

**Ameren Illinois Company's
Response to Illinois Office of Attorney General Data Requests
Docket No. 13-0192
Proposed General Increase in Natural Gas Delivery Service Rates
Data Request Response Date: 7/30/2013**

AG 20.23

Ref: Ameren Ex. 22.0, Mr. Colyer's Rebuttal, page 35, line 773 and 777 (Group 1 Painting Program Cost Estimate for 2014). At line 773, Mr. Colyer refers to a "back log of facilities requiring painting" and then at line 777 he states, "For group 1 facilities, primarily residential meter sets, the AIC summer meter painting program has been reactive in the past by painting meters sets that were identified as needing paint during the prior year. AIC plans to move to a more proactive program starting in 2014 and to complete both the reactive program (paint meters from 2013) and the meters found as needing paint that same year in 2014. Each year after 2014, AIC will paint the meters identified as needing paint the same year as they are identified. This expense is forecasted to be \$300,000 annually." Please respond to the following:

- a) Summarize the number of group 1 meters painted in each year 2011, 2012 and 2013, to date, compared to the number of meters forecasted to be painted in 2014.
- b) Provide the comparable contractor charges for group 1 meter painting in 2011, 2012 and 2013, to date, compared to the \$300,000 estimate for the test year.
- c) What portion of the \$300,000 for test year group 1 painting is believed to relate to "complete the reactive program (paint meters from 2013)"?
- d) For what reasons should recoverable painting costs in 2014 include both the costs of normal activity levels in that year where AIC will "paint the meters found as needing paint that same year in 2014" as well as costs to "complete the reactive program (paint meters from 2013)", particularly if new rates in this docket will be in effect for more than one year?

RESPONSE

**Prepared By: Stephen R. Colyer
Title: Senior Director, Gas Operations and Services
Phone Number: 217-424-6933**

- a) As provided in AG 16.09 Attach 1, 2 and 3, AIC painted approximately 31,050 meters in 2011, 66,773 in 2012, and 24,762 in 2013 through the end of June. AIC forecasts to paint approximately 40,000 meters in 2014.

- b) As provided in the Company's responses to AG 12.12 Attach, and in AG 16.09 Attach 1, 2, and 3, total costs for painting meter sets in 2011 was approximately \$184,000, total cost for meter sets in 2012 was approximately \$400,000, and total costs YTD 2013 are approximately \$176,000.
- c) All of the \$300,000 will be in support of reactive work and newly identified work.
- d) AIC is actively painting meter sets in 2013 and expects to paint over 63,300 meter sets at a cost of approximately \$500,000. Utilizing the forecast for 2013, during the period of 2011 through 2013, AIC will have painted an average of 53,700 meters per year at an average cost of \$361,333 per year. The stated plan to paint 40,000 meters (see subpart a) above) at a cost \$300,000 is less than the 3 year average spend and the average number of meters painted in 2011 through 2013. It is AIC's intent to be able to proactively paint all identified meters in the same year and eliminate the past practice of painting the identified meters in the following year (reactive work).

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AG 20.24

Ref: Ameren Ex. 22.0, Mr. Colyer's Rebuttal, page 36, line 790 (Group 2 Painting Program Cost Estimate for 2014). At line 790, Mr. Colyer states, "The forecast amount for group 2 is based upon costs for small facilities such as regulator station for blasting, recoating and lead abatement ranging from \$2,000 - \$3,500 per site. Medium size facilities typically approach \$4,000 - \$10,000 per site depending on the piping condition, configuration and footprint. Larger sites such as a gate station can cost \$50,000 or more. As stated above AIC has forecasted to increase the spending on group 2 facilities as compared to 2012." Please provide the following additional information:

- a) Summarize the number of small, medium and large group 2 stations painted in each year 2011, 2012 and 2013, to date, compared to the number of each size station forecasted to be painted in 2014.
- b) Provide the comparable contractor charges for group 2 station painting in 2011, 2012 and 2013, to date, compared to the \$700,000 estimate for the test year.
- c) In its response to AG 12.12, AIC indicated total painting costs (for both groups 1 and 2) totaled \$184,000 in 2011 and \$400,000 in 2012. Please explain and reconcile these values to the amounts provided in your response to part b) and the corresponding part b) in the immediately preceding question.
- d) The AIC- proposed 2014 test year painting costs totaling \$1 million appear to be much higher than historical cost levels. Please explain whether the Company's painting investments that were made in recent prior years should be viewed as insufficient to provide safe and adequate service to customers.
- e) The AIC- proposed 2014 test year painting costs totaling \$1 million appear to be much higher than historical cost levels. Please explain whether the Company's painting investments that were made in recent prior years should be viewed as imprudently inadequate because of the risk of facilities "corroding and requiring replacement" (line 806) sooner than necessary.
- f) Provide complete copies of all studies, reports, analyses and other documents associated with your responses to parts d) and e).

