

REBUTTAL TESTIMONY

of

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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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1 **Witness Identification**

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

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

5

6 **Q. Have you previously filed testimony in this proceeding?**

7 A. Yes, my direct testimony was filed on July 3, 2013 as ICC Staff Exhibit
8 3.0.

9

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

11 A. The purpose of my rebuttal testimony is to respond to the rebuttal
12 testimony of Mr. Ronald D. Stafford (Ameren Ex. 9.0) and the rebuttal
13 testimony of Ms. Jacqueline K. Voiles (Ameren Ex.16.0) of Ameren Illinois
14 Company (“Ameren”, “AIC” or “Company”) regarding my adjustments to:

- 15 1. Remove the Other (than pensions) Postretirement Employee
16 Benefits (“OPEB”) Contra Liability because the extra funding was
17 supplied with ratepayer revenues;
- 18 2. Disallow certain industry dues;
- 19 3. Disallow certain miscellaneous general expenses; and,
- 20 4. Disallow certain costs charged on the Ameren credit card of various
21 Ameren employees.

22 **Schedule and Attachment Identification**

23 **Q. Are you sponsoring any schedules or attachments as part of ICC**
24 **Staff Exhibit 8.0?**

25 A. Yes. I prepared the following schedules that reflect data as of, or for, the
26 reporting year ending, December 31, 2012:

27 Schedule 8.01 – Adjustment to Remove OPEB Contra Liability

28 Schedule 8.02 – Adjustment to Reduce Industry Dues Expense

29

30 Schedule 8.03 – Adjustment to Reduce Account 930.2 - Miscellaneous
31 General Expenses

32

33 Schedule 8.04 – Adjustment to Reduce Ameren Credit Card Expenses

34 I also prepared the following attachment:

35 Attachment A – Response to DR AIC-Staff 8.01-8.15

36

37 **Uncontested Recommendations**

38 **Q. Did the Company accept the reporting recommendations you**
39 **proposed in direct testimony?**

40 A. Yes, Mr. Ron Stafford accepted my reporting recommendations to:

41 (1) provide an electronic copy of its FERC Form 60 to the Manager
42 of Accounting of the Commission on the day the FERC Form 60 is
43 filed with FERC;

44 (2) notify the Manager of Accounting of the Commission within 30
45 days of implementation of substantial changes to service company
46 allocation factors; and

47 (3) provide electronic copies of all FERC orders resulting from a
48 FERC audit of costs or procedures that are subject to allocation or
49 direct assignment to AIC and any responses to FERC by AIC to the
50 Manager of Accounting of the Commission. (Ameren Ex.9.0 at 6-7.)

51 I recommend that the Commission include these reporting requirements in
52 the Ordering paragraphs of the Final Order in this proceeding.

53

54 **Contested Adjustments**

55 **Adjustment to Remove OPEB Contra Liability**

56 **Q. Please describe Schedule 8.01, Adjustment to Remove the OPEB**
57 **Contra Liability balance from the Company's rate base as of**
58 **December 31, 2012.**

59 A. Schedule 8.01 presents my adjustment to remove the amount of OPEB
60 contra liability that is reflected on AIC's Schedule B-2.12, Other Post
61 Employment Benefits Liability Adjustment from AIC's year-end rate base.

62

63 **Q. How did AIC respond to your adjustment presented in direct**
64 **testimony?**

65 A. AIC witness Mr. Ronald D. Stafford (Ameren Ex. 9.0 at 16-19.) did not
66 adopt my adjustment to remove the OPEB Contra Liability balance from
67 rate base in the 2012 reporting year.

68

69 **Q. Do you accept Mr. Stafford's assertion that the 2012 year-end**
70 **negative balance represents funding in excess of accrual expense**
71 **and therefore cannot be the result of ratepayer-supplied funds?**

72 **A.** No, I do not accept Mr. Stafford's assertion. Mr. Stafford described the
73 OPEB Contra Liability as follows:

74 The difference in actuarially determined Medicare Part D payments
75 and reimbursements, to the extent applicable, has resulted in a
76 contra balance at year-end 2012, representing payments into the
77 Trust in excess of accruals.

78 (Ameren Ex. 9.0 at 17.)

79 His statement implies that the Medicare Part D payments and
80 reimbursements cause there to be a surplus for the OPEB trust fund.
81 However, the Medicare Part D obligation is only a portion of the total
82 OPEB obligation. Mr. Stafford's claim is not valid because the assertion
83 does not address the total OPEB obligation.
84 Based on my review of the actuarial valuation report for the 2012 reporting
85 year dated February 2013, the projected benefit obligation of OPEB is
86 greater than the asset balance in the trust fund; therefore, the OPEB has a
87 net liability and is not overfunded. Additionally, the Company has
88 provided no evidence that any excess contributions to the trust fund were
89 made with discrete shareholder contributions, e.g., funds obtained from
90 sources other than operating revenues. Therefore, shareholders have not
91 provided funds in excess of the accrual expense already recovered from
92 ratepayers.

93

94 Ratepayers continue to be charged for OPEB expense in utility rates. This
95 is borne out by the fact that the 2012 reporting year reflects OPEB costs in
96 the amount of \$9,772,725 (Ameren Schedule C-11.3a, p. 2, line 7, column
97 (H)) that AIC has charged ratepayers. Therefore, ratepayers should not
98 have to provide shareholders with a return on excess contributions related
99 to Medicare Part D while the total OPEB obligation is underfunded.

100

101 **Q. Do you accept Mr. Stafford's assertion that since the formula rate**
102 **template permits inclusion of an OPEB liability, the OPEB contra**
103 **liability should be reflected as an increase to rate base? (See Ameren**
104 **Ex. 9.0 at 18-19.)**

105 A. No, I do not accept Mr. Stafford's assertion. Section 16-108.5(c)(1) states
106 that the performance-based formula rate approved by the Commission
107 shall "[p]rovide for the recovery of the utility's actual costs of delivery
108 services that are prudently incurred and reasonable in amount consistent
109 with Commission practice and law." (220 ILCS 5/16-108.5(c)(1).) Thus, an
110 OPEB liability cannot be recovered from ratepayers just because the
111 formula rate template permits inclusion. The 2012 actuarial valuation for
112 Ameren Illinois Company reflects an underfunded balance (i.e., OPEB
113 liabilities in excess of OPEB assets). Moreover, Section 16-108.5(c)
114 states in relevant part:

115 Such review shall be based on the same evidentiary standards,
116 including, but not limited to, those concerning the prudence and

117 reasonableness of the costs incurred by the utility, the Commission
118 applies in a hearing to review a filing for a general increase in rates
119 under Article IX of the Act.

120
121 (220 ILCS 5/16-108.5(c)) Although I am not a lawyer, based on my
122 understanding of these standards and prior Commission orders, the
123 Company is not entitled to reflect an OPEB contra liability on the formula
124 rate template for the 2012 reporting year.

125

126 **Q. Do you dispute Mr. Stafford’s assertion that the OPEB contra liability**
127 **“represents the difference between accruals and payments into the**
128 **OPEB Trust Fund for other post employment benefits”? (Ameren**
129 **Exhibit 9.0 at 16:369-370.)**

130 A. No. Shareholders should not be permitted to earn a return on the
131 difference between accruals and payments into the OPEB Trust Fund
132 because the underlying source of monies paid to the OPEB Trust Fund is
133 utility revenues collected from ratepayers, regardless of the timing of
134 accruals versus payments. The accrual of expense and the payment of
135 contributions to the OPEB Trust Fund typically occur at different times.
136 This timing difference does not change the underlying source of monies
137 paid into the trust: rate revenues collected from utility ratepayers.

138

139 **Q. How can you assert that payments in excess of accruals were**
140 **provided by ratepayers?**

141 A. The revenue requirement for the 2012 reporting year and previous years
142 included accrual-basis OPEB expense. Given that this expense accrual is
143 the source for setting delivery service rates, it is not appropriate to provide
144 shareholders with a rate base return on the excess of OPEB payments
145 over OPEB accruals during a particular year simply because the timing of
146 contributions to the OPEB trust fund differs from the ongoing recovery of
147 OPEB expense in utility rates. Although the Commission has reduced rate
148 base for OPEB liabilities in several cases, it is not consistent ratemaking
149 theory to increase rate base for the OPEB 'contra liability' because
150 ratepayers, not shareholders, bear the burden of this expense over time.
151 The temporary timing difference that occurred in the reporting year
152 specifically related to Medicare Part D payments is not reflective of the
153 source of funds --- utility revenues collected from ratepayers.

154

155 **Q. How do you respond to Mr. Stafford's contention that timing**
156 **differences should be treated consistently—i.e., in the past, when**
157 **payments were less than accrual amounts, the Commission**
158 **approved a rate base reduction for the OPEB liability; thus, if**
159 **payments exceed accruals, the excess should be added to rate**
160 **base? (See Ameren Exhibit 9.0 at 18:409-412.)**

161 A. I contend that consistency with past Commission practice requires the
162 excess OPEB payments over OPEB accruals to be **excluded** from rate
163 base because the source of funds is ratepayers, not shareholders. It is

164 undisputed by Mr. Stafford that ratepayers bear the cost of the OPEB
165 obligation. In fact, the annual formula rate updates filed by the Company
166 assure that ratepayers will make the Company whole for the accrual basis
167 expense in each reporting year. It is improper to reflect the OPEB 'contra-
168 liability' (i.e., asset) in rate base because shareholders would earn a return
169 on ratepayer-supplied funds. This treatment is consistent with several
170 Commission orders, as I described in my direct testimony. (Staff Ex. 3.0 at
171 6-7: 78-115.)

172

173 **Adjustment to Reduce Industry Dues Expense**

174 **Q. Please describe Schedule 8.02, Adjustment to Reduce Industry Dues**
175 **Expense.**

176 A. Schedule 8.02 Adjustment to Reduce Industry Dues Expense presents my
177 adjustment to remove non-recoverable lobbying expenses to St. Louis
178 Area Business Health Coalition ("BHC") (a Section 501(c)(6)
179 organization, as designated by the Internal Revenue Service ("IRS")), and
180 to Hunton & Williams LLP, a law firm.

