

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

<b>Ameren Illinois Company</b>	)	
<b>d/b/a Ameren Illinois</b>	)	
	)	<b>Docket No. 13-0192</b>
<b>Proposed General Increase in Gas Rates</b>	)	
	)	

**REPLY BRIEF OF THE CITIZENS UTILITY BOARD**

THE CITIZENS UTILITY BOARD  
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## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
A.	Overview .....	1
II.	RATE BASE.....	2
B.	Contested Issues .....	2
1.	ADIT – Step-Up Basis Metro.....	2
2.	Cash Working Capital .....	4
III.	OPERATING REVENUES AND EXPENSES.....	6
B.	Contested Issues .....	6
1.	Pension/OPEB Expense – Employee Benefits Adjustment .....	6
2.	Non-Union Wages .....	7
3.	Forecasted Labor Expenses .....	7
4.	Forecasted Non-Labor Expenses .....	9
5.	Rate Case Expense.....	12
6.	Charitable Contributions.....	12
7.	Forecasted Advertising Expenses.....	14
8.	Sponsorship Expense.....	15
9.	Credit Card Expenses .....	16
10.	Non-Residential Revenues Adjustment.....	17
11.	Software Rental Revenues.....	19
VI.	COST OF SERVICE.....	20
B.	Contested Issues .....	20
1.	Cost of Service Study .....	20
VII.	RATE DESIGN .....	20
B.	Contested Issues .....	20
1.	GDS 1 Increase.....	20
2.	Heating vs. Non-Heating Customer Study .....	21
3.	Proposed Rate Design for Rate Zone III GDS-4 .....	23
4.	Proposed Rate Design for Rate Zone II GDS-4 .....	23
VIII.	SVT PROGRAM.....	23
B.	Contested Issues .....	23
1.	Approval of SVT .....	23
3.	Consumer Protections.....	28
4.	Discount Rate for SVT and UCB/POR Customers .....	31
XI.	CONCLUSION.....	31

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Now comes the Citizens Utility Board (“CUB”), pursuant to Rules of Practice of the Illinois Commerce Commission (“ICC” or “the Commission”), 83 Ill. Admin. Code Part 200.800, and pursuant to the briefing schedule established by the Administrative Law Judges (“ALJs”), to hereby file this Reply Brief in the above-captioned proceeding.

**I. INTRODUCTION**  
**A. Overview**

Ameren Illinois Company (“Ameren,” “AIC” or “the Company”) has not supported its inflated cost estimates for a significant number of rate base and expense items. For some of those costs, such as Accumulated Deferred Income Taxes (“ADIT”) – Step-Up Basis Metro and Non-Residential Revenues, the Company acknowledges that its forecasts are inflated, but argues that “offsets” in other areas warrant ignoring those facts. For other costs, such as the Company’s Non-Union Wages, Forecasted Labor, Forecasted Non-Labor, Charitable Contributions and Advertising expenses, the Company would prefer to ignore its most recent actual historical spending, which demonstrates that its actual expenses are not likely to meet its projections. The Company complains in several places, such as in the Pension/OPEB expense and Charitable Contributions section, that Staff and Interveners are “cherry-picking” historical data to calculate their adjustments. However, for each of those expenses, the Company itself chose particular expenses to update or years to consider, doing its own “cherry-picking” to inflate its forecasts.

In contrast, the AG/CUB positions are grounded in a thorough analysis of the Company's own data. The Company complains in several sections, including Charitable Contributions, Forecasted Advertising Expense, and Sponsorship Expense, that its spending is important for the public welfare and to support local communities, but is apparently unwilling to use any shareholder dollars to fund those activities. The Commission should acknowledge the Company's bias toward aggressively forecasting higher-than-likely future costs, and should make the adjustments described below.

## **II. RATE BASE**

### **B. Contested Issues**

#### **1. ADIT – Step-Up Basis Metro**

The Company attempts to divert attention from the real issue here – the ratemaking *effect* of the transfer – and instead focuses on the *cause* of that inequity (the Commission-approved transfer). The Company also asserts that there is no “net” increase to rate base because AIC's books presently contain more Accumulated Deferred Income Taxes (“ADIT”) on the assets than they would have before the transfer. Ameren Init. Br. at 8. The Company acknowledges that when Union Electric's assets were transferred to CIPS, the ADIT on UE's books did not follow the assets, effectively increasing the value of those assets in CIPS's rate base. *Id.* However, Ameren claims that because the ADIT on the assets at Union Electric did not follow the assets to CIPS, ADIT started accumulating deferred income taxes anew on CIPS's books following the transfer- in an amount that “dwarfs the vintage ADIT from Union Electric.” *Id.* That argument is a red herring and has no impact on the true issue here – that the result transfer was that the value of the assets included in the rate base of CIPS was greater than the assets had been when on the books of Union Electric. AG/CUB Ex. 1.0 at 5:108-11.

Ameren incorrectly describes the long-term ADIT impact as “turning around” the effect of the step-up of the value of the assets on CIPS’s books. They essentially describe it as an offset to the (admitted) increase in CIPS’s rate base, apparently believing that the two things are linked because they both concern ADIT on these assets. Ameren Init. Br. at 9. However, they fail to mention that ratepayers can and should receive the “benefit” they discuss (nothing more than normal accounting treatment of starting over the tax depreciation) whether or not Ameren is allowed to collect for a higher rate base than is appropriate. *Id.* at 8-9. In Ameren’s scenario, the “new ADIT” is an offset to the appropriate rate base. In Ameren’s own words, that “does not go far enough.” *Id.* at 8. For truly equitable ratemaking, the rate base should be appropriately set and the “new ADIT” should be counted. This is not an either/or proposition, as Ameren attempts to frame it.

The following example is analogous to Ameren’s proposition in this case. John Doe owns a house in Shadyville. Shadyville charges a 2% tax rate on homes, and John Doe's home was assessed at \$100,000 last year, so he paid \$2,000 in taxes. This year, Shadyville lowered its tax rate to 1%. But, when John sent his check for \$1,000, Shadyville sent it back, and said he owed \$1,500 because his home was now valued at \$150,000. John could not believe that his home had increased so much and disputed his home's value. Shadyville told John that he was right- his home was still only worth \$100,000. But, they said, since he was paying less in taxes than he did last year, he should stop complaining.

Like John, ratepayers should not receive only one part of the benefit they are owed. The asset’s value should be appropriately set, and the tax treatment should be appropriate. Ameren admits that the transfer resulted in an increase in rate base. Ameren Init. Br. at 9. That cannot be ignored simply because other, normal accounting practices result in decreases to rate base by

other means. The transfer of assets should not result in an increase to the net value of the assets included in rate base. AG/CUB Ex. 1.0 at 6:133-7:135. Ameren admits that such an increase did occur, and the Commission should adjust the Company's rate base to correct the effect of that ratemaking inequity.

