

REBUTTAL TESTIMONY
ON BIFURCATED ISSUES

of

Theresa Ebrey
Accountant

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

The People of the State of Illinois
Complaint to Suspend Tariff Changes Submitted by Ameren Illinois
And to investigate Ameren Illinois Rate MAP-P

Ameren Illinois Company
Revision to its Formula Rate Structure and Protocols

Docket Nos. 13-0501/13-0517 (Cons.)

November 18, 2013

Table of Contents

WITNESS IDENTIFICATION..... 1

RESPONSE TO MR. MILL3

RESPONSE TO MR. STAFFORD 18

CONCLUSION..... 19

Attachments

Attachment A	Company response to Staff DR 1.01
Attachment B	Sections 285.400, 285.410 and 285.3005 of 83 Ill. Adm. Code 285
Attachment C	Staff response to Company DR AIC-Staff 1.19
Attachment D	Company response to Staff DR TEE 1.05
Attachment E	Staff Response to Company DR AIC-Staff 1.01
Attachment F	Docket No. 13-0301, Ameren Ex 9.1 page 19, App 3
Attachment G	Docket No. 13-0301, Ameren Ex 9.2, workpaper 3
Attachment H	Company response to Staff DR TEE 1.07

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. Are you the same Theresa Ebrey who previously provided direct**
7 **testimony in this proceeding?**

8 A. Yes. I provided direct testimony in this case as ICC Staff Exhibit 8.0 on
9 October 2, 2013.

10

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

12 A. The purpose of my rebuttal testimony is to respond to the supplemental
13 rebuttal testimony of Ameren Illinois Company (“AIC” or “Company”)
14 witnesses Robert J. Mill (Ameren Exhibit 6.0) and Ronald D. Stafford
15 (Ameren Exhibit 7.0) regarding the recommendations I proposed in my
16 direct testimony, Staff Exhibit 8.0. Ameren’s rebuttal testimony has not
17 caused me to change my position. My recommendations on the
18 bifurcated issues as presented in my direct testimony continue to be that
19 the Commission:

- 20 1) Specifically define “formula rate structure” to mean the
21 Commission approved tariff set forth in Ameren’s tariffs as Rate
22 MAP-P, Tariff Sheet Nos. 16 – 16.013 which contain Schedules
23 FR A-1 and FR A-1 REC;
- 24 2) Specifically define the “formula rate template” to mean the
25 formula rate schedules (other than FR A-1 and FR A-1 REC),
26 appendices, and related workpapers; and
- 27 3) Find that only changes to Schedules FR A-1 and FR A-1 REC
28 require Commission approval through a Section 9-201 filing.

29

30 **Q. Do you include any Attachments with your rebuttal testimony?**

31 A. Yes, I do. I am attaching the following documents:

- | | | |
|----|--------------|---|
| 32 | Attachment A | Company response to Staff DR 1.01 |
| 33 | Attachment B | Sections 285.400, 285.410 and 285.3005 of 83 Ill. |
| 34 | | Adm. Code 285 |
| 35 | Attachment C | Staff response to Company DR AIC-Staff 1.19 |
| 36 | Attachment D | Company response to Staff DR TEE 1.05 |
| 37 | Attachment E | Staff Response to Company DR AIC-Staff 1.01 |
| 38 | Attachment F | Docket No. 13-0301, Ameren Ex 9.1 page 19, App 3 |
| 39 | Attachment G | Docket No. 13-0301, Ameren Ex 9.2, workpaper 3 |
| 40 | Attachment H | Company response to Staff DR TEE 1.07 |

41

42 **Response to Mr. Mill**

43 **Q. How does Mr. Mill respond to your recommendations that the**
44 **Commission should (1) define “formula rate structure” and “formula**
45 **rate template” and (2) find that only changes to Schedules FR A-1**
46 **and FR A-1 REC require Commission approval through a Section 9-**
47 **201 filing as set forth in your direct testimony?**

48 A. Mr. Mill recommends that the Commission reject my recommendations
49 outright and define the “formula rate template” consistent with the
50 Company’s definition. Mr. Mill further recommends that all of the
51 Company- proposed formula rate schedules and appendices (“apps”) be
52 made a part of the Rate MAP-P tariff.
53 As an alternative to that recommendation, Mr. Mill recommends that the
54 rulemaking discussed in the Order in Docket No. 11-0721 be the forum to
55 address my recommendations with structured workshops and deadlines
56 for an order.

57
58 **Q. What reasons does Mr. Mill give for the rejection of your**
59 **recommendations?**

60 A. Mr. Mill recommends rejection of my recommendations because in his
61 opinion:

62 1) My definition of “formula rate structure” is too narrow;

- 63 2) My conclusion ignores the legal requirement that changes to
64 protocols are only permitted under a Section 9-201 filing;
65 3) My proposal allows for “open season” for litigating changes to
66 supporting schedules; and
67 4) My definition contradicts previous Staff positions and
68 Commission precedent. (Ameren Ex. 6.0, 3:45-57.)