181

182 **Q. Did AIC witness Mr. Stafford respond to your disallowance of**
183 **amounts paid to BHC?**

184 A. Yes, Mr. Stafford indicated that AIC did not adopt my disallowance of
185 costs related to BHC. (Ameren Ex. 9.0 at 19:438.) However, Mr.

186 Stafford indicated that BHC performs lobbying activities. (*Id.* at 20:451-
187 452.)

188 Section 9-224 of the Public Utilities Act (“Act”) (220 ILCS 5/9-224)
189 expressly prohibits any cost of lobbying activity to be recovered in rates.
190 However, because AIC has demonstrated that less than 2% of the dues
191 was used for lobbying, I have reduced my adjustment to remove only that
192 portion of the cost of dues for BHC from the 2012 reporting year, reduced
193 by the non-jurisdictional portion (100%-92.06%=7.94%) that does not
194 relate to electric distribution. (Ameren Schedule WPA-5b, column D, line
195 8.)

196

197 **Q. Did AIC witness Mr. Stafford respond to your disallowance of**
198 **amounts paid to Hunton & Williams LLP?**

199 A. Yes, Mr. Stafford indicated he did not adopt my adjustment, but he did not
200 provide any basis to support that position. (Ameren Ex. 9.0 at 20:456-
201 458.)

202 Mr. Stafford’s description of the activities of UWAG in his rebuttal
203 testimony is indicative of lobbying:

204 The group submits unified comments on behalf of its members
205 before federal regulatory agencies regarding the potential impacts
206 of proposed regulations on utilities.

207 (Ameren Ex. 9.0 at 20-21:461-463.)

208 Again, Section 9-224 of the Public Utilities Act (“Act”) expressly prohibits
209 any cost of legislative and lobbying services to be recovered in rates.

210 Thus, I maintain my adjustment to remove the 2012 charges for Hunton &
211 Williams LLP, reduced by the non-jurisdictional portion (100%-
212 92.06%=7.94%) that does not relate to electric distribution. (Ameren
213 Schedule WPA-5b, column D, line 8.)
214 I proposed to remove similar costs paid to Hunton & Williams LLP from the
215 2014 test year revenue requirement in Docket No. 13-0192 based on the
216 same contention—that these costs represent lobbying activities. The
217 Company did not contest my adjustment in Ameren Ex. 17.4, Schedule 4
218 in that case. (See Staff Ex. 4.0R at Schedules 4.04, line 10.)

219

220 **Adjustment to Reduce Miscellaneous General Expenses**

221 **Q. Please describe Schedule 8.03 Adjustment to Reduce Account 930.2**
222 **– Miscellaneous General Expenses.**

223 A. Schedule 8.03 Adjustment to Reduce Account 930.2 – Miscellaneous
224 General Expenses, presents my adjustment to remove costs of non-
225 recoverable expenses from the 2012 reporting year for fees paid to Wells
226 Fargo Advisors. I have withdrawn the portion of my adjustment for IEA
227 dues and fees paid to the Bank of New York Mellon based on additional
228 information provided by the Company in rebuttal testimony.

229

230 **Q. Did AIC witness Mr. Stafford respond to your disallowance of fees**
231 **paid to Wells Fargo Advisors?**

232 A. Yes, Mr. Stafford did not accept my adjustment to remove the fees paid to
233 Wells Fargo Advisors based on his assertion that all but a small
234 jurisdictional portion (approximating \$1,000¹) relates to the purchase of
235 stocks to compensate directors of the corporation². He contends the fees
236 attributable to director stock awards are recoverable in electric delivery
237 service rates because these costs “are not for incentives aligning the
238 interests of recipients with the financial performance and should be
239 recovered as an ordinary cost of business.” (Ameren Ex. 9.0 at 23: 520-
240 526.)

241

242 **Q. Do you agree?**

243 A. No, I maintain the remaining balance of fees paid to Wells Fargo Advisors
244 (\$308,000 - \$1,000 = \$307,000) should be disallowed for the following
245 reasons:
246 (1) Stock of Ameren Corporation (parent of AIC) is awarded to non-
247 management directors annually as part of the total compensation
248 package³; however, the cost of such stock awards would not be
249 recoverable from ratepayers for management employees of the Company,
250 as AIC acknowledged by not including the cost of the Performance Share
251 Unit Plan (“PSUP”) in the requested revenue requirement. Such awards
252 are not recoverable for management employees because stock awards

¹ This portion of my adjustment was accepted on Ameren Ex. 9.1 – Schedule 1 at 24, Appendix 7, line 16, column (D).

² The corporation refers to Ameren Corporation, parent of AIC.

³ According to page 35 of the Ameren Corporation Proxy Statement filed pursuant to Part 285.305(q) of this proceeding and confirmed by Mr. Stafford. (Ameren Ex. 9.0 at 23:523-525.)

253 directly align the interests of management with shareholders. The
254 compensation of directors with Ameren Corporation stock directly aligns
255 the interests of directors with shareholders. Therefore, the same concept
256 applies to directors as to management employees and the cost of these
257 awards should not be recovered from ratepayers but from shareholders.

258 (2) Fees to Wells Fargo relate to the acquisition of the Ameren
259 Corporation stock awarded as part of an overall compensation plan.
260 Whether it is regular compensation or incentive compensation, these stock
261 awards are part of the total compensation package for directors, the cost
262 of which is prohibited from recovery in rates; therefore, the associated
263 fees should not be recoverable.

264 (3) The fees are discretionary because directors do not have to be
265 compensated with shares of stock.⁴ Shareholders approved the regular
266 compensation package for directors. The purchase of Ameren
267 Corporation stock was the basis for these fees, according to Mr. Stafford.
268 (Ameren Ex. 9.0 at 23:520-521.) Because shareholders chose to award
269 stock in lieu of cash, these expenses are discretionary and should be
270 borne by shareholders, not ratepayers.

271 Therefore, I dispute Mr. Stafford's assertions and continue to recommend
272 my adjustment to remove the fees to Wells Fargo Advisors.

273

⁴ According to page 39 of the Ameren Corporation proxy statement (filed pursuant to Part 285.305(q) of the instant proceeding) the Company has had a stock ownership requirement applicable to all non-management directors since 2007. Still, the requirement was added at the Company's discretion.

274 **Adjustment to Reduce Ameren Credit Card Expenses**

275 **Q. Please describe Schedule 8.04 Adjustment to Reduce Ameren Credit**
276 **Card Expenses.**

277 A. Schedule 8.04 Adjustment to reduce Ameren Credit Card Expenses
278 (formerly P-Card Expenses) presents my disallowance of certain Ameren
279 Credit Card charges by AIC employees for expenses in 2012 that should
280 not be recoverable from ratepayers.

281

282 **Q. Did AIC respond to your adjustment to reduce Ameren Credit Card**
283 **Expenses for certain types of charges that are not recoverable from**
284 **ratepayers?**

285 A. Yes, AIC witness Ms. Voiles opposed my adjustment on grounds that the
286 disputed charges are “legitimate utility business expenses, which were
287 prudently incurred and reasonable in amount.” (Ameren Ex. 16.0 at 3:42-
288 44.) Additionally, Ms. Voiles misstated the amount of my adjustment as
289 \$26,000 instead of \$24,000, as indicated on Staff Ex. 3.0, Schedule 3.04.
290 (Ameren Ex. 16.0 at 5:93-97.) I maintain that these are charges of the
291 types disallowed by the Commission in its order in Docket No. 12-0293,
292 and that the costs charged on the Ameren credit cards are either
293 excessive, unnecessary for the provision of utility service, do not provide
294 benefits to ratepayers, and/or primarily benefit AIC employees as a
295 perquisite.

296

297 **Q. Have you performed an individualized determination for each and**
298 **every charge you proposed to disallow?**

299 A. Yes. My response to AIC-Staff DR BAP 8 series attached to this
300 testimony as Attachment A includes the individual rationale for each
301 separate charge.

302

303 **Q. Please provide some examples of charges that you propose be**
304 **disallowed in this case based on your understanding of the**
305 **Commission's December 5, 2012 Order in Docket No. 12-0293.**

306 A. Below are some examples of charges that I have disallowed on the basis
307 they are excessive, unnecessary for the provision of utility service, do not
308 provide benefits to ratepayers and/or benefit AIC employees as a
309 perquisite (as detailed on ICC Staff Ex. 8.0, Attachment A):

- 310 • Flowers;
- 311 • New employee pens, coffee mugs, travel cups, coasters, kudos,
312 and gift packets;
- 313 • Lunches, cakes, snacks, and decorations for parties, meetings,
314 and celebrations;
- 315 • Lunch and drinks for attorneys;
- 316 • DVD player, flat screen televisions, satellite television service,
317 hardware and accessories;
- 318 • Clothing, including t-shirts and hooded sweatshirts; and
- 319 • Finance charges for cash advances.
- 320

321 Below are examples of charges that I have disallowed on the basis they
322 are unnecessary for the provision of utility service, do not provide benefits
323 to ratepayers and benefit AIC employees as a perquisite (as detailed on
324 ICC Staff Ex. 8.0, Attachment A):

- 325 • Cellular telephone and Blackberry devices, including
- 326 accessories like holsters and car chargers; and
- 327 • Hotel room charge.

328 Below are examples of charges that I have disallowed on the basis they
329 are unnecessary for the provision of utility service and do not provide
330 benefits to ratepayers (as detailed on ICC Staff Ex. 8.0, Attachment A):

- 331 • Volunteer gift cards; and
- 332 • Dues for McLean County Chamber of Commerce

333 **Q. Do you agree with Ms. Voiles' contention that each individual**
334 **expense must be found unreasonable in amount or not prudently**
335 **incurred in order to be disallowed from delivery service rates?**
336 **(Ameren Ex. 16.0 at 3.)**

337 A. No, I do not agree. Ms. Voiles' contention is that Staff must prove each
338 item to be imprudently incurred, unreasonable in amount, or not a
339 legitimate business expense. Moreover, she implies that the utility is
340 entitled to recover these costs simply because Ameren spent the money.
341 Section 16-108.5(c)(1) states that the performance-based formula rate
342 approved by the Commission shall "provide for the recovery of the utility's
343 actual costs of delivery services that are prudently incurred and
344 reasonable in amount consistent with Commission practice and law." (220
345 ILCS 5/16-108.5(c)(1).)