Of additional concern to CUB is the suggestion in Ameren's brief that the AG/CUB and Staff proposal would be "Double-Counting ADIT—Giving Ratepayers an Undeserved Windfall." Ameren Init. Br. at 9. As explained above, the AG/CUB and Staff adjustment is not double-counting – it sets an appropriate rate base, and allows normal accounting procedures to continue. But more than that, the dramatic and histrionic statement that the Commission should not give ratepayers an "undeserved windfall" – is truly telling of Ameren's position. Though it is a regulated monopoly, its primary goal is to maximize returns for investors. It must provide safe and reliable utility service, but its concern for its ratepayers apparently ends there. It is laughable to even put "ratepayers" and "undeserved windfall" in the same sentence, given the extreme inequities that exist between the utility/shareholders and those who represent the interests of the ratepayers. Ameren can rest assured that ratepayers will not, as a result of this or any adjustment, receive any "undeserved windfall."

The Commission should adopt the adjustment proposed by CUB, the AG and Staff, as quantified in AG/CUB Ex. 2.1, DJE-1.1.

**2. Cash Working Capital**  
**a. Pass-Through Taxes Lead Days**

Ameren continues to advocate for ignoring the Commission's practice in its own most recent two electric formula rate cases in determining the appropriate methodology for calculating cash working capital ("CWC") related to pass-through taxes. If the Commission does adopt the Staff, AG/CUB, and Commission-approved Ameren electric methodology, the Company

requests that the Commission defer implementation of its decision until AIC's next gas rate proceeding. Ameren Init. Br. at 12-13. Such a deferral is unnecessary and inappropriate. No such deferral took place in Ameren's own electric formula rate cases. Regardless of the Commission's decision in this case, there is no need for the Company to alter its remittance practices. It is free to continue making actual remittance at any time it likes. The only issue here is the rate making calculation.

The Company's actual remittance schedule is not what is in question here. It is uncontested that the Company chooses to remit pass-through taxes based on billing rather than remitting after collection as required. Rather, the issue is the appropriate ratemaking treatment for a tax that the Company chooses to remit early. Or, as the Company puts it, whether the CWC calculation should reflect the amount of time that Ameren could hold pass-through taxes, or the amount of time it does hold those taxes before remittance. Ameren Init. Br. at 11. AG/CUB, Staff, and the Commission in its previous decisions, have demonstrated that the most equitable calculation is that which does not penalize ratepayers for the Company's choice to remit the taxes earlier than they are actually due. ICC Docket 11-0721 Final Order ( May 29, 2012) at 46.

The Commission should, consistent with its most recent previous four decisions on this issue (ICC dockets 11-0721, 12-0001, 12-0293, and 12-0321), base the Company's pass-through tax lead days on when the taxes were actually due, not when they were remitted by Ameren. This adjustment is reflected in AG/CUB Ex. 5.1, pages 7 through 9, at line 14.

### **III. OPERATING REVENUES AND EXPENSES**

#### **B. Contested Issues**

##### **1. Pension/OPEB Expense – Employee Benefits Adjustment**

Though Ameren agreed to reflect the most recently available pension and OPEB amounts, as proposed by AG/CUB witness Mr. Smith and Staff witness Mr. Kahle, it spends several paragraphs in its brief arguing that using such data is illegal. Ameren Init. Br. at 16-18. Ameren agreed to the update with the caveat that three additional cost increases (interest expense, SVT costs and the Enterprise Asset Management and Mobile Work Management systems costs) should also take place to be consistent with the idea of updating with more recent information.

It is not surprising that Ameren chose not to update its entire filing. While the Company complains that Staff and AG/CUB's proposals "single out" Pension/OPEB expense, Ameren chose to update only three of its hundreds (if not thousands) of other expense items. Presumably, Ameren did so because those were the three items whose updated figures would produce the most favorable result for Ameren shareholders (*i.e.* a higher revenue requirement). Ameren stridently argues that an update is contrary to the Commission's Rules, and violates the rule against single-issue ratemaking, but still agrees to update Pension/OPEB and advocates for updates to three more items. In other words, Ameren is willing to live with a result it believes to be contrary to law, so long as it comes out ahead.

AG/CUB and Staff have demonstrated that it is appropriate to use the most recently-available Pension/OPEB figures. At a minimum, the Commission should update the figures though December 31, 2012. To do so cannot possibly be a violation of the Commission's Rules

(83 Ill. Admin. Code 287.30(a)) or be a violation against single-issue ratemaking, since it simply updates the Company's figures through the end of the test year. In contrast, the figures the Company initially provided were based on an actuarial estimate of pension and OPEB plan costs made by the Company in October 2012. AG/CUB Ex. 4.0 at 8:174-9:176.

The Commission should reject the additional updates offered by Ameren. They were cherry-picked by the Company because they increased and thus conveniently offset the Pension/OPEB offset.

## **2. Non-Union Wages**

Ameren incorrectly asserts that Staff's proposed methodology of calculating the increase to non-union wages uses a "a partial year of actual wage data for 2013, while AIC proposes the Commission use a full, annualized year of data." Ameren Init. Br. at 20. However, Staff's proposal – using data through July 31, 2013 – is based on *actual* experience, while Ameren's proposal – using data through December 31, 2013 – is an *estimate*. Indeed, this case will likely have concluded by December 31, 2013. Therefore, the Commission should give no weight to AIC's claim that its proposal "reflects AIC's recent history of actual non-union wage increases." Ameren Init. Br. at 19. Indeed, the exact opposite is true; only Staff's proposal reflects Ameren's actual recent experience.

The Commission should adopt Staff witness Mr. Kahle's adjustment to non-union wages, which is a more reasonable escalation over 2012 non-union wages.

## **3. Forecasted Labor Expenses**

Mr. Brosch's adjustment is not, as the Company asserts, based on "a general dislike for the presentation of the data" that Ameren presented to support this expense. Ameren Init. Br. at 23. Such an inflammatory claim is outrageous and insulting – to the witness, the parties, and the

process. Mr. Brosch's adjustment is based – as Ameren admits elsewhere – on a thorough and meticulous review of Ameren's supporting documentation for its forecasted labor expense.

The Company proposes a staffing level that is over 13% higher than the Company's February 2013 levels. The Company has not explained what this additional staff is needed to do – specifically, how these needs differ from the Company's current level of operations. AG/CUB Ex. 5.0 at 26:640-43. Without the additional staff Ameren claims it needs, it was performing adequately across all performance measures tracked presently and has been providing safe and reliable gas service. Ameren Init. Br. at 25. The Commission should not accept the Company's claims that it needs additional Staff, without any specification as to the nature of this work or why it cannot be adequately handled with the Company's already expanded staffing, plus the additional 43 employees proposed by AG/CUB. The Commission should also not accept the Company's attempt to shift the burden of proof on this issue, by claiming that Mr. Brosch did not identify any particular activity or position that he considered unnecessary or overstaffed. Ameren Init. Br. at 23. Such a claim is intended to divert attention from the Company's own failure to justify the particular activities that *are* necessary and require additional staffing.