69

70 **Q. What is your response to Mr. Mill’s first argument that your definition**
71 **of “formula rate structure” is too narrow?**

72 A. My definition of the “formula rate structure” is based upon the
73 Commission’s Order in Docket No. 12-0001, Ameren’s first formula rate
74 proceeding, which approved the initial tariffs for Ameren’s Rate MAP-P.
75 (Order, September 19, 2012, 200.) Rate MAP-P consists of Tariff Sheet
76 Nos. 16 – 16.013 which includes only Schedules FR A-1 (Annual Revenue
77 Requirement on Sheet Nos. 16.002-16.003) and FR A-1 REC (Annual
78 Reconciliation Computation on Sheet No. 16.004). Section 16-108.5(c)
79 requires that the Commission shall by order approve the “performance-
80 based formula rate” and states, in relevant part:

81 After the utility files its proposed performance-based formula
82 rate structure and protocols and initial rates, the Commission
83 shall initiate a docket to review the filing. *The Commission*
84 *shall enter an order approving, or approving as modified, the*
85 *performance-based formula rate, including the initial rates,*
86 as just and reasonable within 270 days.

87 220 ILCS 5/16-108.5(c)(emphasis added).

88 By approving only Schedules FR A-1 and FR A-1 REC for Rate MAP-P as
89 the formula rate tariff in its Order in Docket No. 12-0001, the Commission
90 effectively defined the “formula rate structure” to be limited to those two
91 formula rate schedules.

92

93 **Q. How do you respond to Ameren witness Mill’s second argument that**
94 **your recommendations ignore the legal requirement that changes to**
95 **protocols are only permitted under a Section 9-201 filing?**

96 A. His criticism is off point because my recommendations do not consider
97 changes to the protocols under Section 16-108.5. As I explained in my
98 direct testimony, it is my understanding that the protocols for the formula
99 rates to be those that are specifically outlined in Section 16-108.5(c)(4)
100 subparagraphs (A) through (I). My proposed definition of formula rate
101 structure would not allow a change in any of the protocols embodied in the
102 formula rate schedules, appendices, or workpapers.

103 While I am not an attorney, it is my understanding that the Commission
104 does not have the authority to make changes to the protocols that are
105 specifically set forth in Section 16-108.5(c)(1) through (6). Since the
106 Commission is a creation of statute (the PUA), it may not add to or detract
107 from clear language contained in the statute. Ameren, on the other hand,
108 indicates in its response to Staff DR TEE 1.01 that the Commission has

109 the authority to make changes to the formula rate protocols in a Section 9-
110 201 filing. (Attachment A) Although Subsection (c)(6) does provide that
111 subsequent changes can be made to *some* protocols under Section 9-
112 201, the same provision *precludes* any changes to protocols that would be
113 inconsistent “with paragraphs (1) through (6) of this subsection (c).” 220
114 ILCS 5/16-108.5(c)(6). Ameren’s alleged distinction, under my proposal,
115 is a distinction with no difference since changes to protocols specifically
116 set forth in Subsection (c)(4) (A) through (I) cannot be changed even in a
117 Section 9-201 proceeding. In other words, it appears that it is Ameren
118 who is ignoring the legal requirements for changes to the formula rate
119 protocols.

120

121 **Q. Please respond to Ameren’s third argument that your proposal**
122 **allows for “open season” for litigating changes to supporting**
123 **schedules.**

124 A. Underpinning this argument is the position that there should be no
125 flexibility in the *format* of the supporting schedules i.e., the schedules and
126 apps supporting Schedules FR A-1 and FR A-1 REC. While I maintain
127 that there is no flexibility allowed to the Commission in changing the
128 formula rate *protocols* set forth in the statute, I also maintain that there
129 should be flexibility in changing the *format* of a supporting schedule.

130 The format of supporting schedules can affect how an issue is considered
131 for recovery through the formula rates. Issues should be considered
132 based on their *merits*, such as whether or not a cost is just or reasonable
133 and not on the physical layout or *format* of a supporting schedule that has
134 not been explicitly approved as part of the formula rate tariff. As noted in
135 my testimony in Docket No. 13-0301, form should not supersede function,
136 particularly when the result would be to ignore the substance of the
137 applicable law. (Docket No. 13-0301, Staff Exhibit 6.0, 24:481 – 483.)

138 Contrary to Mr. Mill's claim, it is the Company's position that causes an
139 "open season" for litigating changes to supporting schedules. While the
140 Company ultimately agreed with certain adjustments proposed by Staff in
141 Docket No. 13-0301, the Company initially argued that the adjustments
142 could not be reflected until the Commission approved certain changes to
143 the schedules and apps that support the approved Schedules FR A-1 and
144 FR A-1 REC which are being considered in the short track of this
145 proceeding. Thus, the Company's position has resulted in unnecessary,
146 costly litigation of this proceeding rather than considering the issues in
147 Docket No. 13-0301.

148

149 **Q. Please respond to the Company's fourth argument that your**
150 **definition of "formula rate structure" in this proceeding contradicts**

151 **previous positions taken by Staff and Commission precedent in**
152 **formula rate proceedings.**

153 A. The Company's argument is unfounded. The Commission has already
154 considered these issues in its prior order, and my recommendations are
155 consistent with relevant prior Commission orders as discussed above.