346 Regardless of the dollar amount, the items I disallowed are not necessary
347 for the provision of utility service nor do the items that I disallowed provide
348 ratepayer benefit, and thus, the costs for these items are not prudently

349 incurred or reasonable in amount. Although such expenses may be usual
350 or even permissible in an unregulated business that competes with other
351 unregulated businesses for customers, the expenses are not appropriate
352 for rate recovery since AIC customers have no choice but to obtain
353 delivery services from AIC. The tangential benefits that Ms. Voiles
354 describes are too remote to merit rate recovery. Additionally, while a
355 single expense of \$16 for donuts may appear to be insignificant on its
356 face, it is important to remember that my adjustment is based on a review
357 of only four months of transactions occurring in 2012 for only 12
358 employees of the more than 1,500 employees who hold an Ameren credit
359 card. Thus, my disallowance of these costs does not remove all of these
360 costs from the test year. Because ratepayers must pay dollar for dollar
361 each expense that is reflected in electric delivery service rates, AIC should
362 not be permitted to recover expenses that are either unnecessary for the
363 provision of utility service or that do not provide ratepayer benefit.

364

365 **Conclusion**

366 **Q. Does this conclude your prepared rebuttal testimony?**

367 A. Yes, it does.

Ameren Illinois Company
 Adjustment To Remove OPEB Contra Liability
 For the Reporting Year Ended December 31, 2012
 (In Thousands)

Line No.	Description	Amount	Source
(a)	(b)	(c)	(d)
Rate Base Adjustment:		(In 000's)	
1	OPEB Contra Liability per Staff calculation	\$ -	ICC Staff Exhibit 8.0
2	OPEB Contra Liability per Company calculation	<u>1,406</u>	Schedule B-2.12, line 8
3	Staff Proposed Adjustment to Rate Base	<u>\$ (1,406)</u>	Line 1 minus line 2
4	Accumulated Deferred Income Taxes Per Staff	\$0	ICC Staff Exhibit 8.0
5	Accumulated Deferred Income Taxes Per Company	<u>(579)</u>	Schedule B-2.12, line 9
6	Staff Proposed Adjustment to Rate Base	<u>\$579</u>	Line 4 minus line 5
7	Net Rate Base Reduction Per Staff - Removal of OPEB Contra Liability, net of ADIT	<u>(\$827)</u>	Line 3 plus line 6

Ameren Illinois Company
 Adjustment To Reduce Industry Dues Expense
 For the Reporting Year Ended December 31, 2012
 (In Thousands)

Line No.	Description	Amount	Source
(a)	(b)	(c)	(d)
Operating Statement Adjustment:			
1	Industry Association Dues Expense per Staff calculation	\$ 1,211	Line 7/1,000
2	Industry Association Dues Expense per Company	<u>1,220</u>	Schedule C-6.1, line 31, column I
3	Staff Adjustment to Reduce Industry Association Dues Expense before jurisdictional allocation	\$ (9)	Line 1 minus line 2
4	Allocation to Electric Distribution	<u>92.06%</u>	AIC Sch. WPA-5b, Col. D, line 8
5	Staff Adjustment to Reduce Industry Association Dues Expense	<u><u>\$ (8)</u></u>	Line 3 multiplied by line 4

Note 1. Staff Calculation of 2012 Industry Dues Expense

(In Whole Dollars)

4	2012 Industry Dues	\$ 1,220,000	Schedule C-6.1, line 31, column (I)
Less non-recoverable amounts of 2012 Industry Dues Expense:			
5	Hunton & Williams LLP - services related to lobbying activities associated with electric service	8,996	Response to DR BAP 3.03 Attach 1
6	St. Louis Area Business Health Coalition - costs relate to political and lobbying activities	<u>49</u>	Ameren Ex. 9.0, p. 20, lines 451-453.
7	Staff calculated 2012 industry dues expense	<u><u>\$ 1,210,955</u></u>	Line 4 minus lines 5 through 6

Ameren Illinois Company
 Adjustment To Reduce Account 930.2 - Miscellaneous General Expenses
 For the Reporting Year Ended December 31, 2012
 (In Thousands)

Line No.	Description	Amount	Source
(a)	(b)	(c)	(d)
Operating Statement Adjustment:			
1	AC 930.2 - Miscellaneous General Expenses per Staff	\$ 3,031	Line 8/1,000
2	AC 930.2 - Miscellaneous General Expenses per Company	3,227	Schedule C-21, line 14, column (F)
3	Staff Adjustment to Reduce Miscellaneous General Expenses	\$ (196)	Line 1 minus line 2

Note 1. Staff Calculation of 2012 Miscellaneous General Expenses

(In Whole Dollars)

4	2012 Industry Dues	\$ 3,227,000	Schedule C-21, line 14, column (F)
Less non-recoverable amounts of 2012 Miscellaneous General Expenses:			
5	Illinois Energy Association - Membership Fees & Services for first quarter 2013	-	Staff Ex. 8.0
6	Bank of New York Mellon - Bank Trustee Fees related to Corporate Bonds	-	Staff Ex. 8.0
7	Wells Fargo Advisors - Stock Purchase under 2006 Omnibus Incentive Compensation Plan	\$ (195,791)	Note 2., line 15
8	Staff calculated 2012 Misc. General expenses	\$ 3,031,209	Line 4 minus lines 5 through 7

Note 2. Staff Calculation of Non-recoverable portion of Wells Fargo Advisor Fees:

9	Wells Fargo Advisors - Stock Purchase under 2006 Omnibus Incentive Compensation Plan	\$ (308,106)	Staff Ex. 3.0, Schedule 3.03, line 5
10	Allocation to Electric	69.38%	Ameren Ex. 9.3, Sched. 2, p. 1, line 4
11	Electric portion of Wells Fargo Advisors Fees	(213,764)	Line 9 multiplied by line 10
12	Allocation to Electric Distribution	92.06%	Ameren Ex. 9.1, Schedule1, Appendix 7, line 16, column (D)
13	Staff calculated non-recoverable fees expense for Wells Fargo Advisors	(196,791)	Line 11 multiplied by line 12
14	Less jurisdictional portion not related to directors' stock awards, accepted by AIC	1,000	Ameren Ex. 9.1, Sched. 1, p. 24, line 16
15	Staff adjustment for non-recoverable fees expense for Wells Fargo Advisors	\$ (195,791)	Line 13 minus line 14

Adjustment To Reduce Ameren Credit Card Expenses (formerly P-Card Expenses)
 For the Reporting Year Ended December 31, 2012
 (In Thousands)

Line No.	Description	Total AIC Electric Adjustment	Elec Distribution Adjustment	Source
(a)	(b)	(c)	(d)	(e)
Operating Statement Adjustment:				
1	Ameren Credit Card Expenses Disallowed by AIC	\$ -	\$ -	Note 1.
2	Ameren Credit Card Expenses Disallowed by Staff	26	24	Sch. 3.04, p. 2, line 114/1,000 for col (c); col (c) multiplied by distribution allocation factor for col (d)
3	Staff Adjustment to Reduce Ameren Credit Card Expenses	<u>\$ (26)</u>	<u>\$ (24)</u>	Line 1 minus line 2

Note 1.

Although the Commission disallowed certain expenses that resulted from the use of Ameren Credit Cards ("formerly P-Cards") in Docket No. 12-0293, the Company did not remove comparable types of expenses from the 2012 reporting year, as indicated in the response to DR BAP 6.02 in Docket No. 13-0192. Accordingly, Staff prepared an analysis of purchases with the Ameren Credit Card based on a sample selected in DR BAP 4.07. The results of Staff's analysis show that consistent with the criteria set forth by the Commission in Docket No 12-0293, certain purchases should not be recovered from ratepayers, as summarized on page 2 of Schedule 3.04

Note 2. The distribution allocation factor of 92.06% that is reflected on line 2, column (d) was obtained from AIC schedule WPC-4b, line 123, column (D).

Analysis of AIC Corporate Credit Card (Formerly "P-Card") Charges
 2012 Actual Amounts
 (In Whole Dollars)

