

REBUTTAL TESTIMONY

of

**Mike Ostrander
Accountant**

**Accounting Department
Financial Analysis Division
Illinois Commerce Commission**

Ameren Illinois Company

Rate MAP-P Modernization Action Plan – Pricing Annual Update Filing

Docket No. 13-0301

August 26, 2013

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Attachment B AIC Response to Staff Data Request JMO 8.01

(CONFIDENTIAL)

Attachment C AIC Response to Staff Data Request TEE 16.12

1 **Witness Identification**

2 **Q. Please state your name and business address.**

3 A. My name is Mike Ostrander. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. Are you the same Mike Ostrander who previously provided direct**
6 **testimony in this proceeding?**

7 A. Yes. My direct testimony was filed on July 3, 2013 as ICC Staff Exhibit
8 2.0.

9 **Purpose of Testimony**

10 **Q. What is the purpose of your rebuttal testimony?**

11 A. The purpose of my rebuttal testimony is to:

- 12 a) Identify issues contained in my direct testimony that the Company
13 does not contest;
- 14 b) Respond to the adjustment proposed in my direct testimony for
15 Construction Work in Progress (“CWIP”), that the Company agreed
16 to in part and disagreed to in part;
- 17 c) Respond to the Company’s opposition to my adjustments for Cash
18 Working Capital (“CWC”), Accrued Vacation Reserve, Accumulated
19 Deferred Income Taxes (“ADIT”) for Metro East Assets Transfer,
20 Depreciation Expense, Outside Professional Services, Rate Case
21 Expense, and Materials & Supplies and Customer Deposits;

- 22 d) Respond to an adjustment proposed by Mr. Michael L. Brosch, filed
23 on behalf of the People of the State of Illinois (“AG”), regarding the
24 Company’s treatment of income tax expense within the CWC
25 calculation;
- 26 e) Propose an adjustment to reclassify Miscellaneous Distribution
27 Expense to Rate Case Expense; and
- 28 f) Respond to the Company’s comments regarding its Commitments
29 and Obligations under Subsections 16-108.5(b) and 16-108.5(b-10)
30 of the Public Utilities Act (“Act”).

31 **Q. Please identify any adjustments from your direct testimony that the**
32 **Company no longer contests and has reflected in its rebuttal revenue**
33 **requirement.**

34 A. The Company no longer contests and has reflected in its rebuttal revenue
35 requirement the corrected calculation (Ameren Ex. 9.3, Sched. 1.) of my
36 adjustment to remove expenses for payments made to the surviving
37 spouse of a former Illinois Power employee that I proposed in my direct
38 testimony. (Ameren Ex. 9.0, 7:151-156.)

39 In addition, the Company also no longer contests, and has reflected in its
40 rebuttal revenue requirement, my adjustment to reduce CWIP for projects
41 that are also included in projected plant additions. (Ameren Ex. 9.0,
42 49:1095-1098.) However, the Company continues to contest my
43 adjustment to reduce the 2012 year end amount of CWIP for the related

44 amount of accounts payable outstanding at December 31, 2012. (Ameren
45 Ex. 9.0, 49:1085-1089.)

46 **Q. Were there any other issues from your direct testimony that the**
47 **Company and you are in agreement on?**

48 A. Yes. In my direct testimony I recommended that the Commission approve
49 the Company's request in its direct testimony for an original cost finding.
50 (Ameren Ex. 1.5.) I also recommended that if the Commission makes any
51 adjustments to plant, those adjustments should also be reflected in the
52 original cost determination. (Staff Ex. 2.0, 20:391-405.)

53 **Schedule Identification**

54 **Q. Are you sponsoring any schedules as part of your rebuttal**
55 **testimony?**

56 A. Yes. I prepared the following schedules for the Company, which show
57 data for 2012:

58	Schedule 7.01	Adjustment to CWIP
59	Schedule 7.02	Adjustment to Cash Working Capital
60	Schedule 7.03	Adjustment for Accrued Vacation Reserve
61	Schedule 7.04	Adjustment to ADIT for Metro East Assets
62		Transfer
63	Schedule 7.05 FY	Adjustment to Depreciation Expense
64	Schedule 7.06	Adjustment to Expenses for Outside
65		Professional Services
66	Schedule 7.07	Adjustment to Rate Case Expense

67 Schedule 7.08 FY Adjustment to Materials & Supplies and
68 Customer Deposits

69 Schedule 7.09 Adjustment to Miscellaneous Distribution
70 Expense

71 **Q. Please explain the FY and RY suffixes that appear with some of your**
72 **adjustment schedules.**

73 A. These suffixes indicate to which revenue requirement the respective
74 schedule pertains. The letters "FY" indicate the filing year revenue
75 requirement on which delivery service rates effective January 2014 will be
76 based. The letters "RY" indicate the reconciliation filing year revenue
77 requirement, which is the actual revenue requirement for 2012, as
78 adjusted by Staff. If no letters follow an adjustment schedule, the
79 adjustment is applied to both the FY and RY revenue requirements.

80 **Adjustment to CWIP**

81 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.01, Adjustment to**
82 **CWIP.**

83 A. Schedule 7.01 reflects my adjustment to reduce the 2012 year end
84 amount of CWIP for the related amount of accounts payable outstanding
85 at December 31, 2012. As discussed above, the Company accepted one
86 component of my direct testimony adjustment which reduced CWIP for
87 projects that are also included in projected plant additions. The remaining
88 contested component adjustment amount is the same as reflected on

89 Staff Ex. 2.0, Schedule 2.01. AG witness Brosch proposes the same
90 adjustment in his direct testimony. (AG Ex. 1.3, 4.)

91 **Q. Why does the Company disagree with your adjustment?**

92 A. Similar to the Company's argument in Docket No. 12-0293 (Ameren Ex.
93 11.0R, 25:525-528.), Company witness Stafford argues that the time lag
94 for cash collections under the formula rate supports full recovery of the
95 CWIP balances including the accounts payable portion, well in advance of
96 collecting from rate payers. (Ameren Ex. 9.0, 49:1085-1089.)

97 **Q. How do you respond to the Company's argument?**

98 A. Since CWIP is allowed in rate base as of the year end, the assertion that
99 the Company paid the accounts payable outstanding at December 31,
100 2012 before collecting from rate payers is not relevant. The Company is
101 arguing for consideration of the time lag between the year end and the
102 payment in the next calendar year. As was Staff's position in Docket No.
103 12-0293 (Staff Ex. 10.0, 7:124-137), the Company's argument is not
104 relevant for a formula rate proceeding. Section 16-108.5(d)(1) states:

105 The inputs to the performance-based formula rate for the
106 applicable rate year shall be based on final historical data
107 reflected in the utility's most recently filed FERC Form 1 plus
108 projected plant additions and correspondingly updated
109 depreciation reserve and expense for the calendar year in
110 which the inputs are filed.

111 220 ILCS 5/16-108.5(d)(1).

112 The Statute does not provide for the consideration of events occurring
113 after the end of the calendar year for inputs other than projected plant
114 additions and some of the protocols provided in Subsection 16-108.5(c).

115 The accounts payable related to the CWIP projects represent financing by
116 vendors rather than shareholders. Since the vendors are financing a
117 certain amount of CWIP projects as of year end 2012, shareholders
118 should not earn a return on that portion of a plant asset for which
119 shareholders have not paid. Therefore, to the extent these projects in
120 CWIP at year end 2012 are financed by accounts payable, the balance of
121 CWIP in rate base should be reduced by the amount of accounts payable.

122 **Adjustment to Cash Working Capital**

123 **Q. Please describe ICC Staff Exhibit 7.0, Schedules 7.02 FY and 7.02**
124 **RY, Adjustment to Cash Working Capital.**

125 A. Schedules 7.02 FY and 7.02 RY reflect my adjustments to the Company's
126 cash working capital ("CWC") based on my calculation of CWC using the
127 Gross Lag Approach. These schedules have been corrected so that the
128 revenues in the CWC calculation equal the expenses. These schedules
129 present CWC based on Staff's rebuttal revenue requirements. The final
130 balances of CWC will be established using the revenue requirements and
131 methodology that is ultimately approved by the Commission in this
132 proceeding.