156

157 **Q. Mr. Mill recommends that the Commission "order AIC to file all of its**
158 **formula rate schedules and Apps as part of the Rate MAP-P tariff."**
159 **How do you respond?**

160 A. The Commission has already considered this question and has already
161 made its decision by requiring AIC to only include Schedules FR A-1 and
162 FR A-1 REC as Ameren's Rate MAP-P tariff (Original Sheet No. 16.009) in
163 its Order in Docket No. 12-0001. In addition, neither of the Orders in
164 Docket Nos. 12-0001 or 12-0293 made any rulings on any specific *format*
165 for schedules, apps, and workpapers, other than Schedule FR A-1 or FR
166 A-1 REC. Instead, the Commission Order in Docket No. 12-0321
167 indicates that those additional schedules, apps, and workpapers are
168 merely "guidelines." (Staff Ex 8.0, 6-7:131 – 154 (*quoting* Order, Docket
169 No. 12-0321, December 19, 2012, p. 15).)

170

171 **Q. Mr. Mill claims that your recommendations result in more confusion.**

172 **Please respond.**

173 A. I disagree. In support of his claim, Mr. Mill misquotes my DR responses.
174 A careful reading of my responses to AIC DRs, which he included with his
175 supplemental rebuttal testimony as Ameren Ex. 6.1; pages 2 and 3, shows
176 that my opinion is not based on “only changes that impact the revenue
177 requirement” (Ameren Ex. 6.0, 5:99-102) but rather on “changes that
178 impact *the calculation* of the revenue requirement” (Ameren Ex. 6.1, 2,
179 Staff response to Company DR AIC-Staff 1.14) and “a change that would
180 have an impact on the *methodology for the calculation* of the filing year
181 revenue requirement” (Ameren Ex. 6.1, 3, Staff response to Company DR
182 AIC-Staff 1.16) (emphasis added). I certainly understand that changes to
183 inputs on the schedules and appendices would impact the resulting
184 amounts on Schedules FR A-1 and FR A-1 REC but would not impact the
185 method of *calculations* on those schedules.

186

187 **Q. Mr. Mill claims that your proposal would “create new reconciliation**
188 **revenue adjustments” and create an “apples to oranges comparison**
189 **in future reconciliations.” (Ameren Ex. 6.0, 6:114 – 119.) Do you**
190 **agree?**

191 A. No. The reconciliation year revenue requirement will be based on *actual*
192 costs for the applicable rate year, which will be compared to the *estimated*
193 costs for the applicable rate year that was approved as the filing year
194 revenue requirement in the Company's prior formula rate update case.
195 Costs for the applicable rate year will always be different between 1) the
196 *estimated* costs in the filing year revenue requirement determined in the
197 prior formula rate filing; and 2) the *actual* costs embedded in the
198 reconciliation year revenue requirement in the subsequent formula rate
199 filing. Thus, there will always be reconciliation adjustments in formula rate
200 filings.

201

202 **Q. Mr. Mill claims that “[u]nder EIMA the limited purpose of an update**
203 **proceeding is to review the cost inputs for prudence and**
204 **reasonableness.” Please comment.**

205 A. Mr. Mill is only half right in his statement. A formula rate update
206 proceeding also includes “a reconciliation of the revenue requirement that
207 was in effect for the prior rate year with the actual revenue requirement for
208 the prior rate year.” Section 16-108.5(d)(1). Further, the filing is to
209 “include relevant and necessary data and documentation for the
210 applicable rate year that is consistent with the Commission's rules
211 applicable to a filing for a general increase in rates or any rules adopted
212 by the Commission to implement this Section.” Section 16-108.5(d)(3). In

213 addition, “[t]he Commission shall apply the same evidentiary standards,
214 including, but not limited to, those concerning the prudence and
215 reasonableness of the costs incurred by the utility, in the hearing as it
216 would apply in a hearing to review a filing for a general increase in rate
217 under Article IX of this Act.” Section 16-108.5(d). Clearly, the Act provides
218 for the Commission to evaluate the filing anew each year and make any
219 and all adjustments it would make in a general rate case proceeding – not
220 limited by any physical format or description on the schedules, apps and
221 workpapers.

222

223 **Q. Do you agree, as Ameren argues, that the result of your**
224 **recommendations is that the Commission would “approve changes**
225 **to the documents [you] categorize as ‘formula rate template’ in the**
226 **course of annual rate update proceedings”? (Ameren Ex. 6.0, 8:159 –**
227 **162.)**

228 A. No, that is not my position. As I state in my fourth recommendation, only
229 changes to Schedules FR A-1 and FR A-1 REC would require
230 Commission approval through a Section 9-201 filing. Under my proposed
231 definition of the formula rate structure, any changes to the supporting
232 formula schedules to Schedules FR A-1 and FR A-1 REC, apps, and
233 workpapers would not require Commission approval. The Commission
234 would approve the resulting revenue requirement, but would not approve

235 the format for the supporting schedules to Schedules FR A-1 and FR A-1
236 REC, apps, and workpapers. This is consistent with what the Commission
237 does in a general rate case. The Commission approves a revenue
238 requirement but does not approve the format of any of the supporting
239 documentation used in the development of that revenue requirement.

240

241 **Q. Do you agree with Mr. Mill’s analogy between the formula rate**
242 **template and the schedules required by 83 Ill. Adm. Code 285 (“Part**
243 **285”)?**

244 A. Only in part. I agree that many, if not most, of the formula rate template
245 schedules, apps and workpapers mirror certain schedules required by Part
246 285. However, Mr. Mill misinterprets the requirements of Part 285 as
247 dictating “the format to present information.” (Ameren Ex. 6.0, 9:180-186)
248 As support for his position, Mr. Mill cites to three specific sections under
249 Part 285: Sections 285.400, 285.410, and 285.3005 (Attachment B).
250 There is no language in any of these sections that dictate the format that
251 should be used to present the required information.

