

[Ameren Illinois Company Comments \(filed 9-5-13\)](#)

ICC 83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

556

Subchapter D

TITLE 83: PUBLIC UTILITIES
CHAPTER I: ILLINOIS COMMERCE COMMISSION
SUBCHAPTER d: GAS UTILITIES

PART 556
QUALIFYING INFRASTRUCTURE PLANT SURCHARGE

Section

556.10 Definitions

EMERGENCY

556.20 Applicability

EMERGENCY

556.30 Terms and Conditions

EMERGENCY

556.40 Qualifying Infrastructure Plant, or QIP

EMERGENCY

556.50 Recoverable Costs – Return on QIP

EMERGENCY

556.60 Determination of the QIP Surcharge Percentage

EMERGENCY

556.70 Application for QIP Surcharge Tariff

EMERGENCY

556.80 Approval or Withdrawal of QIP Surcharge Tariff

EMERGENCY

556.90 Information Sheet Filings to Amend the QIP Surcharge

EMERGENCY

556.100 Annual Reconciliation

EMERGENCY

556.110 Annual Internal Audit

EMERGENCY

556.120 Gas Utility Commitments

EMERGENCY

556.130 Annual QIP Plan Update

EMERGENCY

AUTHORITY: Implementing Section 9-220.3 and authorized by Sections 9-220.3 and 10-101 of the Public Utilities Act [220 ILCS 5/9-220.3 and 10-101].

SOURCE: Adopted at 37 Ill. Reg. _____, effective August 5, 2013, for a maximum of 150 days.

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

Section 556.10 Definitions
EMERGENCY

Terms defined in Section 9-220.3 of the Public Utilities Act [220 ILCS 5/9-220.3] shall have the same meaning for purposes of this Part as they have under Section 9-220.3 of the Public Utilities Act, unless further defined in this Part. The following terms, when used in this Part, shall have the meaning ascribed to them in this Section.

"Act" means the Public Utilities Act [220 ILCS 5].

"Accumulated Deferred Income Taxes" means amounts of deferred income taxes computed and adjusted to be consistent with the normalization requirement contained in Internal Revenue Sections 167 and 168 and the Treasury regulations issued related to the normalization requirement prescribed by Sections 167 and 168 of the Internal Revenue Code of 1986, as it may be amended, [26 U.S.C. Secs. 167 and 168].

"Base rate revenues" means the utility's revenues recovered through base rates, as determined in the utility's last rate case proceeding, excluding: (1) revenues recovered under negotiated contract rates authorized by Section 9-102.1 of the Act [220 ILCS 5/9-102.1], (2) revenues recovered under billing services offered to alternative gas suppliers or application charges assessed to alternative gas suppliers, and (3) revenues recovered under cost recovery riders that recover specific costs outside of rate cases, including, by way of example and not limitation, costs recovered under the rider authorized by this Part, gas costs recovered under 83 Ill. Adm. Code 525, manufactured gas plant remediation costs, costs for implementing energy efficiency and on-bill financing programs under Sections 8-104 and 19-140 of the Act [220 ILCS 5/8-104 and 5/19-140], and add-on taxes. Base rate revenues may include costs and revenues associated with uncollectible expense automatic adjustment clause tariffs authorized by Section 19-145 of the Act [220 ILCS 5/19-145], revenue decoupling mechanisms, and base rate storage cost recovery.

"Baseline amount" means an amount equal to the utility's average of total depreciation expense, as reported on page 336, column (b) of the utility's ILCC Form 21, for the calendar years 2006 through 2010. [220 ILCS 5/9-220.3(d)(4)]

"Costs associated with investments in qualifying infrastructure plant" shall include a return on qualifying infrastructure plant and recovery of depreciation and amortization expense on qualifying infrastructure plant, net of the depreciation

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

included in the utility's base rates on any plant retired in conjunction with the installation of the qualifying infrastructure plant. [220 ILCS 5/9-220.3(b)]

"Depreciation expense" shall be calculated by applying the utility's approved depreciation rates, including removal and salvage, to the end-of-month QIP balance, for each category of QIP identified in Section 556.40(a)(1)-(7). The resulting depreciation expense for QIP shall be reduced by *the depreciation included in the utility's base rates on any plant retired in conjunction with the installation of the qualifying infrastructure plant* using a method defined in each utility's tariffs filed under this Part. [220 ILCS 5/9-220.3(b)]

"Difficult to locate main" refers to a main from which a utility cannot obtain a reliable conductive electronic locating signal.

