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ILLINOIS COMMERCE COMMISSION

AMEREN ILLINOIS COMPANY	:	
d/b/a Ameren Illinois	:	
	:	No. 13-0476
Revenue-Neutral Tariff Changes Related to	:	
Rate Design	:	

<u>REPLY BRIEF OF THE ILLINOIS INDUSTRIAL ENERGY CONSUMERS</u>

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REPLY BRIEF OF THE ILLINOIS INDUSTRIAL ENERGY CONSUMERS

The Illinois Industrial Energy Consumers ("IIEC")[1] present this Reply Brief in response to certain issues raised, and arguments made, by Ameren Illinois Company ("AIC", "Ameren" or "Company"), the Illinois Commerce Commission Staff ("Staff"), the Commercial Group ("CG") and the Illinois Attorney General ("AG") in their Initial Briefs ("Brief" or "Briefs").

IIEC's lack of response to the Brief or arguments of any party should not be considered as acceptance of, or agreement with, that Brief or argument, unless specifically stated otherwise herein. IIEC's failure to revisit any issue in this Reply Brief originally raised in its Initial Brief, should not be considered as an abandonment of that issue.

I. INTRODUCTION

A. Introduction

IIEC continues to address cost of service issues relating to the allocation of the cost of the primary/secondary distribution system and certain general and intangible plant investment, revenue allocation issues related to rate moderation and rate design issues related transformation charges. In particular, IIEC focuses on: the single-phase/three-phase (Shared) primary system separation; use of the non-coincident peak ("NCP") method as opposed to the coincident peak ("CP") method for allocation of primary distribution system costs; the allocation of Advanced Meter Infrastructure ("AMI") related General and Intangible Plant; cost allocation/rate

[1] The University of Illinois, and Air Products & Chemicals Company, Caterpillar Inc., Illinois Cement Company, Keystone Consolidated Industries, Inc., Marathon Petroleum Company, LP., Olin Corporation, Phillips 66, United States Steel - Granite City Works, Viscofan USA, Inc., and Washington Mills Hennepin, Inc.

moderation proposals; recovery of Illinois Electric Distribution Tax ("EDT") and Ameren's proposed decrease in the transformation charge for certain Rate Zone II customers.

IIEC continues to recommend that the Commission should:

1. recognize that AIC's embedded cost of service studies ("COSS") could be improved by further refinement of the Company's segregation of primary and secondary voltage costs;
2. recognize the undisputed fact that on the AIC system, single-phase distribution assets exist and function to serve exclusively, or nearly exclusively, customers who take services at secondary voltages and agree that cost-causation principles suggest that customers served at higher voltages, such as transmission voltages and primary voltages, should not be allocated single-phase primary system costs;
3. direct the Company and interested parties to review the further segregation of the primary delivery system costs into single-phase and three-phase components and assigning the single-phase costs exclusively to secondary customers, including a discussion of the best method to estimate single-phase primary costs to be assigned to secondary customers;
4. take a modest step forward in refining AIC's COSS, as relates to the further segregation of primary system costs, by assigning 10% to 20% of primary voltage costs to secondary customers (when as much as 53.9% is justified in the record);
5. approve IIEC's modification to the AIC rate moderation approach to avoid "moderated" increases to some customers well over 200% per year;

6. reject the AG's proposal to instantly move rates fully to cost of service by increasing EDT cost recovery equalized charges from all customer classes and subclasses irrespective of the rate impacts that will produce increases well in excess of 300%.
7. adopt AIC's proposal to reduce the Transformation Charge for DS-4 +100 kV Supply Voltage service customer group for Rate Zone II;
8. adopt Ameren's proposed allocation of Advanced Meter Infrastructure ("AMI") related General and Intangible Plant.

II. COST ALLOCATION

B. Contested Issues

i. Allocator for Primary Distribution Line Costs

AIC originally recommended that the ". . . cost of gross distribution plant associated with primary distribution lines be allocated to each class using a Non-Coincident Peak ("NCP") Demand allocator." (Schonhoff, AIC Ex. 2.0 at 10:196-197). AIC observed that prior to Commission Docket 09-0306, it used the NCP demand allocator for primary lines and substation plant. (*Id*. at 10:200-202).

In the rebuttal phase of this case, AIC again expressed its continued support for use of the NCP demand for the allocation of primary distribution lines. (Schonhoff, AIC Ex. 5.0 (Rev.) at 11:183-189). AIC explained that it had provided support for use of the NCP demand in its direct testimony and was providing additional support for the NCP in its rebuttal testimony. (*Id*.). In AIC's surrebuttal testimony, AIC witness Schonhoff provided further support for the NCP allocator stating:

> I continue to believe the NCP method more appropriately reflects cost-causation principles, in that it more appropriately allocates costs according to how those costs are incurred in practice and as influenced by the load diversity of local Primary Distribution circuits. I also continue to argue that the NCP method is consistent with the practices of other electric utility Companies, and is recognized as an appropriate method by NARUC's Cost Allocation Manual. (Schonhoff, AIC Ex. 8.0 at 2:25-30).

He also highlights the harm that would be caused to customer classes from use of the CP method, stating that AIC would:

> . . . be willing to accept a modified or hybrid allocation method, different from one proposed by AIC or Staff thus far in this proceeding, in an attempt to maintain proper cost causation principles and <u>protect the remaining rate classes from the inappropriate cost allocations associated with the CP method</u>, [but] only if such modifications would be <u>limited to the DS-5 class</u>.
> (*Id.* at 16:338-342) (emphasis added).

IIEC and the Commercial Group ("CG") agree with AIC witness Schonhoff and support the use of the NCP demand allocator for allocation of primary lines. (*See*, IIEC Br. at 6-12; CG Br. at 3). However, after the filing of surrebuttal testimony in this case, and on the last day of cross-examination, the Company and the Staff announced an agreement in which they recommended the use of a "Modified Primary Line Allocator" ("MPLA"). (AIC Br. at 6). AIC argues that the MPLA is a "hybrid" of the CP and NCP demand allocators. (*Id.*). However, Ameren does not address how its agreement with Staff protects the DS-1 through DS-4 classes from "<u>the inappropriate cost allocations associated with the CP method</u>" previously of concern to its witness Mr. Schonhoff.

