Ameren Exhibit 8.0

ILLINOIS COMMERCE COMMISSION

DOCKET No. 14-_____

DIRECT TESTIMONY

OF

RYAN K. SCHONHOFF

Submitted on Behalf Of

AMEREN ILLINOIS COMPANY
d/b/a Ameren Illinois

April, 2014

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ILLINOIS COMMERCE COMMISSION

DOCKET No. 14-_____

DIRECT TESTIMONY OF

RYAN K. SCHONHOFF

Submitted on Behalf Of

Ameren Illinois

I. INTRODUCTION

A. Witness Identification

Q. Please state your name and business address.

A. My name is Ryan K. Schonhoff and my business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

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

A. I am employed as a Regulatory Consultant for Ameren Illinois Company d/b/a Ameren Illinois (Ameren Illinois, AIC, or the Company).

Q. What are your current responsibilities as a Regulatory Consultant?

A. My current responsibilities include conducting analysis of gas and electric retail rates and rate design, performing class cost of service studies, testifying in regulatory proceedings, and engaging in other rate or regulatory projects as assigned. My responsibilities also include wholesale cost of service studies, rate design, and other related projects.

Q. Please describe your educational background and relevant work experience.

A. Please see my Statement of Qualifications attached as an Appendix to this direct testimony.

B. Purpose, Scope and Identification of Exhibits

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to discuss AIC's electric embedded cost of service study (ECOSS), rate design and cost allocation methods. The ECOSS, rate design and cost allocation used in this case are consistent with those approved by the Commission in AIC's most recent "rate redesign" proceeding, Docket No. 13-0476. AIC initiated said docket on July 22, 2013 - consistent with the requirements of 220 ILCS 5/16-108.5(e) – and the changes resulting therefrom were approved in a Final Order issued on March 19, 2014. The rate design and cost allocation methods approved in the rate redesign docket will be incorporated into rates effective beginning in January 2015, consistent with the timing of the revised revenue requirement resulting from this update proceeding. My testimony supports AIC's current, i.e., post redesign, rate design and cost allocation methods.

Q. Please generally describe your testimony and analysis performed for this filing.

A. My testimony and analysis presents the results of AIC's ECOSS for its three Rate Zones based on AIC's updated revenue requirement, utilizing a 2013 test year and ratemaking adjustments for its performance based formula rate, Rate Modernization Action Plan – Pricing (Rate MAP-P). I present and discuss the net revenue requirement for each rate class, which is determined by adding the 2013 rate year revenue requirements produced from the ECOSS to the corresponding allocation of the true-up reconciliation amount.

My testimony also discusses the revenue allocation and rate design calculations necessary to produce new delivery service charges that will recover the net revenue requirement for the 2014 Rate MAP-P annual update, as presented by Ameren witness Mr. Ronald Stafford in Ameren Exhibit 2.0. As indicated the ECOSS, revenue allocation, and rate design

methodologies are consistent with and follow the prescribed methods established in Docket No. 13-0476. Customer bill impact analysis and accompanying bill comparisons are sponsored and discussed in further detail by Ameren witness Mr. Leonard M. Jones in Ameren Exhibit 7.0.

Q. What is the overall impact to customers of the 2014 formula rate update?

A. The net revenue requirement for each of AIC's three Rate Zones has increased since the 2013 formula rate update; in total, AIC's net revenue requirement has increased from approximately $721 million to $926.5 million. This translates into approximately $206 million in increased delivery service revenue for AIC. The additional delivery service revenue will be collected through new delivery service charges that have been determined by the currently approved cost allocation rate design methodologies.

Q. When will these new electric delivery service charges become effective?

A. The new delivery service charges will become effective on the first billing cycle of the January 2015 billing period.

Q. Are you proposing any tariff changes in this proceeding?

A. No. However, AIC is introducing a new rate class, DS-6, which is an optional, temperature sensitive delivery service rate available to customers that would otherwise be served under DS-3 or DS-4. The DS-6 tariff was approved in Docket No. 13-0476 with initial availability to customers beginning with the January 2015 billing period and concurrently with prices developed in this proceeding.