"Difficult to locate service pipe" means a service pipe from which a utility cannot obtain a reliable conductive electronic locating signal.

"Information sheet" means a tariff sheet filed in accordance with this Part to initiate or modify a QIP surcharge percentage.

"Qualifying infrastructure plant" or "QIP" is the qualifying infrastructure plant eligible to be recovered through the QIP surcharge as described in Section 556.40 of this Part. *It includes only plant additions placed in service not reflected in the rate base used to establish the utility's delivery base rates.* [220 ILCS 5/9-220.3(b)]

"Qualifying infrastructure investment" means QIP and "costs associated with investments in qualifying infrastructure plant". *It shall not include costs or expenses incurred in the ordinary course of business for the ongoing or routine operations of the utility, including, but not limited to:(1) operating and maintenance costs; and (2) costs of facilities that are revenue-producing, which means facilities that are constructed or installed for the purpose of serving new customers.* [220 ILCS 5/9-220.3(c)]

"QIP surcharge percentage" is the percentage determined in accordance with Section 556.60 of this Part for filing in an information sheet.

"Rate zone" means the entire service area to which a particular base rate applies.

"Reconciliation year" means the calendar year period for which actual costs associated with QIP and the QIP surcharge revenues are reconciled.

Section 556.20 Applicability**EMERGENCY**

- a) Pursuant to Section 9-220.3 of the Public Utilities Act [220 ILCS 5/9-220.3], *a natural gas utility serving more than 700,000 customers may file a tariff for a qualifying infrastructure plant surcharge (QIP surcharge) which adjusts rates and charges to provide for recovery of costs associated with investments in qualifying infrastructure plant, independent of any other matters related to the utility's revenue requirement.* [220 ILCS 5/9-220.3(a)(1)]
- b) The QIP surcharge shall be applied to gas bills of customers of natural gas utilities having an effective QIP surcharge and information sheet in effect and on file with the Illinois Commerce Commission (Commission).

Section 556.30 Terms and Conditions**EMERGENCY**

- a) *The cumulative amount of increases billed under the QIP surcharge, since the utility's most recent delivery service rate order, shall not exceed an annual average 4% of the utility's delivery base rate revenues, but shall not exceed 5.5% in any given year for any utility.* [220 ILCS 5/9-220.3(g)] If, pursuant to Section 556.80(a) of this Part, a different QIP surcharge percentage is ordered by the Commission to be applied to the rate zones of a utility, then the above maximum thresholds shall apply to each rate zone of the utility.
- b) The QIP surcharge percentage shall apply only to base rate revenues.
- c) *On the effective date of new delivery base rates, the QIP surcharge shall be reduced to zero with respect to qualifying infrastructure investment that is transferred to the rate base used to establish the utility's delivery base rates, provided that the utility may continue to charge or refund any reconciliation adjustment determined in a Commission reconciliation order.* [220 ILCS 5/9-220.3(g)]
- d) The utility shall provide notice of the QIP surcharge and of subsequent filings and billing to its customers in the following manner:
 - 1) The utility shall maintain and keep open to public inspection a copy of each filing of a QIP surcharge tariff and subsequent information sheets

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

and shall post public notice in each office of the utility in accordance with 83 Ill. Adm. Code 255.20(a).

- 2) For the initial filing of a QIP surcharge tariff, the utility, regardless of size, shall provide notice by newspaper publication in accordance with 83 Ill. Adm. Code 255.20(f)(1). For the initial filing of the QIP percentage information sheet, the utility shall provide notice of the filing of the initial billing of the QIP surcharge percentage to each customer in the form of a message on the customer's bill, an insert included with the bill, or a separately mailed notification.
 - 3) The utility shall provide customers with a general explanation of the QIP surcharge. The explanation shall appear on or be included with the initial billing of the new QIP surcharge percentage. The explanation may be provided as a message on the customer's bill, as a separately mailed notification, or as information on the back of the customer's bill, as included in the utility's form of bill on file with the Commission.
 - 4) Except as provided above, or by law or by Commission order, no other notice of the filing or billing of the QIP surcharge or an information sheet is required.
- e) The QIP surcharge shall be presented as a separate line item on customers' bills as the "Qualified Infrastructure Plant" charge, or as an abbreviation that clearly conveys its meaning, and shall show the applicable percentage.
 - f) The revenues resulting from a QIP surcharge shall be recorded by the utility with a separate revenue identifier or in a separate revenue subaccount