Staff, in apparent recognition that the CP method under-allocated primary distribution line costs to some rate classes (and thus, over-allocated primary line costs to other classes), agreed to the MPLA. (Staff Br. at 10-12, discussing problems with the use of the CP method to allocate primary line costs to Rate Classes DS-5 and DS-6 and describing the basis for Staff's agreement on the use of the MPLA). Indeed, Staff's brief suggests that the Staff has concerns about the continued use of the CP demand allocator for primary line costs on a gong-forward basis. (*See*, Staff Br. at 11, stating: "In essence, Staff considers it to be premature to tweak the entire system to utilize the NCP allocator for the benefit of a very few DS-6 potential customers.")[2] Staff appears to recognize that the use of the CP method may not be appropriate going forward.

Commission decisions must be based on the record in the case before it. (220 ILCS 5/10-201(e)(iv)(A)). Furthermore, Commission decisions are not res judicata. (*City of Chicago v. Commerce Comm'n*, 133 Ill. App. 3d 435 at 440 (1st Dist. 1985), citing *Mississippi River Fuels Corp. v. Commerce Comm'n* 1 Ill. 2d 509 (1953)). Therefore, the Commission is free to reach a different decision than it reached in a prior case, especially where the evidence in the record of the current case justifies a different conclusion. The record in this case fully demonstrates that use of the NCP method as opposed to the CP method to allocate primary lines is appropriate, as explained in the testimony of Ameren witness Mr. Schonhoff and IIEC witness Mr. Stephens and in the Initial Brief of the Commercial Group.

First, the record in this case demonstrates that the CP method is not commonly used for allocating primary line costs. Indeed, surveys of electric utilities by AIC (28 utility survey), and the Edison Electric Institute (16 utility survey) failed to identify a single utility that used the 1

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[2] It is interesting to note that in Docket 09-0306, the Staff appeared to be willing to "tweak" the entire AIC system to utilize the CP method to benefit customers in a single rate class (Rate Class DS-5). (*See,* Final Order, Docket 09-0306 (Cons.), April 29, 2010 at 233), (describing Staff's arguments in support of the CP allocator.))

CP method that the Staff argues should be used in this case. (Schonhoff, AIC Ex. 5.0 (Rev.) at 17-18:354-363).

Second, the National Association of Regulatory Commissioners' Cost Allocation Manual recognizes that NCPs are generally used to allocate demand-related distribution plant. (*See*, Schonhoff, AIC Ex. 5.0 (Rev.) at 19:382-386). Use of a NCP demand allocator to allocate Primary Line costs in this case would be consistent with the NARUC manual.

Third, AIC has historically used the NCP allocator for allocation of primary lines. (Schonhoff, AIC Ex. 2.0 at 10:33). The Commission should direct and continue to use that allocator in this case.

Fourth, the evidence presented in this case refutes the concerns of the Staff about use of the NCP method as expressed in Docket 09-0306. Those concerns apparently were the basis for the Commission's conclusion. The Commission reasoned that because multiple demand of multiple classes served by primary lines and substations "more closely corresponded to CP rather than NCP demand" it would adopt Staff's recommendation to use the CP demand allocator. (Docket 09-0306 (Cons.) Order, April 29, 2010 at 237). In this case, the Company has presented evidence that addressed those concerns and refutes or rebuts same. (*See*, Schonhoff, AIC Ex. 2.0 at 11-13:218-271).

Fifth, in this case, Staff appears to acknowledge that "local" demands drive the need for the sizing of primary distribution circuits. (*See*, Rockosuev, Staff Ex. 1.0 at 28:628-630, suggesting that neither the CP allocator nor the NCP allocator measures "local" demands.). The record evidence in this case actually establishes that NCP demands of the individual classes are a better proxy for local demands than the system-wide CP demand. (Schonhoff, AIC Ex. 5.0 (Rev.) at 12:247-249).

Sixth, Ameren and Staff's agreement uses the CP demand for rate classes DS-1 through DS-4, while using NCP only for rate classes DS-5 and DS-6. According to Ameren, the agreement "addresses specific concerns held by AIC regarding the potential under-allocation of costs to DS-5 and DS-6 customers resulting from the application of the CP method recommended by Staff" (AIC Br. at 6). Ameren also opines that "this result is reasonable given the recent history on this issue and the fact the agreement, as a whole, addresses AIC's DS-5 and DS-6 customer class concerns." (*Id*. at 10).

This view amounts to allowing the "tail to wag the dog." The problem is that DS-5 and DS-6 customers represent a small portion of Ameren's revenues. According to the figures on Ameren Ex. 1.2, the combined DS-5 and DS-6 classes represent about 2.1%, 3.0% and 4.3% of the total revenues in Rate Zones I, II, and III, respectively, or about 4% for Ameren overall.[3] Effectively, Ameren is agreeing to an allocation approach that it has testified is wrong for 96% of its customers (measured by revenue), in order to improve the cost study for under-allocation to the remaining 4 percent. This makes no sense.

Finally, Ameren states that under its agreement, rate classes DS-1, 2, 3 and 4 all receive less allocation of costs under the MPLA than if the Commission adopted the CP method advocated by Staff. (Id. at 10, 11). While technically correct, Ameren's claim amounts to splitting hairs. The revised allocators for these classes are certainly no "middle ground" or

[3] AIC Ex. 1.2, pages 1, 3, and 5 (RZ I, II and III, respectively). Calculated as the total present revenues in Column 1, for DS-5 and DS-6 (lines 19 and 20), divided by the total for DS-1 through DS-6 (line 21).

balanced compromise. Rather, they are almost identical to the CP allocators that Ameren previously disparaged, as shown on AIC Cross Ex. 3, the summary of Ameren and Staff's agreement. Using DS-4, for example, the allocation under Staff's straight CP is 12.5%, while under the agreement, the allocation is 12.4%. These allocations are virtually the same. In contrast, the NCP allocator that Ameren had championed for that class is 11.1% significantly different from the Ameren/Staff agreed allocation. A review of AIC Cross Ex. 3 shows similar allocation results for the other rate classes.

The evidentiary record in this proceeding clearly establishes: (i) that the use of the CP method to allocate primary lines is not common in the industry; (ii) the concerns about the use of the NCP method, expressed in Docket 09-0306, and forming the basis for the Commission's conclusion in that case, have been dispelled; and (iii) the NCP method is a better proxy for the diversified demands placed on the primary system than the CP method. The Commission should not wait until AIC's next rate design case, in three years, to approve the return to the use of the NCP method for allocation of primary lines. It should do so now.

ii. Allocation of Single-Phase and Three-Phase Primary Facility Costs

1. Workshop on the Future Allocation of Single-Phase and Three-Phase Primary Facility Costs

Ameren correctly points out IIEC witness Stephens' two-part recommendation as relates to the single-phase primary issue: (1) that the Commission direct Ameren to participate, with Commonwealth Edison Company ("ComEd"), in a workshop or investigation designed to review the merits of separating and allocating the costs of single-phase primary facilities; and (2) recommend that the Commission, in this case, assign 10% to 20% of primary voltage costs to secondary customers, in recognition that single-phase facilities are used primarily to serve secondary voltage customers. (AIC Br. at 12) However, Ameren then goes on to suggest that because the Commission declined to order ComEd to review the merits of separating and allocating the costs of these facilities or to assign 10% to 20% of primary voltage costs to secondary customers that the Commission should do so in this case. (*Id*.) Several points are in order.

