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BEFORE THE

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ILLINOIS COMMERCE COMMISSION

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AMEREN ILLINOIS COMPANY)
d/b/a Ameren Illinois, Petitioner) Docket No.
Rate MAP-P Modernization Action Plan -) 13-0301
Pricing Annual Update Filing)

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Monday, September 16, 2013
Springfield, Illinois

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Met, pursuant to notice, at 10:00 a.m.

10

11 BEFORE:

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JOHN D. ALBERS, Administrative Law Judge

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STEPHEN YODER, Administrative Law Judge

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4	JACQUELINE VOILES		
5	Mr. Dearmont	29, 53	
	Ms. Swan		32
6	DAVID A. HEINTZ		
7	Ms. Conger	57	
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8	THOMAS B. KENNEDY, III		
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22	Am. Ex. 24.4	Kennedy Testimony	81	131
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1 separately the motion to consolidate
2 schedule we put in last place last Friday. I think we
3 can hold the schedule in abeyance and save you the
4 trouble.

5 MR. FITZHENRY: That's correct.

6 MS. SATTER: That's correct.

7 JUDGE ALBERS: We'll do that then if
8 there's no objections.

9 Okay. Any other preliminary matters
10 then this morning?

11 I think we can go right into the
12 schedule we've got laid out then. Today's list we've
13 got Mr. Mill, Ms. Voiles, Mr. Heintz, and Mr. Kennedy.
14 Are they all in the room? I'll go ahead and swear
15 them all in at once.

16 (Oath given.)

17 JUDGE ALBERS: Thank you. Call your first
18 witness.

19 MR. FITZHENRY: The Company calls Mr. Mill
20 to the stand, please.

21 * * * * *

22 ROBERT MILL,

23 having been duly sworn, was examined and testified as
24 follows:

1 DIRECT EXAMINATION

2 QUESTIONS BY MR. FITZHENRY:

3 Q. Would you please state your name and
4 business address for the record.

5 A. Yes. My name is Robert Mill, M-i-l-l, 6
6 Executive Drive, Collinsville, Illinois 62234.

7 Q. Mr. Mill, on whose behalf are you employed?

8 A. Ameren Illinois Company.

9 Q. And what is your job title?

10 A. Senior Director Regulatory Policy and
11 Rates.

12 Q. And, Mr. Mill, have you caused to be
13 prepared for the submission into the record in this
14 proceeding some testimonies?

15 A. Yes.

16 Q. I'm going to show you what's been
17 previously marked for identification as Ameren Exhibit
18 17.0 titled Rebuttal Testimony of Robert J. Mill and
19 ask if that is your prepared rebuttal testimony?

20 A. It is.

21 Q. Was this prepared by you?

22 A. Yes.

23 Q. Do you have any corrections or changes to
24 your rebuttal testimony?

1 A. I do not.

2 Q. Your testimony consists of 14 pages of
3 questions and answers and Appendix A?

4 A. Yes.

5 Q. If I were to ask you the questions that are
6 set forth in Ameren Exhibit 17.0, would you give the
7 same answers today?

8 A. I would.

9 Q. Mr. Mill, now I turn your attention to
10 another testimony that's been marked for
11 identification as Ameren Exhibit 25.0 titled
12 Surrebuttal Testimony of Robert J. Mill. Again ask if
13 that is your surrebuttal testimony for admission into
14 the record on this topic?

15 A. It is.

16 Q. I understand that an Errata was prepared
17 and filed this past Friday. You're familiar with the
18 changes in your testimony associated with that Errata?

19 A. I am.

20 Q. If I were to ask you the questions that
21 were set forth in Ameren Exhibit 25.0 taking into
22 account the Errata, would you give the same answers
23 today?

24 A. I would.

1 Q. And I guess this is prepared by you as

2 well?