Ameren claims that half of its projected new positions were filled in the first half of 2013. Ameren Init. Br. at 21. Ameren doesn't mention how many positions were vacated during that time. The Company's actual staffing only recently exceeded 640 employees; the AG/CUB proposal allows for a staffing level of 684. AG/CUB Ex. 5.0 at 28:700-705. That is a reasonable forecast based on the Company's actual historical staffing levels and its lack of explanation of what its requested incremental staff would do that its current staff is not or cannot do.

#### **4. Forecasted Non-Labor Expenses**

Throughout its testimony and discovery responses in this case, Ameren has failed to justify the full amount of its proposed incremental spending for several of its non-labor expenses. Ameren is correct that the AG/CUB adjustments allow *some* amount of incremental spending for each activity in dispute. Ameren Init. Br. at 32, AG/CUB Ex. 5.0 at 32:796-98. The issue here is how much incremental spending is reasonable, based on how much spending is actually needed, and how much work the Company is actually likely to do. The Commission should not accept the excessively increased levels proposed by the Company. AG/CUB Ex. 5.0 at 32:797-98. This was a difficult analysis for many items, given the Company's lack of supporting workpapers. *Id.* at 33:825-28. Mr. Brosch's adjustments were made to some of the limited number of activities for which the Company provided enough data to isolate apparently overstatement of projected costs in the test year; thousands of non-labor expense inputs have not, and apparently cannot, be critically reviewed. AG/CUB Ex. 1.0 at 22:523-26, AG/CUB Ex. 5.0 at 33:832-33.

#### **Distribution Leak Repairs**

Ameren's brief focuses on the importance of repairing distribution leaks, particularly the backlog of leaks that it anticipates just through year-end 2013. Ameren Init. Br. at 35. CUB agrees that distribution leak repair is an important activity, and encourages the Company to make diligent efforts to remedy any and all safety issues. Ameren acknowledges that Mr. Brosch's proposed level of spending would allow the Company to give more attention to future added leaks, but complains that it is not enough to address that backlog. *Id.* The Company's own forecast was to repair between 100 and 150 service tee cap leaks and between 350 to 450 mains/services repairs. Ameren Ex. 22.0(Rev.) at 27:601-08, AG/CUB Ex. 5.0 at 35:860-62.

Mr. Brosch's adjustment simply uses the mid-points of those targets. Since the Company itself provided ranges of their forecasted repair numbers, it is perfectly reasonable to use the mid-point of those ranges as the assumed expense.

### **High Pressure Distribution Right-Of-Way**

The Company's brief discussing its forecasted high pressure distribution right of way ("HPD ROW") expenses provides no justification for the exorbitant increases in work in claims it will do in the test year as compared to its actual historical levels. AG/CUB's proposal does not "arbitrarily" reduce the incremental increases Ameren projects – rather, it reduces those increases to a more reasonable level, based on actual historical data from 2010, escalated for inflation. AG/Cub Ex. 5.0 at 38:953-56. In contrast, Ameren's forecast relies on an outlier year, 2009, where the per-mile cost for clearing of ROW was ten times the actual per-mile cost in 2010. *Id.* at 38:943-44. Mr. Brosch's adjustment allows for a significant increase over the Company's 2011 and 2011 ROW spending, while acknowledging that Ameren's forecast is likely inflated.

### **Sewer Cross Bores Inspections**

Mr. Brosch's proposed expense level for cross bore inspections allows AIC to increase its level of inspections, as Ameren believes it should do. Ameren Init. Br. at 37. However, once again, Ameren provided a range for the amount of work it intends to do – in this case it plans to inspect between 2,000 and 2,500 facilities in 2014. *Id.* Mr. Brosch's proposal is based on Ameren's own estimate, and allows for the expense of inspecting 2,000 services. AG/CUB Ex. 5.0 at 39:981-40:985. That allows for more work than the Company has been doing historically, which was only 357 inspections in 2011 and 1,596 inspections in 2012. *Id.* at 40:990-96. Mr. Brosch's adjustment ensures that Ameren has the funds to complete its own estimated number of

inspections, but uses the low end of Ameren's estimate to align the forecast more closely with the actual likely number of inspections.

### **Watch and Protect Damage Prevention**

The only issue in dispute here is how to best estimate what the Company may spend on contractor support in 2014. AG/CUB Ex. 5.0 at 41:1023-25. AG/CUB recommend full recovery of the costs for eight full time Ameren employees to administer the costs of the program. *Id.* at 41:1021-22. Far from "arbitrary" (*see* Ameren Init. Br. at 38), Mr. Brosch's adjustment uses a lower cost estimate based on actual historical spending. AG/CUB Ex. 42 at 1031-36.

### **Corrosion Control Painting**

Here again, AG/CUB's adjustment allows for much of the work Ameren explains that it needs to do in the test year (Ameren Init. Br. at 38-39), but simply reduces Ameren's estimates to reflect a more reasonable forecast. As Mr. Brosch explained, if there is a back log of essential painting work at the present time, the Company should elect to accelerate spending in 2013 rather than stacking up additional forecasted costs in the test year. AG/CUB Ex. 5.0 at 43:1080-83. Ameren provides no explanation as to why it has not taken that step for work it claims is important to ensure that corrosion does not begin before the painting to prevent it has occurred. *See* Ameren Init. Br. at 40. ICC Staff also adopted Mr. Brosch's adjustment to reflect an amount consistent with Ameren's actual historical spending levels. Staff Init. Br. at 13.

### **JULIE Locate Requests**

No party disputes that the Company must respond to Joint Utility Locating Information for Excavators ("JULIE") requests. Ameren Init. Br. at 40. The only issue is the actual likely increase for this expense that Ameren will experience in the test year. Based on the Company's own workpaper calculations, Mr. Brosch adjusted the Company's forecast. AG/CUB Ex. 5.0 at

46:1133-40. The Company requests the Commission reject that adjustment because it is “minimal relative to the overall cost of the activity,” and a change in cost and volume assumptions could cause actual 2014 or 2015 expense to be higher than current projections. Ameren Init. Br. at 41. The Commission cannot base the Company’s revenue requirement on an estimate that is rounded-up to account for potential future changes to the assumptions within.