Line No.	AIC Response to DR BAP 4.01	Expense Report	Explanation	Amount	Vendor/Notes
1	Attach 01	208686		\$ -	
2	Attach 02	242232		-	
3	Attach 03	248408	flowers for employee funeral	110.75	
4	Attach 03		employee farewell	64.38	TLF Blossom Basket Florist
5	Attach 04	257270		-	
6	Attach 05	274273	105 Ameren pens w Ameren Illinois logo	194.75	Jedco Sales
7	Attach 06	280249	72 travel cups for new employee packets & kudos	420.13	Jedco Sales
8	Attach 06		73 coffee mugs for new employee packets & kudos	682.20	Jedco Sales
9	Attach 06		100 sandstone coasters for Div 4' s new	485.73	Jedco Sales
10	Attach 07	209157	employee packets & kudos- 50 gift boxes	181.66	this total includes the 1% discount
11	Attach 08	240304	2 logo T-shirts, 1 hoodie	24.67	Casey's - candy & nuts
12	Attach 09	246252	snacks for first Friday	-	
13	Attach 09			-	
14	Attach 09		snacks for first Friday	33.84	Walmart
15	Attach 10	256907		-	
16	Attach 11	275316	snacks for first Friday	35.00	Mister Donut
17	Attach 11		snacks for first Friday	10.73	Walmart
18	Attach 12	205779	safety meeting	254.71	Little White Cottage Catering
19	Attach 12		safety leadership luncheon	702.99	Little White Cottage Catering
20	Attach 12		cellphone-Andy Stolp	85.39	Wireless Central - Kewanee
21	Attach 13	213711	"meeting room supplies"	101.73	HyVee-snacks
22	Attach 14	209453		-	
23	Attach 15	234016	cell phone _____	66.85	
24	Attach 15			-	
25	Attach 15		_____ service anniversary lunch	89.35	
26	Attach 16	240348		-	
27	Attach 17	248596	Donuts	16.30	Walmart
28	Attach 18	263169	new cell phone	68.06	
29	Attach 18		safety committee meeting meals	254.66	Little White Cottage Catering
30	Attach 18		cell phone for _____ - no receipt available	85.39	Wireless Central - Kewanee
31	Attach 19	263971	Wireless purchase	245.51	Wireless Central - Kewanee
32	Attach 20	276967	Anniversary Cake/Coffee	14.91	Walmart
33	Attach 21	276993	Anniversary Cake	41.81	
34	Attach 22	215069	Snacks for First Friday	25.29	Schnucks 2 fruit trays
35	Attach 23	240310	Snacks for First Friday Safety	24.03	Casey's pizza
36	Attach 24	256913	Snacks for First Friday Safety	48.04	
37	Attach 25	275328	Junior Achievement Lunch	84.81	Ameren Executive Dining
38	Attach 26	208782	"Logistics" mtg	13.30	Walmart-candy
39	Attach 27	241079		-	
40	Attach 28	254469	Hotel Rm 1 night	189.28	Embassy Suites
41	Attach 29	256509		-	
42	Attach 30	259690	"Finance Charge" on Cas Advance	30.00	
43	Attach 31	274115		-	
44	Attach 32	206997	TV for Champaign Storm Rm	489.35	
45	Attach 33	213351	Yr End Safety Celebration	171.89	Stadium Grill
46	Attach 34	238421	Holster & Car Charger for _____	54.47	
47	Attach 34		Blackberry for _____	68.06	
48	Attach 34		Blackberry Holster for _____	33.96	
49	Attach 35	245003	Safety Recognition Breakfast	127.36	
50	Attach 36	255233	Blackberry for _____	212.49	
51	Attach 37	266408	Blackberry for _____	52.80	
52	Attach 38	217089		-	
53	Attach 39	277194		-	
54	Attach 40	242379		-	
55	Attach 41	275967	Employee appreciation	197.99	
56	Attach 41		Employee appreciation	146.93	
57	Attach 42	207528		-	
58	Attach 43	211764	Volunteer Gift Card	105.44	
59	Attach 43		Volunteer Gift Card	28.44	
60	Attach 43		Volunteer Gift Card	53.94	
61	Attach 44	245399		-	
62	Attach 45	254110	Strtching Gift Cards & Slide Advancer	275.56	
63	Attach 46	256068	Refreshments VPQ meeting	82.56	
64	Attach 46		Refreshments VPQ meeting	44.69	
65	Attach 46		Dinner-HR Partner meeting	36.00	
66	Attach 47	269872	Balance for Christmas Luncheon	16.34	
67	Attach 48	216746	LCD TV	377.11	Sherman's Place
68	Attach 48		Safety lunch	70.35	O'Charley's
69	Attach 48		DVD player	86.19	Best Buy
70	Attach 49	242095	Safety Brkfst Meeting	90.59	Cracker Barrel
71	Attach 49		Logistics Team	62.05	Cheddars Casual Caf�

72	Attach 49		_____ Service Anniversary Lunch	101.91	Main Place Bar & Grill
73	Attach 50	257756	United Way mtg	35.00	Denny's Doughnuts & Bakery
74	Attach 50		_____ 25th Service Anniv	550.51	Smokey Bones
75	Attach 51	276812	McLean County Chamber Dues	701.00	
76	Attach 51		"Logistics"	27.50	at McFurray' Golf and Grill
77	Attach 51		Adopt a Family committee	77.50	
78	Attach 52	261453	Flat Screen TV	996.80	
79	Attach 52		Lunch meeting with _____	33.53	
80	Attach 52		Blackberry Case & Car charger	75.85	
81	Attach 52		Bluetooth	60.53	
82	Attach 53	275857		-	
83	Attach 53		Meeting with _____ - Cupcakes for Exec Staff	34.57	
84	Attach 54	240869		-	
85	Attach 55	245127		-	
86	Attach 56	273838		-	
87	Attach 57	207675		-	
88	Attach 58	216027	Decorations for Retirement Celebration	17.56	
89	Attach 58		Lunch/Refreshments for Retirement Celebration	42.46	
90	Attach 58		Lunch/Refreshments for Retirement Celebration	115.24	
91	Attach 59	238842		-	
92	Attach 59		Belleville Appreciation Breakfast for employees on Tax project	40.69	
93	Attach 60	261424	Flat Screen TV for ESTL OC	498.40	
94	Attach 60		Digital Cameras, USBs, Discs & Rechargabel batteries	657.59	
95	Attach 60		Safety lunch	274.41	
96	Attach 60		Direct TV hardware	75.06	
97	Attach 60			-	
98	Attach 61	264301		-	
99	Attach 61		Monthly Svc for ESTL office	82.98	Direct TV
100	Attach 61		Drinks for _____ and Lawyers	24.65	
101	Attach 61		Lunch for _____ and Lawyers	128.69	
102	Attach 62	273243	Direct TV	34.99	
103	Attach 62		ESTL Cable	34.99	
104	Attach 63	275859	Storm	-	
105	Attach 64	279039	Retirement Lunch	405.61	meals-possible alcohol-plus 18% gratuity
106	Attach 64		Safety Breakfast	93.46	meals-possible alcohol-plus 18% gratuity
107	Attach 64		Safety Breakfast	15.00	
108	Staff Disallowance based on four months' expenses			\$ 12,807.29	
109	Multiplier to annualize estimate			3	
110	Staff Disallowance based on twelve months' expenses			\$ 38,421.87	
111	Gas Portion - Based on Direct Labor With Admin & General			31.04%	AIC Schedule A-5b, line 7
112	Electric Portion - Based on Direct Labor With Admin & General			68.96%	AIC Schedule A-5b, line 7
113	Disallowance for Gas Service			\$ 11,926.15	
114	Disallowance for Electric Service			26,495.72	
115	Total Disallowed Expenses - Gas and Electric			<u>\$ 38,421.87</u>	

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Title: Accountant
Business Address: Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701
Phone Number: 217-785-5441

Request AIC-Staff 8.01:

Please indicate whether Ms. Pearce plans to withdraw her adjustment for charges to the St. Louis Area Business Health Coalition, in both ICC Docket No. 13-0301 and ICC Docket No. 13-0192, based on the rebuttal testimony of Ameren Illinois witness Thomas Kennedy (Ameren Ex. 21.0, lines 353 – 376). If not, please indicate why Mr. Kennedy's rebuttal testimony does not support recoverability of the expense.

Response:

Ms. Pearce cannot change her position in this case based on testimony filed in a different docket. Ms. Pearce will consider any AIC testimony filed in this docket in forming her final position on this issue. Ms. Pearce's review of the issues in this case will continue through her rebuttal testimony scheduled to be filed on August 26, 2013.

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Request AIC-Staff 8.02:

In Schedule 3.04, page 1 of 2, Note 1, Ms. Pearce states, "The results of Staff's analysis show that consistent with the criteria set forth by the Commission in Docket No. 12-0293, certain purchases should not be recovered from ratepayers, as summarized on page 2 of Schedule 3.04." Please provide Ms. Pearce's understanding of the "criteria set forth by the Commission in Docket No. 12-0293." In responding, please identify and list the specific "criteria" in the response without making general reference to Ms. Pearce's testimony.

Response:

Staff objects to this request to the extent it calls for a legal conclusion. Notwithstanding, and without waiving this objection, Ms. Pearce states: The criteria that Ms. Pearce references on Schedule 3.04, page 1 of 2, Note 1, is found on pages 67– 69 of the Final Order in Docket No. 12-0293. These criteria include the following:

The listed P-Card charges are questionable because the expenses at some retailers are arguably excessive and/or not reasonably related to the provisioning of delivery services. In the absence of better support for these charges, the Commission finds that recovery from delivery service customers is unreasonable. P-Card charges that the Commission will disallow are . . . (see table at pp. 67 - 68 of Order)

The Commission conclusion further identifies specific expenses that appear unnecessary, including the following:

- Embroidering on clothing that employees wear during customer encounters;
- Purchases of various floral arrangements;

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- Purchase of a table at the Peoria Gridiron Dinner wherein employees receive dinner and an evening's entertainment;
- Purchase of University of Illinois tickets to athletic events; and
- Service from Dish Network so that employees can track news and storm information (questionable given the prevalence of weather and news services on the internet).

While Ms. Pearce is not an attorney, based on the discussion provided by the Commission on pp. 66 – 69 of the Final Order in Docket No. 12-0293, Ms. Pearce concluded the Commission expects the P-card purchases to be necessary for the provision of utility service and to provide benefits to ratepayers. The Commission conclusion further explains that these criteria should be evaluated within the context, not of general corporate standards, but that ratepayers are captive customers who may not choose to go elsewhere for the services provided. Therefore, ratepayers do not have any alternative but to pay for the questionable charges once they have been included in rates. Accordingly, using this rationale and the examples provided in the Commission's conclusion, Ms. Pearce relied on the aforementioned information to develop the adjustment on ICC Staff Exhibit 3.0, Schedule 3.04.

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Request AIC-Staff 8.03:

On page 11 of her direct (lines 208-210), Ms. Pearce quotes the Commission's finding in ICC Docket No. 12-0293 that the specific expenses disallowed in that docket "at some retailers are arguably excessive...."

- a. Please identify each expense item listed on Schedule 3.04 (page 2 of 2) that Ms. Pearce considers "arguably excessive." If it is Ms. Pearce's contention that she believes each expense item identified on Schedule 3.04 (page 2 of 2) is "arguably excessive," please confirm. If conversely Ms. Pearce does not believe any of the expenses listed are "arguably excessive," please confirm.
- b. For the expenses identified by Ms. Pearce as "arguably excessive" in response to [No. 3a], please provide Ms. Pearce's definition of "arguably excessive."
- c. For each specific expense identified by Ms. Pearce as "arguably excessive" in response to [No. 3a], please provide the basis for Ms. Pearce's opinion.
- d. For each specific expense identified by Ms. Pearce as "arguably excessive" in response to [No. 3a], please provide Ms. Pearce's opinion on what she would consider to be a reasonable amount spent on the specific purchase.

Response:

Staff objects to this request to the extent it calls for a legal conclusion. Notwithstanding, and without waiving this objection, Staff states:

- a. Please see Response to AIC-Staff DR 8 Series Attachment.
- b. Ms. Pearce quoted the description "arguably excessive" from the Commission's Order in Docket No. 12-0293, as noted above. While Ms. Pearce is not an attorney, Ms. Pearce understands this description to apply to expenses that could have been either avoided as unnecessary for the provision of utility service or potentially transacted at a lower cost.
- c. Please see response to No. 8.03b above.