252 Mr. Mill correctly quotes language from the instructions for Schedule C-1;
253 however, nothing in those instructions specifically discuss how that
254 information should appear on a spreadsheet. The instructions do not limit
255 the presentation to subaccounts or only summary accounts. The

256 instructions do not include a specific schedule format setting forth the
257 *presentation* of the information on the spreadsheet.

258 In fact, Part 285 is routinely referred to as “Minimum Filing Requirements”
259 or “MFR” by all parties, including Ameren. Part 285 does not put a limit on
260 the information or format for presentation.

261

262 **Q. Do you believe that the year-end capital structure computation can**
263 **be altered, as Mr. Mill opines? (Ameren Ex. 6.0, 12:250-255.)**

264 A. No. Again, Mr. Mill does not correctly quote my response to the
265 Company’s DR. My complete response to DR AIC-Staff 1.19 states:

266 As Ms. Ebrey states in her testimony:

267

268 I understand Ameren’s formula rate structure approved by the
269 Commission to be set forth in the Rate MAP-P tariff as Tariff Sheet
270 Nos. 16 – 16.013 that were approved by the Commission in Docket
271 Nos. 12-0001 and later revised in Docket No. 13-0385, the filing
272 implementing the requirements of SB0009 (P.A. 98-0015).

273

274 I understand the protocols for the performance-based formula rates
275 to be those that are specifically outlined in Section 16-108.5(c)(4)
276 subparagraphs (A) through (I).
277 (ICC Staff Ex. 8.0, 4.)

278

279 Since Schedule FR D-1 is not specifically included in 1st Revised
280 Sheet No. 16.001 through Original Sheet No.16.013 of the
281 Company’s Rate MAP-P tariffs, in Ms. Ebrey’s opinion and
282 according to her proposal, Schedule FR D-1 would not be
283 considered part of the formula rate structure and protocols. *Ms.*
284 *Ebrey believes, however, that the utility must compute the cost of*
285 *capital as required by Section 16-108.5 of the Act for use in its*
286 *formula rates.*

287 (See ICC Staff Exhibit 9.0, Attachment C (emphasis added).)

288

289 **Q. Mr. Mill complains that if your recommendations are approved, then**
290 **future proceedings would be burdened with additional issues and**
291 **add to the cost. (Ameren Ex 6.0, 14-15:281-310). How do you**
292 **respond?**

293 A. Mr. Mill provides no support for these statements. It is unclear what
294 “additional issues” would arise other than issues that would result from the
295 same type of analysis conducted in other general rate cases as provided
296 for by the statute.

297 In the Company’s response to Staff DR TEE 1.05 (ICC Staff Exhibit 9.0,
298 Attachment D), Mr. Mill acknowledges that the Company has not
299 estimated any additional costs associated with my proposal. My proposal
300 would allow all of the issues surrounding the final revenue requirement in
301 each formula rate proceeding to be addressed in a single proceeding,
302 without having additional proceedings to investigate issues on a shortened
303 time frame as in this proceeding.

304 The instant proceeding requires additional time and energy to be
305 expended by all parties to perform the review necessary to litigate any
306 changes to the Company-defined “formula rate template” in order to
307 accommodate any resulting adjustments. Additional testimony, albeit
308 mostly already filed in Docket No. 13-0301, additional hearings (including

309 court reporter expense), briefings and the expedited timing for a separate
310 Commission Order could all be avoided because the changes to the
311 Company-defined template do not require Commission approval. In fact,
312 all issues in this proceeding other than those addressed on this bifurcated
313 schedule were already a part of the record in Docket No. 13-0301.

314

315 **Q. Mr. Mill complains that your response to Company DR AIC-Staff 1.01**
316 **does not assist in his understanding of your position regarding**
317 **Schedules FR A-2 through FR D-2. (Ameren Ex. 6.0, 16:327 – 334)**
318 **Please respond.**

319 A. The question posed to me (See Attachment E) asks me to agree that “the
320 intent of schedules FR A-2 through FR D-2 is to remain unchanged.” The
321 question is unclear as to whose intent is being referenced other than
322 perhaps the schedules themselves, which of course, would be a fallacy. At
323 any rate, I responded that the approved formula rate tariff does not
324 provide any restrictions on what is to be included on the supporting
325 schedules FR A-2 through FR D-2 other than identifying the titles of such
326 schedules. Contrary to Mr. Mill’s belief, the statute does not require that
327 the format of schedules FR A-2 through FR D-2 remain unchanged except
328 as ordered by the Commission in the context of a Section 9-201 filing.

329

330 **Q. Mr. Mill recommends that your proposals be taken up in the**
331 **rulemaking directed by the Order in Docket 11-0721. Please respond.**

332 A. In its Brief on Exceptions (“BOE”) in Docket 11-0721, Staff opined that a
333 formula rate process rulemaking should not be initiated until such time as
334 every participating utility has in place a Commission-approved formula
335 rate tariff and the various stakeholders have learned more about what kind
336 of refinements, if any, are needed based on their practical experiences
337 with the annual update process. Since this case includes the first
338 reconciliation for AIC, and the other participating utility has also had a
339 formula rate proceeding with a reconciliation, much experience has been
340 gained by all parties compared to early 2012. However, there are still
341 practical concerns which would render a rulemaking inefficient at this time.

