ILLINOIS COMMERCE COMMISSION

DOCKET No. 15-________

DIRECT TESTIMONY

OF

KAREN R. ALTHOFF

Submitted on Behalf

Of

Ameren Illinois Company
d/b/a Ameren Illinois

April 1, 2015

TABLE OF CONTENTS

Page No.

I. INTRODUCTION....1

II. UCB/POR PROGRAM CHARGE....4

A. UCB/POR Discount Rate....9

B. Total Period Start-Up Cost Recovery....15

C. Factor ARA....16

D. Reconciliation Summary....17

III. ANNUAL REPORTING....19

IV. CONCLUSION....19

APPENDIX....1

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DIRECT TESTIMONY

OF

KAREN R. ALTHOFF

Submitted on Behalf Of

Ameren Illinois

I. <u>INTRODUCTION</u>

Q. Please state your name and business address.

A. My name is Karen R. Althoff. My business address is 370 S. Main Street, Decatur, IL 62523.

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

A. I am a Supervisor, Rates and Analysis, providing regulatory services for Ameren Illinois Company d/b/a Ameren Illinois ("Ameren Illinois," "AIC," or the "Company").

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

A. See my Statement of Qualifications, attached as an Appendix to this testimony.

Q. Please describe your duties and responsibilities as Supervisor, Rates and Analysis.

A. My duties and responsibilities relating to the gas and electric rates of AIC include developing rate analyses and rate design and cost of service studies, developing and interpreting gas and electric tariffs, testifying in regulatory proceedings, and performing other rate-related projects as assigned.

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my direct testimony is to explain the mechanics of the Utility Consolidated Billing ("UCB") and Purchase of Receivables ("POR") (collectively "UCB/POR") Program Charge and to reconcile the estimated to actual experience of the components of the UCB/POR Program for recovery of Start-Up Costs, a term defined by tariff, for the amortization period beginning January 1, 2014 and ending October 17, 2014. The Program Charge is calculated pursuant to Ameren Illinois' electric tariffs.

Q. Please provide background regarding charges resulting from UCB/POR.

A. The UCB/POR charges provide for the cost recovery of Start-Up Costs associated with the changes in AIC's systems necessary to implement this program. Cost recovery is outlined in AIC's Supplemental Customer Charges and Supplier Terms and Conditions tariffs. As agreed upon in workshops held prior to program implementation, 95% of Start-Up Costs were allocated to the UCB portion and 5% to POR. The 95% UCB portion is then assigned 75% to Eligible Customers[1] and 25% to Retail Electric Suppliers ("RES"). The 75% assigned to Eligible Customers is recovered via the Program Charge as outlined in AIC's Supplemental Customer Charges tariff. The 25% of the UCB portion assigned to RES and the 5% POR portion of the Start-Up Costs are recovered through the Discount Rate applied to purchased receivables, as outlined in AIC's Supplier Terms and Conditions.

Q. Are you sponsoring any exhibits with your testimony?

A. Yes. I am sponsoring Ameren Exhibit 1.1, which consists of the reconciliation of the various components of the UCB/POR Program Charge and Discount Rate. Specifically, the

UCB/POR Program has the following components: Uncollectible Receivables, the UCB portion of the UCB/POR Program Start-Up Costs (as allocated to Eligible Delivery Service Customers and RES), the POR portion of the UCB/POR Program Start-Up Costs, a Fair Cost Allocation Adjustment, and Ongoing Administrative Costs.

Q. What is the purpose of the UCB/POR Program?

A. Utility consolidated billing with the purchase of receivables by the utility is a type of "Retail Access" program that is designed to promote the development of meaningful market choices for electric consumers in states that have "unbundled" electric commodity services from electric delivery. The "utility consolidated bill" allows third party electricity providers to place their power supply charges directly on AIC's bill. The "purchase of receivables" enables a third party supplier to sell the accounts receivables associated with supply contracts to the utility who thereafter handles billing. In Illinois, the Public Utilities Act ("the Act"), 220 ILCS 5/1 et seq., Section 16-118 was amended effective November 9, 2007 to add language directing electric public utilities with more than 100,000 customers to file tariffs pursuant to Article IX of the Act establishing UCB and POR services. Subsection (c) of Section 16-118 relates to POR service, which requires an electric utility to provide RES with the option to have the electric utility purchase their receivables for power and energy provided to residential and certain[2] non-residential retail customers. The purchase of these receivables are net of a discount rate that is based on the electric utility's historical bad debt, any start-up costs, and on-going administrative costs associated with this program. (Docket No. 08-0619, which approved AIC's UCB/POR

[1] Eligible Customer defined in Supplier Terms and Conditions, Sheet No. 5.017, generally includes all DS-1, DS-2, and DS-5 customers, and DS-3 and DS-6 customers with Demands less than 400 kW.