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d. For those items designated as “arguably excessive” on Response to AIC-Staff DR 8 Series Attachment, Ms. Pearce believes a reasonable expense for these items would be zero in the revenue requirement, since the costs could have been avoided or are not properly recoverable from ratepayers based on support provided by AIC.

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Request AIC-Staff 8.04:

On page 11 of her direct (lines 208-210), Ms. Pearce quotes the Commission's finding in ICC Docket No. 12-0293 that the specific expenses are "not reasonable[y] related to the provision of delivery services."

- a) Please identify each expense item listed on Schedule 3.04 (page 2 of 2) that Ms. Pearce considers "not reasonable[y] related to the provision of delivery services." If it is Ms. Pearce's contention that she believes each expense item identified on Schedule 3.04 (page 2 of 2) is "not reasonable[y] related to the provision of delivery services," please confirm. If conversely Ms. Pearce does not believe any of the expenses listed are "not reasonable[y] related to the provision of delivery services," please confirm.
- b) For each specific expense identified by Ms. Pearce as "not reasonable[y] related to the provision of delivery services" in response to [No. 4a], please provide the basis for Ms. Pearce's opinion.

Response:

Staff objects to this request to the extent it calls for a legal conclusion. Notwithstanding, and without waiving this objection, Staff states: Please see Response to AIC-Staff DR 8 Series Attachment.

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Request AIC-Staff 8.05:

In her direct testimony (ICC Staff Ex. 3.0, lines 247-263), Ms. Pearce provides a threefold rationale for her disallowance of employee credit card charges. This data request concerns her first rationale on lines 248-250 that the expenses are “not necessary for the provision of utility service.”

- a) Please identify each expense item listed on Schedule 3.04 (page 2 of 2) that Ms. Pearce considers “not necessary for the provision of utility service.” If it is Ms. Pearce’s contention that she believes each expense item identified on Schedule 3.04 (page 2 of 2) is “not necessary for the provision of utility service,” please confirm. If conversely Ms. Pearce does not believe any of the expenses listed are “not necessary for the provision of utility service,” please confirm.
- b) For each specific expense identified by Ms. Pearce as “not necessary for the provision of utility service” in response to [No. 5a], please provide the specific basis for Ms. Pearce’s opinion.
- c) Please indicate Ms. Pearce’s understanding of AIC’s use of the following items disallowed in Schedule 3.04 (Page 2 of 2):
 - i) Cell phones (lines 20, 23, 28, 30 & 31)
 - ii) Blackberries, holsters and chargers (lines 46, 37, 48, 50, 51 & 80)
 - iii) Bluetooth (line 81)
 - iv) TV for Champaign Storm Rm (line 44)
 - v) LCD TV (line 67)
 - vi) DVD player (line 69)
 - vii) Flat Screen TV (line 78)
 - viii) Flat Screen TV for ESTL OC (line 93)
 - ix) Digital cameras, USBs, Discs and Rechargeable batteries (line 94)
 - x) Monthly Svc for ESTL office (line 99)
 - xi) Direct TV (line 102)
 - xii) ESTL Cable (line 103)
- d) In Schedule 3.04 (page 2 of 2), Ms. Pearce makes several disallowance for food and beverages for “Safety” meetings (examples include lines 11, 14, 16, 17, 18, 19, 29, 34, 35, 36, 68, 70, 95, 106 & 107). Please provide Ms. Pearce’s

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understanding of the purpose of these various "Safety" meetings, to the extent she knows.

- e) In Schedule 3.04 (page 2 of 2) (lines 102-103), Ms. Pearce makes a disallowance for food and beverages provided to "Lawyers." Is Ms. Pearce aware whether the "Lawyers" in question were outside counsel or in-house lawyers?
- f) Please identify each specific reason that Ms. Pearce believes the cost of "McLean County Chamber Dues" (line 75) should be disallowed. In responding, please indicate Ms. Pearce's understanding of the purpose of the "McLean County Chamber Dues," to the extent she knows.
- g) Please identify each specific reason that Ms. Pearce believes the cost of donuts and baked goods for the "United Way mtg" (line 73) should be disallowed. In responding, please indicate Ms. Pearce's understanding of the purpose of the "United Way mtg," to the extent she knows.
- h) Please identify each specific reason that Ms. Pearce believes the expenses associated with the "Adopt a Family committee" (line 77) should be disallowed. In responding, please indicate Ms. Pearce's understanding of the purpose of the "Adopt a Family committee," to the extent she knows.
- i) Please identify each specific reason that Ms. Pearce believes the expenses associated with the "Junior Achievement Lunch" (line 36) should be disallowed. In responding, please indicate Ms. Pearce's understanding of the purpose of the "Junior Achievement Lunch," to the extent she knows.

Response:

- a) Please see Response to AIC-Staff DR 8 Series Attachment.
- b) Please see Response to AIC-Staff DR 8 Series Attachment.
- c) Ms. Pearce's understanding is based on the support provided by AIC in the response to DR BAP 4.07, as indicated in Note 1 of ICC Staff Exhibit 3.0, Schedule 3.04.
- d) Please see the response to No. 8.05(c) above.

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- e) Please see the response to 8.05(c) above. AIC provided no indication as to whether these charges relate to internal or external lawyers.
- f) Please see the response to 8.05(c) above.
- g) Please see the response to 8.05(c) above.
- h) Please see the response to 8.05(c) above.
- i) Please see the response to 8.05 (c) above.

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Request AIC-Staff 8.06:

In her direct testimony (ICC Staff Ex. 3.0, lines 247-263), Ms. Pearce provides a threefold rationale for her disallowance of employee credit card charges. This data request concerns her second rationale on lines 78-85 that the expenses “do not provide benefits to ratepayers.”

- a) Please identify each expense item listed on Schedule 3.04 (page 2 of 2) that Ms. Pearce considers does “not provide benefits to ratepayers. If it is Ms. Pearce’s contention that she believes each expense item identified on Schedule 3.04 (page 2 of 2) does “not provide benefits to ratepayers,” please confirm. If conversely Ms. Pearce does not believe any of the expenses listed are “not provide benefits to ratepayers,” please confirm.

Response: Please see Response to AIC-Staff DR 8 Series Attachment.

- b) For each specific expense identified by Ms. Pearce as “not provid[ing] benefits to ratepayers” in response to [No. 6a], please provide the specific basis for Ms. Pearce’s opinion.

Response: Please see Response to AIC-Staff DR 8 Series Attachment. No quantifiable ratepayer benefit was indicated in the support provided by AIC in response to discovery.

- c) For each specific expense identified by Ms. Pearce as “not provid[ing] benefits to ratepayers” in response to [No. 6a], please identify the subset of “most” of the expenses that also “appear to benefit employees in the form of perquisites for attending a meeting, or recognition of a special occasion or enhancements to the work environment that are in addition to the adequate compensation the employees receive for performing their work,” and provide the basis for Ms. Pearce’s opinion.

Response:

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Please see Response to AIC-Staff DR 8 Series Attachment. It is readily apparent that snacks, meals, floral arrangements and entertainment provided to the employees provide those employees with benefits. However, no quantifiable **ratepayer** benefit was indicated in the support provided by AIC in response to discovery.

- d) In responding to [No. 6c], please provide Ms. Pearce's definition of "perquisites," "enhancements to the work environment, and "adequate compensation."

Response:

The American Heritage Dictionary (Second College Edition) provides one definition of a perquisite as follows: "a payment or profit received in addition to a regular wage or salary". Another definition is "a tip or gratuity". Ms. Pearce used the term 'perquisites' to designate the cost of items provided to employees that are gratuitous, meaning unwarranted; unjustified, or unnecessary. The American Heritage Dictionary (Second College Edition) defines 'enhance' as follows: "To increase or make greater, as in value, beauty, or reputation; augment." Accordingly, Ms. Pearce used the term 'enhancements to the work environment' to designate the cost of items that make the workplace more enjoyable, but are neither necessary for the performance of service nor have they been shown to provide greater efficiencies. The American Heritage Dictionary (Second College Edition) provides one definition of 'adequate' as: "able to satisfy a requirement; suitable." Accordingly, Ms. Pearce used the term 'adequate compensation' to mean that even without the items she proposes to disallow, the Company's employees would not be undercompensated.

- e) Is it Ms. Pearce's contention that creating a positive workplace environment does not provide benefits to ratepayers? If Ms. Pearce's answer is anything other than an unqualified no, please explain the basis for her response.

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If Ms. Pearce's answer is no, please explain how in Ms. Pearce's opinion, each specific expense identified in [No. 6c] does not create a positive workplace environment.

Response: The Company has provided no measure of the impact the disputed costs have on the creation of a positive workplace environment, nor has any measure of ratepayer benefit from said positive workplace environment been quantified by the Company. Therefore, AIC's assertions that gratuitous items and events [such as snacks, meals, entertainment, flowers and parties] create a positive workplace environment which results in ratepayer benefits are unsupported.

- f) Is it Ms. Pearce's contention that boosting employee morale does not provide benefits to ratepayers? If Ms. Pearce's answer is anything other than an unqualified no, please explain the basis for her response. If Ms. Pearce's answer is no, please explain how, in Ms. Pearce's opinion, each specific expense identified in [No. 6c] does not boost workplace morale.

Response:

The Company has provided no measure of the impact the disputed costs have on the creation of a positive workplace environment, nor has any measure of ratepayer benefit from said positive workplace environment been quantified by the Company. Therefore, AIC's assertions that gratuitous items and events [such as snacks, meals, entertainment, flowers and parties] create a positive workplace environment which results in ratepayer benefits are unsupported.

- g) Is it Ms. Pearce's contention that improving workplace productivity does not provide benefits to ratepayers? If Ms. Pearce's answer is anything other than an unqualified no, please explain the basis for her response. If Ms. Pearce's answer is no, please explain how, in Ms. Pearce's opinion, each specific expenses identified in [No. 6c] does not improve workplace productivity.

Response:

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The Company has provided no measure of the impact the disputed costs have on the creation of a positive workplace environment, nor has any measure of ratepayer benefit from said positive workplace environment been quantified by the Company. Therefore, AIC's assertions that gratuitous items and events [such as snacks, meals, entertainment, flowers and parties] create a positive workplace environment which results in ratepayer benefits are unsupported.