Q. Please summarize the conclusions of your direct testimony.

A. I conclude that:

- Rate MAP-P pricing is based on AIC's updated net revenue requirement utilizing 2013 actual costs, 2014 plant additions, including ratemaking adjustments, and the 2013 reconciliation;

- Rate MAP-P pricing relies on separate Rate Zone net revenue requirements and embedded class cost of service study results; and,

- The cost allocation, revenue allocation, and pricing methods adhere to the currently-approved cost allocation and rate design methods as established in Docket No. 13-0476, which supersede previously-approved methodologies.

Q. Are you sponsoring any exhibits with your direct testimony?

A. Yes. I am sponsoring the following exhibits:

- Ameren Exhibit 8.1: Summary of Electric Rate Zone ECOSSs – Rates of Return under Present Revenues

- Ameren Exhibit 8.2: Summary of Electric Rate Zone ECOSSs – Revenue Requirement under Equalized Rates of Return (excluding the true-up reconciliation)

- Ameren Exhibit 8.3: Summary of Electric Rate Zone ECOSSs – Unbundled Cost of Service Results under Equalized Rates of Return (excluding true-up reconciliation)

- Ameren Exhibit 8.4: Summary of Rate Zone Net Revenue Requirements (including true-up reconciliation)

- Ameren Exhibit 8.5: Narrative explanation of the process of determining Delivery Service Charges

- Ameren Exhibit 8.6: Determination of Delivery Service Charges & Price Summary

II. <u>COST OF SERVICE STUDIES</u>

A. Discussion of Cost Allocations and Methodologies

Q. Previously, you stated that the ECOSS are consistent with Docket No. 13-0476. Can you briefly discuss the modifications to the prior cost allocation methodology?

A. Yes. In short, Docket No. 13-0476 affected the previous ECOSS methodology by approving changes that (1) recognize both the supply voltage and service voltage when

allocating demand-related distribution plant, (2) allocate primary distribution line costs using a Non-Coincident Peak (NCP) methodology (subject to a modification for the DS-5 class only), (3) consolidate the manner in which overhead distribution lines are functionalized, and (4) provide additional clarity and direction around allocations of AIC's AMI Plan Investments. For a further understanding, please see the Final Order in Docket No. 13-0476.

Q. What is an ECOSS?

A. AIC provides delivery services to its customers under a number of residential and non-residential rate classifications. These rate classifications are primarily differentiated by customer characteristics, usage levels and supply voltage level. The purpose of the ECOSS in this proceeding is to present the functionalization, classification, and allocation of distribution delivery service-related costs to the Company's rate classes and to support the Company's rate designs and pricing. The ECOSS is the result of allocating and/or assigning the various costs, both direct and indirect, of providing electric distribution delivery services to the delivery service classes in a way that best reflects the manner in which such costs are incurred.

Q. What is the fundamental principle underlying the ECOSS?

A. Cost causation is the fundamental principle applicable to all cost studies for purposes of allocating costs to the individual delivery service classes. The Commission has noted in a prior AIC general rate case order: "[g]enerally, the Commission prefers to allocate costs among the various classes as close to the cost of serving each class as is reasonably possible and/or appropriate. The purpose of doing so is to assign costs to those who cause them." Order, Docket Nos. 09-0306 (cons.) (Apr. 29, 2010), p. 228. In other words, the costs assigned to a delivery service class should be costs that the particular delivery service class caused the utility to incur.

The results of the ECOSS provide the essential data necessary for rate design and pricing. Rate design and pricing will be discussed later in my testimony.

