

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

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AMEREN ILLINOIS COMPANY	)	
d/b/a Ameren Illinois,	)	
Petitioner	)	Docket No. 14-0317
	)	
Rate MAP-P Modernization Action Plan -	)	
Pricing Annual Update Filing	)	

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**INITIAL BRIEF OF THE STAFF OF THE**  
**ILLINOIS COMMERCE COMMISSION**

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NOW COME the Staff witnesses of the Illinois Commerce Commission (“Staff”), by and through their undersigned counsel, pursuant to Section 200.800 of the Rules of Practice of the Illinois Commerce Commission (“Commission”) (83 Ill. Adm. Code 200.800), and respectfully submit their Initial Brief (“IB”) in the instant proceeding.

**I. INTRODUCTION**

**A. Overview**

Section 16-108.5 of the Public Utilities Act (“PUA” or “Act”) provides that an electric utility or combination utility (providing electric service to more than one million customers in Illinois and gas service to at least 500,000 customers in Illinois) may elect to become a “participating utility” and voluntarily undertake an infrastructure investment program as described in the Section. 220 ILCS 5/16-108.5(b). A participating utility is allowed to recover its expenditures made under the infrastructure investment program through the ratemaking process, including, but not limited to, the performance-based formula rate and process set forth in Section 16-108.5. 220 ILCS 5/16-108.5(b). Section 16-108.5(d) of the Act requires a participating utility to file, on or before May 1 of each year, with the Chief Clerk of the Commission, its updated cost inputs to the

performance-based formula rate for the applicable rate year and the corresponding new charges, based on final historical data reflected in the utility's most recently filed annual FERC Form 1, plus projected plant additions and correspondingly updated depreciation reserve and expense for the calendar year in which the inputs are filed. 220 ILCS 5/16-108.5(d).

On January 3, 2012, the Ameren Illinois Company d/b/a Ameren Illinois ("AIC" or "Ameren" or "Company") filed with the Commission its performance-based formula rate tariff, Rate MAP-P Modernization Action Plan—Pricing Tariff ("Rate MAP-P"). That docket established the terms of the formula.

On April 17, 2014, Ameren filed its annual update of cost inputs pursuant to Section 16-108.5(d) of the Act. This docket is Ameren's fourth filing under the Electric Infrastructure Modernization Act ("EIMA"). In this docket, the Commission will establish a new revenue requirement to take effect on January 1, 2015 based on the historical FERC Form 1 reports for 2012 and projected plant additions for 2014 and reconcile the revenue requirement for 2013 with actual costs for 2013. The reconciliation balance will be added to the new revenue requirement and collected in rates effective on January 1, 2015.

The following Staff witnesses submitted testimony in this case: Mary H. Everson (Staff Exs. 1.0 (2<sup>nd</sup> Rev.) and 4.0), Scott Tolsdorf (Staff Exs. 2.0 and 5.0), and Alan Pregozen (Staff Ex. 3.0).

In addition to AIC, the following parties submitted testimony in this case: the People of the State of Illinois ("AG"), the Citizens Utility Board ("CUB"), and Illinois Industrial Energy Consumers ("IIEC").

During the course of the proceeding, Staff proposed various adjustments and changes to AIC's proposed revenue requirement. AIC accepted some of Staff's adjustments and Staff withdrew others. A summary of Staff's final revenue requirement recommendations to the Commission in this proceeding are attached hereto as Appendix A and Appendix B.

Evidentiary hearings were held in this matter in Springfield on September 17, 2014. Pursuant to the schedule set by the Administrative Law Judges, this IB follows.

**B. Nature of AIC's Operations**

**C. Procedural History**

**D. Legal Standard**

The provisions of EIMA, specifically, Section 16-108.5(d), provides in relevant part:

Subsequent to the Commission's issuance of an order approving the utility's performance-based formula rate structure and protocols, and initial rates under subsection (c) of this Section, the utility shall file, on or before May 1 of each year, with the Chief Clerk of the Commission its updated cost inputs to the performance-based formula rate for the applicable rate year and the corresponding new charges.

220 ILCS 5/16-108.5(d).

Section 16-108.5(d) further specifies the requirements for this annual filing as follows:

Within 45 days after the utility files its annual update of cost inputs to the performance-based formula rate, the Commission shall have the authority, either upon complaint or its own initiative, but with reasonable notice, to enter upon a hearing concerning the prudence and reasonableness of the costs incurred by the utility to be recovered during the applicable rate year that are reflected in the inputs to the performance-based formula rate derived from the utility's FERC Form 1.

In a proceeding under this subsection (d), the Commission shall enter its order no later than the earlier of 240 days after the utility's filing of its annual update of cost inputs to the performance-based formula rate or December 31.

. . .

A participating utility's first filing of the updated cost inputs, and any Commission investigation of such inputs pursuant to this subsection (d) shall proceed notwithstanding the fact that the Commission's investigation under subsection (c) of this Section is still pending and notwithstanding any other law, order, rule, or Commission practice to the contrary.

*Id.*

Section 16-108.5(d) further specifies the requirements for the reconciliation filing as follows:

The filing shall also include a reconciliation of the revenue requirement that was in effect for the prior rate year (as set by the cost inputs for the prior rate year) with the actual revenue requirement for the prior rate year (determined using a year-end rate base) that uses amounts reflected in the applicable FERC Form 1 that reports the actual costs for the prior rate year. Any over-collection or under-collection indicated by such reconciliation shall be reflected as a credit against, or recovered as an additional charge to, respectively, with interest calculated at a rate equal to the utility's weighted average cost of capital approved by the Commission for the prior rate year, the charges for the applicable rate year. Provided, however, that the first such reconciliation shall be for the calendar year in which the utility files its performance-based formula rate tariff pursuant to subsection (c) of this Section and shall reconcile (i) the revenue requirement or requirements established by the rate order or orders in effect from time to time during such calendar year (weighted, as applicable) with (ii) the revenue requirement determined using a year-end rate base for that calendar year calculated pursuant to the performance-based formula rate using (A) actual costs for that year as reflected in the applicable FERC Form 1, and (B) for the first such reconciliation only, the cost of equity, which shall be calculated as the sum of 590 basis points plus the average for the applicable calendar year of the monthly average yields of 30-year U.S. Treasury bonds published by the Board of Governors of the Federal Reserve System in its weekly H.15 Statistical Release or successor publication. The first such reconciliation is not intended to provide for the recovery of costs previously excluded from rates based on a prior Commission order finding of imprudence or unreasonableness. Each reconciliation shall be certified by the

participating utility in the same manner that FERC Form 1 is certified. The filing shall also include the charge or credit, if any, resulting from the calculation required by paragraph (6) of subsection (c) of this Section.

Notwithstanding anything that may be to the contrary, the intent of the reconciliation is to ultimately reconcile the revenue requirement reflected in rates for each calendar year, beginning with the calendar year in which the utility files its performance-based formula rate tariff pursuant to subsection (c) of this Section, with what the revenue requirement determined using a year-end rate base for the applicable calendar year would have been had the actual cost information for the applicable calendar year been available at the filing date.