### **5. Rate Case Expense**

CUB continues to support the adjustment to rate case expense proposed by Staff, and agrees with the argument set forth in Staff’s Initial Brief at 13-16. The Commission should adopt Staff’s adjustment and should disallow expenses that are ultimately not needed because the Company engages less witness than initially expected are not reasonably included in the revenue requirement. Staff Ex. 12.0 at 4:69-72.

### **6. Charitable Contributions**

Ameren complains that Staff and AG/CUB’s proposals are based on “cherry-picked historical amounts” that Ameren claims are “unreasonably low and not an accurate depiction of past or future spending.” Ameren Init. Br. at 44. Using the Company’s most recent actual experience is not “cherry-picking,” and it is odd that the Company is calling its own previous contributions “unreasonably” low. If the Company believed its actions to be unreasonable in 2010-2012, then presumably it would have acted differently.

AG/CUB witness Mr. Brosch recommended charitable contributions recovery no higher than the full AIC’s charitable contributions in 2012, plus an escalation for inflation. AG/CUB Ex. 5.0 at 49:1223-26. Staff witness Ms. Everson recommends reducing the overall level of forecasted contributions to a 3-year average of actual contributions, 2010-2012, with a 2% increase for 2013 and for 2014. Staff Ex. 1.0 at 7:116-21. Both of these recommendations are

based on the company's actual previous spending in the most recent years. The only party "cherry-picking" here is the Company, which complains that its spending in 2007-2009 should be given weight. Ameren Init. Br. at 45-46.

Strangely, though the Company disagrees with Staff's methodology of using 2010-2012 spending because it "cherry-picks" by not including the previous three-years' of data, the Company actually credits AG/CUB for using only one year – the most recent year—of data. Ameren Init. Br. at 50. Presumably, the Company is more agreeable to AG/CUB's approach because it results in a lower disallowance. However, the Company's statements discredit its own position.

Staff and AG/CUB's proposals do not "ignore [the] context" in which the Company's 2010-2012 contributions were made. To the contrary, in its Initial Brief, CUB pointed out that after the Commission's order in the Company's last gas rate case, ICC Docket 11-0282, the Company "reduced its 2012 budgeted contributions to realign spending with the amount of forecasted contributions approved by the Commission." CUB Init. Br. at 13, *citing* Ameren Ex. 21.0 at 6:114-17. Indeed, that context provides support for the AG/CUB and Staff positions. If the Company is unwilling to put shareholder dollars toward its charitable contributions, then it has shown that it is more than capable of lowering its level of contributions to only the amount for which the Commission has approved ratepayer-recovery. Of course, the Company is free to make charitable contributions at any level it pleases, and its shareholders can pay for any amount over the amount the Commission approves. However, given its actions following its last rate case, it seems the Company's charitable mood only goes so far.

The Commission should adopt the adjustment proposed by Mr. Brosch or Ms. Everson. Mr. Brosch's adjustment is quantified in AG/CUB Ex. 5.1 at page 4.

## 7. Forecasted Advertising Expenses

As Ameren acknowledges, “Staff’s and AG/CUB’s proposed adjustments to advertising expense are based on actual spending.” Ameren Init. Br. at 51. Ameren maintains this position – basing a forecasted expense on *actual* prior expenditures – “does not accurately depict future activities AIC plans to implement in 2014.” *Id.* However, the Company has agreed that the portfolio of 2011 actual advertising messages and programs are indicative of how the Company will advertise in 2014. AG/CUB Ex. 1.0 at 37:883-86.

While Ameren maintains it has provided sufficient detail on its proposed 2014 advertising expense, the list in question – a bulleted list of estimated spending categories – recognizes by its use of estimates that Ameren’s advertising budget in any year is, as Staff points out, “variable and discretionary.” Staff Init. Br. at 22. Events such as outside political advertising and the selection of a new advertising agency can impact Ameren’s plans, and even cause a “dramatic decrease” in actual spending, as occurred in the fourth quarter 2012 advertising budget. *Id.*, *citing* Staff Ex. 13.0, 9-10:205-215. Advertising expenses therefore are variable and discretionary in a way that other of Ameren’s forecasted expenses are not. *See* Ameren Ex. 35.0, 15: 307-310. Given that, the best predictor of what Ameren is likely to do is in fact what Ameren has already done. The Company has agreed that the portfolio of 2011 actual advertising messages and programs are indicative of how the Company will advertise in 2014. AG/CUB Ex. 1.0 at 37:883-86.

Use of forecasted rather than actual recorded data creates an opportunity for management to aggressively forecast higher future costs, because doing so is directly rewarded with higher utility rates. AG/CUB Ex. 1.0 at 5:111-15. Staff and intervenors such as AG/CUB review the accuracy of such forecasts based upon the record evidence, the very evidence upon which the Commission must make its decision. Both Staff and AG/CUB concluded that Ameren’s

forecasted advertising expense required adjustment based upon the historical record: Staff recommends an adjustment of \$795,000, Staff Init. Br. at 23, while AG/CUB witness Michael Brosch recommends an adjustment of \$418,500. AG/CUB Ex. 5.1 at 6. Both witnesses agree that Ameren's advertising expense is inflated based upon the historical record evidence. The Commission should adopt Mr. Brosch's recommendation, which is based upon the most recent scrutiny of Ameren advertising expenses in Account 909 available. AG/CUB Ex. 1.0 at 36-37:862-882; AG/CUB Ex. 5.0 at 57:1423:1426. As an alternative, AG/CUB urge the Commission to adopt the proposal made by Staff, and bring Ameren's forecasted advertising expense in line with Ameren's past actual advertising expense.

#### **8. Sponsorship Expense**

In the nine pages Ameren devoted to this approximately \$100,000 adjustment in its initial brief the Company has still failed to justify recovery of this expense. A simple review of several of the Company's sponsorships easily demonstrates that a disallowance is appropriate. For example, the Company seeks recovery of \$2,000 for a "Whale Float" in the City of East Peoria's Festival of Lights Parade, where Company sponsored a parade float and appeared in the parade booklet. Ameren Ex. 35.1 at 2. The Company claims that expense is "necessary for delivery service" because it provides Energy Efficiency awareness." *Id.* The Company's identified ratepayer benefit is "Act-On-Energy Program Knowledge," and the Company claims its intended audience is "AIC customers attending event." *Id.* Not only does the Company have a separate rider for recover of Energy Efficiency advertising, but a connection between a "whale float" and a meaningful message about energy efficiency is dubious at best.

Another example is the Company's sponsorship of a "Fireworks Celebration" in Pekin, Illinois. Ameren Ex. 35.1 at 8. The Company claims this is an allowable 501(c)(3) contribution.