Q. What are the three major steps in preparing an embedded cost of service study?

A. In general, preparing a cost of service study involves: (1) functionalization, (2) classification and (3) allocation.

Q. Please generally describe the process of cost functionalization.

A. Functionalization is the assignment of investments (rate base) and expenses to the major utility service categories: production, transmission, distribution, customer-related, and administrative & general. The major functions are further divided into FERC Accounts.[1] The distribution function, for instance, is the sum total of FERC Accounts 360-374. FERC Account 365 (Overhead Conductors & Devices), for example, includes the cost installed of overhead conductors and devices used for distribution purposes. Functionalization sometimes requires identifying more granular functions (sub-functions), such as operating voltage of distribution equipment. In the above example of FERC Account 365, I take steps to assign costs from this account across the various voltage levels (sub-functions) of distribution lines operated by AIC.

Q. Do you testify to each of the functionalization steps mentioned above?

A. No. Ameren witness Mr. Stafford provides the separation of costs by major function and FERC Account for each Rate Zone. My testimony and analysis relate only to last stage of functionalization (sub-function level).

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[1] FERC Accounts are industry standard accounts defined in the Uniform System of Accounts.

Q. Please generally describe the process of classification.

A. Classification is the further separation and/or assignment of functionalized plant and expenses into categories of cost causation based upon how the costs are generally incurred. Costs can generally be incurred when new customers are connected to the system, when they increase their demand (kW) on the local distribution system, or when they use more energy (kWh). To account for the different ways a utility incurs costs, three classifications are used: customer-related, demand-related and energy-related.

Q. How were costs classified for your ECOSS?

A. Demand-related costs are those investments and other capacity-related costs that remain essentially the same, in the short run, no matter how many kilowatt-hours (kWh) are sold or delivered. Demand costs are associated with the electrical facilities necessary to supply the customer's service requirements during periods of maximum, or peak, power consumption. Usage is expressed in terms of the customer's maximum power consumption during peak periods, commonly referred to as "kilowatts of demand." As so defined, demand-related costs include the majority of AIC's investment in Distribution Plant and associated expenses.

Customer–related costs are those rate base and expense items that are incurred to extend and provide service to individual customers and typically vary with the number of customers rather than their demand or their energy consumption. Examples include customer accounts and customer service expenses, service drops, meters, etc.

Energy–related costs are those costs that are usage driven and are incurred when customers use incremental kWh. These costs vary in direct proportion as customers use more or less energy.

Q. Please generally describe the process of cost allocation to rate classes.

A. Once costs have been classified by the manner in which they are incurred, allocation factors (also referred to as allocators) are paired with classified costs in order to make the cost allocations to each rate class. The pairing of allocation factors involves determining the appropriate match of each classified cost with the available allocation factors. For example, distribution substations have been classified as demand-related; therefore, an allocation factor based on customers' class demand is an appropriate pairing, as opposed to an allocation factor based on the number of customers in a customer class or the energy consumed by the customer class. Allocation factors are developed from test year information and/or other available customer information.[2] The most common cost allocators used are based on customer/meter counts, energy usage, and class demands.

Q. Please describe how test year rate base was allocated to the delivery service rate classes.

A. The components of electric rate base were allocated to delivery service rate classes, consistent with the methodology approved in Docket 13-0476, as follows:

- Customer-related Distribution Plant. Services and Meters are the primary components included in this classification. These plant balances are allocated to customer classes in proportion to the current cost of serving each delivery service class. Street lighting equipment is considered customer-related and is directly assigned to the lighting class.

- Demand-related Distribution Plant. Remaining investments in Distribution Plant are considered fixed and allocated based on demand placed by customer classes on the distribution system. These plant items include distribution lines, substations, line transformers, etc. These distribution plant items have been classified as demand-related and separated into various voltage levels. Class demands at each respective voltage levels formed the basis of allocating this demand-related distribution plant. Class demands were based on load research

[2] This information includes load research, customer billing records, engineering records, etc.

data. AIC has allocated substations using the Coincident Peak (CP) demand of each delivery service class. High Voltage Distribution lines consisting of those above 30 kV have also been allocated using class CP demands. Primary and Secondary distribution lines are allocated using Non-Coincident Peak (NCP) class demands. One exception to the allocation method of primary distribution lines includes the reduction of the DS-5 class's NCP demand to 50% of the actual NCP demand as developed by load research[3]. Line Transformers (FERC Account 368) are allocated using SigmaNCP[4] class demand allocation factor.