*Id.*

## **II. RATE BASE**

### **A. Uncontested or Resolved Issues**

- 1. Plant in Service**
- 2. Accumulated Depreciation**
- 3. Adjustments to Accumulated Deferred Income Taxes (ADIT) – Ameren Exhibit 13.3 (Except for II.B.1)**

Staff witness Everson proposed in direct testimony removal of certain deferred tax items included in AIC's ADIT calculation, since the corresponding liability or reserve is not included in AIC's rate base. (Staff Ex. 1.0 (2<sup>nd</sup> Rev.), 9:188-193.) The AG also proposed in its direct testimony a similar, but limited, itemized calculation of the adjustment. (AG Ex. 2.0, 8:159-178.) In its rebuttal testimony, AIC accepted Staff's and the AG's adjustments to its ADIT for tax deferral items where the underlying item is not in rate base. (Ameren Ex. 13.0(Rev.), 3:58-64.)

Staff considers the issue to be resolved with the agreement of AIC, AG and Staff; therefore, no Commission decision is required.

4. **Additional DS Jurisdictional Rate Base Items (Except for II.B.2-3.)**
5. **Rate Base Adjustments for Projected Plant Additions**
6. **Additional Company Adjustments to Rate Base**

**B. Contested Issues**

1. **Accumulated Deferred Income Taxes (ADIT) for Metro East Assets**
2. **Cash Working Capital – Current Income Taxes**

The calculation of CWC should not include *deferred* income taxes and should include *current* income taxes, regardless of whether the current income taxes are positive or negative, to be consistent with the calculation of CWC for ComEd in the Commission's Order in Docket No. 13-0318, in compliance with the Commission's Order for AIC in the prior formula rate proceeding, Docket No. 13-0301.

Ms. Everson's calculation of CWC presented in her direct testimony was not consistent with the CWC calculation in the Docket No. 13-0301 Order regarding income taxes as current income taxes were included in the CWC calculation as a zero amount rather than the negative amount.

In rebuttal testimony, Ms. Everson modified her position to agree with the Company's calculation that included negative current income taxes but did not include deferred income taxes to be in compliance with the final order in Docket No. 13-0318 for ComEd. The Order in Docket No. 13-0301 stated:

Although AIC argues that it and ComEd calculate income taxes differently, there appears to the Commission to be no justifiable reason presented to continue this disparate treatment between the two utilities...The Commission also notes that under similar income tax circumstances, ComEd ratepayers do not contribute to CWC.

*Ameren Illinois Co.*, ICC Order Docket No. 13-0301, 16 (Dec. 9, 2013).

An examination of Appendix A, Schedule 10FY in ComEd Docket No. 13-0318 *Commonwealth Edison Co.*, ICC Order Docket No. 13-0318, Appendix A, Schedule 10FY (Dec. 18, 2013) shows that its CWC calculation does include negative federal income taxes and thus, negative income taxes are actually included in ComEd's CWC calculation, contrary to the Commission's stated understanding in Docket No. 13-0301. Therefore, the Commission's stated intent in its Order in Docket No. 13-0301 to eliminate the disparate treatment between ComEd and Ameren was not achieved. As a result, in rebuttal testimony, Ms. Everson included negative current federal income taxes in her calculation of CWC as it was actually calculated in Docket No. 13-0318. (AG Cross Ex. 8.) Thus, Ms. Everson's rebuttal position achieves compatibility between ComEd and Ameren's CWC calculations, as was the Commission's stated intent in its order in Docket No. 13-0301.

The Commission, in its Interim Order in Docket Nos. 13-0501/13-0517 (Cons.), stated: "Mr. Brosch points out that ComEd's lead lag study filed in Docket No. 13-0318 properly includes zero 'Current State Income Tax' and negative 'Current Federal Income Tax'. *People of the State of Illinois*, ICC Interim Order Docket Nos. 13-0501/13-0517 (Cons.), 39 (Nov. 26 2013); (see also Ameren Ex. 19.0, 6:109-114). However, the Appendices supporting the record in Docket No. 13-0301 did not include a separate identification of current vs. deferred income taxes; thus, all federal income taxes included on Schedule 1, lines 20 and 21, were included as deferrals on Schedule 10, line 3a, regardless of whether some portion of the total was current or deferred.

*Ameren Illinois Co.*, ICC Order Docket No. 13-0301, Appendix A, Schedules 1 and 10 (Dec. 9, 2013).

The AG proposes to eliminate all current and deferred income taxes since Ameren is not presently paying current income taxes due to its net operating loss position. (AG. Ex. 1.0, 23:526-530.)

The issue of which income tax values should be included or excluded in the CWC calculation and many of the respective arguments on that subject have been repeated in Docket Nos. 13-0301, 13-0501/13-0517 (Cons.) and, therefore, impact this docket, but the actual implementation is not evident in the respective final orders. Thus, the Commission must again revisit this issue. To put to rest what income tax components of CWC should be included, whether current or deferred, state or federal, and whether positive or negative, Staff recommends that the Commission specifically state in its conclusion which elements it considers appropriate to actually implement its stated intention of uniformity in the CWC calculation between ComEd and Ameren.

Staff's recommendation is to exclude *deferred* income taxes and allow *current* income taxes as shown in Staff's rebuttal testimony and also in Appendix A to this IB as *those amounts flow through the revenue requirement*, regardless of whether those amounts are positive or negative. (Staff Ex. 4.0, 9:178-181) Thus, income taxes are calculated in the revenue requirement and are consistently applied to the Company's CWC requirement. This position is consistent with the Commission's prior **stated** intentions in its Order in Docket No. 13-0301 and the Interim Order in Docket Nos. 13-0501/13-0517 (Cons.) and the actual calculations used to determine CWC for ComEd in the Order in Docket No. 13-0318.

- 3. Materials & Supplies (M&S)**
- 4. Alternative Rate Base Treatment of Accumulated Deferred Income Taxes (ADIT) associated with Reconciliation Balance**

**C. Original Cost Determination**

Staff recommends that the Commission approve the Company's request for an original cost determination by including the following language in its Findings and Ordering paragraphs of its Order:

- (x) the Commission, based on AIC's proposed original cost of plant in service as of December 31, 2013, before adjustments, of \$5,481,627,000 and reflecting the Commission's determination adjusting that figure, unconditionally approves \$5,481,627,000 as the composite original jurisdictional distribution services plant in service as of December 31, 2013

AIC did not respond to Staff's original cost determination, either in rebuttal or surrebuttal, and no other party discussed the issue. Staff therefore, considers the original cost determination to be agreed among the parties.

**D. Recommended Rate Base**

**1. Filing Year**

Staff recommends a total rate base of \$2,260,713,000 as presented on Appendix A, Schedule 3FY to this Initial Brief.

**2. Reconciliation Year**

Staff recommends a total rate base of \$2,090,829,000 as presented on Appendix B, Schedule 3RY to this Initial Brief.

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

#### **A. Uncontested or Resolved Issues**

- 1. Distribution Expense**
- 2. Customer Expense (Except for III.B.1)**
- 3. Administrative and General Expenses**
- 4. Depreciation and Amortization Expense**
- 5. Taxes Other Than Income**
- 6. Regulatory Asset Amortization**

Staff proposed to limit the amount of rate case expense amortization to the amount approved by the Commission in Docket No 12-0001. Upon further consideration, Staff agreed to withdraw this adjustment. (Staff Ex. 5.0, 2:32-36.) This issue is no longer contested.

#### **7. Formula Rate Case Expense**

Staff proposed to remove from the revenue requirement rate case expense associated with travel expenses unrelated to services provided to AIC and out of period rate case expense. The Company stated in rebuttal testimony that it does not contest the adjustment to remove the travel expenses. (Ameren Ex. 13.0, 17:347-349.) The out of period expenses were below the Company's threshold for accruals and were therefore expensed when paid, rather than when incurred. Upon further consideration, Staff agreed to withdraw this adjustment. (Staff Ex. 5.0, 2:32-36.) This issue is no longer contested.