342

343 **Q. Please explain.**

344 A. If the difficulty of issues to be resolved in a rulemaking on the formula rate
345 process was comparable to the difficulty of issues in the current
346 rulemaking on rate case expense, Docket No. 11-0711, it could be
347 estimated to take at least two and a half years after the initiation of the
348 proceeding for a rule on the formula rate process to be effective. Docket
349 No. 11-0711 was initiated November 2, 2011. Now, two years later, the
350 rule has still not entered the First Notice Period. BOE’s regarding issues

351 in that rulemaking have been filed and Oral Arguments have been heard,
352 but a Commission Order initiating First Notice has not yet been issued.
353 Thus, if a First Notice Order was entered in December 2013 which may be
354 unlikely given the number of significant orders that must be considered by
355 the Commission in December, the earliest that a rule on rate case
356 expense could become effective would be roughly in the fall of 2014 if no
357 party filed comments contesting the First Notice Rule.

358 If a similar time frame were to occur for the development of a rule for
359 formula rates with the Commission initiating a rulemaking proceeding in
360 December 2013, the earliest that a rule might become effective would be
361 roughly in the fall of 2016. Section 16-108.5(g) through (h) indicates three
362 points in time where Section 16-108.5 could become “inoperative”: July
363 31, 2014, December 31, 2017, and December 31, 2022. It may not be the
364 best use of the Commission’s already limited resources to formulate a rule
365 that might be effective for a year and a half at the worst or five years at
366 best.

367 Moreover, since formula rate proceedings occur annually, waiting several
368 years for the adoption of a rule to specifically define the terms “formula
369 rate structure” and “formula rate template” to address contested issues in
370 such annual cases is not ideal or feasible. Therefore, the Commission
371 should consider my recommendations in this proceeding, and not put off

372 these decisions to a rulemaking that has not yet been initiated and would
373 not likely be completed for several years into the future.

374

375 **Response to Mr. Stafford**

376 **Q. What is the purpose of Mr. Stafford's supplemental rebuttal**
377 **testimony?**

378 A. Mr. Stafford attempts to explain why the formula rate workpapers WP1
379 through WP 22 should be treated differently than the other formula rate
380 supporting schedules and apps that are also listed in the Rate MAP-P
381 tariffs but are not included in the approved tariffs. This argument is
382 without merit. While he states that over the course of a formula rate
383 update proceeding there are hundreds of workpaper input changes, he
384 neglects to recognize that such changes would also result in changes to
385 inputs on what he defines as the "formula rate template," i.e., all formula
386 rate schedules and apps. It is nonsensical to think that the amounts on
387 workpapers would change without corresponding changes to the amounts
388 presented on schedules and apps supported by those workpapers. He
389 does not provide any explanation why the workpapers, which are listed in
390 the Commission-approved tariffs, should be treated any differently than
391 the schedules and apps, which are also merely listed in the tariffs.

392

393 **Q. Does Mr. Stafford's testimony, which downplays the similarities**
394 **between workpaper WP3 and App 3, change your opinion of those**
395 **documents?**

396 A. No. A review of the Company's workpaper, WP3 and App 3 from Docket
397 No. 13-0301 (Attachments F and G), shows that the only difference of any
398 significance is the addition of the Source column on App 3. While Mr.
399 Stafford believes there are significant differences in the information
400 presented on workpaper WP3 and App 3, those differences are merely
401 formatting in nature and do not reflect any substantive differences in the
402 actual information presented. (Attachment H)

403

404 **Conclusion**

405 **Q. Does this question end your prepared rebuttal testimony?**

406 A. Yes.

**Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0501, 13-0517 (Cons.)**

Data Request Response Date: 11/08/2013

TEE 1.01

Please provide the Company's definition of "protocols" as the term is used in Ameren Exhibit No. 6.0, p. 3, lines 48 – 51. Provide an all-inclusive list of what the Company believes is implicated in that term, as it is used in the statute.

RESPONSE: (Do not edit or delete this line or anything above this. Start typing your response right BELOW Phone Number.)

Prepared By: Robert Mill

Title: Sr. Director, Regulatory Policy and Rates

Phone Number: 314-554-3734

AIC objects to this request as overly broad and unduly burdensome in its request for an "all-inclusive" list. AIC further objects to the request as vague with respect to what is meant by "implicated in that term". Subject to and without waiving these objections, AIC responds as follows. AIC defines the term "protocols" as consisting of, at a minimum, the items expressly set forth in 220 ILCS 5/16-108.5(c)(4) and the formulas and calculations in the template implementing those items. Under Ms. Ebrey's proposals, changes to these protocols could be made, without ICC approval in a Section 9-201 proceeding, by changing the formulas and calculations contained in the formula rate schedules and appendices in an update proceeding. To the extent other requirements of Section 16-108.5 of the Act set forth the conduct and procedures to be followed in setting formula rates, those could be considered protocols as well.