- General and Intangible Plant. These components of Distribution Plant are shared by all delivery service classes based on the commonly used labor ratio.

- Material and Supplies. This component consists of materials related to distribution facilities. Distribution materials are allocated to the delivery service classes on the basis of the composite allocation of the original cost of Distribution Plant.

- Cash Working Capital. This item is related to payroll, various taxes and interest expense and is therefore allocated to each delivery service class in proportion to the allocated original cost of Distribution Plant.

- Customer Advances for Construction, Contributions in Aid of Construction and Customer Deposits. Customer Advances and Contributions in Aid of Construction were assigned to each delivery service class on a customer count basis while Customer Deposits are allocated based on AIC's records for deposits made by customers in each delivery service class.

- Total Accumulated Deferred Income Taxes. The component is related primarily to investment in property, and is internally allocated to each delivery service class on the basis of allocated cost of original Distribution Plant.

Q. Please describe how test year expenses were allocated to the delivery service rate classes.

A. The test year electric expenses were allocated as follows:

- Distribution O&M Expenses. The various Distribution O&M Expense Accounts 580-598 were individually "aligned" with one or more Distribution Plant accounts and allocated to each delivery service class based upon the resulting allocation of

[3] Per Final Order in Docket No. 13-0476.
[4] SigmaNCP for each delivery service class is defined as the sum of each customer's highest annual peak demand within a class.

the aligned plant accounts. This allocated expense can be described as the general accepted "expenses follow plant" cost allocation methodology.

- Customer Accounts Expenses. Account 903 – Customer Records and Collection Expenses was divided between customer records and collection expense in that account. Expenses related to customer records were allocated to the delivery service classes based on number of customers while collections expenses were allocated on the same basis as Account 904 – Uncollectible Accounts. Uncollectible Accounts Expense was allocated to each delivery service class on the basis of the level of such activities for each class as determined from our billing system net write-offs. Meter Reading Expenses were allocated to delivery service classes by estimating the relative difference in labor cost required to read residential, commercial, and industrial meters (as provided by AIC metering department). Account 901 – Supervision was allocated to each class on the basis of the composite allocation of all other Customer Accounts Expenses.

- Customer Service Expense. These expenses were allocated for Account 908 on a weighted customer basis. Account 909 – Informational and Instructional Expense was allocated on customer counts as this is for mass media expenses thus it benefits all customers. Account 907 – Supervisor and Account 910 – Miscellaneous Customer Service and Informational Expense were allocated on the delivery service class relationship of Accounts 908 and 909.

- Administrative & General (A&G) Expenses. Account 924 – Property Insurance and Account 927 – Franchise Requirements were allocated to the delivery service classes based on the relationship of the Distribution Plant accounts by delivery service class with the remaining A&G accounts allocated based on labor.

Q. How have depreciation and amortization expenses been allocated?

A. These expenses were allocated based on the allocation of the corresponding original cost of Distribution, Intangible and General Plant investments among the delivery service classes.

Q. How have Electric Distribution Taxes been allocated?

A. These expenses are allocated to each delivery service class on the basis of kWh delivered to each rate class.

Q. How have real estate taxes and payroll taxes been allocated?

A. Real estate taxes were allocated to delivery service classes on the basis of the sum of the previously allocated total original cost of Distribution Plant. Payroll taxes have been allocated on the basis of labor.

Q. Please explain the treatment of Other Revenue associated with items such as Late Payment Charges, Non-Sufficient Check Charges and Reconnection Charges.