First, Staff does not oppose IIEC's recommendation in this case. Nor has Staff expressed its support for IIEC's recommendation. (Staff Br. at 12).

Second, IIEC should clarify that, although the Commission declined to direct ComEd to participate in such a workshop, this does not mean that such a workshop and/or investigation should not occur, or that Ameren should be relieved from participating in this matter. It simply means that ComEd will not be required to participate. IIEC's two-part recommendation remains intact, as indicated in its Initial Brief and in the testimony of Mr. Stephens in this case.

Third, the evidentiary record in the ComEd case is markedly different from the record in the instant docket. For example, ComEd opposed the investigation and presented testimony that ComEd's system was so complex, that the analysis contemplated would be too complex to be feasible for ComEd. The Commission specifically relied on the evidence in reaching its conclusion. (*See*, *Commonwealth Edison*, Dkt. 13-0387 Order, December 18, 2013 at 13, 18). That is not the case in the instant docket, as throughout the evidentiary phase, Ameren has been neutral as to the merit of holding a workshop to investigate this issue further. (*See* Schonhoff, AIC Ex. 5.0 (Rev.) at 32:662-663, AIC Ex. 8.0 at 26:552-553). Ameren did not present any testimony about its system or the complexity of the analysis IIEC was proposing as it relates to the Ameren system. Also, as explained by Mr. Stephens, Ameren's records provided for a much neater separation of single-phase and three-phase primary facilities than did ComEd's. (Stephens, IIEC Ex. 1.0 at 8:171-173). Unlike the ComEd case, Staff did not oppose IIEC's workshop recommendation in the instant docket. In the ComEd case Staff opposed the proposed workshop, based on the testimony of the ComEd witness. (*See*, Staff Br. at 12).

Furthermore, determining the actual level of complexity of analysis is precisely one of the topics of the workshop/investigation process that IIEC recommends. It would be premature to rule out the investigation for the Ameren system, based on the testimony about the complexity of the ComEd system, in another case.

In short, at least in the evidentiary phase of this case, no party opposed the very reasonable concept of seeking more information on this issue, in a collaborative fashion, through a process directed by the Commission. It should be approved in this case.

In its Initial Brief, Ameren states as follows:

> Despite recognizing that ComEd has the capability to perform the required analysis, the Commission recognized that such studies are 'highly complex and that 'segmenting the cost allocation by phase of service does not appear to be practicable.'
> (AIC Br. at 14)

To begin, IIEC reiterates that Ameren did not present any evidence to support a claim of complexity etc. in this case. Furthermore, Ameren's system and ComEd's system are not the same, and their recordkeeping is not the same, a point emphasized by Ameren witness Schonhoff who stated:

> The two companies likely have different information technology systems and data available for analysis, and AIC doesn't believe that it would be

> beneficial or efficient to have one workshop, given the issues that may be unique for each utility.
> (Schonhoff, AIC Ex. 5.0 (Rev.) at 32:665-667).

Ameren goes to on state:

> The Commission also recognized that '[t]here is also some question as to whether any attempt to segment according to phase of service would be equitable or accurate.'
> (AIC Br. at 14).

This is another distinction between the ComEd and the Ameren cases. In the Ameren case, no party has raised this particular question specifically, instead Ameren deferred to the very workshop process that IIEC proposes. (See, Schonhoff, AIC Ex. 5.0 (Rev.) at 33:672-675). Further, IIEC witness Stephens addressed potential equity concerns in this case, explaining why they should not be a deterrent to IIEC's proposal. (Stephens, IIEC Ex. 3.0C at 9-11:196-245). Mr. Stephens did not have the opportunity to address these issues in the ComEd case, as Staff's opposition to the workshop investigation first appeared in the briefing stage. (*Id*. at 8:163-176). Therefore the explanation offered by Mr. Stephens in the instant case was not in the record in the ComEd case.

In summary, the Commission should decide the issues of each case based on the record in that case. In this case, the record supports the concept of gaining knowledge and collaborating as to whether there is merit to segregating the primary system costs into single-phase and three-phase and assigning the single phase costs to secondary voltage customers, and potential ways to measure or estimate the applicable single-phase costs. IIEC believes this would be a fruitful and educational exercise and no party in this case has taken a position otherwise in their testimony. IIEC cannot envision a circumstance where choosing to remain uninformed about a potentially important and impactful matter is preferable to the alternative. The circumstances are different in this case and IIEC recommends that the Commission take advantage of the opportunity to more fully vet the issue in the hope of potentially refining Ameren's cost of service studies in the future.

2. Allocation of Single-Phase Primary Facility Costs to Secondary Voltage Customers

In its Initial Brief, Ameren claims that nowhere in the record does IIEC witness Stephens explain why he recommends the specific 10% to 20% assignment spectrum, or why a 10% or a 20% allocation is more reasonable than other alternatives. (AIC Br. at 15). This simply is not true. Mr. Stephens explained his rationale fully in his rebuttal testimony. (Stephens, IIEC Ex. 3.0C at 13-14:276-311). The only evidence of record as to the estimated percentage of the primary system which is single-phase is the 54% of total primary costs which Mr. Stephens developed in his direct testimony. (Stephens, IIEC Ex. 1.0 at 11-12:240-247). Therefore, cost of service principles ordinarily would suggest that as much as 54% of the total primary costs should be assigned to secondary customers. However, Mr. Stephens acknowledged that this is a new issue for the Commission and that the 54% figure ultimately could be more refined. (Stephens, IIEC Ex. 1.0 at 13:262-265). Accordingly, he laid out three potential alternatives for the Commission:

> (1) utilizing the best information in the record, assign the best estimate of single-phase primary costs to secondary customers, i.e., 54% of total primary costs; (2) assign 0% of single-phase primary costs to secondary customers and pretend that primary voltage customers do make use of such facilities or (3) take the modest step that I have recommended, i.e., assign a small fraction of those costs to secondary customers, pending further review by the parties.

> (Stephens, IIEC Ex. 3.0C at 13-14:295-301, as corrected Dec. 11, 2013).