133 **Q. How does your calculation of CWC differ from the Company's**
134 **calculation of CWC?**

135 A. My calculation of CWC does not use the same number of lead days for
136 Energy Assistance Charges ("EAC") and Municipal Utility Tax ("MUT")
137 pass-through taxes as does the Company's calculation of CWC. I also
138 provide a separate calculation of the CWC for the 2012 FY revenue
139 requirement that is based on actual 2012 data plus the impact of 2013
140 projected plant additions.

141 **Pass-Through Taxes**

142 **Q. What is the rationale for using your proposed EAC and MUT lead**
143 **days instead of the Company's proposed lead days for those pass-**
144 **through taxes?**

145 A. For both the EAC and MUT pass-through taxes, the Company is remitting
146 payment earlier than required, which creates a larger CWC requirement.
147 This causes a larger rate base solely due to the Company's practice of
148 remitting the taxes earlier than the pass-through taxes are due. Since the
149 Company paid these pass-through taxes prior to the date payment was
150 due, the Company's practice reduced payment leads which resulted in a
151 lower expense lead and thereby a higher CWC component. My approach
152 is based on the statutory due dates for remittance; thus, it does not
153 penalize ratepayers with a higher CWC component based solely on the
154 Company's practice of remitting the taxes before the taxes are due.

155 **Q. What is the Company's response to your proposed EAC and MUT**
156 **lead days?**

157 A. Company witness Heintz states that "[t]he Company's long-standing
158 practice has been to remit taxes to the taxing authorities based upon
159 billings adjusted for debts written off each month. The question is whether
160 the additional month that the Company could hold the funds should be
161 imputed for CWC purposes." (Ameren Ex. 15.0, 6:107-110.)

162 **Q. What is your response?**

163 A. I understand what the Company's practice has been for remitting pass-
164 through taxes. I also agree that the Commission should address whether
165 the additional month the Company could hold funds should be imputed for
166 CWC purposes.

167 **Q. Do you agree with Mr. Heintz's rebuttal testimony that if the**
168 **Commission were to adopt your proposed EAC and MUT lead days,**
169 **the Company would be required to modify its payment practices?**

170 A. No. My proposal is for rate making treatment of the Company's remittance
171 of EAC and MUT earlier than required, consistent with the treatment in the
172 prior Ameren formula cases. Commission acceptance of my proposed
173 EAC and MUT lead days would not require the Company to change its
174 payment practices. The Company would simply have different lead days
175 for EAC and MUT embedded in its calculation of CWC than the actual
176 lead days experienced.

177 **Q. Did any other witness propose expense lead day adjustments?**

178 A. Yes. AG witness Brosch proposed using lead days of 38.54 days for EAC,
179 48.54 days for MUT, and zero days for Income Taxes. (AG Ex. 1.3, 2.)

180 **Q. Do you agree with Mr. Brosch's proposal for EAC and MUT lead**
181 **days?**

182 A. Yes.

183 **Q. Do you agree with Mr. Brosch's proposal for Income Tax lead days?**

184 A. No. The Commission has a long standing practice of accepting income
185 taxes calculated with statutory tax rates. This has been the case in the
186 Final Orders in the Company's recent rate cases; including Docket Nos.
187 07-0585 – 07-0590 (Cons.), 09-0306 – 09-0311 (Cons.), Docket No. 11-
188 0282, Docket No. 12-0001, and Docket No. 12-0293. In all of these
189 cases, the Company has either combined income taxes and deferred
190 taxes in the CWC calculation or used the same expense lead for each
191 separately. Staff's and the Company's treatment of income taxes for
192 CWC is consistent with Commission practice. The Company's method for
193 calculating the CWC for income tax is based on operating expense from
194 the revenue requirement and lead days from a lead/lag study and should
195 be accepted.

196 **Cash Working Capital FY and RY**

197 **Q. Why are you proposing two separate CWC calculations?**

198 A. I am proposing two separate calculations of CWC because CWC for the
199 filing year and the reconciliation year are different. Projected plant
200 additions, as well as the associated derivative adjustments, are included
201 in the FY revenue requirement. The derivative adjustments associated
202 with the projected plant additions include accumulated depreciation,
203 depreciation expense, accumulated deferred income tax, federal and
204 state income tax, and CWC. CWC is a derivative change resulting from
205 the inclusion of FY projected plant additions in the revenue requirement
206 identical to the changes for accumulated depreciation, depreciation
207 expense, accumulated deferred income tax, and federal and state income
208 taxes. All derivative adjustments for the projected plant additions should
209 be considered in the FY revenue requirement, including the impact on
210 CWC.

211 In Docket Nos. 12-0001 and 12-0293, the CWC calculation considered
212 the projected plant additions and the derivative adjustments for the FY
213 revenue requirement. There was no "RY revenue requirement" as the
214 instant proceeding is the first formula rate proceeding of AIC that includes
215 a reconciliation year revenue requirement.

216 The RY revenue requirement that supports the reconciliation adjustment
217 must be based on the actual results of operation for the 2012
218 reconciliation year and does not consider projected plant additions and
219 the associated derivative changes.

220 Therefore, a CWC based upon the filing year is not representative of the
221 CWC requirement in the reconciliation year. Thus, it is necessary for
222 each revenue requirement to be based on the CWC calculations that are
223 representative of the costs and revenues associated with each revenue
224 requirement.

225 **Q. How did the Company calculate CWC in direct testimony?**

226 A. The Company's CWC calculation for both the FY and RY revenue
227 requirements was based on actual 2012 data plus the impact of 2013
228 projected plant additions. (Ameren Ex. 1.0, 23:466-468.)

229 **Q. How did the Company calculate CWC in rebuttal testimony?**

230 A. The Company changed its CWC calculation for both the FY and RY
231 revenue requirements to be based on actual 2012 data and excluded the
232 impact of 2013 projected plant additions to be consistent with the order in
233 Docket No. 12-0321, the second formula rate filing of Commonwealth
234 Edison. (Ameren Ex. 9.0, 8:185-187, 9:188-189, 9:191-192.)

235 **Q. What is your response?**

236 A. The fact that the Commission did not address this practice in the prior
237 rounds of formula rate filings for Commonwealth Edison does not change
238 the fact that the CWC calculation in each revenue requirement should be
239 reflective of the costs and revenues associated with each revenue
240 requirement. This issue was not as material in the 2nd ComEd formula

241 rate filing because the projected plant additions were not as significant as
242 the annual projected plant additions will be in the future.

243 **Adjustment for Accrued Vacation Reserve**

244 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.03, Adjustment for**
245 **Accrued Vacation Reserve.**

246 A. Schedule 7.03 reflects my adjustment to deduct the liability for accrued
247 vacation pay from rate base. This adjustment is the same as reflected on
248 Staff Ex. 2.0, Schedule 2.03. AG witness Efron proposes the same
249 adjustment in his direct testimony. (AG Ex. 2.0, Sched. DJE-1.2, 3.)

250 **Q. How does your adjustment compare with the adjustment proposed**
251 **by AG witness Efron?**

252 A. My adjustment for accrued vacation reserve and corresponding ADIT is
253 based on the 2012 year-end balance of the accrued vacation reserve.
254 Whereas, Mr. Efron's adjustment utilizes the 2012 average balance of
255 accrued vacation reserve.

256 **Q. Why did you use the year-end 2012 accrued vacation reserve balance**
257 **in your calculation?**

258 A. PA 98-0015, passed into law on May 24, 2013, specifically requires the
259 revenue requirement pursuant to the performance-based formula rate be
260 determined using a year-end rate base. Accrued vacation reserve and

261 corresponding ADIT, as components of rate base, must be included at
262 year-end amounts.

263 **Q. Why does the Company disagree with your adjustment?**

264 A. Company witness Stafford continues to argue that accrued vacation is a
265 current liability on the Company's books and not a source of non-investor
266 supplied capital available to finance rate base investment. (Ameren Ex.
267 9.0, 46:1034-1035.)

268 **Q. How do you respond to the Company's argument?**

269 A. The fact that accrued vacation is recorded on the Company's books as a
270 liability has no bearing on whether it is a source of capital. Rather, the
271 fact that accrued vacation is reflected as payroll expense in the period
272 earned and that payroll expense in the period earned is a component of
273 the revenue requirement confirms that accrued vacation is provided by
274 ratepayers. Mr. Stafford's testimony is essentially the same as what was
275 proffered by the Company in prior formula rate cases and such testimony
276 was rejected by the Commission. (Ameren Illinois Company, ICC Order,
277 Docket No. 12-0001, 58-59 (September 19, 2012); Ameren Illinois
278 Company, ICC Order, Docket No. 12-0293, 12-13 (December 5, 2012)).