A. Late Payment, Non-Sufficient Check Charges and Reconnection Charges were allocated to the delivery service classes on the basis of revenues recorded in the Company's billing system during the test year.

Q. Please explain the treatment of Other Revenue associated with wholesale distribution services.

A. AIC provides distribution service to a number of wholesale customers. Revenues collected from wholesale customers for use of AIC's distribution system provide a credit to AIC's retail delivery service revenue requirement and are allocated to the delivery service classes on the basis of original cost of Distribution Plant.

Q. How did you incorporate the formula rate's reconciliation amount into the ECOSS results?

A. First, I established unbundled ECOSS results for each Rate Zone and Rate Class under equalized Rates of Return. Then, I allocated a portion of the total reconciliation amount to each rate class using an allocation factor based on historical delivery service charges. Thus, if a class incurred 50% of the Company's total delivery service charges during the 2013 rate year, it was allocated 50% of the reconciliation amount. The sum of the ECOSS results and the allocated

portion of the true-up reconciliation amount is the net revenue requirement for each rate class consistent with the overall net revenue requirement presented by Ameren witness Mr. Stafford. Finally, I determined the net unbundled revenue requirement components, including the reconciliation. The net unbundled revenue requirement components resulting from this final step were used for the revenue allocation and pricing which will be explained in more detail later in my testimony.

Q. What allocation factor did you use to allocate this reconciliation amount to the Rate Zones and rate classes?

A. The reconciliation amount of approximately $70.5 million, as provided in Ameren Exhibit 2.0, was allocated among all rate classes and Rate Zones on the basis of historical delivery service revenue for each rate class during calendar year 2013.

B. Results of Embedded Cost of Service Studies

Q. What Delivery Service Classes are presented in the ECOSSs?

A. The major rate classifications are DS-1 (Residential Delivery Service); DS-2 (Small General Delivery Service); DS-3 (General Delivery Service); DS-4 (Large General Delivery Service); DS-5 (Lighting Service); and DS-6 (Temperature Sensitive Delivery Service). DS-3 and DS-4 have been further divided into three subclasses differentiated by supply voltage: +100 kV, Distribution High Voltage, and Primary Voltage.

Q. Please summarize the results of the Rate Zone ECOSSs.

A. The ECOSS results are summarized in three exhibits: Ameren Exhibit 8.1, Ameren Exhibit 8.2, and Ameren Exhibit 8.3. The net revenue requirement, including reconciliation, is summarized in Ameren Exhibit 8.4.

Ameren Exhibit 8.1 contains, for each Rate Zone and each delivery service class, the rate of return earned under present operating revenues.[5] Ameren Exhibit 8.1 also includes rate base components, operation and maintenance expense, customer service and accounts expense, administrative and general expenses, depreciation and amortization expense, and taxes for each delivery service class within each rate zone, as calculated by the ECOSS models.

Ameren Exhibit 8.2 contains, for each Rate Zone and each delivery service class, the revenue required to allow AIC to earn an equal rate of return for each delivery service class.[6] Ameren Exhibit 8.2 also shows the corresponding rate base components and expenses under this equalized rate of return for each delivery service class. Ameren Exhibit 8.2 does not include the reconciliation amount in the revenue requirement.

Ameren Exhibit 8.3 contains, for each Rate Zone and each delivery service class, the unbundled revenue requirement components necessary for AIC to earn the equalized rate of return shown in Ameren Exhibit 8.2 for each delivery service class. Unbundled revenue requirement components include, among others, categories such as Distribution, Services, Meters, Customer Service, etc. The sum total of these unbundled revenue requirement components for all Rate Zones equals the total AIC revenue requirement excluding the 2013 reconciliation.

Ameren Exhibit 8.4 shows, for each Rate Zone and delivery service class, the net revenue requirement necessary to recover AIC's allowed revenue requirement per the performance based formula rate, as presented by Ameren witness Mr. Stafford. The net revenue requirement shown

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[5] Present revenues are consistent with revenues reflected in the standard informational filing requirements, Part 285.3005 Schedule C-1.