3 A. Yes.

4 MR. FITZHENRY: Your Honor, at this point
5 we move for the admission of Ameren Exhibits 17.0 and
6 25.0 and tender Mr. Mill for examination.

7 JUDGE ALBERS: Okay. We'll hold off on the
8 admission pending the cross exam.

9 Is your microphone on?

10 THE WITNESS: The green light is on.

11 JUDGE ALBERS: Great. Very good. Thank
12 you.

13 MS. SATTER: May I just ask whether the
14 Company has any printed copies of the Errata with
15 them?

16 MR. FITZHENRY: Yes.

17 MS. SATTER: Thank you.

18 MR. FITZHENRY: Right down there.

19 JUDGE YODER: Staff, wish to go?

20 MR. OLIVERO: Yes, your Honor. Staff would
21 proceed.

22 CROSS-EXAMINATION

23 QUESTIONS BY MR. OLIVERO:

24 Q. Good morning, Mr. Mill, my name is Jim

1 Olivero. On behalf of the Staff, I'd like to ask you
2 a few questions, actually just about the formula rate
3 template. In your rebuttal and surrebuttal testimony,
4 you generally discuss the phrase performance-based
5 formula rate structure or protocol. Do you recall
6 that?

7 A. Yes.

8 Q. When you discuss the formula rate structure
9 or protocol, do you mean the same thing as formula
10 rate template?

11 A. Generally, yes.

12 Q. Okay. And are you generally familiar with
13 the Ameren Exhibit 18.1 filed in this docket by Mr.
14 Stafford?

15 A. Could you describe that exhibit for me?

16 Q. Sure. I believe it's a 30-page document
17 that has the -- it's the Ameren Modernization Action
18 Plan - Pricing Index of Spreadsheets in the
19 Determination of the Annual Revenue Requirement
20 Section.

21 A. That's -- it's -- I guess I would describe
22 it as the surrebuttal formula template populated by
23 Mr. Stafford.

24 Q. That's how you would describe it?

1 A. Well, I'm not -- I'm trying to figure out
2 what you're looking at here.

3 Q. I'm not going to mark this as an exhibit
4 because I don't really have any others, but --

5 MR. FITZHENRY: Sure.

6 Q. (BY MR. OLIVERO) but just so we're on the
7 same page.

8 A. Yeah, this -- that's what it is.

9 Q. What you had described before as being the
10 template populated with the information that Mr.
11 Stafford provided is correct?

12 A. Yes.

13 Q. Okay. Now, when you refer to the formula
14 rate template in your testimony, would it be correct
15 that you were referring to the format of the schedules
16 filed in this case by Ameren Stafford as Exhibit 18.1
17 which includes the schedules and the appendices?

18 A. Yeah. Generally, yes, and it would include
19 all the formulae that involved in the -- in those
20 schedules as well.

21 Q. Okay. So then for like what I just showed
22 you on Ameren Exhibit 18.1, that would contain all of
23 the documents such as the schedules and the
24 appendices?

1 A. Yes.

2 Q. Thank you. And do you recall when the
3 formula rate template, as you described it, was
4 approved by the Commission?

5 A. The version Mr. Stafford is using was
6 approved in early June, I believe.

7 Q. Was that the June 5th, 2013, date?

8 A. Yes.

9 Q. Okay. And would you agree with me that the
10 only schedules that are actually included in the rate
11 modernization or MAP-P Modernization Action Plan
12 Pricing Tariffs are Schedules FR A-1 and FR A-1 REC?

13 A. I would agree that those two schedules are
14 in Rate MAP, M-A-P, for pricing, but all the other
15 schedules and appendices are also referenced within
16 the same tariff.

17 Q. Okay. Just so I'm clear though, the actual
18 schedules themselves are shown within the tariffs just
19 on FR A-1 and FR A-1 REC, correct?