279 **Adjustment to ADIT for Metro East Assets Transfer**

280 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.04, Adjustment to**
281 **ADIT for Metro East Asset Transfer.**

282 A. Schedule 7.04 presents my adjustment to remove the ADIT balance
283 associated with the Central Illinois Public Service Company (“CIPS”)-
284 Union Electric (“UE”) 2005 Metro East Asset Transfer. This adjustment is
285 the same as reflected on Staff Ex. 2.0, Schedule 2.04. AG witness Efron
286 proposes the same adjustment in his direct testimony. (AG Ex. 2.1, 2.)

287 **Q. What is AIC’s response to your adjustment to remove a deferred tax**
288 **asset from the ADIT included in rate base that was recorded at the**
289 **time of CIPS’s purchase of certain depreciable assets representing**
290 **the Metro-East territory from UE?**

291 A. AIC witness Mr. Ronald Stafford stated that he does not agree with my
292 adjustment. He discussed the tax basis of the respective parties to the
293 transfer and the relative relevance of those tax bases to my ratemaking
294 adjustment. However, his response to my adjustment uses arguments
295 about the *cause* of the ratemaking inequity that I address; his response
296 does not discuss the *effect* of that ratemaking inequity.

297 **Q. Please briefly re-state the rationale for your ADIT adjustment from**
298 **your direct testimony.**

299 **A.** The transfer was recorded on the books of CIPS at the net book value,
300 which, for CIPS, was the same as it was under UE’s ownership. For tax
301 purposes, CIPS stepped up the cost basis to reflect its purchase price of
302 the transferred assets. *For ratemaking purposes, the transaction between*
303 *the affiliated entities, which file a consolidated income tax return, resulted*

304 *in a higher rate base under CIPS' ownership than it was under UE's*
305 *ownership.* Such result is not appropriate to reflect in rates because
306 ratepayers should not be required to pay a return on an increased rate
307 base due to this transfer transaction between affiliated entities.

308 **Q. Have you requested information from the Company regarding the**
309 **rate base inequity that you describe?**

310 A. Yes. I issued Staff Data Request ("DR") JMO 9.02 that asked the
311 Company to agree or disagree with the table in my DR that showed the
312 ratemaking effect of the transfer and further asked that, for each
313 component in the table with which AIC disagreed, for AIC to provide a
314 revised version of the table in its response with an explanation for why a
315 revision was necessary. AIC's written response was that the Company
316 agrees with the effect on rate base. (ICC Staff Ex. 7.0, Attachment A.)
317 Further, AIC also did not provide as part of its response any revision to
318 the table, further accepting the premise that the rate base is higher with
319 CIPS than it was with UE. (ICC Staff Ex. 7.0, Attachment A.) Although Mr.
320 Stafford does not directly acknowledge it, AIC has agreed that the effect
321 on rate base I describe has occurred.

322 **Q. Mr. Stafford also provides a discussion of the Commission history of**
323 **this adjustment in AIC's most recent electric formula rate cases and**
324 **he argues that the Commission should not change its decision from**
325 **that reached in Docket Nos. 12-0001 and 12-0293 since nothing has**

326 **changed in the circumstances in the asset transfer since those**
327 **decisions. (Ameren Ex. 9.0, 43:975-984.) How do you respond?**
328 A. I do not dispute the facts he offers regarding the decisions made in
329 Docket Nos. 12-0001 and 12-0293, and I agree that nothing has changed
330 in the circumstances of the *asset transfer*. However, in the prior dockets
331 discussed by Mr. Stafford, the inequitable impact on AIC's rate base was
332 not completely discussed; in this case, it is a central point. (AG Ex. 2.0, 6-
333 7:122-135.) As Mr. Effron stated in his direct testimony, the Commission
334 did not have the opportunity to address the propriety of the increase to the
335 asset value between affiliates in the prior two cases cited by Mr. Stafford.
336 (*Id.*) The evidence in those prior cases included testimony describing the
337 transaction, the recording of the transaction and the tax rules governing
338 the establishment of CIPS' tax basis, but there was not a complete
339 discussion and demonstration of the ratemaking difference between the
340 rate base under CIPS' versus UE's ownership as a result of the
341 transaction as there is in this case.

342 **Adjustment to Depreciation Expense**

343 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.05 FY, Adjustment**
344 **to Depreciation Expense.**

345 A. Schedule 7.05 FY presents my adjustment to reflect the incremental
346 amount of depreciation expense and related changes to rate base

347 components due to the utilization of depreciation rates from AIC's updated
348 depreciation rate study that became effective January 1, 2013.

349 **Q. How does Schedule 7.05 FY differ from your direct testimony**
350 **adjustment Schedule 2.05?**

351 A. Schedule 2.05 reflected the impact of applying depreciation rates from
352 AIC's updated depreciation rate study to calculate depreciation expense
353 associated with the 2013 projected plant additions. Schedule 7.05 FY
354 reflects the impact of the utilization of depreciation rates from AIC's
355 updated depreciation rate study to calculate depreciation expense and
356 related rate base components associated with the 2013 projected plant
357 additions and the embedded utility plant at December 31, 2012.

358 **Q. Why do you recommend reflecting Schedule 7.05 FY only in the filing**
359 **year revenue requirement?**

360 A. The RY revenue requirement is based only on 2012 actual information.
361 The depreciation rate changes took effect in 2013 and should be reflected
362 in the FY revenue requirement that is based on actual 2012 data plus the
363 impact of 2013 projected plant additions.

364 **Q. What is AIC's response to your adjustment to reflect the impact of**
365 **the utilization of depreciation rates from AIC's updated depreciation**
366 **rate study?**

367 A. The Company opposes this adjustment based on its opinion that the
368 adjustment would not fit within the ICC authorized formula rate template.
369 (Ameren Ex. 17.0, 8:156-170.)

370 On August 19, 2013, the Company made a tariff filing, pursuant to Section
371 9-201, to modify the formula rate template which, among other things,
372 would accommodate the adjustment I propose. By making this filing, the
373 Company indicated its agreement with Staff's adjustment for the impact of
374 the utilization of depreciation rates from AIC's updated depreciation rate
375 study to be used on Sch. FR C-2. Therefore, it is my understanding that
376 the Company does not contest the adjustment. As long as the
377 Commission approves the template changes the Company proposes in its
378 Section 9-201 filing by December 1, 2013, the compliance filing resulting
379 from this case would reflect the impact of the utilization of depreciation
380 rates from AIC's updated depreciation rate study I propose in the FY
381 revenue requirement.

382 **Q. Why do you continue to reflect this adjustment in your rebuttal**
383 **schedules if the Company does not contest it?**

384 A. The Company did not reflect this adjustment in its rebuttal revenue
385 requirement since, in the Company's opinion, the adjustment would not fit
386 within the ICC authorized formula rate template. (Ameren Ex. 17.0, 8:156-
387 170.) However, by proposing the changes documented in the Company's
388 recent tariff filing to modify the formula rate template, the Company

389 acknowledges that it is an appropriate adjustment. It is my understanding
390 that the compliance filing for this case would reflect the impact of the
391 utilization of depreciation rates from AIC's updated depreciation rate study
392 that I propose in Schedule 7.05 FY, assuming the formula rate template
393 revisions are approved by December 1, 2013.

394 **Adjustment to Expenses for Outside Professional Services**

395 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.06, Adjustment to**
396 **Expenses for Outside Professional Services.**

397 A. Schedule 7.06 reflects my adjustment to remove the cost of consulting
398 services provided by SFIO Consulting, Inc. ("SFIO") that are not
399 necessary for the provision of utility service. This adjustment differs from
400 my direct testimony adjustment (Staff Ex. 2.0, Schedule 2.08 FY.) as
401 Schedule 7.06 has been corrected to reflect the proper allocation of costs
402 to electric operations.