Although Ameren complains about the potential accuracy of IIEC's proposed 10% to 20% adjustment, it fails to acknowledge the inherent inaccuracy of its own zero percent estimate, by not reassigning any of the primary costs. The record shows that the single phase primary system is used almost exclusively by secondary voltage customers and 54% of the primary system is single phase primary. Under such circumstances IIEC's estimate that 10% to 20% of single phase primary costs should be allocated to secondary customers is more accurate than on Ameren's estimate of zero percent.

The 10% to 20% adjustment represents about a third of the full movement that ultimately may be warranted. If there is any concern about the accuracy of Mr. Stephens' proposal, it is probably that it is not <u>high</u> enough considering what the likely outcome might be, if the 54% is close to the more fully refined figure. Consequently, Ameren's argument in this regard is without merit.

In its Initial Brief, Ameren confuses percentage of customers with percentage of costs. (AIC Br. at 15). Ameren points to the fact that its witness could not estimate the percentage of secondary customers taking single-phase service as if that were some indicator of the portion of <u>primar</u>y distribution costs that are single-phase. The two concepts are completely separate and one does not prove or disprove the other.

Ameren states,

> [w]hile Mr. Stephens' proposal presents interesting ideas, the proposal is still incomplete and could result in inaccurate allocations of costs amongst the DS-1 and DS-2 classes, even though the proposal would effectively remove costs from the DS-3 and DS-4 classes.
> (AIC Br. at 16).

Two responses are in order. First, the fact that Ameren acknowledges that IIEC's proposal is "interesting" bears witness to the idea that it should be investigated further. Second, and more importantly, IIEC has not claimed that its proposal to allocate 10% to 20% of primary costs to secondary customers is "accurate." However, IIEC submits that it would be <u>more</u> accurate than assuming <u>zero</u> percent of such costs should be assigned to secondary customers, as Ameren's current cost of service study does and as it proposes be continued in this case.

In conclusion, IIEC believes that a modest step in the right direction on this issue would yield a somewhat refined view of cost of service, considering that none, or virtually none, of single-phase primary asset costs are used by primary voltage customers (a point that is undisputed). IIEC believes that its proposal to assign only 10% to 20% of such costs, when as much as 54% (or even more) may ultimately be justified through further study, is a modest step in the right direction and should be approved by the Commission. At a minimum, the mere fact that there is a question as to the right percentage is a testament to the need for the workshop process which IIEC advocates in this case, as addressed in Section II.b.ii.2, above.

iii. Allocator for Non-Meter AMI General and Intangible Plant

AIC has proposed the use of a customer-related allocator for the allocation of non-meter AMI General and Intangible Plant ("AMI Plant") consisting of the communications network information technology ("IT") hardware and software that are essential to the functionality of the advanced meters AIC plans to install. (AIC Br. at 16-17, citing Schonhoff, AIC Ex. 2.0 at 15-16; AIC Ex. 8.0 at 29-30, AIC Ex. 5.0 (Rev.) at 34 and ACI Cross Ex. 1 (AIC-AG 1.07 and 1.08)).

IIEC and Staff support the use of the customer-related allocator for the allocation of the AMI Plant. (IIEC Br. at 22-24; Staff Br. at 12-13). The AG is the only party in this case to oppose the use the customer-related allocator. (*See*, AG Br. at 4-8).

The AG proposes the Commission adopt the recommendation of AG witness Mr. Rubin that AMI costs be allocated using a labor allocator until AIC files its next rate case, three years from now. (AG Br. at 4). The AG appears to make two basic arguments in support of its position. First, that AMI investment does not occur in proportion to the number of customers on the AIC system because there is a variance in the cost of the meters themselves and the cost of installing same. (AG Br. at 5). Second, the AG argues that the benefits of AMI investment are not limited to the traditional metering function and the AIC allocator fails to match AMI costs to benefits by customer class. (AG Br. at 5).

IIEC disagrees, and for the reasons stated in IIEC's Initial Brief (IIEC Br. at 22-24), and for the reasons stated below, IIEC recommends the Commission adopt AIC's proposal to allocate non-meter AMI G&I plant using a customer-related allocator. (*See*, AIC Br. at 16, recommending use of allocator CUST370).

The AIC Allocator Does not Allocate Costs in Direct Proportion to the Number of Customers

The AG argues that use of the customer-related allocator proposed by AIC is inappropriate because it fails to recognize that AMI investment does not necessarily occur in proportion to the number of customers on the AIC system. (AG Br. at 20). The AG appears to be suggesting that under such a circumstance, use of customer-related allocators for these costs is inappropriate and use of a labor-allocator is appropriate. First, and very importantly, it should be observed that the AG never explains in its brief why the use of a labor-allocator for AMI costs is appropriate under any circumstance. It certainly does not demonstrate that AMI investment occurs in proportion to the labor costs on the AIC system, the standard that the AG seems to advocate. Second, the AG's argument is based on a mistaken assumption. This argument assumes that AIC has proposed the use of an allocator that allocates these costs in direct proportion to the number of customers on the AIC system. The record demonstrates that this is not the case. (*See,* Schonhoff, AIC Ex. 5.0 (Rev.) at 36:730-736 and 38:765-774).

The AG reasons that AMI Plant investment "does not necessarily occur in proportion to the number of customers, due to variances and costs for meters of different sizes and loads, as well differences in installation costs, depending on the characteristics of customers." (AG Br. at 5, citing Rubin, AG Ex. 1.0 at 5:112-115). Therefore, according to the AG, use of the allocator proposed by Ameren should be rejected. The AG's argument is interesting, but without merit. First, it is worth noting that the AG, recognizes the relationship between meters and the subject AMI costs because it admits that the subject AMI costs appear to vary in relation to the cost and size of meters and the cost of installation of same. Thus the AG admits one of the basic premises for use of a customer related allocation factor, the costs in question are related to meters.

Second, the AG's argument is based upon a mistaken assumption. The AG's argument appears to rest upon the assumption that the customer-related, allocator CUST370, does not recognize that AMI investment can be affected by variances in the cost of meters and the cost of meter installation. However, the record shows that the customer-related allocator AIC proposes to use, “CUST 370,” does incorporate variances in the cost of meters of different sizes and loads, as well as the differences in the cost of installing such meters with differing characteristics. (*See*, Schonhoff, AIC Ex. 5.0 (Rev.) at 38:769-771). Also, as noted above, the AIC allocation factor does not allocate these costs in direct proportion to the number of customers on the AIC system as the AG has assumed.

