Source (f)
1	Revenues	$ 357,773	49.74	0.13627	$ 48,755	ICC Staff Ex. 2.0, Sch. 2.01, p. 2, line 7
2	Pass-through Taxes	22,479	-	0.00000	-	Lines 12+14+15+17
3	Total Receipts	$ 380,252			$ 48,755	Line 1 + Line 2
4	Employee Benefits	$ 11,657	(15.97)	(0.04375)	$ (510)	
5	Base Payroll and Withholdings	37,704	(11.39)	(0.03121)	(1,177)	
6	PGA Purchases	227,004	(39.23)	(0.10748)	(24,399)	
7	Other Operations and Maintenance	39,356	(48.87)	(0.13389)	(5,270)	ICC Staff Ex. 2.0, Sch. 2.01, p. 2, line 17
8	FICA	2,304	(13.13)	(0.03597)	(83)	
9	Federal Unemployment Tax	42	(76.38)	(0.20925)	(9)	
10	State Unemployment Tax	148	(76.38)	(0.20925)	(31)	
11	St. Louis Payroll Expense Tax	1	(83.51)	(0.22880)	-	
12	ICC Gross Revenue Tax	397	65.50	0.17945	71	
13	Illinois Invested Capital Tax	4,235	(30.13)	(0.08253)	(350)	
14	Municipal Utility Tax	6,556	(15.00)	(0.04110)	(269)	
15	Energy Assistance Charges	4,814	(41.84)	(0.11463)	(552)	
16	Corporation Franchise Tax	258	(161.97)	(0.44375)	(114)	
17	Illinois Gas Use and Gas Revenue Tax	10,712	(29.79)	(0.08162)	(874)	
18	Property/Real Estate Taxes	976	(375.08)	(1.02763)	(1,003)	
19	Interest Expense	16,811	(91.25)	(0.25000)	(4,203)	ICC Staff Ex. 1.0, Sch. 1.06 RZ III, line 3 less line 20 below
20	Bank Facility Costs	339	156.59	0.42900	145	
21	State Income Tax	3,909	(37.88)	(0.10377)	(406)	ICC Staff Ex. 1.0, Sch. 1.01 RZ III, Col. i, line 17
22	Federal Income Tax	13,028	(37.88)	(0.10377)	(1,352)	ICC Staff Ex. 1.0, Sch. 1.01 RZ III, Col. i, line 18
23	Total Outlays	$ 380,251			$ (40,386)	Sum of Lines 4 through 23
24	Cash Working Capital per Staff				$ 8,369	Line 3 plus line 23
25	Cash Working Capital per Company				9,915	Ameren Exhibit 15.1, Schedule 2, p. 4
26	Difference -- Adjustment per Staff				$ (1,546)	Line 24 minus Line 25

Note: Amount is from Ameren Ex. 15.1, Schedule 2, Column (B) except where noted in "Source" column
Lag (Lead) is from Ameren Ex. 15.1, Schedule 2, Column (C) except lines 15 and 17 which are from ICC Staff Ex. 2.0, pp. 5 - 10

Ameren Illinois Company - Rate Zone III
Adjustment to Cash Working Capital
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)		Amount (b)	Source (c)
1	Total Operating Revenues	$	176,354	ICC Staff Ex. 1.0, Schedule 1.1 RZ III, line 3
2	Uncollectible Accounts		(1,662)	ICC Staff Ex. 1.0, Schedule 1.1 RZ III, line 4
3	Depreciation & Amortization		(19,729)	ICC Staff Ex. 1.0, Schedule 1.1 RZ III, line 12
4	PGA		227,004	ICC Staff Ex. 2.0, Sch. 2.01, p. 1, Line 6
5	Deferred Taxes and ITCs Net		304	ICC Staff Ex. 1.0, Sch. 1.01 RZ III, Col. i, line 19
6	Return on Equity		(24,498)	Line 10 below
7	Total Revenues for CWC Calculation	$	357,773	Sum of Lines 1 through 6
8	Total Rate Base	$	564,470	ICC Staff Ex. 1.0, Schedule 1.3 RZ III, line 23
9	Weighted Cost of Capital		4.340%	Schedule 5.01
10	Return on Equity	$	24,498	Line 8 times Line 9
11	Operating Expense Before Income Taxes	$	118,072	ICC Staff Ex. 1.0, Schedule 1.1 RZ III, line 16
12	Employee Benefits Expense		(11,657)	Ameren Ex. 15.2, Schedule 2, p. 4
13	Payroll Expense		(37,704)	Ameren Ex. 15.2, Schedule 2, p. 4
14	Uncollectible Accounts		(1,662)	ICC Staff Ex. 1.0, Schedule 1.1 RZ III, line 4
15	Depreciation & Amortization		(19,729)	ICC Staff Ex. 1.0, Schedule 1.1 RZ III, line 12
16	Taxes Other Than Income		(7,964)	ICC Staff Ex. 2.0, Sch. 2.01, p. 1, lines 8 - 11, 13, 16 & 18
17	Other Operations & Maintenance for CWC Calculation	$	39,356	Sum of Lines 10 through 16

Ameren Illinois Company - Rate Zone III
Adjustment to Uncollectibles Expense
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	Amount (b)	Source (c)
	Operating Statement Adjustment:		
1	Adjusted Uncollectibles Expense Per Staff at present rates	$ 1,624	Line 6 below
2	Adjusted Uncollectibles Expense per Company at present rates	2,549	AIC Schedule C-1, p. 5, colm. E, Line 116
3	Staff Adjustment to Uncollectibles Expense at present rates	$ (925)	Line 1 minus line 2
	Staff calculation of uncollectibles expense for 2014:		
4	Base Rate Revenues After Adjustments at present rates	$ 172,757	ICC Staff Ex. 1.0, Schedule 1.1 RZ III
5	Uncollectibles percentage based on 3-year average of net write-offs	0.9400%	ICC Staff Ex. 2.0, Schedule 2.02 RZ III
6	Uncollectibles expense for 2014 per Staff	$ 1,624	Line 4 multiplied by line 5