403 **Q. What is AIC's response to your adjustment to remove the cost of**
404 **consulting services provided by SFIO?**

405 A. AIC witness Mr. Stafford did not accept my adjustment.

406 **Q. How do you respond?**

407 A. I am disallowing costs of consulting services provided by SFIO for which
408 the Company has not provided a description of the services provided or
409 proof that the provided services were not duplicative or redundant of
410 Company management. I disallowed costs represented by invoices

411 provided in the Company's response to Staff DR JMO 8.01 (ICC Staff Ex.
412 7.0, Attachment B (Confidential).) for payments to SFIO in 2012. Many of
413 these invoices did not provide a description of the services performed
414 other than "Non-Rate Case Regulatory Consulting Fees." The Company's
415 response did not include proof of the services provided by SFIO and did
416 not provide evidence that the services were not duplicative and redundant
417 of Company management responsibilities.

418 **Adjustment to Rate Case Expense**

419 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.07, Adjustment to**
420 **Rate Case Expense.**

421 A. Schedule 7.07 reflects my adjustment to disallow certain expenses that
422 are not reasonable to prepare and litigate a rate case filing. My rebuttal
423 adjustment to rate case expense only disallows the SFIO charges related
424 to Docket Nos. 12-0001 and 12-0293 for services provided by Mr.
425 Salvatore Fiorella. My direct testimony adjustment (Staff Ex. 2.0,
426 Schedule 2.07.) disallowed the total amount of rate case expense
427 because the Company had not provided evidence to support the justness
428 and reasonableness of such expenses. I modified my adjustment
429 because the Company provided invoices and other supporting
430 documentation for the record in its rebuttal testimony. (Ameren Ex. 9.8.)
431 Also included in Schedule 7.07 is the reclassification of allowable court

432 reporting costs from miscellaneous distribution expense to rate case
433 expense which is further explained in the Schedule 7.09 section below.

434 **Q. Please explain the rationale for your disallowance of costs**
435 **associated with SFIO.**

436 A. I am disallowing unsupported SFIO costs for the provision of services that
437 are not shown to have resulted in any tangible research, reports, or
438 exhibits that were utilized in the preparation and litigation of the rate case.
439 These SFIO services are duplicative of services that are reasonably
440 expected to be performed by attorneys or Ameren personnel.

441 **Q. Please provide the rationale for the disallowance of SFIO costs that**
442 **are not related to any admissible rate case exhibit, or any tangible**
443 **work product and is duplicative of services reasonably expected to**
444 **be performed by attorneys or Ameren personnel.**

445 A. I am disallowing SFIO costs related to services provided by SFIO
446 consultant Mr. Salvatore Fiorella. Many of the SFIO invoices use the
447 following descriptions to explain services provided by Mr. Fiorella:

- 448 • Cover ICC Bench and Oral Argument;
- 449 • Report on evidentiary hearings in ComEd 11-0712;
- 450 • Weekly conference calls of Regulatory Strategy Team, including
451 preparation and research;
- 452 • Review and summarize ALJPO in 12-0001
- 453 • Review Briefs, Reply Briefs and BOEs of all Parties;

- 454 • Review Application for Rehearing;
- 455 • Review Parties Draft Orders, AIC drafts
- 456 • Review and Analyze ALJPO in 12-0293, ALJ Ruling
- 457 • Numerous meetings and phone calls with AIC personnel and
458 representatives, including outside law firms, with respect to
459 regulatory strategy;
- 460 • Review of Case management, discussion of Company proposal
461 and Order;
- 462 • Review AIC filing in detail including Part 285 requirements;
- 463 • Review of Response to Deficiency Letter;
- 464 • Review/research ComEd Rebuttal;
- 465 • Review AIC Reply to Motion to Strike ;
- 466 • Review/analyze Staff/Intervenor Testimony;
- 467 • Review AIC Motion for Interlocutory Review; and
- 468 • Review various Affidavits and Exhibits filed on e-Docket.

469 **Q. Why are costs of services described above not reasonable expenses**
470 **to prepare and litigate a rate case filing?**

471 A. The services described on the invoices are duplicative of services that
472 should have been performed by AIC employees and/or attorneys or do not
473 sufficiently explain the nature of the work (i.e. “regulatory strategy”).

474 **Q. Has the Commission made adjustments to remove similar SFIO**
475 **costs in other proceedings?**

476 A. Yes. In Docket No. 11-0561 *et al* (Cons.), the Commission stated:

477 As SFIO is not legal counsel to the Companies' nor its
478 principal a testifying witness in this matter, requiring
479 the Companies' ratepayers to bear \$36,000 in
480 vaguely documented discretionary consulting
481 expenses – spread across only 1,718 individual
482 customers – is not just and reasonable. The SFIO
483 consulting expenses are disallowed. Charmar Water
484 Company, ICC Order, Docket No. 11-0561 *et al*
485 (Cons.), 19 (May 22, 2012).

486 Further, the Order in Docket No. 11-0767 stated:

487 In making this finding, the Commission is not
488 suggesting that all rate case work must take the form
489 of testimony or tangible work product, or that SFIO is
490 unqualified to provide such services. It is reasonable,
491 however, to expect the Company to show, in some
492 manner, how such services are not duplicative or
493 redundant of those provided by others in the face of
494 expert testimony to the contrary. Here, no such
495 showing has been made.

496 The Commission finds, as it did in Dockets 11-0561
497 *et.al*, that the adjustment removing SFIO consulting
498 fees from recoverable rate case expense is adopted.
499 Illinois-American Water Company, ICC Order, Docket
500 No. 11-0767, 50-51 (September 19, 2012).

501 Though I am not an attorney, I interpret the Commission's conclusion
502 above to mean that it is the Company's responsibility to show how the
503 services provided by SFIO (or any compensated technical expert) are just
504 and reasonable and not duplicative or redundant of those provided by
505 others.

506 **Section 9-229 Recommendation Regarding Rate Case Expense**

507 **Q. Section 9-229 of the Public Utilities Act (“Act”) requires the**
508 **Commission to expressly address in its final order the justness and**
509 **reasonableness of any amount expended by a public utility to**
510 **compensate attorneys or technical experts to prepare and litigate a**
511 **general rate case filing. (220 ILCS 5/9-229) Does the evidence set**
512 **forth by the Company in support of amounts expended to**
513 **compensate attorneys and technical experts satisfy the requirements**
514 **of Section 9-229?**

515 **A.** Although I am not an attorney, it appears that the evidence set forth by
516 the Company is of a type that may allow the Commission to make the
517 required Section 9-229 assessment. I reviewed the invoices provided to
518 me by the Company which detailed Section 9-229 expenses by attorneys
519 and outside technical experts. In my opinion, the amounts, with the
520 exception of the cost of services provided by SFIO, appear to be just and
521 reasonable.

522 **Q. Do you have a recommendation for the Commission as to the**
523 **language that should be included in the final order?**

524 **A.** If the Order in this proceeding were to conclude that the Commission is
525 able to make the determination as to the justness and reasonableness of
526 amounts expended to compensate attorneys and technical experts to
527 prepare and litigate this rate filing pursuant to Section 9-229 of the Act, I

528 recommend that the Order in this proceeding express a Commission
529 conclusion as follows:

530 The Commission has considered the costs expended by the
531 Company to compensate attorneys and technical experts to
532 prepare and litigate this rate case proceeding and assesses that
533 the amount included as rate case expense in the revenue
534 requirements of \$1.210 million¹ is just and reasonable pursuant to
535 Section 9-229 of the Act (220 ILCS 5/9-229). This amount includes
536 the following costs: \$462,000 amortized rate case expense
537 associated with the initial formula rate proceeding, Docket No. 12-
538 0001 and \$748,000 associated with Docket No. 12-0293.

539 **Adjustment to Materials & Supplies and Customer Deposits**

540 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.08 FY, Adjustment**
541 **to Materials & Supplies and Customer Deposits.**

542 A. Schedule 7.08 FY presents my adjustment to reflect year-end Materials &
543 Supplies and year-end Customer Deposits balances in the FY rate base.
544 This adjustment is the same as reflected on Staff Ex. 2.0, Schedule 2.08
545 FY.

