

PROCESS OF DETERMINING DELIVERY SERVICE CHARGES

Cost of Service

The Company's Embedded Cost of Service Study (ECOSS) is prepared in accordance with the Commission Conclusions set forth in the Commission's Order in the most recent rate redesign proceeding, and reflect Rate Zone level cost detail.

The sum of the three Rate Zone level revenue requirements, including any true-up reconciliation amounts, equal the Company's total revenue requirement derived per the Determination of Revenue Requirement section of Rate MAP-P.

Revenue Allocation

Assignment of revenue responsibility for each rate class and subclass within each Rate Zone shall be apportioned according to the cost of service study described above, including the effect of the EDT Cost Recovery (Electric Distribution Tax), subject to rate mitigation limitations. The mitigation constraint for each class and subclass shall be the greater of 1) 0.05 ¢/kWh overall increase, 2) 10% or 3) a constraint multiple of the system average increase based on a sliding scale starting at 1.5 times system increase for overall increases less than 10%, and reduced by 0.0125 for each percentage point of system average increase greater than 10%, but not less than a factor of 1.0. If the constraint factor reaches 1.0, an across-the-board percentage change to all rate classes and subclasses (with the exception of any ¢/kWh movement allowed under the first constraint) would be employed.

Chart 1 below illustrates the interaction between the 10% minimum and the multiple of the system average increase. For rate changes of about 6.667% or below, the 10% minimum constraint applies ($10\% / 1.5 = 6.667\%$). For rate changes above that level, the constraint multiplier times the system average increase produces a value greater than 10%, thus that value would be used. After the system average increase exceeds 10%, the constraint multiplier begins to decline from 1.5 in decrements of 0.0125 for each percentage point greater than 10%. For example, a system average increase of 25% would reduce the constraint multiplier by 0.1875 ($0.0125 \times (25\% - 10\%)$) to 1.3125. The constraint multiplier of 1.3125 x system average increase of 25% produces a class increase limit of 32.8125%. A constraint multiplier equal to 1.0 would employ an across-the-board rate change for all classes, meaning that the revenue allocation target for each class or subclass would equal the system average rate change. The following table illustrates the interaction between the 10% minimum constraint and the constraint multiplier applied to the system average increase.

Chart 1

System Average Change	Constraint Multiplier	Applied Percent Constraint
-5%	1.5000	10.0%
0%	1.5000	10.0%
5%	1.5000	10.0%
10%	1.5000	15.0%
15%	1.4375	21.6%
20%	1.3750	27.5%
25%	1.3125	32.8%
30%	1.2500	37.5%
35%	1.1875	41.6%
40%	1.1250	45.0%
45%	1.0625	47.8%
50%	1.0000	50.0%

The DS-3 +100 kV supply voltage subclass contains few customers, and occasionally no customers due to rate class switching that occurs, thus revenue allocation targets for this category of service generated by the revenue allocation methodology will not be used to further adjust prices. Instead, the pricing process will result in a different amount of revenue generated by the category. This difference, either a revenue surplus or deficiency, will be credited or allocated to all other rate classes (or subclasses) based on the proportion of present revenue requirement for the DS-3 +100 kV category to total revenue requirement excluding the DS-3 + 100 kV subclass.

Adjustments to Charges

To the extent charges among Rate Zones are the same for a particular price component, such price uniformity shall be retained.

Additional movement toward price uniformity of base rate charges for a particular price component among Rate Zones for a DS class will be allowed if a) average costs for each of the applicable Rate Zones excluding the EDT is within 10% of the weighted average cost of the applicable Rate Zones (measured on a cost per kWh basis for DS-1 and DS-2, a cost per kW of Billing Demand for DS-3 and DS-4, cost per fixture for DS-5), and b) for DS-1, DS-2, DS-3 and DS-4 Primary supply voltage, DS-3 and DS-4 High Voltage supply voltage classes, current average prices for delivery service for the class or applicable voltage subclass excluding the Distribution Tax in the individual Rate Zone are likewise within 10% of the combined average price of either two or three Rate Zones. In addition to the tolerances for rate uniformity listed above, prices will be made uniform in all situations where prices within a rate cross-over one another between rate zones. Prices for DS-6 shall be uniform among Rate Zones.