- h) Please confirm that Ms. Pearce believes the following expenses identified in Schedule 3.04 (Page 2 of 2) do not create a positive work environment, boost employee morale and/or improve workplace productivity.

In responding, please provide the basis for Ms. Pearce's opinion as to each expense listed.

- i) Flowers for an employee funeral (line 3) (\$110.75)
- ii) Flowers for an employee farewell (line 4) (\$64.38)
- iii) Snacks for First Friday Safety meeting (line 11) (\$24.67)
- iv) Donuts (line 27) (\$16.30)
- v) Cake for an employee anniversary (line 33) (\$41.81)
- vi) Refreshments VPQ meeting (line 63) (\$82.56)
- vii) Cupcakes for Exec Staff (line 83) (\$34.57)
- viii) Decorations for Retirement Celebration (line 88) (\$17.56)
- ix) Belleville Appreciation Breakfast for employees on Tax project (line 92) (\$40.69)

Response:

The Company has provided no measure of the impact the disputed costs have on the creation of a positive workplace environment, nor has any measure of ratepayer benefit from said positive workplace environment been quantified by the Company. Therefore, AIC's assertions that gratuitous items and events [such as snacks, meals, entertainment, flowers and parties] create a positive workplace environment which results in ratepayer benefits are unsupported. See Response to AIC-Staff DR 8 Series Attachment.

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AIC-Staff 8.01 – 8.08
Docket No. 13-0301
Response of Staff Witness Bonita A. Pearce
Response Date: July 26, 2013

ICC Person Responsible: Bonita A. Pearce
Title: Accountant
Business Address: Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701
Phone Number: 217-785-5441

- i) On line 27 of Schedule 3.04 (page 2 of 2), Ms. Pearce disallows \$16.30 for "Donuts." Please indicate what Ms. Pearce considers to be the minimum dollar amount on utility employee credit card charges that she believes requires investigation by ICC Staff as to the business justification of the purchase. If Ms. Pearce does not believe there is a minimum dollar amount for inquiry, please confirm.

Response:

Any amount of purchase paid for with ratepayer funding is subject to review for reasonableness of the amount and the reasonableness of the type of expense, since the Company is guaranteed dollar for dollar recovery of all costs through the reconciliation adjustment.

- j) Regarding her disallowance for "Donuts," on line 27 of Schedule 3.04 (page 2 of 2), is it Ms. Pearce's contention that utility rates should not contain any costs of donuts and other snacks purchased for employee meetings and celebrations? Please provide the basis for her answer, and identify any prior ICC orders that approved a similar adjustment.

Response:

Yes that is Ms. Pearce's contention. Note that the response to AIC-Staff 8.02 cites to the Order in Docket No. 12-0293.

- k) Regarding her disallowance for "flowers" for an employee funeral and an employee farewell on lines 3-4 of Schedule 3.04 (page 2 of 2), is it Ms. Pearce's contention that utility rates should not contain any costs of flowers for employee

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funerals and farewells? Please provide the basis for her answer, and identify any prior ICC orders that approved a similar adjustment.

Response:

Please see the response to 8.06(j) above.

l) Regarding her various disallowances for food and beverage for employee "retirements," "appreciation," and "anniversaries," is it Ms. Pearce's contention that utility rates should not contain any costs of food and beverages for employee "retirements," "appreciation," and "anniversaries"? Please provide the basis for her answer, and identify any prior ICC orders that approved a similar adjustment.

Response:

Please see the response to 8.06(j) above.

m) Regarding her disallowances for pens, travel mugs, coffee mugs and coasters for new employee packets is it Ms. Pearce's contention that utility rates should not contain any costs of such items given to new employees?. Please provide the basis for her answer, and identify any prior ICC orders that approved a similar adjustment.

Response:

Please see the response to 8.06(j) above.

n) Regarding her disallowances for "volunteer" gift cards, is it Ms. Pearce's contention that utility rates should not contain any costs of "volunteer" gift cards? Yes, that is Ms. Pearce's contention. Please provide the basis for her answer, and identify any prior ICC orders that approved a similar adjustment.

Response:

Please see the response to 8.06(j) above.

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o) Regarding Ms. Pearce's comment of "possible alcohol" on lines 105 and 106 on Schedule 3.04, please identify the basis for the comment.

Response:

Upon further review of the response to BAP 4.07, Attach 64, Ms. Pearce finds no indication that alcohol was purchased with these meals. This reference will be removed in Ms. Pearce's rebuttal schedules.

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Request AIC-Staff 8.07:

In her direct testimony (ICC Staff Ex. 3.0, lines 247-263), Ms. Pearce provides a threefold rationale for her disallowance of employee credit card charges. This data request concerns her third rationale on lines 257-263 that “expenses recovered from ratepayers should meet a higher standard because the customers require the service provided by the Company and have no alternative but to use AIC for delivery of their gas service.”

- a) Please provide Ms. Pearce’s definition of the “higher standard.”
- b) Please identify each expense item listed on Schedule 9.01 (page 2 of 2) that Ms. Pearce believes does not meet the “higher standard” defined in response to [No. 7a]. If it is Ms. Pearce’s contention that she believes each expense item identified on Schedule 9.01 (page 2 of 2) does not meet the “higher standard,” please confirm.

Response:

Ms. Pearce considered Docket No. 12-0293, Final Order dated December 5, 2012, at 69, specifically:

To the extent that AIC feels that its current P-Card policies are consistent with **general corporate standards, the Commission reminds AIC that such a comparison is not appropriate** when the corporate entity in question simply passes purchasing card expenses on to its captive customers. **(emphasis added)**

While Ms. Pearce is not an attorney, Ms. Pearce infers from the above statement that the Commission does not believe “general corporate standards” are appropriate in the evaluation of purchasing card expenses that are to be recovered from ratepayers. Given that general corporate standards are not appropriate, Ms. Pearce infers the Commission expects a higher standard for those expenses that are to be recovered from ratepayers. Ms. Pearce understands that recoverable expenses must meet the criteria outlined in her direct testimony, ICC Staff Exhibit 3.0, pp. 12 - 13, lines 248-263,

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in order to meet the "higher standard" described by the Commission in Docket No. 12-0293.

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Request AIC-Staff 8.08:

On page 11 of her direct (line 218), Ms. Pearce quotes what she believes to be “the underlying premise” of the credit card disallowances in ICC Docket No. 12-0293.

- a) In ICC Docket No. 12-0293, the Commission required AIC “to submit for approval its internal controls on P-Card usage within 45 days of the entry of [its] Order.” Given the existence of that pending docketed proceeding, in which Commission Staff is actively participating, please indicate why inquiries regarding AIC’s corporate credit card charges are not premature pending the completion of Staff and the Commission’s review of internal controls in ICC Docket No. 13-0075.

Response:

Staff objects to this request to the extent it calls for a legal conclusion. Notwithstanding, and without waiving this objection, Ms. Pearce states: Ms. Pearce does not agree that an adjustment to credit card charges in this case is premature. While Ms. Pearce is not an attorney, similar to cases that have occurred during the pendency of a rulemaking, the Commission indicates that regardless of a rulemaking, the Commission states that a decision must be made using the rules and the evidence in place at the time of the decision. As stated by the Commission in Docket No. 12-0511/12-0512: “However, this rulemaking has not been completed, thus the Commission must resolve this issue based on the current law as it stands today”. Ms. Pearce agrees with the Commission and has reviewed the 2012 credit card charges presented in this case as the basis for the 2014 forecast and has adjusted them based on the documentation and explanations provided by AIC.

- b) In response to Ms. Pearce’s data requests in this docket and in ICC Docket No. 13-0192, AIC has produced documentation on the accounting policies and procedures that AIC has in place regarding the use of employee credit cards and the reporting of employee credit card expenses. Did Ms. Pearce consider the documentation of AIC’s accounting policies and procedures regarding the use of employee credit cards and the reporting of employee credit card expenses in making her adjustment? If so, identify with specificity the documentation she considered and

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explain how such documentation factored into her adjustment. If not, please indicate why consideration of such documentation was not necessary to support Staff's adjustment.

Response:

To the extent the expenses occurred during the time the revised procedures were in effect, Ms. Pearce took the policies and procedures into consideration. However, Ms. Pearce evaluated the 2012 expenses according to her understanding of the criteria described in the Order in Docket No. 12-0293.

c) Is it Staff's intention to review employee credit card charges in each annual update to AIC's electric formula rates as well as traditional Article IX proceedings for increases to AIC's natural gas rates?

Response:

Staff objects to this request on the grounds that it calls for speculation and seeks information that is not relevant, material or likely to lead to admissible evidence in this proceeding. Ms. Pearce is unable to speculate as to the intentions of Staff witnesses with respect to review of employee credit card charges in future annual updates to AIC's electric formula rates and future Article IX proceedings for increases to AIC's natural gas rates.

d) The methodology and scope of Staff's inquiry on credit card charges in this docket and in ICC Docket No. 13-0301 differs from the methodology and scope of Staff's inquiry in ICC Docket No. 12-0293. Does Staff agree the methodology and scope of its inquiry on credit card charges should be similar and consistent in future rate proceedings?

Response:

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Staff objects to this request on the grounds that it calls for speculation and seeks information that is not relevant, material or likely to lead to admissible evidence in this proceeding. Ms. Pearce is unable to speculate as to the methodology and scope of inquiry of Staff witnesses with respect to credit card charges in future rate proceedings.

e) Please provide Staff's detailed proposed methodology and scope of inquiry on credit card charges in future rate proceedings, and explain why the approach proposed is reasonable in both methodology and scope.

Response:

Staff objects to this request on the grounds that it calls for speculation and seeks information that is not relevant, material or likely to lead to admissible evidence in this proceeding. Ms. Pearce is unable to speculate as to the methodology and scope of inquiry of Staff witnesses with respect to credit card charges in future rate proceedings.