**Section 556.40 Qualifying Infrastructure Plant, or QIP
EMERGENCY**

- a) QIP shall be related to one or more of the following:
 - 1) *The installation of facilities to retire and replace underground natural gas facilities, including facilities appurtenant to facilities constructed of those materials such as meters, regulators, and services, and that are constructed of cast iron, wrought iron, ductile iron, unprotected coated steel, unprotected bare steel, mechanically coupled steel, copper, Cellulose Acetate Butyrate (CAB) plastic, pre-1973 DuPont Aldyl "A" polyethylene,*

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

- PVC, or other types of materials identified by a State or federal governmental agency as being prone to leakage;*
- 2) *The relocation of meters from inside customers' facilities to outside;*
 - 3) *The upgrading of the gas distribution system from a low pressure to a medium pressure system, including installation of high-pressure facilities to support the upgrade;*
 - 4) *Modernization investments by a combination utility as defined in subsection (b) of Section 16-108.5 of the Act [220 ILCS 5/16-108.5] to install:*
 - A) *Advanced gas meters in connection with the installation of advanced electric meters pursuant to Sections 16-108.5 and 16-108.6 of the Act [220 ILCS 5/16-108.5 and 16-108.6]; and*
 - B) *The communications hardware and software and associated system software that creates a network between advanced gas meters and utility business systems and allows the collection and distribution of gas-related information to customers and other parties in addition to providing information to the utility itself;*
 - 5) *Replacing high-pressure transmission pipelines and associated facilities identified as having a higher risk of leakage or failure or installing or replacing high-pressure transmission pipelines and associated facilities to establish records and maximum allowable operating pressures;*
 - 6) *Replacing difficult to locate mains and service pipes and associated facilities; and*
 - 7) *Replacing or installing transmission and distribution regulator stations, regulators, valves, and associated facilities to establish over-pressure protection. [220 ILCS 5/9-220.3(b)(1) through (b)(7)]*
- b) *With respect to the installation of the facilities identified in Section 556.40(a)(1) above, the natural gas utility shall determine priorities for such installation with consideration of projects either:*
- 1) *Integral to a general government public facilities improvement program, or*

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

- 2) *ranked in the highest risk categories in the utility's most recent Distribution Integrity Management Plan where removal or replacement is the remedial measure. [220 ILCS 5/9-220.3(b)]*
- c) *A natural gas utility that is subject to its delivery base rates being fixed at their current rates pursuant to a Commission order entered in Docket No. 11-0046, notwithstanding the effective date of its tariff shall reflect in a QIP surcharge only those projects placed in service after the fixed rate period of the merger agreement has expired by its terms. [220 ILCS 5/9-220.3(a)(5)]*
- d) *The amount of qualifying infrastructure investment eligible for recovery under the QIP surcharge in the applicable calendar year is limited to the lesser of*
- 1) *The actual qualifying infrastructure plant placed in service in the applicable calendar year, and*
 - 2) *The difference by which total plant additions in the applicable calendar year exceed the baseline amount, and subject to the limitation in Section 556.30(a) of this Part. [220 ILCS 5/9-220.3(d)(3)]*
- e) *A natural gas utility can recover the costs of qualifying infrastructure investments through an approved QIP surcharge tariff from the beginning of each calendar year subject to the reconciliation initiated under Section 556.100 of this Part, during which the Commission may make adjustments to ensure that the limits defined in this Part are not exceeded. Further, if total plant additions in a calendar year do not exceed the baseline amount in the applicable calendar year, the Commission, during the reconciliation for the applicable calendar year, shall adjust the amount of qualifying infrastructure investment eligible for recovery under the tariff to zero. [220 ILCS 5/9-220.3(d)(3)]*

**Section 556.50 Recoverable Costs – Return on QIP
EMERGENCY**

The pre-tax return (PTR) is the return on the QIP. The pre-tax return shall be calculated using the weighted cost of debt and weighted cost of equity determined in the utility's last gas rate case proceeding. The weighted cost of equity shall be multiplied by the gross revenue conversion factor (GRCF). The product shall be added to the weighted cost of debt to obtain the pre-tax return.