Furthermore, AG has failed to explain how its labor allocator reflects the variation in meter costs and the cost of installation of same, which the AG apparently believes is critical to the adoption of an appropriate allocation factor. Given the fact that the AIC customer-related allocator does reflect the variation in AMI costs due to variation in meter and meter installation costs and the AG's proposed labor apparently does not, the AIC allocator should be adopted.

Allocation of AMI Investment Costs on the Basis of Cost Causation versus Allocation on the basis of benefits

The AG argues that the benefits of AMI are not limited to its function and, therefore, use of the customer-related allocator proposed by AMI is improper. The AG alleges it is improper because the customer-related allocator fails to match AMI costs to benefits by customer class. (*See*, AG Br. at 5). This AG argument is without merit for several reasons.

First, and importantly, the AG fails to explain how or why its proposed labor allocator effectively matches AMI costs to benefits. Indeed, the AG admits that its allocator does not, in fact, do so. (*See*, AG Br. at 5-6, (discussing results of using labor allocator to allocate AMI costs)). What the AG's allocator does is allocate less of the subject costs to the customer classes that receive the greatest benefit and more costs to those customer classes who receive the “smallest” benefit. Indeed, the AG's cost benefit analysis fails to discuss all of the rate classes.

It fails to mention the DS-4 rate class. Therefore, it is impossible to establish with any certainty that the AG's allocator does not unfairly over-allocate costs compared to benefits to some of the AIC rate classes or does not allocate costs to classes who receive no benefit.

Second, the AG's argument that costs should be allocated to customers on the basis of benefits, clearly violates the legal standard that the AG has identified as a controlling standard for this case. The AG has argued elsewhere in its brief that the Commission is compelled to apply cost causation principles (not benefits received principles), to its determinations in this case. Specifically, the AG argues customers who cause costs to be incurred should pay these costs. (*See*, AG Br. at 3, citing 220 ILCS 5/1-102(b)(iii)). In violation of its own standard, the AG now appears to argue that costs should be allocated not on the basis of cost causation, but on the basis of benefits received.

In doing so, the AG ignores the purpose of the investment in question which, as the Company has explained, is to allow the advanced meters to fully function. Mr. Rubin, the AG's witness, has conceded that the cost of buying and installing AMI meters should be allocated in the same way traditional metering plant is allocated. (Rubin, AG Ex. 1.0 at 7:151-155). It is difficult to see why AMI investment that is clearly needed in order to allow those same meters to function should be treated any differently than the meters themselves.

III. REVENUE ALLOCATION

B. Contested Issues

i. Revenue Allocation Methodology – Rate Moderation

1. Treatment of Electric Distribution Tax

Ameren correctly notes that parties in this proceeding do not challenge the continued allocation of EDT on the basis of usage. (AIC Br. at 22-23). Ameren also is correct in noting that the contested issue is whether the EDT should be included in any Commission approved rate moderation plan. (*Id*.). Indeed, the Staff sets forth its position on rate moderation in the section of its brief dealing with "Treatment of Electric Distribution Tax." (Staff Br. at 14-18). Staff essentially concludes that the EDT should be considered in a rate moderation plan and recommends approval of IIEC's proposed plan. (*Id*.). It considers the EDT in its rate moderation plan. (*See*, AIC Br. at 21-23). Perhaps most importantly, the Commission has already ruled that the EDT should be included in rate moderation considerations. (Ameren, Dkt. 09-0306 (Cons.) Order April 29, 2010 at 295, rejecting AIC's proposal to exclude the EDT from rate moderation approach.) The AG is the only party that has argued that the EDT should not be part of rate mitigation or moderation. (*See*, AG Br. at 8-12). This view must be rejected.

Because the issue of EDT treatment and rate moderation are intertwined, IIEC addresses the issues on a combined basis below. It is IIEC's position that the impact of the EDT needs to be considered and included as part of any rate moderation adopted by the Commission.

2. Rate Mitigation Alternatives

Ameren argues there should be rate moderation in this case and it should reflect the EDT. (See, AIC Br. at 24-25). However, Ameren proposes to move at a quicker pace in EDT recovery. Ameren's "quicker pace" would produce increases of over 200% per year for years for some customer sub-classes, depending on the impact analysis relied upon. (Stephens, IIEC Ex. 1.0 at 18:Table 3; Jones, AIC Ex. 4.0 at 16:358-359). Ameren's proposal is unreasonable and should be rejected for the reasons stated below. (*See, also* IIEC Br. at 26-32).

Response to Ameren

Initially, it should be noted that Ameren has determined that its rate moderation approach provides increases, as much as 234%, for some customer subclasses. (Jones, AIC Ex. 4.0 at 16:358-359). However, Ameren has acknowledged that increases for other rate classes of 200%-300% would not be acceptable even if it were necessary to bring that class to cost of service. (Jones, Dec. 11 Tr. 106). But Ameren apparently finds increases of this magnitude acceptable for the DS-4 rate subclasses. (AIC Br. at 22).

Ameren points to the Proposed Order in Docket No. 11-0279 and its proposed treatment of rate moderation in that case. Ameren also discusses the Proposed Order in Docket No. 11-0279 in other instances. (AIC Br. at 24-28). Several responses are in order.

First, as the Commission undoubtedly is aware, a Proposed Order in a case, in itself, carries no evidentiary weight, as it does not represent the Commission's decision. Rather, it is merely a suggestion to the Commission made by the Administrative Law Judge(s) which the Commission is free to adopt or reject as it sees fit. The Commission took no substantive action on this issue in Docket No. 11-0279, since the case was withdrawn by Ameren prior to decision.

Second, the only valid Commission order in an Ameren electric delivery service rate case on this issue is the Commission's decision in Docket No. 09-0306 et al., which found that the proper rate moderation proposal is that no class or subclass should receive an increase of greater than 150% of the system average increase. As IIEC explained in its Initial Brief, this amounted to a maximum increase of around 20%. (IIEC Br. at 24-25). Ameren itself has proposed a form of rate moderation that deviates substantially from the actual Commission-approved method. To the extent the Commission wishes to rely on a prior orders, the only prior order to rely on is the Order in Docket No. 09-0306 et al., not a Proposed Order that was never adopted by the Commission.

Third, even it Ameren's citations to a Proposed Order that was never entered, in a case that was never decided, were valid, they actually are an indictment of Ameren's rate moderation position in this case. The Proposed Order in Docket 11-0279 did address rate moderation at pages 180-186, and ultimately concluded as follows:

> Specifically, the Commission finds that the revenue allocation approach should constrain movement to full class cost of service for any one customer class to 150% the overall average rate increase allocated to any Rate Zone, or 10%, whichever is greater. (Proposed Order, Docket Nos. 11-0279 and 11-0282 (Cons.) at 186).