Section 285.400 Schedules

- a) In addition to filing the required schedules in a compatible electronic format, the minimum number of copies of the schedules listed in Subparts D through K, inclusive, submitted to the Director of the Financial Analysis Division at the time of filing proposed tariffs resulting in an increase in tariffed rates as defined in Section 285.130 shall be as follows:
 - 1) Seven copies of Subpart D (A Schedules), Subpart E (B Schedules), Subpart F (C Schedules), Subpart I (F Schedules), and Subpart J (H Schedules); and
 - 2) Two copies of Subpart G (D Schedules), Subpart H (E Schedules), and Subpart J (G Schedules).
- b) Schedules shall convey the information required by the standard information requirements. Schedules shall not be handwritten. Additional schedules shall be submitted as necessary to support the utility's request for a general rate increase; these schedules shall be identified by the next unassigned schedule number in the appropriate Section.
- c) Applicable data
 - 1) The schedules shall show total company data and applicable service data unless otherwise specified.
 - 2) A telecommunications carrier, at its option, may provide data on a total company basis (i.e., interstate and intrastate) or on an intrastate basis only. In the event the telecommunications carrier provides data on an intrastate basis, the determination of such data shall be in accordance with 47 CFR 36, "Standard Procedures for Separating Telecommunications Property Costs, Revenues, Expenses, Taxes and Reserves" (as of October 1, 2002). This incorporation does not include any later amendment or edition.
 - 3) The description of each schedule indicates the periods for which information shall be provided. The utility may provide the data on the number of pages necessary to provide the information.
 - 4) The prior year is defined as the 12 month period immediately preceding the test year. If a future test year is selected, the schedule shall indicate by footnote the number of months of actual and forecasted data included within the first prior year.

Section 285.410 Work Papers

- a) A minimum of one copy, unless otherwise specified, of the work papers supporting the standard information requirements schedules shall be submitted to the Director of the Financial Analysis Division at the time of filing proposed tariffs resulting in an increase in tariffed rates as defined in Section 285.120. If the utility is requesting a change in electric and/or gas tariffs, the utility shall also deliver one copy of the above information to the Director of the Energy Division. If the utility is requesting a change in telecommunications tariffs, the utility shall also deliver one copy of the above information to the Director of the Telecommunications Division. To the extent workpapers exist in electronic form, workpapers shall be submitted in electronic form.
- b) The requirements of each schedule establish the minimum information to be provided as work papers. If additional information supports the testimony, exhibits, or schedules, the requirements of this Part shall not limit the information submitted.
- c) It is not necessary that workpapers be prepared specifically to satisfy the requirements of this Part.
- d) If the required information is provided in testimony, it is appropriate to reference by footnote on the schedule the citation for the required information. Work papers reflecting duplicative information are not necessary.
- e) All work papers shall:
 - 1) Be referenced to the appropriate standard information requirement schedules in accordance with the work paper reference system described in Appendix A;
 - 2) Contain the name of the person responsible for the work paper and the date prepared; and
 - 3) Be cross-referenced wherever possible to minimize duplication of data.
- f) When assumptions are made in determining work paper schedule amounts, narrative or other support shall be included so that the reasonableness of the work paper can be reviewed.
- g) The referencing system described in Appendix A of this Part shall be used for all work papers. A maximum of six position codes shall be used; when positions 5 and 6 are not required, they shall be left blank.

Section 285.3005 Schedule C-1: Jurisdictional Operating Income Summary

- a) Schedule C-1 shall present, by ICC Account with appropriate subtotals, data for the jurisdiction for which a rate increase is requested for the test year. Where rates are being sought for more than one type of utility service (e.g., electric and gas, water and sewer) or different rates are being sought for different service areas (e.g., district, division), a separate Schedule C-1 shall be provided for each utility service type and/or service area.
- b) The presentation of the operating income statement shall include ICC Account number, the account description, the unadjusted total company balance at present rates, the total of all adjustments, the jurisdictional balance at present rates, the requested rate increase, and the jurisdictional pro forma at proposed rates. The source for the unadjusted balance at present rates shall be the general ledger for a historical test year or the utility's forecast for a future test year (see 83 Ill. Adm. Code 287). The jurisdictional balance for each item shall represent the amount attributable to the provision of services to jurisdictional customers.
- c) Information provided by major categories shall include, but is not limited to, the following:
 - 1) Operating revenue;
 - 2) Operation and maintenance expenses;
 - 3) Depreciation expense;
 - 4) Taxes other than income;
 - 5) Federal income taxes;
 - 6) State income taxes;
 - 7) Total operating expenses; and
 - 8) Income available from jurisdictional operations.

Response to AIC's
First Set of Data Requests to Staff
AIC-Staff 1.01 – 1.36
Docket No. 13-0501/13-0517 (Cons.)
Response of Staff Witness Theresa Ebrey
Response Date: 10/21/2013

ICC Person Responsible: Theresa Ebrey
Title: Accountant
Business Address: Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701
Phone Number: 217-782-2061

AIC-Staff 1.19

Does Ms. Ebrey contend that the utility's actual year-end capital structure for the applicable calendar year, excluding goodwill as shown on FR D-1 of the formula template is not part of the formula rate structure and protocols ? If yes, does she therefore agree that the utility may alter the actual year end capital structure calculation on Schedule D-1 without Commission approval?

RESPONSE

As Ms. Ebrey states in her testimony:

I understand Ameren's formula rate structure approved by the Commission to be set forth in the Rate MAP-P tariff as Tariff Sheet Nos. 16 – 16.013 that were approved by the Commission in Docket Nos. 12-0001 and later revised in Docket No. 13-0385, the filing implementing the requirements of SB0009 (P.A. 98-0015).

...

I understand the protocols for the performance-based formula rates to be those that are specifically outlined in Section 16-108.5(c)(4) subparagraphs (A) through (I).