The Company makes no claim of any ratepayer benefits, or how any Ameren safety or welfare message was conveyed through its sponsorship of fireworks. *Id.* The same is true of the Company's sponsorship of a "Santa Claus Parade Under the Sea Float." Ameren Ex. 35.1 at 9. The Company provides no justification for sponsoring an Under the Sea Float in a Santa Claus parade other than "non-501c3 contribution," with an apparent "Public Welfare" benefit. *Id.* These are but a few examples in a long list of sponsorships for which the Company makes odd connections between its sponsorships and the so-called ratepayer benefits associated with them.

Like the Company's Charitable Contributions and Advertising expenses described above, the Company is free to continue spending as much as it likes on its sponsorships. Given "AIC's mission to enhance the quality of life in local communities," the Company should be more than happy to use shareholder dollars to fund the activities it describes. Ameren Init. Br. at 64. However, ratepayer recovery of 100% of this expense is not appropriate or justified.

AG/CUB proposed a reasonable reduction to the Company's sponsorships expense, applying the same percentage recoverability as was used in the Commission's order in docket 12-0293, a 22.4% recoverability rate. AG/CUB Ex. 5.0 at 55:1365-66. That is more than equitable to the Company, given the questionable sponsorships described above and contained in Ameren Exhibit 35.1. The Commission should adopt the quantified in AG/CUB Ex. 5.1 at 5.

## **9. Credit Card Expenses**

Ameren claims that it has demonstrated that each of its disputed credit card charges "is just and reasonably related to the provision of delivery services." Ameren Init. Br. at 67. That statement is questionable, given that some of the charges are for flowers, cakes, cups and gift boxes. Staff Ex. 13.0 at 16:355-68; Staff Init. Br. at 25. Ameren cannot seriously claim that such expenses serve "a legitimate utility purpose." Ameren Init. Br. at 67. The Commission

should adopt the adjustments proposed by Ms. Pearce, who performed an individualized analysis of credit card charges by Ameren employees, and determined many should be disallowed. Staff Ex. 13.0 at 15:346-17:382.

#### **10. Non-Residential Revenues Adjustment**

Ameren's primary complaint seems to be that Mr. Effron "ignored" the effects of the Commercial and Public Authority categories of non-residential revenues. Ameren Init. Br. at 72. Mr. Effron explained that he analyzed the forecasted test-year sales to those customer classes in comparison to actual weather-normalized sales in 2010-2012. AG/CUB Ex. 6.0 at 5:18-6:5. Based on that review, he concluded that the forecasted test year sales were reasonable. *Id.* at 5:15-16. Because no adjustment was necessary to those forecasts, Mr. Effron excluded them from his analysis. *Id.* at 6:6-13. That does *not* equate to "ignoring" those customer classes. Mr. Effron's analysis therefore does capture the effect of switching across all customer classes.

CUB further notes that while Ameren is free to continue to disagree with Mr. Effron's position, they are not free to mis-quote and mis-represent his testimony. The Company purports that Mr. Effron concluded that forecasted test-year sales for Commercial and Public Authority revenue classes were "not reasonable." Ameren Init. Br. at 73. The Company even goes on to pose the rhetorical question: "If they were 'not reasonable' why were they not expressly included in his actual versus forecasted revenue analysis?" *Id.* at 74. That so-called quote from Mr. Effron does not appear in his testimony. Quite the opposite is true – the full quote from Mr. Effron is: "Therefore, the forecasted test-year level of Commercial sales *appears to be reasonable.*" AG/CUB Ex. 6.0 at 5 (emphasis added). Later, Mr. Effron says, "Thus, the forecasted test year level of sales to Other Public Authorities *also appears to be reasonable.*" *Id.* at 6 (emphasis added). Considering that they have spent millions of dollars on rate case expense

in this case (Ameren Init. Br. at 41), surely the Company could be more diligent in ensuring that quotes from other parties' testimony are accurate. Nonetheless, Mr. Effron's thorough analysis of the Commercial and Public Authority customer classes determined that the Company's forecasts *are* reasonable – which is why he did not recommend any adjustment to them.

His review of the Company's forecasted revenues from industrial and transportation customers found that the Company's forecast was unreasonable. AG/CUB Ex. 2.0 at 12:246-55. While the Company predicts a 23% decrease in sales from those customers, Mr. Effron found that such decreases are not actually taking place. *Id.* at 13:269-71. Once again, the Company relies on “offsets” from other categories to justify the fact that it advocates for an revenues to be set at a lower level than it actually expects to receive. Ameren Init. Br. at 73. Ameren states, “In fact, the shift in Commercial and Public Authority revenues is so great that the differences not only offset the anticipated decrease in Transport revenues, but when coupled with the anticipated decrease in Industrial revenues (which Mr. Effron includes in his analysis), actually results in a net anticipated increase to the total non-residential base rates...” *Id.* Ameren acknowledges the anticipated decrease in Transport revenues, but asks the Commission to ignore that because it is “offset” elsewhere.

This is exactly like the Company's arguments with respect to ADIT-Step-Up Basis Metro, discussed above. There is no dispute that the decrease discussed by Mr. Effron will occur. The only issue is whether “offsets” from other sources justify overlooking that fact. As discussed earlier, Mr. Effron found the Company's forecasts to Commercial and Public Authorities revenues to be reasonable. AG/CUB Ex. 6.0 at 5-6. He did not recommend any adjustment to those revenues. Aggregation of all non-residential base rate revenues is therefore not necessary or appropriate. Mr. Effron focused on the Industrial and Transportation revenues

because they increased substantially from the first four months of 2012 to the first four months of 2013. AG/CUB Ex. 2.0 at 13: 274-77. Industrial system sales increased from 37,959,000 therms in the first four months of 2012 to 51,585,000 therms in the first four months of 2013. *Id.* at 13:278-79. Transportation revenues increased from \$12,157,000 in the first four months of 2012 to \$14,174,000 in the first four months of 2013. *Id.* at 13:279-81. Mr. Effron therefore proposed a reasonable adjustment based on the actual industrial and transportation revenues for the twelve months ended June 30, 2013 to the forecasted test year revenues, and he revised his analysis based on the customer classifications provided by the Company in rebuttal. AG/CUB Ex. 6.0 at 4:18-21, 6:10-16.

Mr. Effron's adjustment of a net increase to the Company's test year base rate revenues (under present rates) of \$4,092,000 is necessary and reasonable. AG/CUB Ex. 6.0 at 5:4-9, *citing* AG/CUB Ex. 6.1, Schedule DJE-2R.

#### **11. Software Rental Revenues**

The Company's agreement to adopt Staff's proposed disallowance does not adequately address the issues raised by AG/CUB witness Mr. Brosch, and still over-allocates the amount of the software expense that is attributable to Illinois operations. Mr. Brosch's adjustment equitably allocates the Ameren Missouri percentage share of system costs, appropriately matching costs with the Ameren entities that will benefit from the new investments. AG/CUB Ex. 5.0 at 48:1193-96.