546 **Q. What is AIC's response to your adjustment to reflect the year-end**
547 **Materials & Supplies and year-end Customer Deposits amounts in**
548 **the FY rate base?**

549 A. The Company's basis for opposing this adjustment is limited to the
550 opinion that the ICC authorized formula template does not accommodate
551 the needed changes to reflect my proposed adjustment. (Ameren Ex.
552 17.0, 10:224-228, 11:229-232.)

553 On August 19, 2013, the Company made a tariff filing, pursuant to Section
554 9-201, to modify the formula rate template which, among other things,
555 would accommodate the adjustment I propose. By making this filing, the
556 Company indicates its agreement with Staff's adjustment to reflect year-
557 end Materials & Supplies and year-end Customer Deposits balances in
558 the FY rate base. Therefore, it is my understanding that the Company
559 does not contest it. As long as the Commission approves the template
560 changes the Company proposes in its Section 9-201 filing by December 1,
561 2013, the compliance filing resulting from this case would reflect the year-
562 end Materials & Supplies and year-end Customer Deposits balances I
563 propose in the FY revenue requirement.

564 **Q. Why do you continue to reflect this adjustment in your rebuttal**
565 **schedules if the Company does not contest it?**

566 A. The Company did not reflect this adjustment in its rebuttal revenue
567 requirement since, in the Company's opinion, the ICC authorized formula
568 template does not accommodate the needed changes to reflect my
569 proposed adjustment. (Ameren Ex. 17.0, 10:224-228, 11:229-232.)
570 However, by proposing the changes to the formula rate template, the
571 Company acknowledges that it is an appropriate adjustment. It is my
572 understanding that the compliance filing for this case would reflect year-
573 end Materials & Supplies and year-end Customer Deposits balances in

¹ (Staff Ex. 7.0, Sched. 7.07, 2.)

574 the FY rate base I propose assuming the formula rate template revisions
575 are approved timely.

576 **Adjustment to Miscellaneous Distribution Expense**

577 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.09, Adjustment to**
578 **Miscellaneous Distribution Expense.**

579 A. Schedule 7.09 presents my adjustment to reclassify certain costs from
580 Miscellaneous Distribution Expense to Rate Case Expense. This
581 adjustment was not proposed in my direct or rebuttal testimony since the
582 Staff DR and the Company's response that generated the adjustment was
583 initiated after the filing of my direct and rebuttal testimony.

584 **Q. Why is it necessary to reclassify costs to Rate Case Expense?**

585 A. The Company in response to Staff DR TEE 16.12 (ICC Staff Ex. 7.0,
586 Attachment C.) noted that court reporting costs were recorded as
587 Miscellaneous Distribution Expense and should be reflected as Rate Case
588 Expense. The impact of this adjustment reduces Miscellaneous
589 Distribution Expense and increases Rate Case Expense. See Schedule
590 7.07, page 2 for the increase to allowable rate case expense.

591 **Commitments and Obligations under Subsections 16-108.5(b) and 16-**
592 **108.5(b-10) of the Act**

593 **Q. Did the Company object to your direct testimony recommendation to**
594 **reclassify certain subcategories of EIMA plant additions to**
595 **categories outlined in Section 16-108.5(b)(2)?**

596 A. The Company does not object to reclassifying certain EIMA plant
597 additions, provided that the Commission does not include in its final order
598 the Staff recommended phrase “as required by Section 16-108.5(b)(2)”
599 and does not expressly prohibit the use of other subcategories not
600 explicitly listed in Section 16-108.5(b)(2). (Ameren Ex. 10.0, 4:78-83;) see
601 Ameren Ex. 10.1 that contains the reclassification of certain EIMA plant
602 additions to categories outlined in Section 16-108.5(b)(2).

603 **Q. What is your response to the Company’s objection to the phrase “as**
604 **required by Section 16-108.5(b)(2)”?**

605 A. Staff acknowledges that Section 16-108.5(b)(2) allows flexibility in the
606 categorization of infrastructure and modernization investments. As such,
607 to provide transparency to the Commission and to ratepayers, I continue
608 to recommend the Commission include in its order in this proceeding the
609 following revised conclusion:

610 The Commission is setting a revenue requirement in this
611 proceeding for the recovery of \$19.9 million in actual 2012
612 plant additions and \$16.2 million of projected 2013 plant
613 additions in compliance with EIMA. The detail of these
614 actual and projected plant additions by categories is
615 disclosed in AIC Ex. 10.1.

616 **Conclusion**

617 **Q. Does this question end your prepared rebuttal testimony?**

618 **A. Yes.**

Ameren Illinois Company
Adjustment to CWIP
For the Year Ending December 31, 2012
(In Thousands)

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
	<u>CWIP - Accounts Payable</u>		
1	Accounts Payable at 12/31/12 on CWIP per Staff	\$ (36)	AIC Response to JMO 3.03 Attach, column (D), line 5
2	Accounts Payable at 12/31/12 on CWIP per Company	<u>-</u>	
3	Staff Proposed Adjustment	<u>(36)</u>	Line 1 - Line 2

Ameren Illinois Company
Cash Working Capital Adjustment
For the Filing Year Ending December 31, 2012
(In Thousands)

Line	Description (a)	Amount (b)	Lag (Lead) (c)	CWC Factor (d) (c/365)	CWC Requirement (e) (b*d)	Column b Source (f)
1	Revenues	\$ 542,882	49.75	0.13630	\$ 73,996	Staff Ex. 7.0, Schedule 7.02 FY, page 2, Column (b), Line 9
	Collections of Pass-through Taxes:					
2	Energy Assistance Charges	16,873	0.00	0.00000	-	Staff Ex. 7.0, Schedule 7.02 FY, page 1, Column (b), Line 14
3	Municipal Utility Tax	48	0.00	0.00000	-	Staff Ex. 7.0, Schedule 7.02 FY, page 1, Column (b), Line 15
4	Total Receipts	<u>\$ 559,803</u>			<u>\$ 73,996</u>	Lines 1 through 5
5	Employee Benefits	\$ 42,444	(15.97)	(0.04375)	\$ (1,857)	Ameren Schedule C-1, Column G, Line 43
6	FICA	7,951	(13.13)	(0.03597)	(286)	Ameren Schedule C-18 Column H, Line 2 +(Schedule C-2, Column N, Line 54 + Column O, Line 54)
7	Payroll	126,501	(11.39)	(0.03121)	(3,948)	Staff Ex. 2.0, Schedule 2.02 FY, page 2, Column (b), Line 17
8	Other Operations and Maintenance Expenses	186,964	(48.87)	(0.13389)	(25,033)	Ameren Schedule C-18, Column H, Line 3
9	Federal Unemployment Tax	44	(76.38)	(0.20926)	(9)	Ameren Schedule C-18, Column H, Line 7 + Line 8
10	State Unemployment Tax	876	(76.38)	(0.20926)	(183)	Ameren Schedule C-18, Column H, Line 17
11	St. Louis Payroll Expense Tax	10	(83.51)	(0.22879)	(2)	Ameren Schedule C-18, Column H, Line 4
12	Federal Excise Tax	3	(30.21)	(0.08277)	-	Ameren Schedule C-18, Column H, Line 11
13	Electricity Distribution Tax	44,531	(30.13)	(0.08255)	(3,676)	Ameren Schedule C-18, Column H, Line 10
14	Energy Assistance Charges	16,873	(38.54)	(0.10559)	(1,782)	Ameren Schedule C-18, Column H, Line 116
15	Municipal Utility Tax	48	(48.54)	(0.13299)	(6)	Ameren Schedule C-18, Column H, Line 12
16	Gross Receipts Tax	5	(45.63)	(0.12501)	(1)	Ameren Schedule C-18, Column H, Line 9
17	Corporation Franchise Tax	1,240	(161.97)	(0.44375)	(550)	Ameren Schedule C-18, Column H, Line 15
18	Property/Real Estate Tax	3,933	(375.08)	(1.02762)	(4,042)	Staff Ex. 6.0, Schedule 6.06 FY, Column b, Line 3 less Line 20 below
19	Interest Expense	67,698	(91.25)	(0.25000)	(16,925)	Ameren Schedule B-1, Column F, Line 24 x WPC-5.4, Column E
20	Bank Facility Costs	1,622	156.59	0.42901	696	Staff Ex. 6.0, Schedule 6.01 FY, Column i, Line 19
21	State Income Tax	10,399	(37.88)	(0.10378)	(1,079)	Staff Ex. 6.0, Schedule 6.01 FY, Column i, Line 20
22	Federal Income Tax	49,491	(37.88)	(0.10378)	(5,136)	Staff Ex. 6.0, Schedule 6.01 FY, Column i, Line 21
23	Deferred Taxes and ITCs Net	(830)	(37.88)	(0.10378)	86	
24	Total Outlays	<u>\$ 559,803</u>			<u>\$ (63,733)</u>	Sum of Lines 5 through 23
25	Cash Working Capital Per Staff				\$ 10,263	Line 6 plus line 24
26	Cash Working Capital per Company				12,104	
27	Difference -- Adjustment to Cash Working Capital				<u>\$ (1,841)</u>	Line 25 minus Line 26