(ICC Staff Ex. 8.0, 4.)

Since Schedule FR D-1 is not specifically included in 1st Revised Sheet No. 16.001 through Original Sheet No.16.013of the Company's Rate MAP-P tariffs, in Ms. Ebrey's opinion and according to her proposal, Schedule FR D-1 would not be considered part of the formula rate structure and protocols. Ms. Ebrey believes, however, that the utility must compute the cost of capital as required by Section 16-108.5 of the Act for use in its formula rates.

**Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0501, 13-0517 (Cons.)**

Data Request Response Date: 11/7/2013

TEE 1.05

Referring to Ameren Exhibit 6.0, p. 15, lines 309-310, please explain with specificity how Ms. Ebrey's recommendations "would add to the cost of conducting such proceedings." In addition,

- a) Provide a complete breakdown of the referenced "added cost"; and
- b) Provide the cost expected to be incurred by the Company for the instant proceeding.

RESPONSE

Prepared By: Robert Mill

Title: Sr. Director, Regulatory Policy and Rates

Phone Number: 314-554-3734

a) It is Mr. Mill's view that if Ms. Ebrey's new proposed definition of formula rate structure were adopted, it will make proposing changes to the formula rate schedules and appendices easier by allowing such proposals in an existing update proceeding rather than requiring a new separate Section 9-201 proceeding. This is likely to invite additional proposed changes to the formula rate schedules and appendices (other than the two summary schedules) for data input sources, functional allocators, descriptions and formulae in future update proceedings. Each such proposed modification will require review and analysis by each participating entity and will require data requests, supporting and responsive testimonies, witness cross-examination, briefing and rulings by the Commission. The expansion of issues would add to the cost of conducting future update proceedings. At present, such update proceedings are limited to updating the cost inputs in the formula template. Mr. Mill has not prepared a financial estimate of incremental resource costs for AIC, or for other entities participating in future update proceedings.

b) The Company has not prepared an estimate of the expected cost of the current proceeding. Mr. Stafford sponsors the rate case expense for AIC in Docket No. 13-0301. The cost for addressing proposed changes to the formula rate template within that docket have not been separately tracked.

Response to AIC's
First Set of Data Requests to Staff
AIC-Staff 1.01 – 1.36
Docket No. 13-0501/13-0517 (Cons.)
Response of Staff Witness Theresa Ebrey
Response Date: 10/21/2013

ICC Person Responsible: Theresa Ebrey
Title: Accountant
Business Address: Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701
Phone Number: 217-782-2061

AIC-Staff 1.01

Referring to Tariff Sheet No. 16.005, does Ms. Ebrey acknowledge that schedules FR A-2 through FR D-2 are listed as supporting schedules? If yes, does Ms. Ebrey agree that the intent of schedules FR A-2 through FR D-2 is to remain unchanged except as may be ordered by the Commission in the content of a Section 9-201 filing? Please explain.

RESPONSE

Ms. Ebrey agrees that Schedules FR A-2 through FR D-2 are listed under the heading: "Supporting Schedules, Appendices and Workpapers on Original Sheet No. 16.005." Ms. Ebrey does not agree that FR A-2 through FR D-2 have intent to remain unchanged, as she does not attribute human emotions or conduct to inanimate objects. She does recognize others may do so (anthropomorphic fallacy), but believes the Commission should ignore any attempts to do so. The approved tariff does not provide any restrictions on what is to be included on the schedules, other than giving a title to each schedule.

Ameren Illinois Company
Cash Working Capital Information

App 3
2012 Actual Data
2013 Projected Additions

Ln	(A) Description	(B) Source	(C) Test Year Adjusted Revenues and Expenses (\$000s)	(D) Revenue Lag/Expense (Leads)	(E) Cash Working Capital Factor (D)/365	(F) Cash Working Capital Requirement (C) * (E)
REVENUES						
1	Revenues	WP 3	\$ 815,040	49.75	0.13630	\$ 111,091
2	Plus Energy Assistance Charges	WP 3	16,873	-	0.00000	-
3	Plus Municipal Utility Tax	WP 3	48	-	0.00000	-
4	Plus Interest Expense	WP 3	66,045	49.75	0.13630	9,002
5	(Less) Uncollectibles	WP 3	(6,177)	49.75	0.13630	(842)
6	(Less) Depreciation and Amortization	WP 3	(166,617)	49.75	0.13630	(22,710)
7	(Less) Return on Equity and Debt	WP 3	(164,008)	49.75	0.13630	(22,355)
8	Other Revenue Items If Any	WP 3	-	-	0.00000	-
9	TOTAL - REVENUES	Sum of (Ln 1) thru (Ln 8)	\$ 561,204			\$ 74,186
EXPENSES						
10	Employee Benefits	WP 3	\$ 42,444	(15.97)	(0.04375)	\$ (1,857)
11	FICA	WP 3	7,951	(13.13)	(0.03597)	(286)
12	Payroll	WP 3	126,501	(11.39)	(0.03121)	(3,949)
13	Other Operations and Maintenance (less uncollectibles)	WP 3	187,983	(48.87)	(0.13389)	(25,170)
14	Federal Unemployment Tax	WP 3	44	(76.38)	(0.20925)	(9)
15	State Unemployment Tax	WP 3	876	(76.38)	(0.20925)	(183)
16	St. Louis Payroll Expense Tax	WP 3	10	(83.51)	(0.22880)	(2)
17	Federal Excise Tax	WP 3	3	(30.21)	(0.08276)	(0)
18	Electric Distribution Tax	WP 3	44,531	(30.13)	(0.08253)	(3,675)
19	Energy Assistance Charges	WP 3	16,873	(4.00)	(0.01096)	(185)
20	Municipal Utility Tax	WP 3	48	(14.00)	(0.03836)	(2)
21	Gross Receipts Tax	WP 3	5	(45.63)	(0.12500)	(1)
22	Corporation Franchise Tax	WP 3	1,240	(161.97)	(0.44375)	(550)
23	Miscellaneous	WP 3	-	(197.64)	(0.54147)	-
24	Property/Real Estate Taxes	WP 3	3,933	(375.08)	(1.02763)	(4,042)
25	Interest Expense	WP 3	64,650	(91.25)	(0.25000)	(16,162)
26	Bank Facility Costs	WP 3	1,395	156.59	0.42900	599
27	Income Taxes (Including Investment Tax Credit Adjustment)	WP 3	62,716	(37.88)	(0.10377)	(6,508)
28	Other Expenses If Any	WP 3	-	-	0.00000	-
29	TOTAL EXPENSES	Sum of (Ln 10) thru (Ln 28)	\$ 561,204			\$ (61,984)
30	CASH WORKING CAPITAL REQUIREMENT	(Ln 9) + (Ln 29)				\$ 12,203
						To Sch FR B-1 Ln 28