Staff's adjustment, to which Ameren agreed, only re-allocated a portion of the amortization expense for the systems included in the 2014 test year. Ameren Init. Br. at 75. Mr. Brosch's adjustment, on the other hand, based his adjustment on the total software expense,

allocating 13.53% of the \$3.338 million cost of the software to Missouri operations. AG/CUB Ex. 5.0 at 48:1177-85.

Ms. Pearce's recommendation was intended to recognize that not all of the costs of the new software systems will provide service to Illinois jurisdictional ratepayers. Staff Ex. 13.0 at 6:126-29. Mr. Brosch's adjustment was made with the same goal, and more equitably achieves it. The Commission should adopt Mr. Brosch's adjustment, which properly allocates not just the amortization expense but a portion of the total expense of the software.

Further, CUB concurs with ICC Staff's arguments in its Initial Brief at 27-28 explaining why the "update" to software revenues, proposed by the Company as an "offset" to Pension/OPEB expense, should be rejected.

## **VI. COST OF SERVICE**

### **B. Contested Issues**

#### **1. Cost of Service Study**

##### **i. T&D Main Allocation Methodology**

CUB agrees with Ameren, Staff, and the AG that the proposal of the Illinois Industrial Energy Consumers ("IIEC") to allocate T&D Mains based solely on the peak day demand of each rate class should be rejected for the reasons outlined in those parties' briefs. AIC Init. Br. at 127-130; Staff Init. Br. at 57-58; AG Init. Br. at 50-51. The Commission should adopt the peak and average allocation methodology proposed by Ameren. AIC Ex. 38.0 at 11.

## **VII. RATE DESIGN**

### **B. Contested Issues**

#### **1. GDS 1 Increase**

Ameren and Staff each oppose AG/CUB Witness Rubin's recommended rate design for Ameren's residential customers – rate GDS 1. Ameren's proposed rate design is inconsistent with cost-of-service ratemaking because the highest use customers would see their bills decline and the lowest-use customers would see the greatest dollar increases from this rate increase.

AG/CUB Ex. 3.0 at 23:440-47. In response to this reality, Mr. Rubin recommended no increase in the customer charge, except as minimally necessary to create uniform charges for Zones I and III, with the residual revenue increase allocable to residential customers to be recovered in the per therm volumetric charge. His recommendation is in line with the overarching rate design principles of cost causation, fairness and equity, and gradualism, and protects the lowest users from experiencing the biggest dollar impact of this rate increase; thus, CUB continues to support the limitation on increased customer charges that Mr. Rubin recommends to address the inequities that result under Ameren's proposal.

## **2. Heating vs. Non-Heating Customer Study**

Ameren takes issue with Mr. Rubin's proposal to bifurcate the residential class into heating and non-heating, because it lacks "evidentiary support, as there is scant information available upon which to base this decision." AIC Init. Br. at 137. Mr. Rubin testified that more dramatic effects of an 85% fixed charge cost recovery (which Ameren modified to 80% in surrebuttal), also called a modified "Straight Fixed Variable" rate design, "occur at the extremes (the 20 or 30 percent of customers who use the least amount of gas, for example)." AG/CUB Ex. 7.0 at 3-4:64-66. The impacts on average or typical customers mask the rather extreme effects that can occur among low users. *Id.* This is precisely why this Commission ordered Peoples and North Shore to separate low-use customers from larger residential customers. *See* AG/CUB Ex. 3.0 at 26-28. Similarly, in 2010, the Commission asked Commonwealth Edison Company to study the effects on low-use customers of moving toward SFV pricing. *Id.* The same type of investigation is appropriate for Ameren, considering the lack of data Ameren has produced to date regarding the usage characteristics within the residential class.

CUB agrees with the Staff recommendation that the Commission direct the Company to present information and data with the initial filing of its next gas rate case that would assist in determining the costs and benefits if GDS-1 customers were bifurcated into distinct heating and non-heating classes. Staff Init. Br. at 67. Staff recommended that this information include “a method for distinguishing between heating and non-heating customers and the estimated costs; the timeframe necessary to program Ameren’s billing system to distinguish between heating and non-heating customers and estimates of the cost to serve the two groups of customers.” *Id.* CUB agrees that this would be prudent and would enable the Company and the parties to that proceeding to analyze the data and determine whether creation of a Heating and Non-Heating GDS-1 customer class would better reflect the cost to serve these two distinct subclasses of customers. *Id.*

Ameren has agreed to provide, at the request of the Commission, a study or report presenting the usage characteristics of its residential customers, in order to provide a better understanding about the usage characteristics of space heating and non-space heating customers. AIC Init. Br. at 137. CUB/AG witness Rubin recommends Ameren use data for residential customers who do not use more than 30 therms per month. AG/CUB Ex. 7.0 at 4:79-82. Ameren witness Jones believes 20 therms per month to be a more appropriate cut-off, alleging that Mr. Rubin’s proposed statewide [U.S. Energy Information Administration] data, which is provided on an Illinois statewide basis, “does not reflect that downstate residential natural gas consumers generally use less gas on an annual basis than their neighbors to the north.” AIC Init. Br. at 138. Using a slightly higher monthly consumption when conducting this analysis is the reasonably prudent course, considering it would capture more customers close to the heating/non-heating cutoff.

3. **Proposed Rate Design for Rate Zone III GDS-4**
4. **Proposed Rate Design for Rate Zone II GDS-4**

Staff concedes that Mr. Rubin raises a legitimate point, which is that the movement toward full cost of service recovery should eventually achieve full cost of service recovery. Staff Init. Br. at 61. CUB continues to support Mr. Rubin’s conclusion that the evidence in this proceeding supports a more aggressive rate escalation to ensure that GDS 4 and GDS 5 are paying their respective costs of service within approximately 10 years, or five rate cases. AG/CUB Ex. 3.0 at 6:125-131. CUB nonetheless accepts Staff’s recommendation that the Commission evaluate the progress of each customer class toward full cost of service recovery in future rate cases and make any changes it deems appropriate at that time. *Id.* at 62.

## **VIII. SVT PROGRAM**

### **B. Contested Issues**

#### **1. Approval of SVT**

Ameren is seeking recovery of \$2.12 million in additional revenue requirement to recoup costs associated with a Small Volume Transportation (“SVT”) program, costs that will be borne by all of Ameren’s residential customers. Yet, other than general policy statements, the parties promoting the SVT program (the Alternative Gas Suppliers (“AGS”)) have not provided concrete evidence of customer benefit resulting from a gas choice program to create a record that justifies moving forward with SVT in Ameren territory. The Retail Gas Suppliers (“RGS”) argue, essentially, that the Commission cannot conduct an analysis of the SVT program’s benefits until after-the-fact, and even then benefits can only be observed in the eyes of the beholder. RGS Init. Br. at 10. RGS is wrong as a matter of policy and law. As CUB pointed out in its Initial Brief, the Commission is obligated by law to consider the impacts of any proposed rate or service on customers. CUB Init. Br. at 32-33.