[6] The rate of return used in these calculations is reflected in the standard informational filing requirements, Part 285.1005 Schedule A-2.

in Ameren Exhibit 8.4 allows AIC to earn an equal rate of return for each rate class before the allocation of the reconciliation amount is made to each class.

III. RATE DESIGN

A. Delivery Service Charges – Rate MAP-P Pricing Development

Q. How is the pricing developed?

A. The updated pricing follows the revenue allocation and rate design methodology ordered in Docket No. 13-0476. See Ameren Exhibit 8.5 for an in depth narrative explanation of the currently approved methodology.

Q. What steps were followed to develop the proposed pricing update?

A. AIC followed a process using three major steps, all of which adhere to the methods established in Docket No. 13-0476, as explained in detail in Ameren Exhibit 8.5. First, AIC developed the ECOSS and incorporated the reconciliation amount for each Rate Zone. Second, the revenue allocation process determined the revenue responsibility for each class within each Rate Zone. Third, the Company adjusted individual charge components for each Delivery Service Rate Class.

Q. Has AIC developed separate prices by Rate Zone?

A. Yes. The process outlined in Rate MAP-P ensures recovery of the Company's revenue requirement[7]. Consistent with the outcome in Docket No. 13-0476, several price components are uniform, and will remain uniform, among the Rate Zones (i.e., Customer, Meter, Transformation, and Reactive Demand Charges). In addition to existing uniform prices, the recently approved

[7] Due to the implementation of price uniformity for certain classes among two or more Rate Zones, revenue generated under proposed rates will deviate slightly from the revenue requirements determined for each Rate Zone in the Company's revenue allocations. See Column 22 within Ameren Exhibit 8.6, pages 2, 4, and 6, for Rate Zones I, II, and III, respectively.

rate design methodology allows for additional movement towards price uniformity, if certain criteria are met.

Q. Does AIC's rate design methodology promote and permit movement toward additional pricing uniformity?

A. Yes. See Ameren Exhibit 8.5. Generally, the currently approved methodology allows additional movement toward price uniformity if a) average costs for each of the applicable Rate Zones excluding the EDT is within 10% of the weighted average cost of the applicable Rate Zone, and b) current average prices for delivery service for the class or subclass excluding the EDT in the individual Rate Zone are likewise within 10% of the combined average price of either two or three Rate Zones. In addition to the tolerances for rate uniformity listed above, prices will be made uniform in all situations where prices within a rate cross-over one another between Rate Zones. Prices for DS-6 shall be uniform among Rate Zones.

Q. Has such additional uniformity among the Rate Zones, as described above, occurred as a result of this proceeding?

A. Yes. Table 2 below shows the classes and subclasses whose delivery service charges have met the criteria for uniform delivery service pricing[8] due to the recently approved rate design methodology. For any given delivery service classification identified in Table 2, a value of "Yes" indicates that the delivery service charges for a particular delivery service classification have become uniform with those in at least one other Rate Zone.

For example, the DS-1 service classification has a value of "Yes" for Rate Zone I and Rate Zone II, but a value of "No" in Rate Zone III. This indicates that the delivery service

[8] Uniform pricing excludes Electric Distribution Tax cost recovery, which is established separately using the procedure described in Ameren Exhibit 8.5, page 4.

charges have become uniform for the DS-1 service classification in Rate Zones I and II, but not Rate Zone III. Therefore, customers in Rate Zone I and II will pay the same delivery service charges effective January 2015, but customers in Rate Zone III will pay different charges until a time when the rate design methodology allows the DS-1 classification in Rate Zone III to become equal as well.

Another example is the DS-2 service classification. This classification has a value of "Yes" for all three Rate Zones, indicating that delivery service charges will become uniform for all Rate Zones effective January 2015.