This is essentially the same as IIEC's proposal in this case, not Ameren's. [4] As explained in IIEC's Initial Brief and in Ameren's Initial Brief, Ameren has introduced a third criterion, which, in IIEC's view, effectively eviscerates the protections included in the rate moderation approach the Commission adopted in Docket 09-0306 and might have adopted in Docket 11-0279.

In its Initial Brief, Ameren suggests that for DS-4 +100 kV customers it would take 13

[4] The only difference in the Proposed Order approach and IIEC's approach is the application of the criteria at the rate subclass level. IIEC notes that the Commission actually applied its rate moderation at the subclass level in Docket 09-0306 and that IIEC and the ICC Staff have proposed such rate moderation at the subclass level in this case as well. (Ameren, Dkt. 09-0306, Order, August 29, 2010 at 295; Jones, AIC Ex. 1.0 (Rev.) at 14:289-292; Stephens, IIEC Ex. 1.0 at 16:335-340; and Rukosuev, Staff Ex. 4.0 at 2:39-42).

iterations of 10% increases to achieve uniform EDT values. (AIC Br. at 25). It certainly is not unprecedented for movement to cost of service to take many iterations. For example, as explained during the hearing, for the Railroad class in the Commonwealth Edison Company cases, the Commission approved movement toward cost of service over 11 iterations.[5] (Stephens, Dec. 11 Tr. 180-181). Thus, there is ample precedent for more than the two or three iterations Ameren proposes here.

Furthermore, IIEC notes that the grain drying customers still have not moved fully to cost of service, having been subject to a rate limiter since Docket 07-0165 and are now being proposed to be moved into the DS-6 class, with phase out of subsidies occurring over multiple additional years. (*See*, Grain and Feed Association ("GFA") Br. at 2-3). Interestingly, according to the GFA's brief, if the Rate Limiter is totally eliminated in this case, a large number of grain elevators would receive rate increases of 50% to over 100%. These increases are relatively small compared to the increases proposed by Ameren and others for some DS-4 subclasses; yet Ameren has agreed to the continued phase of the increase for these customers. (GFA Br. at 3, 12).

However IIEC proposed that if the Commission should find that greater movement toward cost of service is necessary than might occur under IIEC's initial proposal, then the 10% increase could be raised to 20% and the 1.5 times system average increase factor could be raised to 1.75. IIEC provided the resulting increases in IIEC Ex. 3.2. While the resulting increases

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[5] *See*, Commission's Final Order in Docket No. 07-0566 at page 213, establishing the first movement toward cost-based rates for the Railroad delivery service class; Order Docket No. 10-0467 at pages 259-260, establishing a 1/10th movement of the remainder of the way toward cost of service for the Railroad delivery class; Order Docket No. 13-0387 at page 91, moving the Railroad class rates the second of 10 steps toward cost of service.

would still be very large for some customer classes (20% per year), they are certainly more reasonable than the over 200% annual increases proposed by Ameren.

Ameren characterizes its modifications to the Commission's rate moderation criteria as intended to correct for the following "inadequacy" in those criteria, among others:

> In the event of an overall system rate decrease, all rate classes still receive a decrease, even though <u>modest rate increases</u> to some classes would permit movement towards cost-based rates with <u>tolerable total bill impacts</u>.
> (AIC Brief at 26).

Two responses are in order. First, Ameren suggests that its rate moderation proposal results in "modest rate increases." This suggestion is amusing, considering that Ameren is proposing annual increases that, by either its measure or IIEC's measure, exceed 200% for some rate subclasses. These increases would occur annually. This is hardly what any reasonable party could consider "modest." In fact, Ameren witness Jones admits that Ameren would not propose increases of this magnitude for other rate classes even if such increases were necessary to bring those classes to cost of service. (Jones, Dec. 11 Tr. 106).

Second, Ameren seems to justify its outrageous increases under the guise of "tolerable total bill impacts." The consideration of total bill impacts has been refuted by IIEC witness Stephens (*See* IIEC Ex. 1.0 at 20-22:381-431). ICC Staff witness Rukosuev recognizes the problems with Ameren's "total bill" approach as well, stating as follows:

> Mr. Stephens correctly points out that AIC presents bill impacts that combine delivery service, cost of power supply, and transmission service. By doing so, AIC's original bill impact analysis shows a smaller impact than it would if the cost of power supply or any other energy or commodity supply or transmission costs in such an analysis would be excluded, as they are not relevant to electric delivery service charges. Furthermore, Ameren does not provide the electricity distribution supply for the vast majority of DS-4 customers, as well as many DS-3 customers. (IIEC Ex. 129 1.0, 20.) … I must agree that the regulated delivery

> service rates that Ameren proposes must be considered on their own, and should not be combined with costs of other commodities or services when determining whether rate impacts are reasonable.
> (Rukosuev, ICC Staff Ex. 4.0 at 6-7:122-136).

The Commission itself failed to accept Ameren's rate moderation approach in Docket 09-0306, which was based in part on the notion of considering commodity costs in determination of the proper delivery service rate impacts. (*See* Stephens, IIEC Ex. 3.0C at 31:685-708, addressing Ameren witness Jones' suggestion that the Commission has specifically approved consideration of commodity and delivery service bills in determining rate impacts for the rate moderation approach; *see also*, Ameren Dkt. 09-0306 (Cons.) Order, August 29, 2010 at 295, adopting Staff's ratemaking approach). Thus, there is no support for considering commodity costs or "total bill" in the determination of moderate delivery service charges.

Ameren argues that its 0.05 cents per kWh criterion is a valid criterion. It states as follows:

> The sole criticism of AIC's inclusion of a 0.05 ¢/kWh criterion is the *percentage* electric delivery rate increases that certain DS-4 classes would receive. (AIC Br. at 27.

While it is certainly true that the percentage increases to DS-4 customers are outrageous and, to the best of IIEC's knowledge, unprecedented, that is not the sole criticism. Another major criticism is the fact that addition of this new criterion is a substantial departure from both the Commission's decision in Docket No. 09-0306 as well as even Ameren's proposal in Docket No. 11-0279, as discussed above. From a superficial view, 0.05¢/kWh does not seem like a large number. However, for customers that use a very large amount of energy, such as DS-4 customers, this translates to a major cost. For example, IIEC witness Stephens demonstrated the impact of Ameren's rate moderation criterion including the 0.05¢/kWh element to a large customer. As Mr. Stephens indicated, for a hypothetical 81 MW DS-4 customer, the rate increases range from approximately $281,000 per year to $526,000 per year, depending on the voltage level and rate zone. (Stephens, IIEC Ex. 1.0 at 19:Table 4). Further, the evidence of record in this case is that some IIEC members would see cost increases even higher than those shown for the hypothetical customer illustrated by Mr. Stephens. (*Id*. at 19:379-380).