RESPONSE

Prepared By: Stephen R. Colyer
Title: Senior Director, Gas Operations and Services
Phone Number: 217-424-6933

- a) A summary of group 2 facilities painted was provided in AG 16.09 (b), station painting for 2013 has just started and statistics are not yet available. The specific station locations for 2014 are still in development, an overview of 2014 scope and costs was provided in AG 16.09 Attach 4.
- b) Contractor painting costs for 2011 and 2012 were provided in AG 16.09 Attach 7. Costs for 2013 are not yet available since painting has just begun. The 2014 contractor costs summary for station painting explaining the \$700,000 forecasted expense is provided in AG 16.09 Attach 4.
- c) The painting costs identified in AG 12.12 for 2011 and 2012 were reflective of costs charged to typical painting accounts in RMC 0G4 and RMC 676. The contractor costs for painting summarized in AG 16.09 Attach 7 were incurred for regulator station painting work but were performed by RMC's other than 0G4 and in some instances were not charged to accounts typically used for painting and thus were not reflected in the Company's response to AG 12.12 (dated May 29, 2013).
- d) Objection. The request is argumentative. Subject to that objection, the following response is provided:

The AIC painting investments have not been insufficient to provide safe and adequate service to customers. AIC has consistently invested in painting facilities and believes it is prudent to increase the volume of investment based upon the current list of facilities identified as needing paint where the entire facility will need to be cleaned (sandblasted) and painted. For 2014 and future years, the forecast for painting activities will serve to strengthen and improve the painting program.

- e) Objection. The request is argumentative. Subject to that objection, the following response is provided:

The AIC painting investments have not been imprudently inadequate. AIC has consistently invested in painting facilities and believes it is prudent to increase the volume of investment based upon the current list of facilities identified as needing paint where the entire facility will need to be cleaned (sandblasted) and painted. For 2014 and future years, the forecast for painting activities will serve to strengthen and improve the painting program. In addition, to the test year forecast, it should be understood that AIC employees, during the course of normal maintenance activities, also do maintenance painting. Maintenance painting is where the entire facility does not need cleaned and painted but instead some portion of the facility has localized rust or surface corrosion. In

this case the localized area is cleaned and painted which is a cost effective means to extend the coating life of the overall facility.

- f) Summaries and supporting documents for painting evaluations, costs and plans were provided in AG 16.09 Attach 1 thru 7.

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AG 16.09

Ref: AIC Responses to AG 15.03, Attachment 1, line 8 (Distribution O&M Costs – Painting). In Attachment 1, the Company added a column of “Details on How Estimated” data to the AG 12.12 Attachment previously provided. Please provide the following additional information regarding the explanation given on line 8:

- a) Explain how AIC tracks and manages its painting costs and provide copies of specimen reports indicating the status of such tracking at 12/31/2012 and the latest available date.
- b) Explain and provide a monthly breakdown of the statistical numbers of meters/stations and incurred cost of comparable painting work that has occurred in 2011, 2012 and 2013 to date, broken down separately for meter sets, small regulator stations and larger installations as available.
- c) Identify any painting contractors that have been contacted or used by AIC and provide complete copies of all requests for information, bid solicitations, correspondence and other information exchanged between these contractors and AIC or its agents for work to be done in 2014.
- d) Provide a detailed statement of assumptions and calculations for the estimated costs for this effort in the 2014 test year.
- e) Provide complete copies of all documents associated with or supportive of your response to part (d).

RESPONSE

**Prepared By: Stephen R. Colyer
Title: Senior Director Gas Operations & Services
Phone Number: 217-424-6933**

- a) AIC painting work is for above ground piping subject to atmospheric corrosion. The two largest groups of facilities are 1) residential and small commercial meter sets (approximately 900,000), and 2) regulator stations and large customer meter sets. See AG 16.09 Attach 1, Attach 2, and Attach 3 for a summary on how AIC tracks and manages its painting costs for group 1 facilities. See AG 16.09 Attach 4 for an explanation of group 2 facilities and AG 16.09 Attach 5 for a summary of station evaluation and tracking.
- b) See response to subpart a) for residential meter set painting completed. For regulator stations and large meter sets, the majority of the regulator station and larger meter sets painted in 2011 through 2013 have been performed by Duck & Sons and by Quincy

Industrial Painting, two of the bidders quoted in AG 16.09 Attach 6. Please note AG 16.09 Attach 6 is designated **CONFIDENTIAL and PRIVILEGED**. During the 2011 to 2012 time frame, AIC painted approximately 150 small station & metering sites, and 27 large station and metering sites. AIC has painted approximately 20 small stations through May of 2013. Actual regulator station and large meter set paintings costs for 2011 and 2012 are summarized in AG 16.09 Attach 7.