Ameren Illinois Company
Cash Working Capital Adjustment
For the Filing Year Ending December 31, 2012
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 829,136	Staff Ex. 6.0, Schedule 6.01 FY Column i, Line 5
2	Uncollectible Accounts	(5,804)	Staff Ex. 6.0, Schedule 6.01 FY Column i, Line 6
3	Depreciation & Amortization	(184,279)	Staff Ex. 6.0, Schedule 6.01 FY Column i, Line 12
4	Regulatory Debits	(4,150)	Staff Ex. 6.0, Schedule 6.01 FY Column i, Line 14
5	Return on Equity	(92,021)	Line 9 below
6	Total Revenues for CWC calculation	<u>\$ 542,882</u>	Sum of Lines 1 through 5
7	Total Rate Base	\$ 2,026,902	Staff Ex. 6.0, Schedule 6.03 FY, Column d, Line 24
8	Weighted Cost of Capital	4.54%	Staff Ex. 6.0, Schedule ROR FY, Column e, Line 16 + Line 17
9	Return on Equity	<u>\$ 92,021</u>	Line 7 times Line 8
10	Operating Expense Before Income Taxes	\$ 608,735	Staff Ex. 6.0, Schedule 6.01 FY Column i, Line 18
11	Employee Benefits Expense	(42,444)	Ameren Schedule C-1, Column G, Line 43 Ameren Schedule C-11.1, Column E, Line 14 +(Schedule C-2,
12	Payroll Expense	(126,501)	Column N, Line 54 + Column O, Line 54)
13	Uncollectible Accounts	(5,804)	Staff Ex. 6.0, Schedule 6.01 FY Column i, Line 6
14	Depreciation & Amortization	(184,279)	Staff Ex. 6.0, Schedule 6.01 FY Column i, Line 12
15	Taxes Other Than Income	(58,593)	Staff Ex. 6.0, Schedule 6.01 FY, Column i, Line 13
16	Regulatory Debits Other Operations & Maintenance for CWC	<u>(4,150)</u>	Staff Ex. 6.0, Schedule 6.01 FY Column i, Line 14
17	Calculation	<u>\$ 186,964</u>	Sum of Lines 10 through 16

Ameren Illinois Company
Cash Working Capital Adjustment
For the Reconciliation Year Ending December 31, 2012
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Lag (Lead)</u> (c)	<u>CWC Factor</u> (d) (c/365)	<u>Requirement</u> (e) (b*d)	<u>Column b</u> <u>Source</u> (f)
1	Revenues	\$ 542,183	49.75	0.13630	\$ 73,900	Staff Ex. 7.0, Schedule 7.02 RY, page 2, Column (b), Line 9
	Collections of Pass-through Taxes:					
2	Energy Assistance Charges	16,873	0.00	0.00000	-	Staff Ex. 7.0, Schedule 7.02 RY, page 1, Column (b), Line 14
3	Municipal Utility Tax	48	0.00	0.00000	-	Staff Ex. 7.0, Schedule 7.02 RY, page 1, Column (b), Line 15
4	Total Receipts	\$ 559,104			\$ 73,900	Lines 1 through 5
5	Employee Benefits	\$ 42,444	(15.97)	(0.04375)	\$ (1,857)	Ameren Schedule C-1, Column G, Line 43
6	FICA	7,951	(13.13)	(0.03597)	(286)	Ameren Schedule C-18 Column H, Line 2 +(Schedule C-2, Column N, Line 54 + Column O, Line 54)
7	Payroll	126,501	(11.39)	(0.03121)	(3,948)	Staff Ex. 7.0, Schedule 7.02 RY, page 2, Column (b), Line 17
8	Other Operations and Maintenance Expenses	186,964	(48.87)	(0.13389)	(25,033)	Ameren Schedule C-18, Column H, Line 3
9	Federal Unemployment Tax	44	(76.38)	(0.20926)	(9)	Ameren Schedule C-18, Column H, Line 7 + Line 8
10	State Unemployment Tax	876	(76.38)	(0.20926)	(183)	Ameren Schedule C-18, Column H, Line 17
11	St. Louis Payroll Expense Tax	10	(83.51)	(0.22879)	(2)	Ameren Schedule C-18, Column H, Line 4
12	Federal Excise Tax	3	(30.21)	(0.08277)	-	Ameren Schedule C-18, Column H, Line 11
13	Electricity Distribution Tax	44,531	(30.13)	(0.08255)	(3,676)	Ameren Schedule C-18, Column H, Line 10
14	Energy Assistance Charges	16,873	(38.54)	(0.10559)	(1,782)	Ameren Schedule C-18, Column H, Line 116
15	Municipal Utility Tax	48	(48.54)	(0.13299)	(6)	Ameren Schedule C-18, Column H, Line 12
16	Gross Receipts Tax	5	(45.63)	(0.12501)	(1)	Ameren Schedule C-18, Column H, Line 9
17	Corporation Franchise Tax	1,240	(161.97)	(0.44375)	(550)	Ameren Schedule C-18, Column H, Line 15
18	Property/Real Estate Tax	3,933	(375.08)	(1.02762)	(4,042)	Staff Ex. 6.0, Schedule 6.06 RY, Column b, Line 3 less Line 20 below
19	Interest Expense	66,567	(91.25)	(0.25000)	(16,642)	Ameren Schedule B-1, Column F, Line 24 x WPC-5.4, Column E
20	Bank Facility Costs	1,622	156.59	0.42901	696	Staff Ex. 6.0, Schedule 6.01 RY, Column i, Line 19
21	State Income Tax	10,498	(37.88)	(0.10378)	(1,089)	Staff Ex. 6.0, Schedule 6.01 RY, Column i, Line 20
22	Federal Income Tax	49,823	(37.88)	(0.10378)	(5,171)	Staff Ex. 6.0, Schedule 6.01 RY, Column i, Line 21
23	Deferred Taxes and ITCs Net	(830)	(37.88)	(0.10378)	86	
24	Total Outlays	\$ 559,104			\$ (63,495)	Sum of Lines 5 through 23
25	Cash Working Capital Per Staff				\$ 10,405	Line 6 plus line 24
26	Cash Working Capital per Company				12,104	
27	Difference -- Adjustment to Cash Working Capital				\$ (1,699)	Line 25 minus Line 26

Ameren Illinois Company
Cash Working Capital Adjustment
For the Reconciliation Year Ending December 31, 2012
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 807,754	Staff Ex. 6.0, Schedule 6.01 RY Column i, Line 5
2	Uncollectible Accounts	(7,466)	Staff Ex. 6.0, Schedule 6.01 RY Column i, Line 6
3	Depreciation & Amortization	(162,438)	Staff Ex. 6.0, Schedule 6.01 RY Column i, Line 12
4	Regulatory Debits	(4,150)	Staff Ex. 6.0, Schedule 6.01 RY Column i, Line 14
5	Return on Equity	(91,517)	Line 9 below
6	Total Revenues for CWC calculation	<u>\$ 542,183</u>	Sum of Lines 1 through 5
7	Total Rate Base	\$ 1,993,840	Staff Ex. 6.0, Schedule 6.03 RY, Column d, Line 24
8	Weighted Cost of Capital	4.59%	Staff Ex. 6.0, Schedule ROR RY, Column e, Line 16 + Line 17
9	Return on Equity	<u>\$ 91,517</u>	Line 7 times Line 8
10	Operating Expense Before Income Taxes	\$ 588,556	Staff Ex. 6.0, Schedule 6.01 RY Column i, Line 18
11	Employee Benefits Expense	(42,444)	Ameren Schedule C-1, Column G, Line 43 Ameren Schedule C-11.1, Column E, Line 14 +(Schedule C-2,
12	Payroll Expense	(126,501)	Column N, Line 54 + Column O, Line54)
13	Uncollectible Accounts	(7,466)	Staff Ex. 6.0, Schedule 6.01 RY Column i, Line 6
14	Depreciation & Amortization	(162,438)	Staff Ex. 6.0, Schedule 6.01 RY Column i, Line 12
15	Taxes Other Than Income	(58,593)	Staff Ex. 6.0, Schedule 6.01 RY, Column i, Line 13
16	Regulatory Debits	(4,150)	Staff Ex. 6.0, Schedule 6.01 RY Column i, Line 14
17	Other Operations & Maintenance for CWC Calculation	<u>\$ 186,964</u>	Sum of Lines 10 through 16