#### **8. Industry Association Dues**

Staff proposed to remove from the revenue requirement industry association dues that are out of period expenses, not supported by invoices, and legal fees that are

not related to delivery service. The Company stated in surrebuttal testimony that it accepts the adjustment to remove the legal fees that are not related to delivery service. (Ameren Ex. 19.0, 3:61-64.) The Company stated in rebuttal testimony that it accepted a portion of the out of period expenses totaling \$27,747. (Ameren Ex. 14.0, 10:205-208.) With regard to the remainder of the adjustment, through subsequent discovery, the Company has provided sufficient evidence to support the previously unsubstantiated expenses. The out of period expenses were below the Company's threshold for accruals and were therefore expensed when paid rather than when incurred. Staff has agreed to withdraw the remainder of the adjustment. (Staff Ex. 5.0, 2:32-36.) This issue is no longer contested.

**9. Adjustment to Blended Tax Rate – Ameren Exhibit 13.4**

**10. Additional Company Adjustments to Operating Expense**

**B. Contested Issues**

**1. Advertising Expense (Focus Forward – Manage Energy Use)**

**C. Recommended Operating Expenses**

**1. Filing Year**

Staff recommends total operating revenues of \$892,613,000 and operating expenses of \$638,797,000 as presented on Appendix A, Schedule 1FY to this Initial Brief.

**2. Reconciliation Year**

Staff recommends total operating revenues of \$860,852,000 and operating expenses of \$692,011,000 as presented on Appendix B, Schedule 1RY to this Initial Brief.

**IV. OPERATING REVENUES**

**A. Uncontested or Resolved Issues**

**1. Miscellaneous Operating Revenues**

**V. COST OF CAPITAL AND RATE OF RETURN**

**A. Uncontested or Resolved Issues**

**1. Cost of Capital and Overall Rate of Return on Rate Base**

Only the Company and Staff presented evidence on the rate of return on rate base. Staff and the Company both recommend an 8.075% rate of return on rate base for 2015 rate setting and an 8.075% rate of return on rate base for 2013 reconciliation for Ameren's electric delivery services, based on the following capital structure and capital costs:

**a. Filing Year**

<u>Component</u>	<u>Weight</u>	<u>Cost</u>	<u>Weighted Cost</u>
Short-Term Debt	0.000%	0.000%	0.000%
Long-Term Debt	47.405%	6.796%	3.222%
Preferred Stock	1.595%	4.979%	0.079%
Common Equity	51.000%	9.247%	4.716%
Bank Facility Costs			0.058%
Total Capital	<u>100.000%</u>		<u>8.075%</u>

**b. Reconciliation Year**

<u>Component</u>	<u>Weight</u>	<u>Cost</u>	<u>Cost</u>
Short-Term Debt	0.000%	0.000%	0.000%
Long-Term Debt	47.405%	6.796%	3.222%
Preferred Stock	1.595%	4.979%	0.079%
Common Equity	51.000%	9.247%	4.716%
Bank Facility Costs			0.058%
Total Capital	<u>100.000%</u>		<u>8.075%</u>

(Staff Ex. 3.0, 3; Ameren Ex. 2.1, Schedule FR D-1).

**VI. RECONCILIATION**

**A. Uncontested or Resolved Issues**

**B. Contested Issues**

**1. Calculation of Interest on Reconciliation Balance**

**VII. REVENUE REQUIREMENT**

**A. Recommended Revenue Requirement**

**1. Filing Year**

**2. Reconciliation Year**

**3. Net Revenue Requirement**

**VIII. COST OF SERVICE, REVENUE ALLOCATION, AND RATE DESIGN**

**A. Uncontested or Resolved Issues**

**1. Company's Proposed Rate Design**

**IX. OTHER ISSUES**

**A. Uncontested or Resolved Issues**

**1. Incremental EIMA Plant Additions**

**Commitments and Obligations under Subsections 16-108.5(b)(2) of the Act**

AIC provided the actual and projected incremental plant investment that is included in the revenue requirement in compliance with Section 16-108.5(b)(2) of the Act as ordered by the Commission in Docket No. 12-0293. Staff recommends that the Commission include in its final order the following conclusion:

The Commission is setting a revenue requirement in this proceeding for the recovery of \$13.6 million in actual 2013 plant additions and \$100.3 million of projected 2014 plant additions in compliance with Section 16-108.5. The detail of these actual and projected plant additions by categories as required by Section 108.5(b)(2) are as follows:

	<u>CATEGORY</u>	<u>ACTUAL 2012 (In Millions)</u>	<u>ACTUAL 2013 (In Millions)</u>	<u>PROJECTED 2014 (In Millions)</u>	<u>CUMULATIVE 2014 (In Millions)</u>
(A) (i)	Distribution Infrastructure Improvements	\$7.3	\$3.5	\$27.3	\$38.1
(A) (ii)	Training Facility Construction or Upgrade Projects	\$5.8	\$1.6	\$0.0	\$7.4
(A) (iii)	Wood Pole Inspection, Treatment, and Replacement	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
	Total Electric System Upgrades, Modernization Projects, and Training Facilities	<u>\$13.1</u>	<u>\$5.1</u>	<u>\$27.3</u>	<u>\$45.5</u>
(B) (i)	Additional Smart Meters	\$0.0	\$0.4	\$50.0	\$50.4
(B) (ii)	Distribution Automation	\$6.5	\$5.6	\$18.3	\$30.4
(B) (iii)	Associated Cyber Secure Data Communications Network	\$0.0	\$2.5	2.0	\$4.5

(B) (iv)	Substation Micro-processor Relay Upgrades	<u>\$0.3</u>	<u>\$0.0</u>	<u>\$2.7</u>	<u>\$3.0</u>
	Total Upgrade and Modernization of Transmission and Distribution Infrastructure and Smart Grid Electric System Upgrades	<u>\$6.8</u>	<u>\$8.5</u>	<u>\$73.0</u>	<u>\$88.3</u>
	Total Plant Additions in Compliance with Section 16-108.5(b)(2) of the Act	<u>\$19.9</u>	<u>\$13.6</u>	<u>\$100.3</u>	<u>\$133.8</u>

## 2. Modifications to Formula Rate Filing Schedules

### a. App 7 – Storm Costs greater than \$3.7 Million

Staff proposed that in future formula rate filings, the Company should separately identify those unusual operating expense amounts greater than \$3.7M on its App 7 schedule. The Company stated in surrebuttal testimony that it accepts this recommendation. (Ameren Ex. 19.0, 4:65-69.) This issue is no longer contested.

### b. App 3 and Part 285 Schedules – Current State and Federal Income Tax Expense

To better implement the CWC calculation in future cases and to increase transparency, Ms. Everson recommended in rebuttal testimony that AIC separately identify current and deferred income taxes in its CWC calculations. (Staff Ex. 4.0, 7:133-137.) In surrebuttal testimony, AIC accepted Ms. Everson’s recommendation regarding separate identification of current and deferred amounts of income taxes. (Ameren Ex. 19.0, 6:118-122.)

## B. Contested Issues

### 1. Safety Awareness and Recognition Guidelines

Staff concurs with the removal of safety awards expenses that are reflected in Ameren Ex. 2.2 in this proceeding. AIC proffered its revised Guidelines as Ameren Ex. 10.1, with supporting testimony in Ameren Ex. 10.0.