RGS then claims that the examination of costs and benefits of a customer choice program should have been worked out in the workshops, and that “CUB should not be allowed to raise it now.” RGS Init. Br. at 10. Here, again, RGS errs. The impact a proposed rate and/or service will have on customers and whether that impact is just and reasonable is not a conclusion the Commission can rely on the parties to provide. The Commission is obligated to rest that judgment on the evidence before it. Illinois courts have held that to reach a just and reasonable determination, the Commission must analyze the impact on consumers. *See Abbott Laboratories v. Illinois Commerce Comm’n*, 682 N.E.2d 340, 350 (Ill. App. Ct. 1st Dist. 1997); *Citizens Utility Board v. Illinois Commerce Comm’n*, 658 N.E.2d 1194, 1201 (Ill. App. Ct. 1st Dist. 1995). The Commission recently concluded in analyzing Nicor’s proposed Purchase of Receivables tariff that, “semantics aside, the bottom line is that there must be some Commission analysis, test or weighing of interests to determine whether a proposed rider is just and reasonable.” *Northern Illinois Gas Company d/b/a Nicor Gas Company, Proposed Establishment of Rider 17, Purchase of Receivables with Consolidated Billing*, ICC Docket No. 12-0569, July 29, 2013 Order at 17.

The Illinois Competitive Energy Association (“ICEA”)/Retail Energy Supply Association (“RESA”), (collectively, “ICEA/RESA”) attempt to support the theoretical consumer benefits of gas choice by referencing what an AGS *could* offer (referring to “guaranteed savings variable rate plans,” “seasonal products,” and “multiple product offers.”). ICEA/RESA Init. Br. at 7. Markedly absent from the discussion of these theoretical product offerings, however, are any concrete examples from the existing gas choice marketplace in Northern Illinois. ICEA/RESA witness Puican refers instead to the “availability of multiple suppliers in a competitive natural gas market [to] provide the market discipline to ensure customers are protected from abuses in pricing and terms of service should [the customer] choose a market-based product in lieu of a

regulated PGA.” *Id.* at 9. While multiple suppliers have offered products in Northern Illinois (the territories of Peoples Gas Light & Coke Company (“PGL”), North Shore Gas Company (“NS”), and Nicor Gas Company (“Nicor”)) over the last several years, neither RGS nor ICEA/RESA presented specific examples of the types of offers AGS’ are currently providing. Nor have they provided any evidence of savings those offers provided customers as those offers compared to the utility PGA. This type of evidence would have assisted the Commission in making the required determination that the SVT service provides sufficient benefits to customers to outweigh the costs to Ameren’s customers.

It is not only possible, but critical that the Commission review the existing gas choice program in Northern Illinois to examine the effect of those choice programs on customers before proceeding with gas choice in Ameren territory. At least some of the members of RGS and ICEA/RESA currently supply gas to customers in the territories of PGL, NS, and Nicor, yet that experience was not referenced in their testimony or briefs. The only specific reference to customer benefits from the supplier groups was in reference to the Ohio experience. *See* ICEA/RESA Init. Br. at 10. Instead of specific examples from the existing Illinois energy marketplace, both RGS and ICEA/RESA offer a laundry list of *potential* benefits from a choice plan. *See id.* at 9-10; RGS Init. Br. at 11-13. With regard to the experience in Northern Illinois, however, RGS and ICEA/RESA only offer bare statistics regarding the number of customers that have switched and the number of product offerings being made in PGL, NS and Nicor territories. RGS Init. Br. at 12-13; ICEA/RESA Init. Br. at 8. The unstated premise inherent in these discussions is that choice alone provides benefits to customers. Considering the history of misleading marketing experienced in these territories referenced in Mr. Cohen’s testimony, (CUB Ex. 1.0 at 5:85-105), however, it cannot be assumed that customers who have switched

actually experienced benefits, whether real or perceived. RGS and ICEA/RESA had every opportunity to provide such data on customer choice in Northern Illinois, but failed to do so. RGS and ICEA/RESA failed to rebut Mr. Cohen's concerns regarding the lack of customer benefit with anything other than bare, unsupported assertions.

ICEA/RESA then take issue with the existing gas utility procurement structure, arguing that "introducing a market based approach for pricing natural gas commodity will result in lower prices and great control of prices for customers than the current PGA mechanism." *Id.* This discussion is futile, however, considering no such modification to the existing gas utility procurement and pricing structure are being proposed or considered in this docket. Absent legislative change, AGS that wish to serve customers in Illinois must compete against the relevant utility's PGA, like it or not. ICEA/RESA's attempts to extrapolate from the historical differences between the NYMEX and utility rate in Ohio cannot be reasonably considered because of the significant and undeniable differences between the respective utility gas cost rates (a point even Mr. Puican concedes (ICEA/RESA Ex. 4.0 at 10)). The experience in Ohio, therefore, is totally irrelevant to the Commission's determinations in this docket.

As Mr. Cohen testified, in order to provide a product that is less than the utility PGA, suppliers in the gas market in Illinois must "sell gas at prices that exceed its commodity procurement costs by an amount sufficient to cover its costs of marketing, administration, and customer service, as well as provide a profit to the firm." CUB Ex. 2.0 at 5:97-99. Mr. Cohen pointed out that beating the utility PGA price is challenging, because utilities execute gas procurement strategies utilizing pipeline storage, injections, and withdrawals from company-owned storage, competitively bid supply contracts, spot purchases, and financial hedges designed to provide the lowest possible price to customers consistent with sufficiency, reliability, and

mitigation of price volatility. *Id.* Gas supply customers are provided gas commodity by Ameren at the Company's cost per unit of energy, without a markup. *Id.* Providing lower cost gas to Ameren's consumers, therefore, is not likely as easy a matter as RGS and ICEA/RESA portray it, and should not be assumed without a comparison between supplier and utility gas costs in existing gas choice programs in Illinois.