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Request AIC-Staff 8.09

In her direct testimony (ICC Staff Ex. 3.0, lines 55 – 115), Ms. Pearce discusses her rationale for proposing to disallow the contra OPEB liability balance from rate base. With regard to her proposal please answer the following:

- a. Does Ms. Pearce agree that a contra liability is the opposite of a liability? If her answer is anything other than an unqualified yes, please fully explain her response and provide illustrative numerical examples of journal entry debit/credits of T Accounts using FERC/ICC accounts in accordance with generally accepted accounting principles (GAAP) to fully demonstrate and support her qualified or negative response.

Response (a):

Ms. Pearce described a contra liability on p. 5 of her direct testimony, ICC Staff Exhibit 3.0, lines 65 – 68, as follows:

A “contra” account reflects a negative balance in a given category of accounts. Because a liability account typically reflects a credit balance, an offsetting negative balance in a liability account effectively reduces overall liabilities.

Ms. Pearce’s use of the terminology in her testimony is based on the Company’s identification of the amount as a contra liability on Schedule B-2.12.

Ms. Pearce, generally speaking, does not agree that a contra liability is the opposite of a liability. Rather Ms. Pearce’s understanding of a contra liability account is that it reduces the balance in a paired liability account. Thus, a normal liability account has a credit balance and a contra account associated with it has a normal debit balance. A contra account is also known as a valuation allowance, because it adjusts the carrying value of the account with which it is paired. In practice, contra liability accounts are rarely used. Contra accounts are more commonly paired with asset accounts, such as accounts receivable or inventory, to reduce the carrying values of those assets. For example, the Reserve for uncollectible accounts is a contra account to the Accounts Receivable.

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Request AIC-Staff 8.09

b. Does Ms. Pearce agree that if a contra liability is funded by ratepayers, that a liability cannot also be funded by ratepayers? If her answer is anything other than an unqualified yes, please fully explain her response and provide illustrative numerical examples of journal entry debit and credits or T Accounts using FERC/ICC accounts in accordance with GAAP to fully demonstrate and support her qualified negative response.

Response (b):

Staff objects to this data request to the extent that it is vague. A liability by definition is not funded, thus the question is confusing. Ms. Pearce understands that the Company has provided no evidence to support a contention that the negative liability balance of OPEB at December 31, 2012, was created with anything other than revenues recovered from ratepayers through the collection of utility rates.

Request AIC-Staff 8.09

c. Does Ms. Pearce agree that if a liability is funded by ratepayers, that a contra liability cannot also be funded by ratepayers? If her answer is anything other than an unqualified yes, please fully explain her response and provide illustrative numerical examples of journal entry debit and credits or T Accounts using FERC/ICC accounts in accordance with GAAP to fully demonstrate and support her qualified negative response.

Response (c):

See response to AIC-Staff 8.09(b)

Request AIC-Staff 8.09

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d. Does Ms. Pearce agree that AIC's approved formula rate template includes a specific line item on Sch FR B-1 for OPEB Liability? If she does not agree, please [indicate] why and provide all documents relied on in support of her response. If she agrees, please explain why, under the formula rate protocols, and AIC's approved formula rate schedules, that it would not be appropriate to include the OPEB liability balance when the balance increases rate base but always include the balance when it results in a decrease in rate base.

Response (d):

Ms. Pearce agrees that Sch FR B-1 contains a line item for OPEB Liability. Regardless, OPEB liability is properly reflected as a reduction to rate base since the costs of OPEB are collected in rates charged to ratepayers. An OPEB contra liability is not properly reflected as an increase to Rate Base because the amounts used to fund the OPEB trust were provided by ratepayers. As noted by Ms. Pearce in direct testimony (ICC Staff Exhibit 3.0, p. 6, lines 78 – 94) the Commission has routinely concluded that shareholders should not earn a return on ratepayer supplied funds.

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Request AIC-Staff 8.10

At lines 100-115 of her direct testimony (ICC Staff Ex. 3.0), Ms. Pearce cites to a North Shore and Peoples Gas Rate Case Order where the Commission disallowed inclusion of a Pension Asset in rate base. With regard to this statement, please answer the following:

a. Is it Ms. Pearce's position that a Pension Asset is the same as an OPEB contra liability? If not, please fully explain why and provide all documentation relied [on] in support of her response.

Response (a):

a. Staff objects to this request to the extent it calls for a legal conclusion. Notwithstanding, and without waiving, this objection, Staff states: based on Ms. Pearce's understanding of the Pension Asset issue in the North Shore and Peoples Gas Rate Case Order, the Pension Asset was disallowed since it was rate payer funded. Since the evidence in this case also indicates the contra liability was rate payer funded, Ms. Pearce believes the two issues are similar. Amounts included in Rate Base represent shareholder funding on which a return is allowed in base rates.

It is not Ms. Pearce's position that a Pension Asset is the *same* as an OPEB 'contra liability', as identified by the Company in Docket No. 13-0301 (See response to 8.09 (a)). The accounts representing pension assets and OPEB contra liabilities are both presented as debit balances on the utilities' balance sheet, but the two accounts are recorded separately on the Company's books and each is supported by its own actuarial valuation. Additionally, Section 16-108.5 (4) (D) of the Public Utilities Act ("Act") sets forth specific treatment for recovery on pension assets:

(D) investment return at a rate equal to the utility's weighted average cost of long-term debt, on the pension assets as, and in the amount, reported

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in Account 186 (or in such other Account or Accounts as such asset may subsequently be recorded) of the utility's most recently filed FERC Form 1, net of deferred tax benefits.

No such treatment is identified for OPEB contra liabilities.

Request AIC-Staff 8.10

b. Is it Ms. Pearce's opinion that the OPEB contra liability is actually an Asset that should be recorded on the Asset side of AIC's Balance Sheet? If yes, please provide Ms. Pearce's recommended accounting corrections using FERC/ICC accounts with citations to accounting instructions or GAAP guidance in support of her proposal.

Response (b):

Staff objects to this request to the extent it calls for a legal conclusion. Notwithstanding, and without waiving, this objection, Staff states: Ms. Pearce does not testify to the accounting treatment of the OPEB contra liability but addresses only the ratemaking treatment. At lines 100-115 of her direct testimony (ICC Staff Ex. 3.0) Ms. Pearce cited to the North Shore and Peoples Gas rate case to show that the Commission has found that shareholders should not earn a return on ratepayer supplied funds. See also Response to 8.10 (a).

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Request AIC-Staff 8.11

With regard to ICC Staff Ex. 3.0, lines 71-76, explain how the OPEB contra liability is "funded by ratepayers".

Response:

See Response to 8.09 (b).

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Request AIC-Staff 8.12

Please identify each specific fact and/or assumption that is the basis for Ms. Pearce's contention that the expenses paid to Hunton Williams identified in AIC's response to BAP 3.04 are costs for "legislative and lobbying services," as stated by Ms. Pearce in her direct testimony (line 153).

Response:

Ms. Pearce based her conclusion on the Company's response to Staff DR BAP 3.04, Attach 1, pp. 12-30 that included copies of monthly Hunton & Williams invoices from December 2011 through November 2012. The monthly charges are for the "Utility Water Act Group" with the description:

For Membership Dues, based on services rendered by Hunton & Williams, and charges associated with those services, through (month) in connection with the regulation of the electric utility industry by the Environment Protection Agency ("EPA").

The description of services rendered is limited to a single amount for each category listed below:

- Consultant charges
- Legal Fees and Expenses
- Credit
- Total Due

Ms. Pearce also based her conclusion that the services of Hunton & Williams relate to potential legislation or lobbying efforts on behalf of the electric utility industry in connection with regulation by the EPA on the Company's response to Staff DR BAP 3.04 Attach 2 that states:

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“Hunton & Williams, LLP; legal services; Law firm, with offices in New York, Miami, Washington and Atlanta, performing domestic and international business, transactional and intellectual property work. In connection with the regulation of the electric utility industry by the EPA.”

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Request AIC-Staff 8.15

Please describe Ms. Pearce's understanding of the specific transaction and services provided for the fees paid to Wells Fargo Advisors that Ms. Pearce seeks to disallow, and identify any prior ICC decisions that disallow similar expenses.

Response:

Ms. Pearce's understanding is that these charges represent "Stock Purchase under 2006 Omnibus Incentive Compensation Plan" in the amount of \$308,106 as represented by the Company's response to Staff DR BAP 2.02, Attach, p. 4. Because these fees relate to the corporate stock incentive compensation plan, the costs should not be reflected in operating expenses.

Ms. Pearce relied upon her understanding of prior Commission orders that disallowed the costs of incentive compensation plans that reward the interests of shareholders instead of ratepayers. Because the issuance of company stock through an incentive compensation plan would link the interests of employees to the interests of shareholders, these costs have been disallowed by the Commission in the following cases:

Docket Nos. 07-0241/-0242 (Cons.), North Shore Gas Company/Peoples Gas Light and Coke Company (Consolidated), Final Order dated February 5, 2008 at 66;

Docket Nos. 09-0166/-0167 (Cons.), North Shore Gas Company/Peoples Gas Light and Coke Company (Consolidated), Final Order dated January 21, 2010 at 59;

Docket No. 10-0467, Commonwealth Edison Company, Final Order dated May 24, 2011 at 65; and,

Docket No. 11-0282, Ameren Illinois Company, Final Order dated January 10, 2012 at 45.