The pre-tax return shall be calculated by using the following formulas:

$$= ((WCCE + WCPE) \times GRCF) + WCLTD + WCSTD$$

Ameren Illinois Company Comments (filed 9-5-13)

ICC 83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

556

Subchapter D

PTR

$$\text{GRCF} = \frac{1}{(1 - (\text{PPTRIT} + \text{SIT})) \times (1 - \text{FIT})}$$

Where:

GRCF = Gross Revenue Conversion Factor.

PPTRIT = Illinois Personal Property Tax Replacement Income Tax rate in effect at the time of the filing.

SIT = Illinois State income tax rate in effect at the time of the filing.

FIT = Federal income tax rate in effect at the time of the filing.

PTR = Pre-tax return.

WCCE = Weighted cost of common equity approved in the utility's last rate case proceeding.

WCPE = Weighted cost of preferred equity approved in the utility's last rate case proceeding.

WCLTD = Weighted cost of long term debt and credit facilities fees approved in the utility's last rate case proceeding.

WCSTD = Weighted cost of short term debt approved in the utility's last rate case proceeding.

**Section 556.60 Determination of the QIP Surcharge Percentage
EMERGENCY**

The QIP surcharge percentage shall be expressed as a percentage carried to two decimal places. The QIP surcharge percentage shall be applied to the charges billed to each customer that represent base rate revenues as defined in Section 556.10 of this Part. In calculating the QIP surcharge percentage, the utility may choose the number of billing periods for which the QIP surcharge percentage shall be in effect when the tariffs are submitted to the Commission for approval.

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

The QIP surcharge percentage shall be calculated by using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR} \times \text{NBP}/12) + (\text{NetDep} \times \text{NBP}/12) + (R) + (O + \text{INT})/\text{NBP}_0}{\text{PBR}} \times 100$$

Where:

- S% = QIP surcharge percentage.
- NetQIP = Actual cost of QIP less accumulated depreciation and any Accumulated Deferred Income Taxes liabilities net of deferred tax assets resulting from the additional QIP.
- PTR = Pre-tax return as described in Section 556.50 of this Part.
- NetDep = Annualized depreciation expense applicable to NetQIP less the annualized depreciation expense applicable to the plant being retired as defined in Section 556.10 of this Part.
- R = Utility-determined reconciliation component calculated as described in Section 556.100(c) of this Part. The reconciliation component shall be collected or refunded over the nine-month period from April through December. For S% in effect from April through December, R shall reflect 1/9 of the total R for each month.
- O = Commission-ordered adjustment.

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

- INT = The calculated interest attributable to the O component. This interest shall be calculated at the rate established by the Commission under 83 Ill. Adm. Code 280.7(e)(1). The interest shall accrue from the end of the reconciliation year to the order date in the reconciliation proceeding.
- PBR = The projected gas base rate revenues for the applicable billing periods that S% will be in effect.
- NBP = Number of billing periods that S% will be effective prior to the scheduled recalculation.
- NBPo = Number of billing periods (O + INT) will be collected or refunded.

**Section 556.70 Application for QIP Surcharge Tariff
EMERGENCY**

A filing by a utility that seeks approval of a QIP surcharge tariff shall include testimony and the following exhibits:

- a) The utility shall provide a history of the installation, relocation, upgrading, modernization, and replacement rates of qualifying infrastructure plant. The utility shall provide five years of data by year for each of the categories, if applicable, found in Sections 9-220.3(b)(1) through (b)(7) of the Act, based on projects that the utility plans to include in the QIP surcharge. If data or records are not available, the utility may use estimates. If the utility relies on estimates, the utility shall explain why the actual data was not available and how the estimate was determined.
- b) The utility shall provide specific plans for its initial year of qualified infrastructure investment, and an estimate of qualified infrastructure investment for the two years following the initial year, including future replacements of underground natural gas facilities. The utility shall provide a schedule showing the qualified infrastructure investment listed by priority as defined in Section 9-220.3(b)(1) of the Act. The schedule shall explain the prioritization and provide the rationale for the investments to be included as QIP, which may include a history of leaks, or incidents of damage by location.

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

- c) The utility shall provide an explanation for the proposed rate of replacement identified in Section 556.70(b), above, relative to the rates identified in Section 556.70(a), above, if applicable. The utility shall include specific data to justify the replacement rate for each of the categories of investment provided for in Sections 9-220.3(b)(1) through (b)(7) of the Act.
- d) The utility shall provide any other information requested by the Commission that demonstrates that the proposed QIP surcharge tariff complies with Section 9-220.3 of the Act.