Staff notes that the Commission, in Docket No. 13-0301, expressed concerns regarding safety awards<sup>1</sup> for which AIC was seeking recovery in that case where it stated:

Generally, AIC believes such purchases are reasonable and prudent because they supposedly encourage employees and contractors to work safely and recognize them for their efforts when they do so. Such incentives and rewards, however, **serve the same purpose as safety related incentive compensation programs**. AIC already recovers safety related incentive compensation expenses under Section 16-108.5(c)(4)(A) of the Act.

*Ameren Illinois Co.*, ICC Order Docket No. 13-0301, 59-60 (Dec. 9, 2013) (emphasis added).

Staff also notes the second area of concern expressed by the Commission in its Order in Docket No. 13-0301 regarded the apparent lack of Company-wide spending guidelines for safety recognition awards as well as for other credit card purchases. (Staff Ex. 1.0 (2<sup>nd</sup> Rev.), 12:250-255.) The Commission stated:

As was the case in Docket No. 12-0293, the Commission is troubled by AIC's view of its employees' credit card use. **Like before, there do not appear to be any definitive company standards for reviewing and evaluating employee credit card purchases**. Nor does there appear to be any per diem limitation concerning travel expenses.

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<sup>1</sup> The Commission's comments did not address AIC's incentive compensation plans.

An unknown number of managers have authority to review credit card purchases using unknown standards. Even the standards that Ms. Voiles uses are not clear from the record. *So long as some aspect of the charge is arguably related to something the utility does, AIC seems to believe that recovery of the expense from ratepayers is appropriate.* AIC's main concern, however, does not appear to be the \$22,000 currently at issue, but rather the impact that an adverse ruling may have on its business practices. (See AIC Initial Brief at 24)

*The underlying issue appears to stem from a corporate culture where employee perquisites and broad discretion on what is reasonable and necessary for business are the norm.* As was pointed out by the Commission in Docket No. 12-0293, although such expenses may be permissible in an unregulated business that competes with other unregulated businesses for customers, the expenses are not appropriate for regulated rate recovery since AIC customers have no choice but to obtain delivery services from AIC.

*Ameren Illinois Co., ICC Order Docket No. 13-0301, 69 (Dec. 9, 2013) (emphasis added).*

Staff determined that AIC's establishment of the Guidelines addressed the lack of a centralized policy regarding safety recognition awards. (Staff Ex. 1.0(2<sup>nd</sup> Rev.), 12:250-252.) The version filed with AIC's direct testimony, however, was incomplete since page 3 of the Guidelines contained a heading, "Departmental Recognition for Long Term Accomplishments for No Recordable Accidents," but no criteria were listed and the Guidelines had not been finalized. (Staff Ex. 1.0 (2<sup>nd</sup> Rev.), 12:252-255)

AIC's rebuttal version of the Guidelines contained the complete policy that is to be implemented by October 30, 2014. (Ameren Ex. 24.0, 8:147-149.) Staff's position on the Guidelines is that the Guidelines represent a complete set of safety requirements necessary for individuals or departments to achieve to receive an award or recognition which is administered by a centralized department. (Staff Ex. 4.0, 11:207-209.)

Staff's position, however, remains that, with or without the Guidelines, AIC has not remedied the Commission's concern regarding the duplicative nature of the safety awards and recognition with AIC's incentive compensation plans. (Staff Ex. 4.0, 12:222-239.) The Commission's language was very specific regarding its conclusion that safety awards serve the same purpose as safety related incentive compensation that are recoverable under Section 16-108.5(c)(4)(A) of the Act. *Ameren Illinois Co.*, ICC Order Docket No. 13-0301, 59-60 (Dec. 9, 2013). Staff affirms its position that the awards and recognition provided for in the Guidelines still represent a duplicate layer of compensation beyond base pay and safety-related incentive compensation.

Staff, has not found any reason why the Guidelines should not be approved; however, the recoverability of expenses incurred under the Guidelines for which recovery is sought in a rate case would likely be subject to scrutiny in future rate cases. (Staff Ex. 4.0, 13:253-256.) AIC stated that it is not requesting approval for the Guidelines (*Ameren Ex. 24*, 8:169-173.), yet did not explain why the Guidelines were included in this case if it did not need approval from the Commission. Nevertheless, if the Commission should choose to approve the Guidelines, that approval should not be construed to mean that future safety awards given pursuant to the Guidelines are recoverable from ratepayers. (Staff Ex. 4.0, 13:255-258)

## **X. CONCLUSION**

WHEREFORE, for all of the following reasons, Staff respectfully requests that the Commission's order in this proceeding reflect all of Staff's recommendations regarding AIC's request for approval of its updated cost inputs for its Modernization Action Plan - Pricing tariff, Rate MAP-P and corresponding new charges.

October 2, 2014

Respectfully submitted,

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**Ameren Illinois Company**  
**Statement of Operating Income with Adjustments**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description	Company Pro Forma Present (Co. Sch. FR C-1)	Staff Adjustments (Schedule 2FY)	Pro Forma Present (Cols. b+c)	Company Proposed Increase (Co. Sch. C-1)	Gross Revenue Conversion Factor	Proposed Rates With Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Operating Statement with Adjustments (Cols. g+h)	Net Revenue Requirement Per Staff
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Operating Revenues	\$ 787,403	-	\$ 787,403	\$ 68,030	\$ 476	\$ 855,909	\$ (288)	\$ 855,621	\$ 855,621
2	Other Revenues	36,992	-	36,992	-	-	36,992	-	36,992	-
3	Reconciliation Adjustment	-	-	-	-	-	-	-	-	69,685
4	Return on Equity Collar Adjustment	-	-	-	-	-	-	-	-	-
5	Total Operating Revenue	824,395	-	824,395	68,030	476	892,901	(288)	892,613	\$ 925,306
6	Uncollectibles Expense	6,302	-	6,302	-	477	6,779	(2)	6,777	-
7	Distribution	212,589	-	212,589	-	-	212,589	-	212,589	-
8	Customer Accounts	40,002	-	40,002	-	-	40,002	-	40,002	-
9	Customer Services and Informational Services	5,363	-	5,363	-	-	5,363	-	5,363	-
10	Sales	-	-	-	-	-	-	-	-	-
11	Administrative and General	122,715	-	122,715	-	-	122,715	-	122,715	-
12	Depreciation and Amortization	194,495	-	194,495	-	-	194,495	-	194,495	-
13	Taxes Other Than Income	53,459	-	53,459	-	-	53,459	-	53,459	-
14	Regulatory Asset Amortization	3,397	-	3,397	-	-	3,397	-	3,397	-
15	Pension Asset Funding Cost	-	-	-	-	-	-	-	-	-
16	Other Expense Adjs	-	-	-	-	-	-	-	-	-
17	Total Operating Expense	-	-	-	-	-	-	-	-	-
18	Before Income Taxes	638,322	-	638,322	-	477	638,799	(2)	638,797	-
19	State Income Tax	(7,505)	1	(7,504)	6,463	-	(1,041)	(27)	(1,068)	-
20	Federal Income Tax	(25,023)	3	(25,020)	21,549	(1)	(3,472)	(91)	(3,563)	-
21	Deferred Taxes and ITCs Net	75,903	-	75,903	-	-	75,903	-	75,903	-
22	Total Operating Expenses	681,697	4	681,701	28,012	476	710,189	(120)	710,069	-
23	NET OPERATING INCOME	\$ 142,698	(4)	\$ 142,694	\$ 40,018	\$ -	\$ 182,712	\$ (168)	\$ 182,544	-
24	Rate Base (Schedule 3, column (d), line 24)								\$ 2,260,713	
25	Overall Rate of Return								8.07%	