Table 2
Combined Rate Zone Delivery Service Charges

Delivery Service Classification	RZ I	RZ II	RZ III
DS-1 - Residential Service	**Yes**	**Yes**	**No**
DS-2 - Small General Service	**Yes**	**Yes**	**Yes**
DS-3 - General Service			
DS-3 - Primary Voltage	**Yes**	**Yes**	**No**
DS-3 - High Voltage	**No**	**Yes**	**Yes**
DS-3 - +100 kV Voltage	**Yes**	**Yes**	**Yes**
DS-4 - Large General Service			
DS-4 - Primary Voltage	**No**	**No**	**No**
DS-4 - High Voltage	**Yes**	**No**	**Yes**
DS-4 - +100 kV Voltage	**Yes**	**No**	**Yes**
DS-5 - Protective Lighting Service	**No**	**Yes**	**Yes**
DS-6 - Temperature Sensitive Delivery Service	**Yes**	**Yes**	**Yes**

Q. Do you expect additional movement towards rate uniformity to occur?

A. Yes. I expect movement towards complete rate uniformity to continue over the course of annual MAP update filings. It is unclear how fast or to what extent future movement will entail due to year to year changes in net revenue requirements, investments incurred by AIC, and many other unknowns. I do expect at some point that prices among all three Rate Zones will become completely uniform.

Q. Does this additional price uniformity, as approved in Docket 13-0476, have any effect on reconciling the proposed Rate Zone revenue requirements?

A. Yes. Due to the movement to additional price uniformity described above, as authorized by Docket No. 13-0476, the proposed revenues by Rate Zone presented in Ameren Exhibit 8.6 will no longer match the proposed revenues by Rate Zone presented in Mr. Stafford's A-2 Schedule (RZ-I, RZ-II, and RZ-III). It should be noted that although AIC's proposed revenues will no longer match by Rate Zone in this proceeding and future proceedings, AIC's total proposed revenues as presented on page 44 of Ameren Exhibit 8.6 will still match total proposed revenues presented in Mr. Stafford's A-2 Schedule (AIC).

B. Pricing

Q. Previously in your testimony, you stated that AIC is proposing an overall net revenue requirement increase. How does this translate into new delivery service prices resulting from application of Rate MAP-P?

A. Generally speaking, the proposed increase in the net revenue requirement will result in higher delivery service charges. The individual price changes and the magnitude of those changes are dependent on the rate design methodology outlined in the Rate MAP-P tariff as described in the previous section. For example, residential (DS-1) monthly customer and meter charges will increase to $14.15 and $4.80, respectively. Ameren Exhibit 8.6 contains all delivery service prices as set forth by Rate MAP-P, which supplements the "Determination of Delivery Service Charges" section of the tariff. Weather normalized billing determinants, based on the year 2013, were used to establish the actual resultant volumetric-based pricing for all customer classes. For further discussion comparing the individual customer class impacts of previous

prices with those proposed in the current case, please see the direct testimony of Ameren witness Mr. Leonard Jones, labeled as Ameren Exhibit 7.0.

Please note that the "present" revenue contained within Ameren Exhibit 8.6 (pages 9-44) are based on prices approved in Docket No. 13-0301 (those currently in effect), and reflected in the Delivery Service Charges Informational Sheet supplemental to the Rate MAP-P tariff. The net change in revenue presented by Ameren witness Mr. Stafford is a comparison between the revenue requirement approved in Docket No. 13-0301 and the proposed revenue requirement in this proceeding.

Q. Has the value for delivery service "Uncollectible Recovered in Base Rates" used in conjunction with Rider EUA – Electric Uncollectible Adjustment, changed through application of Rate MAP-P?

A. Yes. The proposed uncollectible base delivery service values have been updated to reflect proposed expense levels. The values are shown in the Rate MAP-P Informational Sheet. The values themselves do not impact prices customers pay. Instead, the values are considered a subset of the Customer Charge and used to track the amount of uncollectible expense is "included in rates" for administration of Rider EUA – Electric Uncollectible Adjustment (Rider EUA).