**Section 556.80 Approval or Withdrawal of QIP Surcharge Tariff
EMERGENCY**

- a) *The Commission shall issue an order approving, or approving with modification to ensure compliance with Section 9-220.3 of the Act, the QIP surcharge tariff no later than 120 days after such filing of the tariffs filed pursuant to this Part. The utility shall have 7 days following the date of service of the order to notify the Commission in writing whether it will accept any modifications so identified in the order or whether it has elected not to proceed with the tariff. If the order includes no modifications or if the utility notifies the Commission that it will accept such modifications, the QIP surcharge tariff shall take effect on the first day of the calendar year in which the Commission issues the order, subject to petitions for rehearing and appellate procedures. [220 ILCS 5/9-220.3(a)(3)]*

In approving the QIP surcharge tariff for a utility having more than one rate zone, the Commission may determine that it is appropriate for different QIP surcharge tariffs to be applied in the different rate zones of the utility.

- b) *After the QIP surcharge tariff takes effect, the utility may, upon 10 days' notice to the Commission, file to withdraw the QIP surcharge tariff at any time, and the Commission shall approve such filing without suspension or hearing, subject to a final reconciliation as provided in Section 556.100 of this Part. [220 ILCS 5/9-220.3(a)(3)]*

When a natural gas utility withdraws the QIP surcharge tariff, the utility shall not recover any additional charges through the QIP surcharge approved pursuant to this Part, subject to the resolution of the final reconciliation. The utility's qualifying infrastructure investment net of accumulated depreciation may be transferred to the natural gas utility's rate base in the utility's next general rate case. The utility's delivery base rates in effect upon withdrawal of the QIP surcharge tariff

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

shall not be adjusted at the time the QIP surcharge tariff is withdrawn. [220 ILCS 5/9-220.3(a)(4)]

**Section 556.90 Information Sheet Filings to Amend the QIP Surcharge
EMERGENCY**

- a) *The amount of qualifying infrastructure investment shall be shown on an Information Sheet supplemental to the QIP surcharge tariff and filed with the Commission monthly or some other time period at the option of the utility. The Information Sheet shall be accompanied by data showing the calculation of the qualifying infrastructure investment adjustment. Unless otherwise ordered by the Commission, each qualifying infrastructure investment adjustment shown on an Information Sheet shall become effective pursuant to the utility's approved QIP surcharge tariffs. [220 ILCS 5/9-220.3(e)(1)]*

After a QIP surcharge tariff is in effect, the QIP surcharge percentage shall be filed with the Commission or postmarked on an information sheet with supporting data no later than the 20th day of the month preceding the effective date of the QIP surcharge percentage. An information sheet with supporting data filed after that date, but prior to the effective date, shall be accepted only if it corrects an error or errors from a timely filed information sheet for the same effective date. Any other information sheet with supporting data shall be accepted only if it is submitted as a special permission request to become effective on less than 45 days' notice under Section 9-201(a) of the Act [220 ILCS 5/9-201(a)].

- b) A new QIP surcharge percentage may become effective on the first day of the billing cycle or the first day of the calendar month, with a new R component becoming effective, if required, on the first billing cycle effective for April or the first day of April. A QIP surcharge percentage shall continue in effect until replaced by a subsequent information sheet filing pursuant to Section 556.90(a), above.

A utility shall file an information sheet each period in accordance with the utility's tariff and shall reflect the continuing aggregation of qualifying infrastructure investment costs regardless of whether the QIP surcharge percentage changes.

- c) A utility shall submit with each information sheet the following documentation:
- 1) A calculation of the QIP surcharge percentage, PTR, and GRCF;

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

- 2) A detailed schedule providing the following information for each completed QIP-eligible project whose cost has been transferred to utility plant with the closing of the QIP eligible project's work order:
 - A) Plant account number and title;
 - B) Category of project;
 - C) Project name;
 - D) Description of project;
 - E) Dollar amount in the month of closing; and
 - F) Month and year of closing;
- 3) A schedule showing the calculation of accumulated depreciation on associated QIP;
- 4) A schedule showing the calculation of accumulated deferred income taxes associated with QIP; and
- 5) A detailed schedule showing the calculation of depreciation expense.

