

Docket No. 13-0301  
ICC Staff Exhibit 1.0

**PUBLIC**  
**DIRECT TESTIMONY**

of

**Theresa Ebrey**  
**Accountant**

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

**Confidential Information Identified As**  
**\*\*\*\*BEGIN CONF\*\*\*\* [REDACTED] \*\*\*\*END CONF\*\*\*\***

**Ameren Illinois Company**

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

**Docket No. 13-0301**

**July 3, 2013**

## TABLE OF CONTENTS

Witness Identification .....	1
Revenue Requirement Schedules .....	6
Revenue Effect of Adjustments.....	7
Interest Synchronization .....	8
Gross Revenue Conversion Factor.....	8
Reconciliation Computation (Filing Year Revenue Only) .....	9
Return on Equity (ROE) Collar Computation (Filing Year Only).....	12
Adjustment for Uncollectible Expenses (Reconciliation Year Only) .....	14
Adjustment to Account 588, Miscellaneous Distribution Expense.....	16
Other Revenues.....	20
Company Use of Fuels .....	21
Pension Expense .....	23
Supply Costs Adjustment under Rider PER.....	24
Recommendations for Company's Subsequent Formula Rate Updates .....	26
Conclusion .....	30

## SCHEDULES

Schedule 1.01	Statement of Operating Income with Adjustments
Schedule 1.02	Adjustments to Operating Income
Schedule 1.03	Rate Base
Schedule 1.04	Adjustments to Rate Base
Schedule 1.05	Revenue Effect of Adjustments
Schedule 1.06	Interest Synchronization Adjustment
Schedule 1.07	Gross Revenue Conversion Factor
Schedule 1.08FY	Reconciliation Computation (Filing Year Only)
Schedule 1.09FY	Return on Equity Collar Computation (Filing Year Only)
Schedule 1.10RY	Adjustment for Uncollectibles Expense (Reconciliation Year Only)
Schedule 1.11	Adjustment to Account 588, Miscellaneous Distribution Expense
Schedule 1.12	Adjustment to Other Revenues

## ATTACHMENTS

Attachment A	Company response to Staff DR TEE 1.03 & Attach 1
Attachment B	Company response to Staff DR TEE 2.02 & Attach
Attachment C	Company response to DR AG 2.07

1 **Witness Identification**

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

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

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am an Accountant in the Accounting Department of the Financial  
8 Analysis Division of the Illinois Commerce Commission ("Commission").

9

10 **Q. Please describe your background and professional affiliation.**

11 A. I have a Bachelor of Science degree in Accounting from Quincy College. I  
12 am a Certified Public Accountant, licensed to practice in the State of  
13 Illinois. My prior accounting experience includes fifteen years as the  
14 corporate controller of a large long-term care facility in Illinois, as well as a  
15 period of time employed as an outside auditor of governmental agencies.  
16 I joined the Staff of the Illinois Commerce Commission ("Staff") in April  
17 1999.

18

19 **Q. Have you previously testified before this Commission?**

20 A. Yes, I have testified before the Commission on many occasions.

21

22 

291 **Adjustment for Uncollectible Expenses (Reconciliation Year Only)**

292 **Q. Please describe ICC Staff Exhibit 1.0, Schedule 1.10 RY, Adjustment**  
293 **to Uncollectible Expense (Reconciliation Year Only).**

294 A. Schedule 1.10 RY reflects my adjustment to provide for uncollectible  
295 expense in the reconciliation revenue requirement in order to reflect no  
296 over or under recovery of uncollectibles expense from Schedule FR-A-1  
297 REC. In the Company's response to Staff DR TEE 2.02, the Company  
298 agrees that the goal is to allow for the entire reconciliation of uncollectibles  
299 expense to be conducted through Rider EUA; therefore, the amount to be  
300 used in the reconciliation revenue requirement for uncollectibles expense  
301 should equal the amount of uncollectibles expense included in the  
302 revenue requirement that provided the basis for rates that were charged  
303 during the period. In the Company's response to Staff DR TEE 2.02,  
304 Attach, the Company agreed with Staff's calculation for that amount to be  
305 \$7,466,000 (Attachment B). My adjustment, which impacts only the  
306 reconciliation revenue requirement, increases uncollectibles expense for  
307 2012 by \$1,289,000.