[2] Non-residential customers with a non-coincident peak demand of less than 400 kW are eligible to be included in the UCB/POR program.

tariffs, provided for a "fair cost allocation adjustment" that was also added to the Discount Rate.) Subsection (d) of 16-118 provides for UCB where the electric utility must provide the RES with the option to have the electric utility produce and provide single bills to retail customers for both the electric power and energy provided by the RES and the delivery services ("DS") provided by the electric utility. In 2008, Ameren Illinois filed tariffs to comply with 220 ILCS 5/16-118 (c) and allow for the initiation of a UCB/POR Program in Ameren Illinois' service territory.

II. UCB/POR PROGRAM CHARGE

Q. What is the UCB/POR Program Charge?

A. This charge is a charge to all delivery service customers of Ameren Illinois eligible to take service pursuant to 220 ILCS 5/16-118(c). It is set forth in AIC's Supplemental Customer Charges. It is collected as a small supplemental customer charge that has ranged between $0.03[3] and negative $0.11. In my testimony below, I provide a more complete explanation of the various components of the Program Charge. At a high level, the charge is intended to allow for recovery from customers for billing system improvements required to enable UCB/POR, true-up uncollectible expenses associated with the UCB/POR Eligible Customers to the uncollectible amount withheld vis-à-vis the discount rate, and credit customers for theoretical contributions or adders associated with a discount rate designed to provide contribution from suppliers to customers to offset the cost of billing systems (i.e., the Fair Cost Allocation Adjustment). The design and function of this Program Charge is a result of the wording of Section 16-118(c) as well as the results of the Office of Retail Market Development workshop process and docket that followed. The law, policy, and litigated tariff docket (Docket No. 08-0619 (cons.)) defined what the Program Charge came to be.

Q. Please provide an overview of the charges resulting from the UCB/POR Program Charge?

A. I will first address the UCB portion of the UCB/POR Program Charge. This portion consists of the following components:

1) The amount of the UCB portion of the UCB/POR Program Start-Up Costs assigned to Eligible Customers plus adjustments ("USC");

2) Plus Uncollected Receivables recovery variances ("UR"); and,

3) Plus Ongoing Administrative Cost recovery variances ("OAR").

The sum of these three components are then divided by Number of Eligible Customers ("EC") for the corresponding period of the UCB/POR Program Charge calculation and then divided by 12 months.

USC is determined as follows:

1) The UCB related portion of the UCB/POR Start-Up Costs (a 95% cost share of total UCB/POR start-up costs);

2) Divided by a five-year amortization period ("USR");

3) Multiplied by 75% for Delivery Service Eligible Customers multiplied by a Fixed Charge Rate ("FCR") of 24.44%; and,

4) Plus any Automatic Reconciliation Adjustment ("ARA") and any Ordered Reconciliation Adjustments ("ORA").

The FCR was approved in the Order in Docket No. 08-0619 (cons.), p. 33.

Q. How was the initial and subsequent Program Charges established?

A. The initial Program Charge followed the formula outlined above and further described in the UCB/POR provisions in the Supplemental Customer Charges tariff (Sheets 38.002 through 38.011). Specifically, the UCB portion of Start-Up Costs allocated to be recovered from all

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[3] Through May 2012, the Program Charge was fixed at $0.03.

eligible customers was divided by the total number of bills forecasted to be issued in the initial rate period concluding May 2012, rounded to the nearest whole cent. The Program Charge for the initial period was $0.03 per eligible customer account. This process has continued since the initial Program Charge but has been revised with updated information.

Q. Has the initial Program Charge changed since May 2012?

A. Yes. Since May 2012, the Program Charge changed to $0.06 per eligible customer account from June 1, 2012 through April 30, 2013. Beginning May 1, 2013 and continuing through May 31, 2014, the Program Charge was $0.05. These revisions to the Program Charges were as a result of updated information relating to forecasted customer count and switching activity, along with inclusion of the Initial Period Reconciliation under-recovery. After the Second Period Reconciliation, the Program Charge was then revised to negative $0.07 starting June 1, 2014 and continuing through October 17, 2014 to include the over-recovery for that period. The Program Charge was then revised on October 18, 2014 to negative $0.11 to eliminate the recovery of the Start-Up Costs portion of the Program Charge since the five year amortization period had ended.

Q. How is the final reconciliation of Start-Up costs to be handled?

A. The Final Period Reconciliation for the USC Factor (the amount of the UCB portion of the UCB/POR Program Start-Up Costs assigned to Eligible Customers plus adjustments) will cover calendar year 2014 and include any variances, plus interest, recovered or credited through the USC component, Factor ARA, effective for the June 2015 billing period. The USC portion of the UCB/POR Program Charges relating to the recovery of Start-Up Costs was eliminated after October 17, 2014, the end of the five-year amortization period.

Q. What is AIC's Start-Up Costs reflected in the Final Period?

A. The Start-Up Costs total $2,955,263 in the Final Period. This was the same amount reflected in the Second Period Reconciliation. The actual Start-Up Costs were $2,956,113, as filed in the Initial Period Reconciliation; however, this was adjusted downward by $850 after the Initial Period Reconciliation Order was received. This adjustment related to Staff witness Ms. Theresa Ebrey's recommendation in the Initial Period Reconciliation for an Accounts Payable loading. AIC accepted this adjustment in its rebuttal testimony in Docket No.13-0266, the Initial Period Reconciliation.