20 A. Yes.

21 Q. And would you also agree that any other
22 schedules, appendices, and work papers 1 through 22
23 are actually only listed in the Rate MAP-P Tariff as
24 opposed to the actual format schedules such as the

1 FR A-1 and FR A-1 REC?

2 A. Yes.

3 Q. Would you also agree with me that the
4 Schedules FR A-1 and FR A-1 REC as set forth in the
5 original tariff sheets for Rate MAP-P required data
6 sources from various other formula rates, schedules,
7 and appendices that are considered part of the
8 authorized formulaic rate template, correct?

9 A. Yes.

10 MR. OLIVERO: Your Honor, at this time
11 Staff and Company would agree to admit ICC Staff Cross
12 Exhibit No. 1, which is the Data Request Response to
13 TEE 13.04 filed by Mr. Mill on August 8th, 2013.

14 Q. (BY MR. OLIVERO) Actually, Mr. Mill, just
15 to follow up, would you also agree that the work
16 papers 1 through 22 are also relied upon for the
17 information that feeds into the formula rates,
18 schedules, and appendices?

19 A. Yes.

20 Q. I would just like to refer you to your
21 rebuttal testimony Ameren Exhibit 17.0 page 8 lines
22 167 and 170. Are you there?

23 A. Yes.

24 Q. You recommend that the Commission include a

1 populated formula template in the appendices to the
2 final order. Can you identify what specific documents
3 would be included in that populated formula template?

4 A. Yes, at a minimum, I believe the schedules
5 -- all of the schedules and the supporting appendices
6 could be included.

7 Q. Okay. You sound like you're not exactly
8 sure there when you say "could." Are those the ones
9 that you would expect?

10 A. Yeah, I -- that would be -- that would be
11 my recommendation.

12 MR. OLIVERO: That's all the questions I
13 had of Mr. Mill. Thank you.

14 JUDGE ALBERS: Ms. Satter.

15 MS. SATTER: Thank you.

16 CROSS-EXAMINATION

17 QUESTIONS BY MS. SATTER:

18 Q. Good morning, Mr. Mill.

19 A. Good morning.

20 Q. I've just got a few questions for you. Do
21 you agree that the formula reflects how the FERC form
22 inputs should be accounted for in determining your
23 revenue requirement?

24 A. Do you have a reference to my testimony?

1 **Q. Well, you talk about on page -- surrebuttal**
2 **pages 2 and 3, you address Ms. Ebrey's comments about**
3 **the Commission focusing on adjustments rather than the**
4 **mechanics of the formula. So my question to you is,**
5 **is it your understanding or belief that the formula**
6 **should reflect how the inputs are accounted for?**

7 A. I'm sorry. I'm struggling a little bit
8 with the phraseology there, how the input should be
9 accounted for. The way I understand the formula
10 template is that the formula template calls for inputs
11 from a variety of sources that flow into the various
12 appendices and schedules, and it's those sources that
13 one must rely on to populate the formula.

14 **Q. So then if there are accounting**
15 **adjustments, would they -- would you expect them to**
16 **take place in those appendices and other sources?**

17 A. So -- So yes, your question goes to if we
18 make rate-making adjustments, if you will, I think
19 that's what you're asking, those take place -- could
20 take place in the work papers, but also there's
21 extensive rate-making adjustments that occur within
22 the appendices to the formula template.

23 **Q. Okay. So do you think it's important for**
24 **the work papers and appendices to incorporate the**

1 appropriate rate-making adjustments for accounting

2 treatments?

3 A. Yes, that would be the appropriate place
4 for most adjustments to take place.

5 Q. Rather than in the two-page formula that
6 Mr. Olivero referred to?

7 A. If you're referencing the two summary
8 schedules that are reflected in the MAP tariff sheets,
9 yes, that's -- that's pretty much just a summary and
10 data from all the prior schedules and appendices flow
11 into those two summary sheets. So the adjustments
12 have to occur before the summary.