Ameren devotes nearly an entire page to lamenting the fact that the Proposed Order in Docket No. 11-0279 was not approved and noting the changes in rates that would have occurred if it had been approved.(AIC Br. at 28). To begin, IIEC has addressed above the relevance, or lack thereof, of the Proposed Order in Docket No. 11-0279. More importantly, Ameren's complaints about the fact that the Commission never entered an order in Docket No. 11-0279 should be disregarded, in recognition that it was Ameren which unilaterally chose to withdraw its rate case so it could gain the substantial ratemaking benefits provided to it under the formula rate law. Ameren's actions do not constitute a valid basis for abandoning the principles of rate shock and rate moderation to impose increases in delivery service rates of over 200% per year for multiple years.

Taking Ameren's position overall as a whole, it appears that Ameren's complaint is that not enough progress has been made toward cost of service since the time of the Commission's decision in Docket No. 09-0306. Assuming, *arguendo,* this is true, the fact that current rates may not be at cost of service (as measured by Ameren) does not mean that rate moderation considerations can be or should be abandoned. Rather, the rate design principles of gradualism and avoidance of rate shock dictate that increases must be moderated. IIEC's proposal, which would result in certain rate classes receiving a minimum of 10% increases each year until cost of service is reached represents steady movement toward cost of service. However, if the Commission deems that faster movement is needed, the 20% per year increase could be adopted, consistent with IIEC's alternative approach. Under no circumstance, should rate increases exceeding over 200% each year be considered moderate. IIEC recommends that Ameren's proposal be rejected.

Response to ICC Staff

In its Initial Brief, ICC Staff is generally supportive of IIEC's proposed revenue allocation approach, recognizing the significant flaws in Ameren's initial proposal. (Staff Br. at 14). Specifically, Staff recommends the Commission accept IIEC's modified constrained class revenue allocation proposal, i.e., to eliminate the first tier of Ameren's proposed three-tiered methodology, the 0.05¢/kWh constraint. (*Id*.). However, Staff goes on to say that if the Commission is not inclined to accept its recommendation then Staff recommends that AIC's 0.05¢/kWh value be modified to a lower value, "say 0.025¢/kWh." (*Id.).* IIEC notes that the Commercial Group supports this alternative as well in its initial brief. (CG Br. at 6).

The problem with this alternative proposal is that, while it is better than Ameren's initial proposal, it still would lead to very large increases for certain rate subclasses. As an initial matter, Ameren has introduced this modified proposal in surrebuttal testimony, when no witnesses had a chance to evaluate it and address it in testimony.[6] In this surrebuttal testimony, Mr. Jones only mentions the 0.025¢/kWh as a potential alternative to its 0.05¢/kWh criterion, to

[6] IIEC acknowledges that a cross exhibit was introduced at the hearing (AG Cross Ex. 1) that purports to quantify the impact of Ameren's surrebuttal proposal. Of course, no party had the opportunity to test the veracity of the calculations of such late information.

which Staff objects. Ameren does not provide the resulting rates that would occur at this level or the resulting rate impacts. (*See generally*, Jones, AIC Ex. 7.0). Rather, Mr. Jones makes only brief passing references to the modified criterion. (*See*, Jones, Ameren Ex. 7.0 at 2:50-53, 14:328 and 35:781-783). Consequently, it would be difficult, if not impossible, for the Commission to judge the appropriateness of such a proposal given the shortness of evidence. However, on cross-examination, it was represented that such a proposal would still yield increases of as much as 116% per year to some rate subclasses. (CG Cross Ex. 1).[7] Such levels are not moderate and should not be approved.

Staff does make an important observation, noting the inconsistency between Ameren's support for the rate limiters for the benefit of grain drying customers and the apparent lack of concern for other large customers, as noted above. (Staff Br. at 17). The rate moderation for these grain drying customers began as a result of Docket No. 07-0165 and, according to Staff's Initial Brief, will not be completed until three years after the rates in this case take effect, or approximately 2018. Thus, this moderation approach will have been in place for over 10 years. This is additional support for IIEC's modified rate moderation proposal which, even Ameren admits, would result in reaching cost of service in 10 iterations or less, depending on the rate zone. (*See* AIC Br. at 26-27).

IIEC has no additional response to Staff's Initial Brief in this case, given Staff's support for IIEC's rate moderation proposal. (*See* Staff Br. at 14).

[7] As mentioned, the Commercial Group argues for such an approach in its Initial Brief. (CG Br. at 6). However, the CG provides no evidence beyond its own opinion that it is "a reasonable means of balancing the interests of ratepayers on different sides of this issue. (CG Br. at 5). IIEC's reply will be limited to the response to Ameren's alternative proposal. Because the increases produced are not moderate and for the other reasons stated herein, that approach should be rejected. The increases actually exceed the 50% to 100% increases for the grain drying customers referenced above.

Response to the Attorney General

The AG, without any consideration of the rate impacts that it says the Commission is legally required to consider (*See*, AG Br. at 2-3), recommends a flash cut approach to move rates to cost of service by imposing potential increases of several hundred percent on affected customers. IIEC respectfully disagrees with the AG for the reasons stated in its Initial Brief (IIEC Br. at 26-32) and for the reasons stated below.

At page 8 of its Initial Brief, the Attorney General, without citation to any evidence in the case, opines that the EDT subsidy has existed for over 15 years. (AG Br. at 8). This simply is not true. The Commission first set delivery service rates (for Ameren and its predecessor companies) in 1999 and all the way up to the 2009 rate case they were cost based, in that the Commission made no finding of subsidy. (*See* Appendix A to this Brief listing the Prior Orders). It was only through the dramatic change in the allocation of the EDT that occurred in Docket No. 09-0306 that created cost recovery problem. There is simply no basis to claim that a "subsidy" has existed "over 15 years."

Also regarding the EDT, the AG at pages 8-9 of its Initial Brief, focuses on an analysis of claimed subsidy based on "marginal" kilowatt-hour brackets in the tax charge. This view of looking at the marginal tax rate as the sole indicator of EDT responsibility is misguided. Indeed, it was demonstrated during the hearing that one cannot even know a customer's tax responsibility based only on the marginal tax rate, given that a large number of factors are in play. (Jones Dec. 11 Tr. 96-98). Therefore, the AG's "analysis" has no meaning.