Ameren Illinois Company
Adjustment for Accrued Vacation Reserve
 For the Year Ending December 31, 2012
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Vacation Reserves per Staff	\$ (11,989)	ICC Staff Ex. 7.0, Sch. 7.03, p. 2, column (b), line 7
2	Vacation Reserves per Company	<u>0</u>	
3	Staff Proposed Adjustment to Rate Base	\$ (11,989)	Line 1 - Line 2
4	Combined Federal + State Income Tax Rate	<u>41.175%</u>	
6	Staff proposed adjustment to ADIT	<u><u>\$ 4,936</u></u>	Line 3 x Line 4

Ameren Illinois Company
Adjustment for Accrued Vacation Reserve
 For the Year Ending December 31, 2012
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	December 2012 Year End Amount	\$ (13,442)	AIC Response to AG 1.05
2	Jurisdictional Allocator	<u>92.06%</u>	Ameren Ex. 1.1, Schedule FR A-2, p. 4, column (C), line 9
3	Jurisdictional Average	(12,375)	Line 1 x Line 2
4	Jurisdictional Vacation Accrual	\$ (12,375)	Line 3
5	CWC Factor	<u>-3.121%</u>	ICC Staff Ex. 7.0, Schedule 7.02 RY, column (d), line 7
6	Accounted for in Cash Working Capital	<u>386</u>	Line 4 x Line 5
7	Operating Reserve per Staff	<u>\$ (11,989)</u>	Line 3 + Line 6

Ameren Illinois Company
Adjustment to ADIT for Metro East Assets Transfer
For the Year Ending December 31, 2012
(In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	ADIT for Metro East Transfer Per Staff	\$ -	
2	ADIT for Metro East Transfer Per Company	<u>5,624</u>	AIC Sch. B-9, p. 1, column (H), line 9 + line 10
3	Staff Proposed Adjustment to ADIT	<u><u>\$ (5,624)</u></u>	Line 1 - Line 2

Ameren Illinois Company
Adjustment to Depreciation Expense (FY)
For the Year Ending December 31, 2012
(In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
	<u>Depreciation Expense</u>		
1	2012 Utility Plant	\$ 13,533	AIC Response to JMO 14.01
2	2013 Projected Plant Additions	2,267	ICC Staff Ex. 7.0, Sch. 7.05, p. 2, column (b), line 17
3	Additional Amount per Staff	<u>15,800</u>	Line 1 + Line 2
4	Additional Amount per Company	<u>-</u>	
5	Staff Proposed Adjustment to Depreciation Expense	<u>\$ 15,800</u>	Line 3 - Line 4
	<u>Accumulated Depreciation</u>		
6	Additional Amount per Staff	\$ (15,800)	ICC Staff Ex. 7.0, Sch. 7.05, p. 1, column (b), line 5
7	Additional Amount per Company	<u>-</u>	
8	Staff Proposed Adjustment to Accumulated Depreciation	<u>\$ (15,800)</u>	Line 6 - Line 7
	<u>Accumulated Deferred Income Taxes</u>		
9	2012 Utility Plant	\$ 5,572	AIC Response to JMO 14.01
10	2013 Projected Plant Additions	6,316	ICC Staff Ex. 7.0, Sch. 7.05, p. 2, column (b), line 34
11	Additional Amount per Staff	<u>11,888</u>	Line 9 + Line 10
12	Additional Amount per Company	<u>-</u>	
13	Staff Proposed Adjustment to Accumulated Deferred Income Taxes	<u>\$ 11,888</u>	Line 11 - Line 12

Ameren Illinois Company
Adjustment to Depreciation Expense (FY)
For the Year Ending December 31, 2012
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
<u>2013 Projected Plant Additions</u>			
<u>Staff Depreciation Expense</u>			
1	2013 Distribution Plant	\$ 5,844	AIC Response to JMO 3.05R
2	2013 General Plant	964	AIC Response to JMO 3.05R
3	2013 Intangible Plant	1,617	AIC Response to JMO 3.05R
4	2013 Incentive Comp EPS	(4)	AIC Response to JMO 3.05R
5	2013 PSUP	(13)	AIC Response to JMO 3.05R
6	2013 Production Retiree Costs	(20)	AIC Response to JMO 3.05R
7	2013 NESC Additions	(80)	AIC Response to JMO 3.05R
8	Staff Total	<u>8,308</u>	Sum of Line 1 through Line 7
<u>Company Depreciation Expense</u>			
9	2013 Distribution Plant	5,438	Ameren Sch. WPC-2.23a
10	2013 General Plant	422	Ameren Sch. WPC-2.23a
11	2013 Intangible Plant	289	Ameren Sch. WPC-2.23a
12	2013 Incentive Comp EPS	(4)	Ameren Sch. B-2.3
13	2013 PSUP	(12)	Ameren Sch. B-2.4
14	2013 Production Retiree Costs	(18)	Ameren Sch. B-2.5
15	2013 NESC Additions	(74)	Ameren Sch. B-2.6
16	Company Total	<u>6,041</u>	Sum of Line 9 through Line 15
17	Staff Proposed Adjustment to Depreciation Expense	<u>\$ 2,267</u>	Line 8 - Line 16
<u>Staff Accumulated Deferred Income Taxes</u>			
18	2013 Distribution Plant	\$ (34,537)	AIC Response to JMO 3.05R
19	2013 General Plant	(1,887)	AIC Response to JMO 3.05R
20	2013 Intangible Plant	(814)	AIC Response to JMO 3.05R
21	2013 Incentive Comp EPS	19	AIC Response to JMO 3.05R
22	2013 PSUP	67	AIC Response to JMO 3.05R
23	2013 Production Retiree Costs	100	AIC Response to JMO 3.05R
24	2013 NESC Additions	404	AIC Response to JMO 3.05R
25	Staff Total	<u>(36,648)</u>	Sum of Line 18 through Line 24
<u>Company Accumulated Deferred Income Taxes</u>			
26	2013 Distribution Plant	\$ (40,835)	Ameren Sch. WPB-2.1e
27	2013 General Plant	(1,754)	Ameren Sch. WPB-2.1e
28	2013 Intangible Plant	(968)	Ameren Sch. WPB-2.1e
29	2013 Incentive Comp EPS	19	Ameren Sch. B-2.3
30	2013 PSUP	67	Ameren Sch. B-2.4
31	2013 Production Retiree Costs	101	Ameren Sch. B-2.5
32	2013 NESC Additions	407	Ameren Sch. B-2.6
33	Company Total	<u>(42,964)</u>	Sum of Line 26 through Line 32
34	Staff Proposed Adjustment to Accumulated Deferred Income Taxes	<u>\$ 6,316</u>	Line 25 - Line 33

Ameren Illinois Company
Adjustment to Expenses for Outside Professional Services
 For the Year Ending December 31, 2012
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	SFIO Non-Rate Case Regulatory Consulting Expenses per Staff	\$ -	
2	SFIO Total Consulting Expenses per Company	245	AIC Response to JMO 8.02
3	Allocation to Electric	<u>69.38%</u>	AIC Sch. WPA-5a, column E, line 12
4	Electric Amount	170	Line 2 x Line 3
5	Jurisdictional Allocator to Electric Distribution	<u>92.06%</u>	AIC Sch. WPA-5b, column D, line 8
6	Electric Distribution Amount	<u>156</u>	Line 4 x Line 5
7	Staff Proposed Adjustment to Expenses for Outside Professional Services - SFIO	<u><u>\$ (156)</u></u>	Line 1 - Line 6