	Operating Revenues	Other Revenues	Other Adjustments*	Total Revenues	Revenue Change	
Revenues in Docket No. 12-0001	\$ 779,280,000	\$ 31,337,000		\$ 810,617,000		
Revenues in Docket No. 12-0293	764,510,000	41,030,000		805,540,000	\$ (5,077,000)	Change in Revenues
Revenues in Docket No. 13-0301	787,565,000	40,735,000	(67,418,000)	760,882,000	(44,658,000)	% Change in Revenues
Revenues in Docket No. 14-0317	855,621,000	36,992,000	69,685,000	962,298,000	201,416,000	
Change in Total Revenues between Docket No. 12-0001 and Docket No. 14-0317					\$ 151,681,000	
* Reconciliation Adjustment and Collar Adjustment						
Docket No. 13-0301 Net Revenue Requirement	\$ 760,882,000	Final Order				
Net Revenue Requirement Per Staff	962,298,000					
Difference between 13-0301 and 14-0317	\$ 201,416,000					
Percentage Change between 13-0301 and 14-0317	26.47%					



**Ameren Illinois Company**  
**Rate Base**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1)	Adjustments (Sch. 4FY)	Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Distribution Plant	\$ 5,277,444	\$ -	\$ 5,277,444
2	G & I Plant	414,417	-	414,417
3	Accumulated Depreciation on Distribution Plant	(2,575,728)	-	(2,575,728)
4	Accumulated Depreciation on G & I Plant	(119,415)	-	(119,415)
5	Net Plant	2,996,718	-	2,996,718
6	Additions to Rate Base			
7	Materials and Supplies	43,635	-	43,635
8	Construction Work in Progress	731	-	731
9	Plant Held for Future Use	373	-	373
10	OPEB Liability	2,108	-	2,108
11	Cash Working Capital	8,052	1	8,053
12	Deferred Charges Greater Than \$3.7M	3,241	-	3,241
13	Other Deductions From Rate Base	(13,622)	-	(13,622)
14	Accumulated Deferred Income Taxes	(729,934)	-	(729,934)
15	Accrued Vacation Reserve	-	-	-
16		-	-	-
17		-	-	-
18	Accumulated Misc. Operating Provisions	-	-	-
19	Asset Retirement Obligation	-	-	-
20	Other Deferred Credits	-	-	-
21	Customer Advances	(22,691)	-	(22,691)
22	Customer Deposits	(27,899)	-	(27,899)
23		-	-	-
24	Rate Base	<u>\$ 2,260,712</u>	<u>\$ 1</u>	<u>\$ 2,260,713</u>



**Ameren Illinois Company**  
**Revenue Effect of Adjustments**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description (a)	Per Company (b)	Adjustments (c)	Per Staff (d)
1	<b>Summary</b>			
2	Current Revenues	\$ 824,395		\$ 824,395
3	<b>Proposed Increase</b>	<b><u>68,030</u></b>	<b><u>188</u> #</b>	<b><u>68,218</u></b>
4	Proposed Revenue Requirement	<u>\$ 892,425</u>	<u>\$ 188</u>	<u>\$ 892,613</u>
5	<b>Percentage Increase</b>	<b>8.25%</b>	<b>0.02%</b>	<b>8.27%</b>
6	<b>Effect of Each Adjustment</b>			
7				
8				
9	Interest Synchronization		7	
10	Cash Working Capital		-	
11		-	-	
12		-	-	
13		-	-	
14		-	-	
15		-	-	
16		-	-	
17		-	-	
18		-	-	
19		-	-	
20		-	-	
21		-	-	
22		-	-	
23		-	-	
24		-	-	
25		-	-	
26		-	-	
27		-	-	
28		-	-	
29		-	-	
30		-	-	
31		-	-	
32		-	-	
33				
34				
35	Rate of Return		\$ (295)	
36	Gross Revenue Conversion Factor		476	
37	Rounding			
38	<b>Effect of Adjustments</b>		<b><u>\$ 188</u> #</b>	
39	<b>Reconciliation to Sch. 1FY</b>			
40	Column (c), line 5.		\$ -	
41	Column (f), line 5.		476	
42	Column (h), line 5.		<u>(288)</u>	
43	<b>Total Effect of Adjustments</b>		<b><u>\$ 188</u> #</b>	

Ameren Illinois Company  
Interest Synchronization Adjustment  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 2,260,713 <sup>(1)</sup>
2	Weighted Cost of Debt	<u>3.28%</u> <sup>(2)</sup>
3	Synchronized Interest (Line 1 x Line 2)	74,142
4	Company Interest Expense	<u>74,151</u> <sup>(3)</sup>
5	Increase (Decrease) in Interest Expense	<u>(9)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 1</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 3</u>

(1) Source: Staff Schedule 3FY, column (d), line 24  
(2) Source: ICC Staff Exhibit 3.0  
(3) Source: Ameren Schedule C-5.4, Filing Year, line 3

Ameren Illinois Company  
 Gross Revenue Conversion Factor  
 For the Filing Year Ending December 31, 2014  
 (In Thousands)

Line No.	Description	Rate	With Bad Debts	Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	1.000000
2	Uncollectibles	0.6966%	<u>0.006966</u>	
3	State Taxable Income		0.993034	
4	State Income Tax	9.5000%	<u>0.094338</u>	<u>0.095000</u>
5	Federal Taxable Income		0.898696	0.905000
6	Federal Income Tax	35.0000%	<u>0.314544</u>	<u>0.316750</u>
7	Operating Income		<u>0.584152</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor (Line 1 / Line 7)		<u>1.711883</u>	<u>1.699958</u>