More important of course is the AG's total disregard for the rate design principles of maintaining gradualism and avoiding rate shock. Rather, the AG's sole focus seems to be on reaching equalized EDT charges as quickly as possible, in fact, through a flash cut adjustment to equalize charges as a result of this case. As every party in the case seems to know, it is the potential movement toward equalized EDT charges that is so disruptive to the bill impacts to customers and which is the underlying concern for rate moderation. Ameren's onerous rate moderation proposal would produce increases of over 200% to some rate subclasses. The AG's immoderate proposal would likely end up producing increases of several hundred percent given that Ameren indicated that it would take multiple increases at the 200% or more rate to reach equalized EDT charges. (See Jones, AIC Ex. 4.0 (Rev.) at 16:358-359, (showing increases in excess of 200% under AIC's approach); Jones, Dec. 11 Tr. 104, (indicating it could take 3 iterations to reach an equalized EDT charge)). The AG's proposal must be rejected because it gives absolutely no consideration to "rate impacts" which the AG argues the commission is legally bound to consider. (See AG Br at 2-3 (discussing the "legal standards" applicable to this case)). Equalized EDT charges will be achieved under either of IIEC's proposals, as quickly as consideration of reasonable rate impacts will allow.

The AG's proposal must be rejected.

IV. RATE DESIGN

B. Contested Issues

i. Transformation Capacity Charge for Rate Zone II – DS-4 +100 kV

AIC proposes to reduce the transformation charge for the DS-4 +100 kV Supply Voltage service customers ("DS-4 + 100 kV customers") taking service as of December 31, 2012, in recognition of their much lower embedded cost of service. (AIC Br. at 34). IIEC supports this rate design adjustment. (IIEC Br. at 32). Staff opposes the adjustment because AIC's proposal "departs from rate uniformity and could create customer confusion." (Staff Br. at 20).

Staff raises no new arguments beyond those mentioned by Staff witness Harden, which IIEC has already addressed in its initial brief. IIEC continues to support the Company's proposal and respectfully disagrees with the Staff for the reasons stated in Ameren's and IIEC's Initial Briefs. (AIC Br. at 34-36; IIEC Br. at 32-34), as elaborated below.

a. Rate Uniformity

Staff claims tariff uniformity is an established goal. (Harding, Staff Ex. 2.0 at 4-5:92-98). However, as AIC argues, in this instance, its proposal is a justified departure from that goal. Rate uniformity as understood by IIEC, is based, in part, on the assumption that cost of service for customer classes and subclasses in each of the three Ameren rate zones are close to the same. (*See*, *Id*., at 6:134-136). AIC has clearly demonstrated that in the case of transformation charge for DS-4 + 100 kV customers in Rate Zone II there is a substantial difference in transformation costs incurred to serve these customer compared to other customer groups. (Jones, AIC Ex. 1.0 (Rev.) at 32-33:667-684). IIEC understands that this is the case because the transformation equipment used to serve these customers has been almost fully depreciated. (Jones, AIC Ex. 1.0 (Rev.) at 33:673-675). Therefore, the capital costs incurred for the transformation facilities used to serve these customers has declined.

In order to properly account for the reduction in cost for the transformation service paid for by these customers, AIC correctly proposes that the transformation charge be reduced. This is consistent with the principle that rates and rate charges, to the maximum extent possible, be based on cost of service. (*See, e.g.* Order, Dkt. 09-0306 et al., April 29, 2010 at 295). The reduction in the cost of transformation should be reflected in the transformation charge, not the meter charge or some other unrelated charge such as the EDT charge, (which is applied under the terms and conditions of a separate rider.) The desire for rate uniformity should not trump cost of service principles. The Commission has indicated in other cases that it was not inclined to "force" uniform changes for AIC's rates where "legitimate cost of service differences warrant different treatment." (*Ameren*, Dkt. 09-0306 Order, August 29, 2010 at 306). IIEC believes the Company's proposal is consistent with those principles but Staff's proposal, while well intentioned and appreciated, is not. For these reasons, the Commission should adopt the Company's proposal.

b. Customer Confusion

As IIEC noted in its Initial Brief, customers like the DS-4 + 100 kV customers are usually large sophisticated customers. (IIEC Br. at 34). Such customers are fully capable of understanding rate design changes such as that proposed by AIC in this case. (*See*, *Id*.). IIEC believes they are capable of understanding that a customer with lower transformation costs would be entitled to a lower transformation charge. IIEC suggests that it would be more difficult for customers to understand and possibly lead to customer confusion, if, as the Staff proposes, a totally unrelated and separate rate charge, the EDT charge is reduced to offset inflated transformation charges associated with service to a particular customer group.

Again, while IIEC appreciates the Staff's concerns and Staff's recognition of the fact that reduced transformation costs need to be recognized in some form or fashion in rates paid by DS-4 + 100 kV customers in Rate Zone II, it believes the Company's approach would actually lead to less confusion and misunderstanding than the Staff's proposal under the circumstances set out above.

Therefore, IIEC requests that the Commission approve the Company's proposal.

V. CONCLUSION

For all of the reasons stated in this Reply Brief and in IIEC's Initial Brief, the Commission should approve the positions of IIEC on the issues that it addresses.

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Respectfully submitted,

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APPENDIX A

PREVIOUS AMEREN DELIVERY SERVICE RATE CASES INVOLVING COST ALLOCATION

Docket No.	Utility
99-0119	Central Illinois Light Company, Order, August 25, 1999
99-0120	Illinois Power Company, Order, August 25, 1999
99-0121	Central Illinois Public Service Company, d/b/a AmerenCIPS and Union Electric Company, d/b/a AmerenUE, Order, August 25, 1999
00-0802	Central Illinois Public Service Company, d/b/a Ameren CIPS Union Electric Company, d/b/a AmerenUE Order, December 11, 2001
01-0432	Illinois Power Company, Order, March 28, 2002
01-0637	Central Illinois Light Company, Order, March 28, 2002
06-0070 06-0071 06-0072 (Cons.)	Central Illinois Light Company, d/b/a AmerenCILCO, Central Illinois Public Service Company, d/b/a AmerenCIPS, Illinois Power Company, d/b/a Ameren IP, Order, November 21, 2006
07-0585 07-0586 07-0587 (Cons.)	Central Illinois Light Company, d/b/a AmerenCILCO Central Illinois Public Service Company, d/b/a AmerenCIPS Illinois Power Company, d/b/a AmerenIP Order, September 24, 2008