Ameren Illinois Company
Adjustment to Rate Case Expense
 For the Year Ending December 31, 2012
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Amount per Staff	\$ 1,210	ICC Staff Ex. 7.0, Sch. 7.07, p. 2, column (b), line 14
2	Amount per Company	<u>1,260</u>	ICC Staff Ex. 7.0, Sch. 7.07, p. 2, column (b), line 13
3	Staff Proposed Adjustment to Rate Case Expense	<u><u>\$ (50)</u></u>	Line 1 - Line 2

Note:

Staff's proposed adjustment should be presented in the revenue requirement as follows:

4	Distribution Expenses (A/C 588)	\$ (21)	ICC Staff Ex. 7.0, Sch. 7.07, p. 2, column (b), line 2
5	Regulatory Commission Expense (A/C 407)	<u>(29)</u>	ICC Staff Ex. 7.0, Sch. 7.07, p. 2, column (b), line 9
6	Total Staff Proposed Adjustment to Rate Case Expense	<u><u>\$ (50)</u></u>	Line 4 + Line 5

Ameren Illinois Company
Adjustment to Rate Case Expense
 For the Year Ending December 31, 2012
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
	<u>Docket No. 12-0293</u>		
	SFIO Consulting 2012 Invoices (Aug - Nov)		
1	Distribution Expenses (A/C 588)		
2	Proposed Disallowed Amount	\$ (21)	Ameren Ex. 9.8, 113-120
3	Amount Requested per Company	<u>769</u>	Ameren Sch. C-10.1
4	Docket No. 12-0293 Proposed Allowed Amount	<u>748</u>	Line 2 + Line 3
	<u>Docket No. 12-0001</u>		
	SFIO Consulting 2012 Invoices (Jan - Nov)		
5	Regulatory Commission Expense (A/C 407)	(89)	Ameren Ex. 9.8, 325-346
6	Miscellaneous Distribution Expense (A/C 588)	<u>2</u>	ICC Staff Ex. 7.0, Sch. 7.09, column (b), line 3
7	Amount Subject to Amortization	(87)	Line 5 + Line 6
8	Amortization Period in Years	<u>3</u>	ICC Order Docket No. 12-0293, 80-81
9	Proposed Disallowed Amount	(29)	Line 7 / Line 8
10	Amount Requested per Company	<u>491</u>	Ameren Sch. C-10.1
11	Docket No. 12-00001 Proposed Allowed Amount	<u>462</u>	Line 9 + Line 10
12	Total Proposed Amount Disallowed	(50)	Line 2 + Line 9
13	Total Amount Requested per Company	<u>1,260</u>	Ameren Sch. C-10.1
14	Total Amount Allowed per Staff	<u>\$ 1,210</u>	Line 12 + Line 13

Ameren Illinois Company
Adjustment to Materials & Supplies and Customer Deposits (FY)
 For the Year Ending December 31, 2012
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
	<u>Materials & Supplies</u>		
1	Amount per Staff	\$ 38,381	Ameren Sch. WPB-8.1a (Year End)
2	Amount per Company	<u>35,101</u>	Ameren Sch. B-8.1 (Average)
3	Staff Proposed Adjustment to Materials & Supplies	<u>\$ 3,280</u>	Line 1 - Line 2
	<u>Customer Deposits</u>		
4	Amount per Staff	\$ (30,339)	Ameren Sch. B-13 (Year End)
5	Amount per Company	<u>(30,164)</u>	Ameren Sch. B-13 (Average)
6	Staff Proposed Adjustment to Customer Deposits	<u>\$ (175)</u>	Line 4 - Line 5

Ameren Illinois Company
Adjustment to Miscellaneous Distribution Expense
 For the Year Ending December 31, 2012
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Amount per Staff	\$ -	AIC Response to TEE 16.12
2	Amount per Company	<u>2</u>	
3	Staff Proposed Adjustment	<u><u>\$ (2)</u></u>	Line 1 - Line 2

Note: The subject court reporting costs will be reclassified from Miscellaneous Distribution Expense to Rate Case Expense. Please see Schedule 7.07, page 2 for the impact on Rate Case Expense.

**Ameren Illinois Company's
 Response to ICC Staff Data Requests
 Docket No. 13-0301
 Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.
 Data Request Response Date: 7/8/2013**

JMO 9.02

(Metro East Assets Transfer) Referring to the Company's response to Staff Data Request JMO 9.01, please indicate, the Company's agreement or disagreement with the following table regarding the effect of the transfer of the Metro East electric service assets on CIPS' rate base:

Description	Amount Before Transaction	Amount After Transaction Prior to Offsetting DIT Entry	Amount After Transaction with Offsetting DIT Entry
Plant in Service (Account 102 only) Debit to USOA Acct. 102	\$0	\$107,734,777	\$107,734,777
Deferred Taxes related to Plant Account 102 Credit to USOA Acct. 190/282/283	\$0	\$(16,855,447)	\$16,855,447
"Offsetting Entry" Debit to USOA Acct. 190	0	\$0	\$(16,855,447)
Total Rate Base	0	\$90,879,330	\$107,734,777

For each rate base component shown with which the Company disagrees, please provide a revised version of this table and fully explain why the revision is necessary.

RESPONSE

**Prepared By: Brenda J. Menke
 Title: Director, Income Tax
 Phone Number: 314-554-2938**

The Company agrees with the effect on rate base for the components shown in the table above.

**Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0301
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.
Data Request Response Date: 7/1/2013**

JMO 8.01

(Outside Professional Services) Referring to Schedule C-6.2, please provide all contracts, invoices and supporting documentation for expenses incurred in 2012 for the following service providers:

- a) C N T Energy
- b) Market Strategies Inc.
- c) Salvatore Fiorella
- d) Zempleo Inc.

RESPONSE

Prepared By: Ronald D. Stafford

Title: Director, Regulatory Accounting

Phone Number: 314-206-0584

- a) See JMO 8.01 Attach 1 which is designated **CONFIDENTIAL and PROPRIETARY**.
- b) See JMO 8.01 Attach 2 which is designated **CONFIDENTIAL and PROPRIETARY**.
- c) See JMO 8.01 Attach 3 which is designated **CONFIDENTIAL and PROPRIETARY**.
- d) See JMO 8.01 Attach 4 which is designated **CONFIDENTIAL and PROPRIETARY**. There were over 650 individual invoices for Zempleo Inc. in 2012, so one invoice was provided for each month. The invoices provided are representative of the population of invoices for Zempleo Inc. The company does not have a service agreement with Zempleo Inc., as they are a subcontractor to Guidant Group Inc.

**Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0301
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.**

Data Request Response Date: 8/21/2013

TEE 16.12

The following DR references TEE Series 16 Attach which includes confidential data taken from AIC's response to Staff DR 11.02 Attach.

For the items listed as category 10a, totaling \$25,784.16,

- a) Please identify the proceeding which necessitated these legal-related fees.
- b) Explain whether these costs should be included in rate case expense for Docket No. 12-0001 or Docket No. 12-0293.
- c) If the answer to b) is affirmative, identify the amount for each case, providing copies of the invoices to support the costs.
- d) If the answer to b) is negative, please explain the reason for the costs with specificity.

RESPONSE

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

- a) See TEE 16.12 Attach 1 for the associated dockets.
- b) The Midwest Trial charges are listed on the rate case expense spreadsheet for Docket No. 12-0293 in the amounts of: \$21,278.67 and \$1,443.94. See AIC data request response to JMO 7.02.

The Sullivan Reporting Company, Invoice No. 165699, for \$2,484.55 is identified as "Ameren Illinois Company before the ILL Comm Comm in the matter of: Docket #12-0001" and should be charged to account 182-374. These charges will be moved to account 182-374 in 2013 and added to the Docket No. 12-0001 formula rate proceeding costs.

- c) See response to subpart (b) and TEE 16.12 Attach 1 and Attach 2 for the requested information.
- d) See TEE 16.12 Attach 1 and Attach 2. The Sullivan Reporting Company invoice for \$577 is costs incurred under Docket No.12-0089 for approval of a multi-year performance metrics pursuant to Section 16-108.5(f) and (f-5) of the Public Utilities Act.