**Ameren Illinois Company**  
**Reconciliation Computation for the Year Ending December 31, 2013**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description	Source	Amt	(d)	(e)	(f)	(g)
	(a)	(b)	(c)				
1	Actual Revenue Requirement	Schedule 1RY, column (i), line 1	\$ 823,860				
2	Revenue Requirement in effect during Reconciliation Year	(1')	\$ 764,512				
3	Variance - Reconciliation Before Collar	(Ln 1) - (Ln 2)	\$ 59,348				
4	ROE Collar Adjustment	Schedule 9FY, Col (b), Ln 43	\$ -				
5	Variance with Collar	(Ln 3) + (Ln 4)	\$ 59,348				
6	Monthly Interest Rate	Sch FR D-1 Col D Ln 29/12	0.6730%				
			Variance	Interest Rate	Months	Interest	Surcharge (Refund)
			(Ln 5) / 12	Ln 6		(c) * (d * (e))	(c) + (f)
	2013						
7	January		\$ 4,946	0.6730%	11.5	\$ 383	\$ 5,328
8	February		4,946	0.6730%	10.5	349	5,295
9	March		4,946	0.6730%	9.5	316	5,262
10	April		4,946	0.6730%	8.5	283	5,229
11	May		4,946	0.6730%	7.5	250	5,195
12	June		4,946	0.6730%	6.5	216	5,162
13	July		4,946	0.6730%	5.5	183	5,129
14	August		4,946	0.6730%	4.5	150	5,095
15	September		4,946	0.6730%	3.5	116	5,062
16	October		4,946	0.6730%	2.5	83	5,029
17	November		4,946	0.6730%	1.5	50	4,996
18	December		4,946	0.6730%	0.5	17	4,962
19	Total	Sum of (Ln 7) thru (Ln 18)	\$ 59,348			\$ 2,396	\$ 61,744
			Balance	Interest Rate	Mons	Interest	Balance
				Ln 6		(c) * (d * (e))	(c) + (f)
	2014						
20	January - December	Col G Ln 19	\$ 61,744	0.6730%	12	\$ 4,986	\$ 66,731
			Balance	Interest Rate		Amort	Balance
				Ln 6		(2')	(c) + (c) * (d) - (f)
	2015						
21	Jan	Col G Ln 20	\$ 66,731	0.6730%		\$ 5,807	\$ 61,372
22	Feb	Col G Ln 21	61,372	0.6730%		5,807	55,978
23	Mar	Col G Ln 22	55,978	0.6730%		5,807	50,548
24	Apr	Col G Ln 23	50,548	0.6730%		5,807	45,081
25	May	Col G Ln 24	45,081	0.6730%		5,807	39,577
26	Jun	Col G Ln 25	39,577	0.6730%		5,807	34,037
27	Jul	Col G Ln 26	34,037	0.6730%		5,807	28,458
28	Aug	Col G Ln 27	28,458	0.6730%		5,807	22,843
29	Sep	Col G Ln 28	22,843	0.6730%		5,807	17,189
30	Oct	Col G Ln 29	17,189	0.6730%		5,807	11,498
31	Nov	Col G Ln 30	11,498	0.6730%		5,807	5,768
32	Dec	Col G Ln 31	5,768	0.6730%		5,807	(0)
33	Variance with Interest	Sum of (Ln 21) thru (Ln 32)				\$ 69,685	
34	Remove ROE Collar Adjustment (3')	Ln 4				\$ -	
35	Reconciliation with Interest	(Ln 33) - (Ln 34)				\$ 69,685	To Sch. 1FY

Note:

Calculated in accordance with Section 16-108.5 (d)(1) of the Act. Reconciliation for 2013 will reflect the amount shown on Sch. FR A-1 Ln 22 of the calculation used to determine revenue requirement in effect

(1') during the reconciliation year.

(2')  $(-1.0) * (PMT((Ln 21 \text{ Col (d)}), 12, (Ln 20, \text{ Col (g)})))$

(3') Remove ROE Collar Adjustment from calculation as this amount is included on Schedule 1FY, Col (j), Ln 4.

**Ameren Illinois Company**  
ROE Collar Computation for the Year Ending December 31, 2013  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description (a)	Amount (b)	Column (b) Source (c)
1	DS Rate Base	\$ 2,090,829	Staff Sch. 3RY, Column (d), Ln 24
	Capital Structure:		
2	Common Equity %	51.00%	Staff Ex. 3.0, p. 3
3	Preferred Stock%	1.60%	Staff Ex. 3.0, p. 3
4	Short-Term Debt %	0.00%	Staff Ex. 3.0, p. 3
5	Long-Term Debt %	47.41%	Staff Ex. 3.0, p. 3
6	DS Equity Balance	1,066,323	Ln 1 x Ln 2
7	DS Preferred Stock Balance	33,349	Ln 1 x Ln 3
8	DS Short-Term Debt Balance	-	Ln 1 x Ln 4
9	DS Long-Term Debt Balance	991,157	Ln 1 x Ln 5
10	Cost of Short-Term Debt (%)	0.00%	Staff Ex. 3.0, p. 3
11	Cost of Long-Term Debt (%)	6.80%	Staff Ex. 3.0, p. 3
12	Cost of Preferred Stock	4.98%	Staff Ex. 3.0, p. 3
13	DS Operating Revenue	\$ 819,989	FERC Form 1, p. 300, line 12 and Note (1')
14	[blank]		
	Accrued Reconciliation and Collar Revenues		
15	Included on Line 13	\$ 60,518	FERC Form 1, p. 300, line 12 and Note (1')
16	Updated Reconciliation Amount before Collar	\$ 59,348	Staff Sch. 8FY line 3
17	Other Revenue	\$ 36,992	Staff Sch. 1FY Column (i) line 2
18	DS Applicable Operating Revenue	\$ 855,811	Ln 13 - Ln 15 + Ln 16 + Ln 17
19	Total DS Operating Expenses	\$ 626,526	Staff Sch. 1RY line 18
20	DS Operating Income Before Interest & Taxes	\$ 229,285	Ln 18 - Ln 19
21	DS Short-Term Interest Expense	\$ -	Ln 6 x Ln 10
22	DS Long-Term Interest Expense	\$ 67,359	Ln 9 x Ln 11
23	Credit Facilities Expense	\$ 1,213	Line 1 times 0.058% Credit Facility Fees
24	DS Operating Income before Taxes	\$ 160,713	Ln 20 - Ln 21 - Ln 22 - Ln 23
25	Income Tax Rate (%)	41.175%	Staff Sch. 7RY, Column (d), Ln 4 + Ln 6
26	DS Income Taxes	\$ 66,174	Ln 24 x Ln 25
27	Impact of ITCs & Permanent Tax Differences	\$ (4,694)	Company Sch FR C-4 Ln 12
28	DS Income Taxes	\$ 61,480	Ln 26 + Ln 27
29	DS Net Income before Dividend	\$ 99,234	Ln 21 - Ln 23 - Ln 24
30	DS Preferred Stock Dividend	\$ 1,660	Ln 7 x Ln 12
31	DS Net Income	\$ 97,573	Ln 29 - Ln 30
32	DS ROE (%)	9.15%	Ln 31 / Ln 6
33	ROE Collar		
34	Allowed ROE (%)	9.25%	Company Sch FR D-1 Col. Ln 17
35	Maximum Allowed ROE (%)	9.75%	Ln 34 + .5%
36	Minimum Allowed ROE (%)	8.75%	Ln 34 - .5%
37	Percent Above Maximum Allowed ROE (%)	0.00%	
38	Amount Above Allowed ROE Collar	\$ -	Ln 6 x Ln 37
39	Percent Below Minimum Allowed ROE (%)	0.00%	Ln 36 - Ln 32
40	Amount Below Allowed ROE Collar	\$ -	Ln 6 x Ln 39
41	ROE Collar Adj After Tax	\$ -	Ln 38 + Ln 40
42	ROE Collar Tax Gross-up	\$ -	Ln 41 x Ln 25/(1- Ln 25)
43	ROE Collar Adj	\$ -	Ln 41 + Ln 42