Q. Have the uncollectible factors associated with Ameren Illinois supplied power been adjusted in this proceeding?

A. Yes. Both Riders PER and HSS require the uncollectible factors to be established in either a delivery services rate case or formula rate proceeding pursuant to Section 16-108.5 of the

Public Utilities Act[9]. Permitting updates pursuant to formula rate proceedings was added to Riders PER and HSS in late October, 2013. Table 2 below provides the adjusted factors.

Table 2

Supply Service	
BGS1/RTP1	0.01659
BGS2/RTP2	0.00160
HSS3/HSS6[10]	0.00073
HSS4/HSS6[11]	0.00000
BGS5	0.00004

Q. Do these updated Rider PER and Rider HSS uncollectible factors affect delivery service prices developed in this proceeding for purposes of the 2014 MAP update formula rate process?

A. No. These factors are unrelated to delivery service pricing.

Q. Does Ameren Exhibit 8.6 contain a summary of prices necessary to achieve the net revenue requirement presented by Mr. Stafford?

A. Yes. The summary of prices is contained on pages 46 through 50 of Ameren Exhibit 8.6. A revenue proof, similar to Part 285 Schedule E-5, is also contained within Ameren Exhibit 8.6. These calculations are shown on pages 9 through 44 of Ameren Exhibit 8.6 for Rate Zones I, II, and III, respectively.

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[9] See the Company's Electric Service Schedule Illinois. C. C. No. 1; 1st revised Sheet No. 25.016

[10] Customers electing service under DS-6, whose only company supply option is Rider HSS, who would otherwise be a DS-3 Customer supplied under HSS3.

[11] Customers electing service under DS-6, whose only company supply option is Rider HSS, who would otherwise be a DS-4 Customer supplied under HSS4.

IV. CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes, it does.

APPENDIX

STATEMENT OF QUALIFICATIONS
RYAN K. SCHONHOFF

I am a graduate of Southern Illinois University at Edwardsville with a Bachelor of Science degree in Electrical Engineering, with a concentration in Power Systems. I also received my Master of Science Degree in Business Administration from Southern Illinois University at Edwardsville. I was hired upon graduation as an Electrical Engineer by the Association of Illinois Electric Cooperatives where my primary responsibilities included development of Cost of Service Studies, Rate Design, and Long Term Energy Forecasts for member cooperatives. My employment at the Association lasted until October 2007, during which time I passed the Fundamentals of Engineering exam and became a licensed Engineer Intern in the State of Illinois. I was subsequently hired by the Corporate Planning Department of Ameren Services in November 2007 as a Load Research and Forecast Specialist. From November 2007 through October 2009, I performed various activities for Corporate Planning including Load Research and development of class demands, Electric and Gas Forecasting, Top Customer Analysis, Bill Impact Analysis, and a variety of other ad hoc analysis as necessary. I cross trained with the Corporate Financial Modeling group supporting the implementation of a financial model upgrade. In October 2009, I was promoted to Regulatory Consultant in the Regulatory Policy and Rates Department of Ameren Illinois Company. I have previously testified before the Illinois Commerce Commission in Docket No. 10-0568 regarding energy efficiency programs and Docket No. 11-0279 (cons.) regarding Ameren Illinois's electric cost of service study. I have recently testified in Ameren Illinois's performance based formula rate, Rate Modernization Action Plan – Pricing (Rate MAP-P) annual update filings in docketed proceedings 12-0001, 12-0293, and 13-0301 related to cost of service and rate design. Most recently, I have testified

before the Illinois Commerce Commission in Docket No. 13-0476 regarding Electric Rate Redesign, as required by the Electric Infrastructure Modernization Act. I have also previously testified before the Federal Energy Regulatory Commission in Docket ER11-2777-002 (cons.) on matters of cost of service and ratemaking.