If the utility has already provided data responsive to Section 556.90(c)(2), above, in a prior information sheet filing, the utility may incorporate the data by reference and need not provide duplicative data with each filing.

**Section 556.100 Annual Reconciliation
EMERGENCY**

- a) A utility that has a QIP surcharge in effect shall file with the Commission an annual petition to initiate a reconciliation proceeding. The petition shall comply with the following provisions:
 - 1) *For each calendar year in which a surcharge tariff is in effect, the natural gas utility shall file a petition on or before March 20 of the following year with the Commission to initiate hearings to reconcile amounts billed under each surcharge authorized with the actual prudently incurred costs recoverable under this tariff in the preceding year. The petition filed by the natural gas utility shall include testimony and schedules that support the*

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

accuracy and the prudence of the qualifying infrastructure investment for the calendar year being reconciled. [220 ILCS 5/9-220.3(e)(2)]

- 2) *The petition filed shall also include the number of jobs attributable to the qualifying infrastructure investments~~projects~~ whose costs are recovered through the QIP surcharge tariff. [220 ILCS 5/9-220.3(e)(2)] The utility shall describe in its petition how it determined the number of jobs.*
 - 3) As required by this Section, the annual reconciliation shall include a calculation of the R component necessary to adjust revenue collected under the QIP surcharge in effect during the reconciliation year to an amount equivalent to the actual level of prudently-incurred qualified infrastructure investment for the reconciliation year.
- b) After a hearing on the petition, the Commission shall determine the amount of the adjustment, if any, that should be made through the O component to the level of revenue collected by operation of the QIP surcharge during the reconciliation year. The adjustment shall be calculated so that the amount of the revenue equals the actual level of prudently incurred qualified infrastructure investment costs for the reconciliation year, to the extent that the adjustment has not already been reflected through an adjustment made by the utility to the R component of the QIP surcharge percentage.
- c) The R component shall be calculated by using the following formula:

$$R = (\text{ActNetQIP} \times \text{PTR}) + \text{ActNetDep} - \text{QIPRev} + \text{Rpy} + \text{Opy}$$

Where:

$$R = \text{Utility-determined reconciliation component.}$$

$$\text{ActNetQIP} = \frac{\text{The average actual cost of the investment in QIP for the reconciliation year net of the actual accumulated depreciation and any Aaccumulated Ddeferred Iincome Taxes liabilities net of deferred tax assets resulting from the additional QIP associated with the investment in QIP based on the 13-month average for the reconciliation year.}$$

Ameren Illinois Company Comments (filed 9-5-13)

ICC 83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

556

Subchapter D

PTR	=	Pre-tax overall rate of return authorized by the Commission in the utility's last rate case calculated as described in Section 556.50 of this Part.
ActNetDep	=	Actual depreciation expense related to the investment in QIP for the reconciliation year. Depreciation expense shall be net of depreciation expense applicable to the plant being retired, as defined in Section 556.10 of this Part.
QIPRev	=	Actual QIP revenues collected during the reconciliation year through the QIP surcharge.
Rpy	=	The R component from the previous reconciliation year.
Opy	=	The sum of the O component(s) and the calculated interest attributable to the O component(s) included in the calculation of the QIP surcharge percentage during the reconciliation year.

- d) Each annual reconciliation shall include the following schedules:

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

- 1) A schedule showing the actual monthly costs associated with the qualified infrastructure investment for the reconciliation year;
 - 2) A schedule showing the actual monthly revenues arising from the application of the QIP surcharge during the reconciliation year;
 - 3) A schedule showing the reconciliation component determined by the utility of the amount to be recovered or refunded over a nine-month period commencing on April 1; and
 - 4) A schedule showing the utility's calculation of actual operating income and 13-month average rate base for the reconciliation year. The calculation of actual operating income and 13-month average rate base shall be adjusted for the impact of adjustments accepted by the Commission in the utility's last rate case represented by the pro rata percentages of net plant and operating expenses approved by the Commission compared to the net plant and operating expenses requested by the utility in its initial filing. In calculating the amount of federal and State income tax expense reflected in operating income, the utility shall show as deductible interest expense for tax purposes the product that results when the weighted embedded cost-of-debt reflected in the overall rate of return calculation used in the utility's last rate proceeding is multiplied by the rate as shown in the annual reconciliation.
- e) The first reconciliation year shall begin on the effective date of the QIP surcharge tariff and shall end on December 31 of the same calendar year. Subsequent reconciliation years shall end on December 31.
- f) When the utility files its annual reconciliation petition, the utility shall provide to the Commission's Manager of the Accounting Department electronic copies of the following items:
- 1) Copies of all work papers pertaining to the reconciliation;
 - 2) A summary of all work orders or projects that support the costs claimed for recovery through the QIP surcharge;
 - 3) The total annual amounts invested, for each of the categories described in Sections 9-220.3(b)(1) through (b)(7) of the Act, for qualifying infrastructure investment that support the costs claimed for recovery through the QIP surcharge;