Ameren Illinois Company - Rate Zone III
Adjustment to Uncollectibles Expense
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	2010 (b)	2011 (c)	2012 (d)	3-Year Average (e) (b+c+d) / 3
1	Write-offs during the Year	$ 6,202	$ 7,025	$ 5,374	$ 6,200
2	Recoveries during the Year	1,710	2,110	1,874	1,898
3	Net Write-offs (Line 1 + Line 2)	$ 4,492	$ 4,915	$ 3,500	$ 4,302
4	Revenues	$ 506,495	$ 449,611	$ 416,999	$ 457,702
5	Expense as a Percent of Revenues (Line 3 / Line 4)	0.8869 %	1.0931 %	0.8393 %	0.9400 %

Source:

Column (b), Lines 1, 2 and 4: AIC response to DGK-9.01
Column (c), Lines 1, 2 and 4: AIC Schedule C-16
Column (d), Lines 1, 2 and 4: AIC response to DGK-9.01

Ameren Illinois Company - Rate Zone III
Adjustment to Non-union Wages
For the Year Ending December 31, 2014
(In Thousands)

Line	Description (a)	Historical 2012 Non-union Wages (b)	Calculated 2013 Non-union Wages per Staff (c)	Calculated 2014 Test Year Non-union Wages per Staff (d)	Source (d)
		(Company response to DGK-13.02)	(Column (b) * 1.0228)	(Column (c) * 1.0228)	
	Operating Statement Adjustment:				
1	Total Natural Gas Payroll Charged to Expense per Staff	$ 14,214	$ 14,538	$ 14,870	see headings
2	Total Natural Gas Payroll Charged to Expense per Company			15,963	(Company response to DGK-13.02)
3	Staff Adjustment to Total Natural Gas Payroll Charged to Expense			$ (1,093)	Line 1 - Line 2
	Rate Base Adjustment:				
4	Total Natural Gas Payroll Charged to Construction and Other per Staff	$ 6,823	$ 6,979	$ 7,138	see headings
5	Total Natural Gas Payroll Charged to Expense per Company			8,153	(Company response to DGK-13.02)
6	Staff Adjustment to Total Natural Gas Payroll Charged to Construction and Other			$ (1,015)	Line 4 - Line 5
	Derivative Operating Statement Adjustments:				
7	Payroll Taxes			$ (161)	(Lines 3 + 6) x 7.65%
8	Staff Adjustment to Depreciation Expense			$ (15)	page 2, Column (c)
	Derivative Rate Base Adjustments:				
9	Staff Adjustment to Accumulated Depreciation			$ 15	- Line 8
10	Staff Adjustment to Accumulated Deferred Income Tax			$ (34)	page 2, Column (k)

Ameren Illinois Company - Rate Zone III
Adjustment to Non-union Wages
For the Year Ending December 31, 2014
(In Thousands)

Line	2014 Non-Union Capitalized Wages Adjustment	Composite Depreciation Rate	Adjustment to Depreciation Expense	Tax Depreciation Rate	Tax Depreciation	Tax Difference	State Income Tax Rate	State ADIT	Federal Income Tax Rate	Federal ADIT	Adjustment to Federal & State ADIT
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Page 1, Colm (d), Line 6	Co. Response to DGK-13.04	(a) * (b)	Co. Response to DGK-13.04	(a) * (d)	(c) - (e)	Co. Response to DGK-13.04	(f) * (g)	Co. Response to DGK-13.04	((f) - (h)) / (j)	(h) + (j)
1	$ (1,015)	1.48%	**$ (15)**	9.500%	$ (96)	$ (81)	9.500%	$ (8)	35.00%	$ (26)	**$ (34)**

Ameren Illinois Company - Rate Zone III
Adjustment to Expenses for Outside Professional Services
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)	Amount (b)	
	Operating Statement Adjustment:		
1	Payments for out-of-period Outside Professional Services per Staff	$ -	
2	Payments for out-of-period Outside Professional Services per Company	2	Co. Response to DGK-17.04
3	Staff Adjustment to Outside Professional Services	$ (2)	Line 1 minus line 2

Ameren Illinois Company - Rate Zone III
Adjustment to Employee Benefits
For the Year Ending December 31, 2014
(In Thousands)

Line	Item (a)		Amount (b)	
	Operating Statement Adjustment:			
1	Updated Employee Benefits Expensed	$	18,013	Co. Response to AG-3.17 Attach 3, Line 11
2	Original Employee Benefits Expensed		21,926	Co. Response to AG-3.17 Attach 2, Line 11
3	Change to Employee Benefits Expensed	$	(3,913)	Line 1 minus line 2
4	Rate Zone Allocation		50.63%	Co. WPC-4a RZ
5	Staff Adjustment to Employee Benefits Expensed	$	(1,981)	Line 3 * Line 4
	Rate Base Adjustment:			
6	Updated Employee Benefits Expensed	$	3,995	Co. Response to AG-3.17 Attach 3, Line 12
7	Original Employee Benefits Expensed		4,883	Co. Response to AG-3.17 Attach 2, Line 12
8	Change to Employee Benefits Capitalized	$	(888)	Line 6 minus line 7
9	Rate Zone Allocation		51.49%	Co. WPB-5 RZ for all accounts
10	Adjust for Average Rate Base		50%	Use one-half for average rate base
11	Staff Adjustment to Employee Benefits Capitalized	$	(229)	Line 8 * Line 9 * Line 10