Charges shall be changed to achieve the allocated class revenue requirement as outlined below. The steps must be performed sequentially. Minor adjustments may be required, and permitted, to more precisely attain the allocated class revenue requirement.

1. Meter Charge (Uniform among Rate Zones)

- DS-1 Meter Charges shall be set to recover the overall total class meter service revenue requirement as determined in the class Cost of Service Study for Ameren Illinois.
- DS-2 Meter Charges shall be set to recover the overall total class meter service revenue requirement as determined in the class Cost of Service Study for Ameren Illinois. Price differentiation between “Secondary” and “Non-Secondary” meter voltage categories are determined by examining the relative difference between replacement costs for Secondary and Primary facilities for this customer type.
- DS-3 Meter Charges shall be set to recover the overall total meter service revenue requirement as determined in the class Cost of Service Study for the DS-3 and DS-6 (formerly DS-3) classes for Ameren Illinois. Price differentiation between “Secondary”, “Primary”, “High Voltage”, and “+100 kV” meter voltage categories determined by examining the relative difference between replacement costs for each respective voltage category.
- DS-4 Meter Charges shall be set to recover the overall total meter service revenue requirement as determined in the class Cost of Service Study for the DS-4 and DS-6 (formerly DS-4) classes for Ameren Illinois. Price differentiation between “Secondary”, “Primary”, “High Voltage”, and “+100 kV” meter voltage categories determined by examining the relative difference between replacement costs for each respective voltage category.
- DS-5 Meter Charges shall be set equal to those developed for the DS-2 Secondary voltage category.
- DS-6 Meter Charges shall be set equal to those developed for DS-3 and DS-4, as applicable.

2. Customer Charge (Uniform among Rate Zones)

- DS-1 Customer Charges shall be changed to an amount necessary to raise the overall recovery of the Customer and Meter Charges to a level equal to 50% of the total revenue requirement excluding the Electric Distribution Tax, but not by an amount that exceeds a 2.5 percentage point increase in such recovery from present rates.
- DS-2 Non-Secondary Customer Charges shall be changed by an amount equal to the overall total AIC revenue percentage change amount allocated to DS-2, but not by an amount that would result in a charge greater than the DS-3 Primary Customer Charge. The remaining DS-2 Customer Charges (Secondary and Unmetered) shall be changed to an amount necessary to raise the overall recovery of the Customer and Meter Charges for all DS-2 Customers to a level equal to 50% of the total revenue requirement excluding the Electric Distribution Tax, but not by an amount that exceeds a 2.5 percentage point increase in such recovery from present rates.
- DS-3, DS-4, and DS-6 Customer Charges shall be set based on combined cost of service results for all three classes, differentiated between Secondary, Primary, High Voltage, and +100 kV Meter Voltage categories. Such charges may be adjusted to round to the nearest \$10.
- DS-5 Customer Charges shall be set equal to those developed for the DS-2 Secondary voltage category.

3. Transformation Capacity Charge (DS-3 and DS-4, new DS-6) (Uniform among Rate Zones, exception for +100 kV DS-4 in RZ II)

- Charge shall not change from the price determined in Docket No. 13-0301, except for customers taking service under DS-4 +100 kV supply service in RZ II as of 12/31/2012.
- For customers taking service under DS-4 +100 kV supply service in RZ II as of 12/31/2012, the Transformation Capacity Charge shall be adjusted to \$0.15/kW of Transformation Capacity. The value may be re-evaluated if there is a substantial modification to the cost of facilities required to serve these customers. New customers, or customers not taking DS-4 +100 kV supply service as of 12/31/2012 in RZ II shall be assessed the Transformation Capacity Charge determined in the first step in this section.