Analysis of AIC Corporate Credit Card (Formerly "P-Card") Charges
 2012 Actual Amounts
 (In Whole Dollars)

Line No.	AIC Response to DR BAP 20.01	Expense Report	Explanation	Amount	Vendor/Notes	AIC-Staff 8.03	AIC-Staff 8.04	AIC-Staff 8.05	AIC-Staff 8.06 (a)	AIC-Staff 8.06 (c)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
						Based on Docket No. 12-0293		Based on Ms. Pearce's Threefold Rationale		
						"Arguably Excessive"	Unnecessary for Delivery Service	Unnecessary for Provision of Utility Service	Does Not Provide Benefits to Ratepayers	Benefit AIC Employees as a Perquisite
1	Attach 01	208686		\$ -						
2	Attach 02	242232		-						
3	Attach 03	248408	flowers for employee funeral	110.75		x	x	x	x	
4	Attach 03		employee farewell	64.38	TLF Blossom Basket Florist	x	x	x	x	x
5	Attach 04	257270		-						
6	Attach 05	274273	105 Ameren pens w Ameren Illinois logo	194.75	Jedco Sales	x	x	x	x	x
7	Attach 06	280249	72 travel cups for new employee packets & kudos	420.13	Jedco Sales	x	x	x	x	x
8	Attach 06		73 coffee mugs for new employee packets & kudos	682.20	Jedco Sales	x	x	x	x	x
9	Attach 06		100 sandstone coasters for Div 4' s new employee packets & kudos- 50 gift boxes	485.73	Jedco Sales	x	x	x	x	x
10	Attach 07	209157	2 logo T-shirts, 1 hoodie	181.66	this total includes the 1% discount	x	x	x	x	x
11	Attach 08	240304	snacks for first Friday	24.67	Casey's - candy & nuts	x	x	x	x	x
12	Attach 09	246252		-						
13	Attach 09			-						
14	Attach 09		snacks for first Friday	33.84	Walmart	x	x	x	x	x
15	Attach 10	256907		-						
16	Attach 11	275316	snacks for first Friday	35.00	Mister Donut	x	x	x	x	x
17	Attach 11		snacks for first Friday	10.73	Walmart	x	x	x	x	x
18	Attach 12	205779	safety meeting	254.71	Little White Cottage Catering	x	x	x	x	x
19	Attach 12		safety leadership luncheon	702.99	Little White Cottage Catering	x	x	x	x	x
20	Attach 12		cellphone-Andy Stolp	85.39	Wireless Central - Kewanee		x	x	x	x
21	Attach 13	213711	"meeting room supplies"	101.73	HyVee-snacks	x	x	x	x	x
22	Attach 14	209453		-						
23	Attach 15	234016	cell phone _____	66.85			x	x	x	x
24	Attach 15			-						
25	Attach 15		_____ service anniversary lunch	89.35		x	x	x	x	x
26	Attach 16	240348		-						
27	Attach 17	248596	Donuts	16.30	Walmart	x	x			
28	Attach 18	263169	new cell phone	68.06						
29	Attach 18		safety committee meeting meals	254.66	Little White Cottage Catering	x	x	x	x	x
30	Attach 18		cell phone for _____ - no receipt available	85.39	Wireless Central - Kewanee		x	x	x	x
31	Attach 19	263971	Wireless purchase	245.51	Wireless Central - Kewanee		x	x	x	x
32	Attach 20	276967	Anniversary Cake/Coffee	14.91	Walmart	x	x	x	x	x
33	Attach 21	276993	Anniversary Cake	41.81		x	x	x	x	x
34	Attach 22	215069	Snacks for First Friday	25.29	Schnucks 2 fruit trays	x	x	x	x	x
35	Attach 23	240310	Snacks for First Friday Safety	24.03	Casey's pizza	x	x	x	x	x
36	Attach 24	256913	Snacks for First Friday Safety	48.04		x	x	x	x	x
37	Attach 25	275328	Junior Achievement Lunch	84.81	Ameren Executive Dining	x	x	x	x	x
38	Attach 26	208782	"Logistics" mtg	13.30	Walmart-candy	x	x	x	x	x
39	Attach 27	241079		-						
40	Attach 28	254469	Hotel Rm 1 night	189.28	Embassy Suites		x	x	x	x
41	Attach 29	256509		-						
42	Attach 30	259690	"Finance Charge" on Cas Advance	30.00		x	x	x	x	x
43	Attach 31	274115		-						
44	Attach 32	206997	TV for Champaign Storm Rm	489.35		x	x	x	x	x
45	Attach 33	213351	Yr End Safety Celebration	171.89	Stadium Grill	x	x	x	x	x
46	Attach 34	238421	Holster & Car Charger for _____	54.47			x	x	x	x

Analysis of AIC Corporate Credit Card (Formerly "P-Card") Charges
 2012 Actual Amounts
 (In Whole Dollars)

Line No.	AIC Response to DR BAP 20.01	Expense Report	Explanation	Amount	Vendor/Notes	AIC-Staff 8.03	AIC-Staff 8.04	AIC-Staff 8.05	AIC-Staff 8.06 (a)	AIC-Staff 8.06 (c)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
						Based on Docket No. 12-0293		Based on Ms. Pearce's Threefold Rationale		
						"Arguably Excessive"	Unnecessary for Delivery Service	Unnecessary for Provision of Utility Service	Does Not Provide Benefits to Ratepayers	Benefit AIC Employees as a Perquisite
47	Attach 34		Blackberry for _____	68.06			x		x	x
48	Attach 34		Blackberry Holster for _____	33.96			x		x	x
49	Attach 35	245003	Safety Recognition Breakfast	127.36		x	x		x	x
50	Attach 36	255233	Blackberry for _____	212.49			x		x	x
51	Attach 37	266408	Blackberry for _____	52.80			x		x	x
52	Attach 38	217089		-						
53	Attach 39	277194		-						
54	Attach 40	242379		-						
55	Attach 41	275967	Employee appreciation	197.99		x	x		x	x
56	Attach 41		Employee appreciation	146.93		x	x		x	x
57	Attach 42	207528		-						
58	Attach 43	211764	Volunteer Gift Card	105.44		x	x		x	
59	Attach 43		Volunteer Gift Card	28.44		x	x		x	
60	Attach 43		Volunteer Gift Card	53.94		x	x		x	
61	Attach 44	245399		-						
62	Attach 45	254110	Strtching Gift Cards & Slide Advancer	275.56		x	x		x	x
63	Attach 46	256068	Refreshments VPQ meeting	82.56		x	x		x	x
64	Attach 46		Refreshments VPQ meeting	44.69		x	x		x	x
65	Attach 46		Dinner-HR Partner meeting	36.00		x	x		x	x
66	Attach 47	269872	Balance for Christmas Luncheon	16.34		x	x		x	x
67	Attach 48	216746	LCD TV	377.11	Sherman's Place	x	x		x	x
68	Attach 48		Safety lunch	70.35	O'Charley's	x	x		x	x
69	Attach 48		DVD player	86.19	Best Buy	x	x		x	x
70	Attach 49	242095	Safety Brkfst Meeting	90.59	Cracker Barrel	x	x		x	x
71	Attach 49		Logistics Team	62.05	Cheddars Casual Café	x	x		x	x
72	Attach 49		_____ Service Anniversary Lunch	101.91	Main Place Bar & Grill	x	x		x	x
73	Attach 50	257756	United Way mtg	35.00	Denny's Doughnuts & Bakery	x	x		x	x
74	Attach 50		_____25th Service Anniv	550.51	Smokey Bones	x	x		x	x
75	Attach 51	276812	McLean County Chamber Dues	701.00		x	x		x	
76	Attach 51		"Logistics"	27.50	at McForray' Golf and Grill	x	x		x	x
77	Attach 51		Adopt a Family committee	77.50			x		x	
78	Attach 52	261453	Flat Screen TV	996.80		x	x		x	x
79	Attach 52		Lunch meeting with _____	33.53		x	x		x	x
80	Attach 52		Blackberry Case & Car charger	75.85			x		x	x
81	Attach 52		Bluetooth	60.53			x		x	x
82	Attach 53	275857		-						
83	Attach 53		Meeting with _____ - Cupcakes for Exec Staff	34.57		x	x		x	x
84	Attach 54	240869		-						
85	Attach 55	245127		-						
86	Attach 56	273838		-						
87	Attach 57	207675		-						
88	Attach 58	216027	Decorations for Retirement Celebration	17.56		x	x		x	x
89	Attach 58		Lunch/Refreshments for Retirement Celebration	42.46		x	x		x	x
90	Attach 58		Lunch/Refreshments for Retirement Celebration	115.24		x	x		x	x
91	Attach 59	238842		-						
92	Attach 59		Belleville Appreciation Breakfast for employees on Tax project	40.69		x	x		x	x

Analysis of AIC Corporate Credit Card (Formerly "P-Card") Charges
 2012 Actual Amounts
 (In Whole Dollars)

Line No.	AIC Response to DR BAP 20.01	Expense Report	Explanation	Amount	Vendor/Notes	AIC-Staff 8.03	AIC-Staff 8.04	AIC-Staff 8.05	AIC-Staff 8.06 (a)	AIC-Staff 8.06 (c)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
						Based on Docket No. 12-0293		Based on Ms. Pearce's Threefold Rationale		
						"Arguably Excessive"	Unnecessary for Delivery Service	Unnecessary for Provision of Utility Service	Does Not Provide Benefits to Ratepayers	Benefit AIC Employees as a Perquisite
93	Attach 60	261424	Flat Screen TV for ESTL OC Digital Cameras, USBs, Discs & Rechargabel batteries	498.40		x	x	x	x	x
94	Attach 60		batteries	657.59		x				
95	Attach 60		Safety lunch	274.41		x	x	x	x	x
96	Attach 60		Direct TV hardware	75.06		x	x	x	x	x
97	Attach 60			-						
98	Attach 61	264301		-						
99	Attach 61		Monthly Svc for ESTL office	82.98	Direct TV	x	x	x	x	x
100	Attach 61		Drinks for _____ and Lawyers	24.65		x	x	x	x	
101	Attach 61		Lunch for _____ and Lawyers	128.69		x	x	x	x	
102	Attach 62	273243	Direct TV	34.99		x	x	x	x	x
103	Attach 62		ESTL Cable	34.99		x	x	x	x	x
104	Attach 63	275859	Storm	-						
105	Attach 64	279039	Retirement Lunch	405.61	meals-possible alcohol-plus 18% gratuity	x	x	x	x	x
106	Attach 64		Safety Breakfast	93.46	meals-possible alcohol-plus 18% gratuity	x	x	x	x	x
107	Attach 64		Safety Breakfast	15.00		x	x	x	x	x
108	Staff Disallowance based on four months' expenses			\$ 12,807.29						
109	Multiplier to annualize estimate			3						
110	Staff Disallowance based on twelve months' expenses			\$ 38,421.87						
111	Gas Portion - Based on Direct Labor With Admin & General			31.04%	AIC Schedule A-5b, line 7					
112	Electric Portion - Based on Direct Labor With Admin & General			68.96%	AIC Schedule A-5b, line 7					
113	Disallowance for Gas Service			\$ 11,926.15						
114	Disallowance for Electric Service			26,495.72						
115	Total Disallowed Expenses - Gas and Electric			\$ 38,421.87						