Ameren Illinois Company  
Cash Working Capital Adjustment  
For the Filing Year Ending December 31, 2014  
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Lag (Lead)</u> (c)	<u>CWC Factor</u> (d) (c/365)	<u>CWC Requirement</u> (e) (b*d)	<u>Column b Source</u> (f)
1	Revenues	\$ 579,541	49.75	0.13630	\$ 78,992	Staff Sch. 10FY, page 2, Column (b), Line 6
	Collections of Pass-through Taxes:					
2	Energy Assistance Charges	17,058	0.00	0.00000	-	Line 14
3	Municipal Utility Tax	33	0.00	0.00000	-	Line 16
3a	Federal Deferred Taxes & ITCs Net	(75,903)	49.75	0.13630	(10,346)	Staff Sch. 1FY, Column (i), Line 21
4	Total Receipts	<u>\$ 520,729</u>			<u>\$ 68,646</u>	Sum of Lines 1 through 5
5	Employee Benefits	\$ 43,004	(15.97)	(0.04375)	\$ (1,882)	Staff Sch. 10RY, page 2, line 11
6	FICA	7,270	(13.13)	(0.03597)	(262)	Ameren Schedule B-8, Column B, Line 10 Ameren Schedule C-11.1, Column E, Line 14 +(Sum of Schedule C-2, Columns L, M, N, and W, Line 38 )
7	Payroll	134,823	(11.39)	(0.03121)	(4,207)	Staff Sch. 10FY, page 2, Column (b), Line 17
8	Other Operations and Maintenance Expenses	202,840	(48.87)	(0.13389)	(27,158)	Ameren Schedule C-18, Column H, Line 3
9	Federal Unemployment Tax	37	(76.38)	(0.20926)	(8)	
10	State Unemployment Tax	1,006	(76.38)	(0.20926)	(211)	Ameren Schedule C-18, Column H, Line 7 + Line 8
11	St. Louis Payroll Expense Tax	14	(83.51)	(0.22879)	(3)	Ameren Schedule C-18, Column H, Line 17
12	Federal Excise Tax	2	(30.21)	(0.08277)	-	Ameren Schedule C-18, Column H, Line 4
13	Electricity Distribution Tax	40,048	(30.13)	(0.08255)	(3,306)	Ameren Schedule C-18, Column H, Line 11
14	Energy Assistance Charges	17,058	(38.54)	(0.10559)	(1,801)	Ameren Schedule C-18, Column H, Line 10
15	Municipal Utility Tax	33	(48.54)	(0.13299)	(4)	Ameren Schedule C-18, Column H, Line 16
16	Gross Receipts Tax	(55)	(45.63)	(0.12501)	7	Ameren Schedule C-18, Column H, Line 12
17	Corporation Franchise Tax	1,175	(161.97)	(0.44375)	(521)	Ameren Schedule C-18, Column H, Line 9
18	Property/Real Estate Tax	3,963	(375.08)	(1.02762)	(4,072)	Ameren Schedule C-18, Column H, Line 15
19	Interest Expense	72,831	(91.25)	(0.25000)	(18,208)	Staff Sch. 6FY, Column (b), Line 3 less Line 20 below Staff Sch. 3FY, Column (d), Line 24 x Staff weighted bank facility fees.
20	Bank Facility Costs	1,311	156.59	0.42901	562	
21	Current State Income Taxes	(1,068)	(37.88)	(0.10378)	111	Staff Sch. 1FY, Column (i), Line 19
22	Current Federal Income Taxes	(3,563)	(37.88)	(0.10378)	370	Staff Sch. 1FY, Column (i), Line 20
23		-			-	
24	Total Outlays	<u>\$ 520,729</u>			<u>\$ (60,593)</u>	Sum of Lines 5 through 23
25	Cash Working Capital Per Staff				\$ 8,053	Line 4 plus Line 24
26	Cash Working Capital per Company				8,052	Ameren Sch. B-8
27	Difference -- Adjustment to Cash Working Capital				<u>\$ 1</u>	Line 25 minus Line 26

**Ameren Illinois Company**  
**Cash Working Capital Adjustment**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 892,613	Staff Sch. 1FY, Column (i), Line 5
2	Uncollectible Accounts	(6,779)	Staff Sch. 1FY, Column (i), Line 6
3	Depreciation & Amortization	(194,495)	Staff Sch. 1FY, Column (i), Line 12
4	Regulatory Debits	(3,397)	Staff Sch. 1FY, Column (i), Line 12
5	Return on Equity	(108,401)	Line 9 below
6	Total Revenues for CWC calculation	<u>\$ 579,541</u>	Sum of Lines 1 through 5
7	Total Rate Base	\$ 2,260,713	Staff Sch. 3FY, Column (d), Line 24
8	Weighted Cost of Capital	4.80%	Staff Ex. 3.0, p. 3
9	Return on Equity	<u>\$ 108,401</u>	Line 7 times Line 8
10	Operating Expense Before Income Taxes	\$ 638,797	Staff Sch. 1FY, Column (i), Line 18
11	Employee Benefits Expense	(43,004)	Ameren Exhibit 19.1, App 3 Ameren Schedule C-11.1, Column E, Line 14 +(Sum of
12	Payroll Expense	(134,823)	Schedule C-2, Columns L, M, N, and W, Line 38 )
13	Uncollectible Accounts	(6,779)	Staff Sch. 1FY, Column (i), Line 6
14	Depreciation & Amortization	(194,495)	Staff Sch. 1FY, Column (i), Line 12
15	Taxes Other Than Income	(53,459)	Staff Sch. 1FY, Column (i), Line 13
16	Regulatory Debits	(3,397)	Staff Sch. 1FY, Column (i), Line 14
17	Other Operations & Maintenance for CWC Calculation	<u>\$ 202,840</u>	Sum of Lines 10 through 16





**Ameren Illinois Company**  
**Rate Base**  
For the Reconciliation Year Ending December 31, 2013  
(In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co Sch B-1 Recon)	Staff Adjustments (Sch. 4RY)	Adjusted Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Distribution Plant	\$ 5,013,099	\$ -	\$ 5,013,099
2	G & I Plant	315,884	-	315,884
3	Accumulated Depreciation on Distribution Plant	(2,403,453)	-	(2,403,453)
4	Accumulated Depreciation on G & I Plant	(108,140)	-	(108,140)
5	Net Plant	2,817,390	-	2,817,390
6	Additions to Rate Base			
7	Materials and Supplies	\$ 43,635	\$ -	\$ 43,635
8	Construction Work in Progress	731	-	731
9	Plant Held for Future Use	373	-	373
10	Deferred Debits	3,241	-	3,241
11	Cash Working Capital	8,433	(3)	8,430
12	OPEB Liability	2,108	-	2,108
13				
14				
15	Deductions From Rate Base			
16	Accumulated Deferred Income Taxes	(720,867)	-	(720,867)
17	Accrued Vacation Reserve	-	-	-
18	Accumulated Misc. Operating Provisions	-	-	-
19	Asset Retirement Obligation	-	-	-
20	Other Rate Base Adjustments	(13,622)	-	(13,622)
21	Customer Advances	(22,691)	-	(22,691)
22	Customer Deposits	(27,899)	-	(27,899)
23		-	-	-
24	Rate Base at End of Year	\$ 2,090,832	\$ (3)	\$ 2,090,829



**Ameren Illinois Company**  
**Revenue Effect of Adjustments**  
For the Reconciliation Year Ending December 31, 2013  
(In Thousands)

Line No.	Description (a)	Per Company (b)	Staff Adjustments (c)	Per Staff (d)
1	<b>Summary</b>			
2	Current Revenues	\$ 801,504		\$ 801,504
3	<b>Proposed Increase</b>	<u>59,356</u>	<u>(8) #</u>	<u>59,348</u>
4	Proposed Revenue Requirement	\$ 860,860	\$ (8)	\$ 860,852
5	<b>Percentage Increase</b>	7.41%	-0.01%	7.40%
6	<b>Effect of Each Adjustment</b>			
7				
8	Interest Synchronization		5	
9			-	
10			-	
11			-	
12			-	
13			-	
14			-	
15		-	-	
16		-	-	
17			-	
18			-	
19			-	
20			-	
21			-	
22			-	
23			-	
24			-	
25			-	
26			-	
27			-	
28	Gross Revenue Conversion Factor		-	
29	Rate of Return		\$ (13)	
30				
31				
32				
33				
34	Rounding		-	
35	Effect of Adjustments		<u>\$ (8) #</u>	
36	<b>Reconciliation to Sch. 1RY</b>			
37	Column (c), line 5.		\$ -	
38	Column (f), line 5.		-	
39	Column (h), line 5.		<u>(8)</u>	
40	Total Effect of Adjustments		<u>\$ (8) #</u>	