4. Meter Reassignment Charge (Rate Zone I only)

- For Rate Zone I customers, the Meter Reassignment Charge is equal to (150 * Transformation Capacity Charge).

5. Reactive Demand Charge (DS-4 only) (Uniform among Rate Zones)

- Charge shall not change from the price determined in Docket No. 13-0301.

6. EDT Cost Recovery (Electric Distribution Tax) and Distribution Delivery Charge (DS-4)

The DS-4 charges for EDT Cost Recovery and the Distribution Delivery Charges must be established prior to determining comparable charges for DS-1, DS-2, DS-3, and DS-5. Once determined, the associated EDT Cost Recovery revenue requirement for each Rate Zone and for each rate class shall be removed from the delivery service revenue requirement and the resulting EDT charges will be reflected in the Rate MAP-P Informational Sheet. For DS-4, within each supply voltage subclass, change EDT Cost Recovery and Distribution Delivery Charges as follows:

- In the event EDT Cost Recovery values are uniform with those for all other non-DS-4 customers, retain uniformity. Adjust DS-4 Distribution Delivery Charge to achieve remaining revenue allocation target, but never equal to zero or below.
- In the event EDT Cost Recovery values are lower than those for all other non-DS-4 customers:
 - If the remaining rate change for DS-4 is a decrease, adjust the EDT Cost Recovery and Distribution Delivery Charge downward by equal percentage amounts until the revenue target is reached.
 - If the remaining rate change for DS-4 is an increase, raise the EDT Cost Recovery charge up to the average cost established in the Cost of Service Study to achieve the revenue target. If additional rate revenue is required, increase the Distribution Delivery Charge to achieve the revenue increase amount.
- Distribution Delivery Charges for DS-4 + 100 kV service are to become uniform among Rate Zones. Initial charges established by setting the charge equal to the combined present rate revenue for all Rate Zones for DS-4 +100 kV Distribution Delivery Charges divided by total kW of Billing Demand. Subsequent adjustments to the charge shall be made after the EDT Cost Recovery values are uniform, following the process above.

7. EDT Cost Recovery (Electric Distribution Tax) (DS-1, DS-2, DS-3, DS-5, and DS-6)

- For DS-1, DS-2, DS-3, DS-5, and DS-6, set at average rate established in Cost of Service Study, plus an amount of any revenue shortfall for this price component associated with rate limitations applied to DS-4.

8. Distribution Delivery Charge (DS-1, DS-2, DS-3, and DS-6)

- For DS-1 through DS-3 (except +100 kV), change Distribution Delivery Charges by equal percentage amounts sufficient to reach the applicable revenue requirement target for the class or subclass.
- For DS-3 +100 kV service, set the Distribution Delivery Charge based on the combined cost of service results for demand related components for both DS-3 and DS-4 +100 kV service, net of Transformation Charge revenue. The cost of service results divided by the sum of DS-3 and DS-4 +100 kV billing demands shall establish the unit charge.
- For DS-6, initial Distribution Delivery Charge and Excess Demand Charge set based on ratemaking methodology established in Rate Redesign proceeding. Initial prices shall be uniform among Rate Zones. Subsequent movement of charges change by equal percentage amounts sufficient to reach the applicable revenue requirement target for the class or subclass.

9. Rate Limiter (DS-3 and DS-4 Only)

- Provision deleted and Replaced with DS-6

10. Fixture Charges and Distribution Delivery Charges (DS-5)

- For Rate Zone I, change Fixture Charges by equal percentage amounts sufficient to reach the applicable revenue requirement target, provided such adjustment does not result in Fixture Charges greater than those in either Rate Zone II or III. If Fixture Charge becomes equal to those in either Rate Zone II or III, increase Distribution Delivery Charge up to a level equivalent to those in Rate Zones II or III.
- For Rate Zones II and III, change Fixture Charges and Distribution Delivery Charges by equal percentage amounts sufficient to reach the applicable revenue requirement target for the class.
- Change Customer and Meter Charges to be equal to those established for DS-2.