Ameren Illinois Electric
Cash Working Capital
As of December 31, 2012
(\$000s)

MFR Schedule B-8

Line No.	Description (A)	Test Year Adjusted Revenues and Expenses (\$000s) (B)	Revenue Lag/Expense (Leads) (C)	CWC Factor (D) (Col E/365)	Cash Working Capital Requirement (E) Col. C x Col. D
REVENUES					
1	Revenues	\$ 815,040	49.75	13.63%	\$ 111,091
2	Plus Energy Assistance Charges	16,873	-	0.00%	-
3	Plus Municipal Utility Tax	48	-	0.00%	-
4	Plus Interest Expense	66,045	49.75	13.63%	9,002
5	(Less) Uncollectibles	(6,177)	49.75	13.63%	(842)
6	(Less) Depreciation and Amortization	(166,617)	49.75	13.63%	(22,710)
7	(Less) Return on Equity and Debt	(164,008)	49.75	13.63%	(22,355)
8	TOTAL - REVENUES	<u>\$ 561,204</u>			<u>74,186</u>
EXPENSES					
9	Employee Benefits	\$ 42,444	(15.97)	-4.38%	(1,857)
10	FICA	7,951	(13.13)	-3.60%	(286)
11	Payroll	126,501	(11.39)	-3.12%	(3,949)
12	Other Operations and Maintenance (less uncollectibles)	187,983	(48.87)	-13.39%	(25,170)
13	Federal Unemployment Tax	44	(76.38)	-20.92%	(9)
14	State Unemployment Tax	876	(76.38)	-20.92%	(183)
15	St. Louis Payroll Expense Tax	10	(83.51)	-22.88%	(2)
16	Federal Excise Tax	3	(30.21)	-8.28%	(0)
17	Electric Distribution Tax	44,531	(30.13)	-8.25%	(3,675)
18	Energy Assistance Charges	16,873	(4.00)	-1.10%	(185)
19	Municipal Utility Tax	48	(14.00)	-3.84%	(2)
20	Gross Receipts Tax	5	(45.63)	-12.50%	(1)
21	Corporation Franchise Tax	1,240	(161.97)	-44.37%	(550)
22	Miscellaneous	-	(197.64)	-54.15%	-
23	Property/Real Estate Taxes	3,933	(375.08)	-102.76%	(4,042)
24	Interest Expense	64,650	(91.25)	-25.00%	(16,162)
25	Bank Facility Costs	1,395	156.59	42.90%	599
26	Income Taxes (Including Investment Tax Credit Adjustment)	62,716	(37.88)	-10.38%	(6,508)
27	TOTAL EXPENSES	<u>\$ 561,204</u>			<u>(61,984)</u>
28	CASH WORKING CAPITAL REQUIREMENT				<u>\$ 12,203</u>

**Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0501, 13-0517 (Cons.)**

Data Request Response Date: 11/7/2013

TEE 1.07

Referring to Ameren Exhibit 7.0, p. 3, lines 46-47, does Mr. Stafford agree that workpaper 3 does not provide any information that is not identically included on App 3? If not, please explain what information from Workpaper 3 is not identically presented on App 3.

RESPONSE

Prepared By: Ronald D. Stafford
Title: Director, Regulatory Accounting
Phone Number: 314-206-0584

No. Workpaper 3 presents column and page headings differently, does not use the same line numbering sequence, does not include Line 8 "Other Revenue Items if Any" from App 3, does not include Line 24 "Other Expenses if Any" from App 3, does not include a Source column shown on App 3, and does not include any yellow, blue, or peach shading to denote cells that allow for inputs vs. calculations vs. links to other cells as shown on App 3. Most notably, workpaper 3 can be used only for changes to yellow inputted cells on App 3, absent approval by the Commission of a structural change to the presentation and format of App 3. Thus, only columns (B) and (C) of Workpaper 3 are used to populate App 3.