**Ameren Illinois Company**  
**Interest Synchronization Adjustment**  
 For the Reconciliation Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 2,090,829 <sup>(1)</sup>
2	Weighted Cost of Debt	<u>3.2797000%</u> <sup>(2)</sup>
3	Synchronized Interest (Line 1 x Line 2)	68,573
4	Company Interest Expense	<u>68,579</u> <sup>(3)</sup>
5	Increase (Decrease) in Interest Expense	<u>(6)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 1</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 2</u>

(1) Source: Schedule 3RY, column (d), line 24

(2) Source: ICC Staff Exhibit 3.0

(3) Source: AIC Sch 5.4, Reconciliation Year, line 3

**Ameren Illinois Company**  
**Gross Revenue Conversion Factor**  
For the Reconciliation Year Ending December 31, 2013  
(In Thousands)

Line No.	Description	Rate	With Bad Debts	Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	1.000000
2	Uncollectibles	0.6966%	<u>0.00697</u>	
3	State Taxable Income		0.993034	
4	State Income Tax	9.5000%	<u>0.094338</u>	<u>0.095000</u>
5	Federal Taxable Income		0.898696	0.905000
6	Federal Income Tax	35.0000%	<u>0.314544</u>	<u>0.316750</u>
7	Operating Income		<u>0.584152</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor (Line 1 / Line 7)		<u>1.711883</u>	<u>1.699958</u>

**Ameren Illinois Company**  
**Cash Working Capital Adjustment**  
For the Reconciliation Year Ending December 31, 2013  
(In Thousands)

Line No.	Description (a)	Amount (b)	Lag (Lead) (c)	CWC		Column b Source (f)
				CWC Factor (d) (c/365)	Requirement (e) (b*d)	
1	Revenues	\$ 568,065	49.75	0.13630	\$ 77,428	Schedule 10FY, page 2, column b, line 6
	Collections of Pass-through Taxes:					
2	Energy Assistance Charges	17,058	0.00	0.00000	-	Line 14
3	Municipal Utility Tax	33	0.00	0.00000	-	Line 55
3a	Federal Deferred Taxes & ITCs Net	<u>(75,903)</u>	49.75	0.13630	<u>(10,346)</u>	Schedule 1RY, Column (i), Line 20 + 21
4	Total Receipts	<u>\$ 509,253</u>			<u>\$ 67,082</u>	Sum of lines 1 through 5
5	Employee Benefits	\$ 43,004	(15.97)	(0.04375)	\$ (1,882)	Sch. 10RY, page 2, line 11
6	FICA	7,270	(13.13)	(0.03597)	(262)	Ameren Exhibit 19.1, App 3, Col. C, Line 11
7	Payroll	134,823	(11.39)	(0.03121)	(4,207)	Ameren Schedule C-11.1, Column E, Line 14 +(Schedule C-2, Columns L, M, N, and W, Line 37)
8	Other Operations and Maintenance Expenses	202,717	(48.87)	(0.13389)	(27,142)	Sch. 10RY, page 2, line 17
9	Federal Unemployment Tax	37	(76.38)	(0.20926)	(8)	Ameren Schedule C-18, Column H, Line 3
10	State Unemployment Tax	1,006	(76.38)	(0.20926)	(211)	Ameren Schedule C-18, Column H, Line 7 + Line 8
11	St. Louis Payroll Expense Tax	14	(83.51)	(0.22879)	(3)	Ameren Schedule C-18, Column H, Line 17
12	Federal Excise Tax	2	(30.21)	(0.08277)	-	Ameren Schedule C-18, Column H, Line 4
13	Electricity Distribution Tax	40,048	(30.13)	(0.08255)	(3,306)	Ameren Schedule C-18, Column H, Line 11
14	Energy Assistance Charges	17,058	(38.54)	(0.10559)	(1,801)	Ameren Schedule C-18, Column H, Line 10
15	Municipal Utility Tax	33	(48.54)	(0.13299)	(4)	Ameren Schedule C-18, Column H, Line 16
16	Gross Receipts Tax	(55)	(45.63)	(0.12501)	7	Ameren Schedule C-18, Column H, Line 12
17	Corporation Franchise Tax	1,175	(161.97)	(0.44375)	(521)	Ameren Schedule C-18, Column H, Line 9
18	Property/Real Estate Tax	3,963	(375.08)	(1.02762)	(4,072)	Ameren Schedule C-18, Column H, Line 15
19	Interest Expense	67,360	(91.25)	(0.25000)	(16,840)	Schedule 6RY, Column b, Line 3 less Line 20 below
20	Bank Facility Costs	1,213	156.59	0.42901	520	Schedule 3RY, column d, line 24 x WPC-5.4, times Staff weighted bank facility fees
21	Current State Income Taxes	(2,403)	(37.88)	(0.10378)	249	Schedule 1RY, Column i, Line 19
22	Current Federal Income Taxes	(8,012)	(37.88)	(0.10378)	831	Schedule 1RY, Column i, Line 20
23	Total Outlays	<u>\$ 509,253</u>			<u>\$ (58,652)</u>	Sum of Lines 5 through 22
24	Cash Working Capital Per Staff				\$ 8,430	Line 4 plus line 23
25	Cash Working Capital per Company				<b>8,433</b>	Ameren Sch. B-8-Reconciliation
26	Difference -- Adjustment to Cash Working Capital				<u>\$ (3)</u>	Line 24 minus Line 25

**Ameren Illinois Company**  
**Cash Working Capital Adjustment**  
For the Reconciliation Year Ending December 31, 2013  
(In Thousands)

Line No.	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 860,852	Schedule 1RY, Column i, Line 5
2	Uncollectible Accounts	(6,177)	Schedule 1RY, Column i, Line 6
3	Depreciation & Amortization	(182,949)	Schedule 1RY, Column i, Line 12
4	Regulatory Debits	(3,397)	Schedule 1RY, Column i, Line 14
5	Return on Equity	(100,264)	Line 9 below
6	Total Revenues for CWC calculation	<u>\$ 568,065</u>	Sum of Lines 1 through 5
7	Total Rate Base	\$ 2,090,829	Schedule 3RY, Column d, Line 24
8	Weighted Cost of Capital	<u>4.80%</u>	Staff Ex. 3.0
9	Return on Equity	<u>\$ 100,264</u>	Line 7 times Line 8
10	Operating Expense Before Income Taxes	\$ 626,526	Schedule 1RY, Column i, Line 18
11	Employee Benefits Expense	(43,004)	Ameren Exhibit 19.1, App 3 Ameren Schedule C-11.1, Column E, Line 14 +(Schedule C-2, Columns L, M, N, and W, Line 37)
12	Payroll Expense	(134,823)	
13	Uncollectible Accounts	(6,177)	Schedule 1RY, Column i, Line 6
14	Depreciation & Amortization	(182,949)	Schedule 1RY, Column i, Line 12
15	Taxes Other Than Income	(53,459)	Schedule 1RY, Column i, Line 13
16	Regulatory Debits	(3,397)	Schedule 1RY, Column i, Line 14
17	Other Operations & Maintenance for CWC Calculation	<u>\$ 202,717</u>	Sum of Lines 10 through 16