- c) Summer painters are utilized for residential meter set painting and are hired through Guidant/Zempleo as temporary help. Contractors for regulator station and large meter sets are selected through a sourcing event summarize in AG 16.09 Attach 6.
- d) For the residential meter sets, the AIC summer meter painting program has been reactive in the past where summer painters are painting meters sets that were identified last year as needing paint. Meters to be painted are identified by AIC's leak survey company, which surveys $\frac{1}{4}$ annually. AIC's plan is to move to a more proactive program starting in 2014. The plan for 2014 is to complete both the reactive program (paint identified in 2013) and the meters found as needing paint in 2014. Each year after 2014, AIC will paint the meters the same year as they are found needing paint during the $\frac{1}{4}$ leak survey program. AG 16.09 Attach 4 for a summary of 2014 regulator station and large meter set painting plans.
- e) See response to subparts a) thru d) above.

Sum of amount vendor_name	description	Year		Grand Total
		2011	2012	
AETNA COATINGS INC	AETNA COATING - Gas Regulation Meter Set - Consoli		3,800	3,800
	AETNA COATING - Gas Regulator Station - Cedar Hill		2,800	2,800
	AETNA COATING - Gas Regulator Station - Ravinswood		2,800	2,800
	AETNA COATING - Gas Regulator Station - Timberlane		2,800	2,800
	AETNA COATING - Mobilization/Demobilization		2,200	2,200
	PURCHASING RATE		360	360
AETNA COATINGS INC Total			14,760	14,760
CENTRAL STATES UNDER	Perform underwater coating repair in two places of	13,870		13,870
	PURCHASING RATE	416		416
	TAX	867		867
CENTRAL STATES UNDER Total		15,153		15,153
COLORWORKS	COLORWORKS - Paint regulator stations and gas mete		22,900	22,900
	PURCHASING RATE		687	687
COLORWORKS Total			23,587	23,587
DUCK & SON COATINGS	DUCK & SON - CENTRALIA STORAGE FIELD		1,400	1,400
	DUCK & SON - COLLINSVILLE HIGH - LUTHERAN SCHOOL		600	600
	DUCK & SON - FORTIS PLASTICE - CARLYLE IL		600	600
	DUCK & SON - Labor, materials & equipment to abras		4,973	4,973
	DUCK & SON - ONION TOWN RD - Abrasive blast, prime		3,960	3,960
	DUCK & SON - ONION TOWN RD VALVE STA.		2,500	2,500
	DUCK & SON - ORAVILLE DELIVERY STATION - Abrasive		5,973	5,973
	DUCK & SON - TRAILER 2 AND CNG TRAILER		4,950	4,950
	DUCK & SONS - COLLINSVILLE HIGH SCHOOL - 2201 MORR		600	600
	Painting of Curtis Rd station, and Champaign stora		25,284	25,284
	PURCHASING RATE	293	1,346	1,639
	TAX	734	3,355	4,089
DUCK & SON COATINGS Total		1,026	55,541	56,568
MESA PRODUCTS INC	PURCHASING RATE		1,700	1,700
MESA PRODUCTS INC Total			1,700	1,700
QUINCY INDUSTRIAL PA	Painting Services	31,520		31,520
	Painting Services Please contact Sue Boyd at 217-	46,800		46,800
	Phase 2: Sandblast & Paint Regulator Stations; 1 i		24,800	24,800

PURCHASING RATE	2,027	4,535	6,562
QUINCY INDUSTRIAL PAINTING - Gas Regulation Meter		60,100	60,100
QUINCY INDUSTRIAL PAINTING - Gas Regulator Station		7,000	7,000
QUINCY INDUSTRIAL PAINTING - Sandblast and Paint G	15,920		15,920
QUINCY INDUSTRIAL PAINTING CO INC, Regulator Stati		41,000	41,000
Sanblast & Paint Regulator Stations 8 in Tuscola a		40,500	40,500
Sandblast & Paint Ivesdale XT-6 and Sadorous XT-7		8,000	8,000
TAX		2,563	2,563
QUINCY INDUSTRIAL PA Total	96,267	188,498	284,765
Grand Total	112,446	284,086	396,532