The issue of "beating the utility price" to some extent bleeds into the appropriate calculation of the "Price to Compare," an issue touched on in this docket (in Section B.6. of the Common Outline), but not fully fleshed out. Indeed, RGS, ICEA/RESA and Ameren all apparently agree to address this issue in the subsequent tariff proceeding. RGS Init. Br. at 7; ICEA/RESA Init. Br. at 2; AIC Init. Br. at 151. Even RGS concedes that the issue of the appropriate calculation of a price-to-compare was not discussed in workshops, yet RGS witness Crist nonetheless provided testimony on his view of an appropriate calculation. RGS Ex. 2.0 at 8-10. RGS argues that an accurate price-to-compare "ensures that the utility does not include in the price of its delivery services (which are paid by both its own commodity customers and the customers of alternative gas suppliers) costs that should be allocated solely to the utility's commodity customers. RGS Init. Br. at 7. The costs RGS warns about are the costs of gas procurement by the utility, some of which are included in the utility's rate base. CUB agrees with Ameren that:

The PGA would be an accurate price-to-compare because it includes all the costs the utility incurs to serve the sales customers, is readily available, is publicly filed and is the price sales customers pay. (*Id.*) The utility cost of gas procurement is included in delivery rates and is not tracked by the customers served since all customers benefit from the activities to maintain and balance the delivery system. (*Id.*)

AIC Init. Br. at 151. This issue need not be resolved in this proceeding, however, because even RGS agrees that parties this issue has not achieved consensus and should be addressed the subsequent tariff proceeding. RGS Init. Br. at 7.

### **3. Consumer Protections**

RGS and ICEA/RESA attempt to constrict the Commission's review of the evidence in this docket in an effort to preclude consideration of the consumer protections CUB proposed be included in the Commission's order in this docket. Remarkably, RGS argues that, because the issue of consumer protections was not addressed in the workshops, the Commission is foreclosed from considering CUB's consumer protection proposals in this docket. RGS Init. Br. at 10. ICEA/RESA similarly suggest that Mr. Cohen's testimony regarding consumer protections should be disregarded. ICEA/RESA Init. Br. at 20. These suggestions fly in the face of the Commission's obligation to ensure only just and reasonable rates and services are approved. 220 ILCS 5/9-101. Mr. Cohen's consumer protection proposals are important to protect Ameren's residential customers from the very same marketing abuses documented in the Northern Illinois natural gas choice market described by Mr. Cohen in his Direct Testimony. CUB Ex. 1.0 at 5:85-105. Attempts by ICEA/RESA and RGS to discount these concerns because they were not directly addressed in the workshops unlawfully restrict the evidentiary bases required for the Commission to conclude that Ameren's rates and services are just and reasonable. 220 ILCS 5/9-101. ICEA/RESA's and RGS's attempts to paint the Commission into a corner where it cannot consider the effects of an SVT tariff on consumers, or proposals to protect consumers, should be rejected outright.

Mr. Cohen recommends the Commission adopt three consumer protections in its order in this docket, if the Commission determines the evidence supports proceeding with SVT. These

consumer protections are largely focused on preventing the type of marketing abuses that have occurred in Northern Illinois, largely a result of door-to-door marketing and use of misleading written marketing materials. CUB Ex. 1.0 at 5:85-105. Those consumer protections are as follows:

- 1) A customer shall be absolved from paying any termination fees if, prior to the due date of their first bill, they notify the supplier that they are terminating the contract.
- 2) When a customer has accepted service from a supplier after solicitation by a door-to-door salesperson, there shall be no termination fees assessed if the customer terminates during the first 6 billing cycles.
- 3) If a supplier's marketing materials include a price comparison of the supplier rate and the gas utility rate, the depiction of such comparison shall display at least three years of data in no greater than quarterly increments and shall also display the supplier's offered price for the same or equivalent product(s) or service(s) for each of the same increments.

CUB Ex. 2.0 at 9-10:196-204. As Mr. Cohen testified, "these consumer protections would address the well-documented problems of misleading marketing seen in Northern Illinois gas choice programs." *Id.* at 10:206-210.

Neither ICEA/RESA nor RGS identified any legal or policy reason to substantiate their opposition to these consumer protections. ICEA/RESA's only relevant response to CUB's consumer protection proposals is that the amendments to Title IX of the PUA regarding AGS occurred after the Commission proceedings Mr. Cohen identified in his Direct Testimony, regarding Just Energy Illinois Corp.<sup>1</sup> and Santanna. ICEA/RESA Init. Br. at 21. While those amendments were an improvement to the oversight of AGS sales, more can and should be done to protect consumers in Ameren territory, considering these customers are novices to gas choice and will be presented with "bundled" products that are difficult to compare and understand.

CUB Ex. 2.0 at 6:115-21. The existence of municipal aggregation on the electric side does not

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<sup>1</sup> f/k/a Illinois Energy Savings Corp. d/b/a U.S. Energy Savings Corp.

provide the type of experience regarding retail energy shopping that ICEA/RESA allege. ICEA/RESA Init. Br. at 8. Municipal aggregation customers did not “shop” for an electric supplier; rather, the choice was made for them by their local government. CUB Ex. 2.0 at 6:110-12. In fact, the existence of the pre-existing relationship certain retail electricity suppliers may have with Ameren customers that could be the source of additional confusion and/or misleading marketing, considering those marketers will be eager to capture additional revenue and may be marketing difficult-to-understand offers. *Id.* at 7:134-46.

Finally, ICEA/RESA and RGS point to complaint statistics to prove their assertion that Mr. Cohen’s proposals are “a solution in search of a problem.” ICEA/RESA Init. Br. at 22. Neither ICEA/RESA nor RGS, however, provided evidence demonstrating that these proposals would be overly burdensome or too costly or difficult to implement. Nor did the supplier groups allege that these consumer protections would not have the intended effect, which is to reduce or eliminate marketing abuses – not to reduce customer complaints. Neither Staff, nor Ameren, oppose CUB’s proposed consumer protections. Therefore, there is ample basis for the Commission to include these consumer protections in its final order in this proceeding, if it determines the evidence support such advancement.

No party addressed Mr. Cohen’s recommendations that, if the Commission goes forward with SVT, the OMRD be ordered to track costs and benefits of retail gas choice in the AIC service territories and report annually on them to the Commission in a public document. CUB Ex. 2.0 at 8:164-73. He suggested the report should include information about the extent and effectiveness of competition in the AIC residential gas markets, including the number of customers who have switched to alternative suppliers, the prices and terms of supplier contract offers, the relevant utility price to compare for the same period, and the number and nature of

complaints to the ICC regarding each supplier, and other information deemed appropriate by the Commission. *Id.* These requirements would provide critical data to facilitate the Commission's review and oversight of AGS. Mr. Cohen's proposal is reasonable and no party opposes it; therefore, it should be approved.

**4. Discount Rate for SVT and UCB/POR Customers**

As stated in its Initial Brief, CUB believes this issue should more appropriately be addressed in any subsequent tariff proceeding regarding Rider SVT, if the Commission orders such a proceeding to commence.

**XI. CONCLUSION**

WHEREFORE, CUB respectfully request that the Commission adopt the positions and adjustments set forth in its Initial and Reply Brief and adjust AIC's revenue requirement and rate design accordingly.

Dated: October 4, 2013

Respectfully Submitted,

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