13 Q. Okay. And if there's something on FR A-1
14 or FR A-1 REC that makes a reference to a -- to an
15 input that does not accurately reflect costs, would
16 that then require a change to the formula assuming,
17 hypothetically, that that situation arose?

18 A. Based on your example, that's -- I believe
19 that that would require a change to the template. If
20 it was not anticipated, the current formula template,
21 and now that's a new source for an input, then that
22 would require a template change.

23 Q. But would a change on -- for example, a
24 Schedule C-1 would not implicate a change to the

1 **formula itself; is that correct?**

2 A. In most cases if you're assuming the
3 Commission makes adjustment to reduce an expense item
4 because the cost is not reasonable amount, for
5 instance, then yes, that -- that lower expense on C-1
6 would then be reflected in the summary template A-1.

7 **Q. Without a change to the summary template?**

8 A. Correct.

9 **Q. Okay. Now, do you agree that if an**
10 **accounting adjustment would reflect actual costs, the**
11 **formula rate should be changed to accommodate that**
12 **adjustment?**

13 A. To the extent the present formula template
14 does not anticipate that accounting change or formula
15 change, then it would require a change in template.

16 **Q. I want to ask you just a couple minor**
17 **questions on your rebuttal. You talk a little bit**
18 **about the prior Ameren formula rate case 12-0001 and**
19 **0293, I think the number was. Those cases did not**
20 **involve a calculation of the reconciliation revenue**
21 **requirement; is that correct?**

22 A. That's correct.

23 **Q. I want to ask you about the depreciation**
24 **rate change that's been discussed in this case. It's**

1 in your Rebuttal Testimony at page 8. My question is,
2 does the current presentation by Ameren currently use
3 the 2012 actual depreciation rate from the 2012 FERC
4 Form 1?

5 A. Yes.

6 Q. And is it also correct that the other cost
7 inputs for the rate year are taken from the 2012 FERC
8 Form 1?

9 A. For the most part, yes. The rate year --
10 the filing year revenue requirement does pick up 2013
11 plan additions and related costs to that as well.

12 Q. All right. But I was asking about the 2012
13 costs.

14 A. Yes.

15 Q. Okay. And you also talk about a change to
16 the treatment of uncollectibles. This is in your
17 rebuttal at page 12. Does Ameren currently have an
18 uncollectibles rider?

19 A. Yes, it does.

20 Q. And will the proposed change to the
21 treatment of uncollectibles in this case affect
22 recovery of uncollectible costs through the rider?

23 A. My understanding is that it would not.

24 Q. Now, the adjustment would increase the

1 **company's collection of uncollectibles from consumers,**

2 **correct? One million dollar adjustment, 1.2.**

3 A. For the reconciliation period, yes.

4 Q. Okay. So how -- how does that affect

5 reconciliation -- excuse me -- the uncollectible

6 rider? If that adjustment were not made, what would

7 be different?

8 MR. FITZHENRY: I'm sorry. If what

9 adjustment wasn't made?

10 MS. SATTER: The uncollectible -- the

11 uncollectible adjustment to the revenue requirements

12 for the rate.

13 MR. FITZHENRY: In this case?

14 MS. SATTER: In this case.

15 MR. FITZHENRY: He's referring to the

16 reconciliation year, is that what you mean as well?

17 MS. SATTER: Wherever the change is made.

18 MR. FITZHENRY: Okay. All right.

19 Q. (BY MS. SATTER) **Maybe we should step back.**

20 **Was the change to the rate year or to the**

21 **reconciliation?**

22 A. The change was to the reconciliation period

23 to reflect the amount of uncollectibles included in

24 rates charged during that reconciliation period, and

1 the bad debt rider, the uncollectible rider, actually
2 trues up to the actual uncollectible costs incurred by
3 the Company, and actually going forward is going to be
4 on a net basis, net write-off formula basis, any --
5 account 904 uncollectibles.