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

- 4) Copies of the applicable general ledger or comparable material supporting the recovery of the QIP surcharge;
 - 5) A detailed worksheet showing the calculation of any utility-determined reconciliation component (R component) amount based upon the annual reconciliation; and
 - 6) Information regarding the prudence of the utility's investment in QIP.
- g) The annual reconciliation shall be verified by an officer of the utility.

**Section 556.110 Annual Internal Audit
EMERGENCY**

The utility shall submit annually to the Commission's Manager of the Accounting Department, no later than July 31 for the previous calendar year, an internal audit report that determines whether the QIP surcharge and information provided under the Annual Reconciliation in Section 556.100 of this Part have been calculated in accordance with this Part and Section 9-220.3 of the Act. The initial internal audit shall be submitted no later than July 31 of the year following the effective date of the QIP surcharge tariff. Internal audits conducted under this Part shall determine whether:

- a) Internal controls are effectively preventing the double recovery of costs through the QIP surcharge and other approved tariffs;
- b) The QIP surcharge percentage is being properly billed to customer bills;
- c) QIP surcharges are properly calculated;
- d) Costs recovered through the QIP surcharge are recorded in the appropriate accounts; and
- e) Costs recovered through the QIP surcharge are properly reflected in the calculation of the QIP surcharge percentage and the annual reconciliation.

**Section 556.120 Gas Utility Commitments
EMERGENCY**

A natural gas utility that has in effect a QIP surcharge tariff shall:

Ameren Illinois Company Comments (filed 9-5-13)ICC
556

83 ILLINOIS ADMINISTRATIVE CODE

CH. I, Sec.

Subchapter D

- a) *Recognize that the General Assembly identifies improved public safety and reliability of natural gas facilities as the cornerstone upon which Section 9-220.3 is designed, and qualifying projects should be encouraged, selected, and prioritized based on these factors; and [220 ILCS 5/9-220.3(d)(1)]*
- b) *Provide information to the Commission as requested to demonstrate that*
 - 1) *The projects included in the QIP surcharge tariff are indeed qualifying projects and*
 - 2) *The projects are selected and prioritized taking into account improved public safety and reliability. [220 ILCS 5/9-220.3(d)(2)]*

**Section 556.130 Annual QIP Plan Update
EMERGENCY**

Beginning in 2015, a utility with an approved QIP surcharge tariff shall file with the Commission by April 1 of each year an annual QIP plan update on e-Docket in the docket that approved the utility's QIP surcharge tariff, with copies provided to the Commission's Director of the Financial Analysis Division and Director of the Safety and Reliability Division. The annual QIP plan update shall provide the specific plan for that calendar year's qualified infrastructure investment, including planned replacements of underground natural gas facilities during the year. The initial annual QIP plan update shall be submitted no later than April 1 of the year following the effective date of the initial QIP surcharge tariff. The annual QIP plan update shall include the following information for projects included in the update for which costs are anticipated to be incurred during the calendar year of the update:

- a) A schedule showing each QIP project included in the update by the classification of the project as defined in Section 556.40(a) of this Part, with the following information:
 - 1) The project title;
 - 2) The priority of the project;
 - 3) The accumulated cost of the project at the beginning of the calendar year;
 - 4) The projected cost to be incurred during the calendar year;
 - 5) The anticipated total cost of the project to have been incurred by the end of the calendar year; and
- b) A listing of each QIP project included in the update by priority, with the following information:
 - 1) An explanation and justification for the prioritization of the project;
 - 2) A brief description of the project;
 - 3) An indication of whether the project was ranked within the highest risk categories in the utility's most recent Distribution Integrity Management Program; and
 - 4) The rationale for the investment to be included as QIP, which may include a history of leaks, or incidents of damage by location.