308

309 **Q. The template approved in Docket No. 12-0001, for Sch FR A-1 REC,**  
310 **line 2a shows as its source "Prior Year: Sch FR C-1 Ln 6 Col D + Sch**  
311 **FR A-1 Ln 29." Does your adjustment discussed above comply with**  
312 **that description?**

313 A. No, but as discussed in the prior Q&A, the Company and Staff agree that  
314 the amount for uncollectibles should reflect the amount of uncollectibles  
315 included in rates billed to ratepayers during 2012. For this initial  
316 reconciliation of calendar year 2012, rates were set based on the revenue  
317 requirements approved by the Commission in the 2009 Order for 291 days  
318 and the 2012 Order for 74 days. Similar to the weighted average  
319 necessary to calculate the weighted average revenue requirement for  
320 2012, a weighted average also must be calculated for the uncollectibles  
321 value to be used in the reconciliation. This can be explained in a footnote  
322 similar to Ameren Exhibit 1.3R – Schedule 1, page 6, footnote (1') on Sch  
323 FR A-4.

324

325 **Q. Will the source for line 2a on Sch FR A-1 REC be appropriate for**  
326 **years beyond this current reconciliation period?**

327 A. No. For example, the reconciliation that will be included in the update filed  
328 by May 1, 2014 will provide a reconciliation of the “actual” revenue  
329 requirement experienced during 2013 with the revenue requirement in  
330 effect during 2013, which was set in Docket No. 12-0293. Based on the  
331 current language for the Source on line 2a, the amount for Prior Year Total  
332 DS Uncollectibles would be the amount set in this current formula rate  
333 filing (the “Prior Year” in 2014), which will not be reflected in rates until  
334 January 1, 2014. Therefore, I recommend that the template be amended

335 to indicate the source for Line 2a on Schedule FR A-1 REC as “**Second**  
336 Prior Year...”

337

338 **Q. If the Company agrees with your proposed change, indicated above,**  
339 **then how should the Company proceed?**

340 A. Although I am not a lawyer, my understanding of 220 ILCS 5/16-108.5(c)  
341 and 220 ILCS 5/16-108.5(d) of the Public Utilities Act (“Act”) is that  
342 changes to the formula rate structure or protocols cannot be considered in  
343 an annual update filing/reconciliation proceeding. However, Section 16-  
344 108.5(c) of the Act provides that “[s]ubsequent changes to the  
345 performance-based formula rate structure or protocols shall be made as  
346 set forth in Section 9-201 of this Act.” 220 ILCS 5/16-108.5(c). ComEd  
347 recently made such a filing, Docket No. 13-0339. I recommend that  
348 Ameren make a similar filing at some point prior to the end of this year to  
349 make such housekeeping and technical corrections to its delivery services  
350 rate formula and tariffs.

351

352 [REDACTED]

353 [REDACTED]

354 [REDACTED]

355 [REDACTED]

356 [REDACTED]

357 [REDACTED]

Docket No. 13-0301  
 Staff Ex. 1.0  
 Schedule 1.10 RY

**Ameren Illinois Company**  
**Uncollectibles Expense**  
 For the Reconciliation Year Ending December 31, 2012  
 (In Thousands)

Line No.	Description	Uncollectibles Per Order	Days in Effect in 2012	Amount	Source
	(a)	(b)	(c)	(d)	
1	Weighted Average Uncollectibles in Rates during 2012				
2	Docket No. 09-0306 Order on Rehearing, Appendix A page 1	\$ 978			
3	Docket No. 09-0307 Order on Rehearing, Appendix B page 1	2,228			
4	Docket No. 09-0308 Order on Rehearing, Appendix C page 1	<u>4,820</u>			
5	Total for 2009 Orders	8,026	291	\$ 6,399	Column b times (column c/365 days)
6	Docket No. 12-0001, Order, Appendix page 1	5,262	74	<u>1,067</u>	Column b times (column c/365 days)
7	Weighted Average Uncollectibles per Staff			\$ 7,466	Line 5 plus line 6
8	Uncollectibles per Company			<u>6,177</u>	Company Schedule FR A-1 REC
9	Adjustment per Staff			<u>\$ 1,289</u>	Line 7 minus line 8