6 So you -- the concern, I think originally,
7 was that there was a danger of reconciling twice for
8 uncollectibles, but my view is that I believe it only
9 gets reconciled truly one time, and that is through
10 the rider mechanism, the uncollectible rider
11 mechanism.

12 **Q. So when you say the uncollectible costs**
13 **will be recovered on a net basis, are you setting off**
14 **then the amounts collected in base rates plus the**
15 **amount collected in the reconciliation year compared**
16 **-- those two items compared to the costs?**

17 A. That's my understanding, but I am -- I'm
18 not an expert on the uncollectible rider.

19 MS. SATTER: Okay. Can you just refer me
20 to the appropriate witness then?

21 MR. FITZHENRY: Might ask Mr. Stafford, but
22 again I don't know if that falls within the scope of
23 his testimony.

24 **Q. (BY MS. SATTER:) Oh, okay. So you're not**

1 **sure whether when the uncollectible rider is**
2 **calculated, both the reconciliation amounts and the**
3 **amounts collected to date are included?**

4 A. If you're just talking about the
5 reconciliation rider --

6 Q. Yes.

7 A. Excuse me. The bad debt rider, is that --

8 Q. Yes.

9 A. -- the basis for the question? Each year
10 there's a look back to compare the actual net
11 write-offs for uncollectibles to the amount recovered
12 through rates, and that's always trued up so that's
13 there's no over or under recovery once that -- that
14 true-up is completed under the bad debt rider
15 mechanisms. That's my understanding of it.

16 Q. **Would it be correct to say that the Company**
17 **does not intend to true-up the bad debt rider twice?**

18 A. That -- that's the intention to true it up
19 once through the rider.

20 Q. **And so whatever changes might be required**
21 **to the bad debt rider would be made subsequent to this**
22 **case?**

23 MR. FITZHENRY: Could you be more specific
24 about what changes? Are you talking about actual

1 language changes or just in the reconciliation

2 process?

3 MS. SATTER: Whatever changes are necessary
4 to avoid a double recovery, whether it's --

5 MR. FITZHENRY: Well, I'm not so sure that
6 assumption or that foundation has been laid that there
7 needs to be actual changes to the tariff, but again I
8 would point out that Mr. Mill has said -- I think he's
9 doing his best to answer questions about a rider which
10 is not really addressed in his testimony, and many of
11 these questions could have been asked of the Company
12 in discovery. I'm just going to suggest that there's
13 been no foundation laid for your question. So I
14 object.

15 MS. SATTER: Long way around to object.

16 MR. FITZHENRY: Well, you know, I was going
17 to get there eventually.

18 (BY MS. SATTER:) The witness said the
19 intention was to be sure that the true-up of the bad
20 debt rider doesn't -- bad debt expense doesn't happen
21 twice. So I guess the -- let me rephrase the
22 question. Does the Company intend to take any action
23 -- any further action to assure that that doesn't --
24 that the bad debt costs is not trued up twice?

1 JUDGE ALBERS: Does that
2 objection?

3 MR. FITZHENRY: Yes, it does.

4 JUDGE ALBERS: Okay.

5 A. My answer is I -- sitting here right now, I
6 don't know of any additional actions the Company would
7 take in that regard.

8 MS. SATTER: Thank you. I have no further
9 questions.

10 JUDGE ALBERS: Okay. Did you have any
11 redirect?

12 MR. FITZHENRY: Can I just have a few
13 minutes with Mr. Mill?

14 JUDGE ALBERS: All right. I'll have the
15 chief clerk turn off the phone.

16 (Discussion off the record.)

17 JUDGE ALBERS: Back on the record. Did the
18 Company have any redirect?

19 MR. FITZHENRY: We have no redirect.

20 JUDGE ALBERS: That's the end of the matter
21 of Mr. Mill's testimony.

22 (Witness excused.)

23 JUDGE ALBERS: Any objection to the
24 admission of Ameren Exhibit 17 and 25?