Q. Did AIC experience a variance in the Final Period between actual Start-Up Costs to be collected compared to actual Start-Up Cost collected through Factor USC?

A. Yes. For the Final Period (through December 2014) AIC had estimated $428,846 of collections through the Program Charge based upon the actual Start-Up Costs from Eligible Customers. The Company collected Program Charge revenues of $470,840 during 2014 relating to Start-Up Cost recovery. This results in an over-recovery of the Final Period Reconciliation Start-Up Costs of $41,994.

Q. Please explain Uncollected Receivables, Factor UR.

A. Factor UR is comprised of the Actual Uncollected Receivables (“AUR”) for the UCB/POR Program which is equal to the write-off amounts for the portion of final bills associated with the RES receivables after all collection processes have been exhausted, less the dollar amount of uncollectibles included in the actual discounts taken in the purchase of receivables during the reconciliation period (“APRR”). Any resulting ARA and ORA from Factor UR will be added or subtracted with interest.

Q. How are the reconciliations for Factor UR to be handled?

A. Any variance plus interest (the ARA component of Factor USC) relating to the UR Factor between the projected and actual cost recovery is to be applied to the UCB/POR Program Charge. The variance for the Final Period Reconciliation will be included in the Program Charge effective for the June 2015 billing period.

Q. Was the UR Factor included in AIC's update to the UCB/POR Program Charge effective beginning in June 2015?

A. Yes. AIC included an over-recovery of $283,333, meaning the amount collected from RES through the Discount Rate for this component exceeded the amount of actual uncollectible expense experienced from POR customers during the reconciliation period.

Q. Does AIC have any Ongoing Administrative Costs as allow in the UCB/POR Program Charge?

A. No, AIC has incurred no incremental Ongoing Administrative Cost (“OAR”). This is primarily because Ameren Illinois made changes to its billing system that automated the UCB/POR processes and relied upon existing administration resources to manage the process. Ameren Illinois maintains the responsibility of managing customer billings under UCB/POR; the only difference is the inclusion of third party supply charges. If AIC did incur incremental ongoing administrative costs at some future time, the difference between the actual expense and amounts recovered for OAR through the UCB/POR Discount Rate would be included in the total reconciliation amount of the UCB/POR Program Charge through an Automatic Reconciliation Adjustment ("ARA") plus interest and any Ordered Reconciliation Adjustment (“ORA”) plus interest.

A. UCB/POR Discount Rate

Q. How is the RES portion of UCB/POR handled?

A. The RES portion of the UCB/POR Start-Up Cost is intended to be recovered through the UCB/POR Discount Rate ("Discount Rate" or "UDR"). The Discount Rate is a percentage factor applied to purchased receivables whereby the RES receives payment based on face value of the receivable, less the amount of the receivable, times the Discount Rate. The UDR components are as follows: the sum of the uncollectible component ("UDC"), RES portion of UCB related UCB/POR Start-up Costs ("USD"), POR related UCB/POR Start-Up costs ("PSD"), the Fair Cost Allocation Adjustment ("FCAA") which reimburses eligible Retail Customers for program costs, and Ongoing Administrative Costs ("OAdm"). The Discount Rate tariff provisions are contained in the Supplier Terms and Conditions, Sheets 5.020 through 5.024.

Q. Please explain how UDC is determined.

A. UDC is based on the division of total power-supply-related Uncollectible expense for all of AIC's UCB/POR Program Eligible Customers ("RCU") by power-supply-related Total Revenue ("TR") for Company-provided power supply (including the amount of RCU). The values used in this component are consistent with the Company's most recent rate case conclusions. The UDC portion of the Discount Rate was initially established to be 0.82% - emanating from Docket No. 07-0585 (cons.) and changing to 1.06% following conclusion of Docket No. 09-0306 (cons.) which was effective during the Second Period Reconciliation timeframe. The UDC portion of the Discount Rate was then revised to 0.79% effective April 12, 2014.

Q. How is the RES portion of UCB related UCB/POR Start-Up Costs established?

A. The RES portion of UCB related UCB/POR Start-Up Costs ("USD") are determined based upon USR multiplied by the FCR multiplied by 25% (the RES share) divided by the Estimated UCB/POR Program Receivables ("EPR") purchased from the RES. During the Final Period, AIC submitted forecasts to the Illinois Power Agency on or about March 11, 2014 (Period June 1, 2014 through May 31, 2015) and on or about July 15, 2014 (Period November 1, 2014 through May 31, 2015).

The Program participation rate for the Final Rate Period was established and derived by applying a 7 percent discount to AIC's then existing BGS prices. In additional, Factor USD was adjusted on June 1, 2013 for its share of the Initial Period Reconciliation. The USD portion of the Discount Rate has changed several times since the Initial Period which was 0.18%. During 2012 and 2013, the USD portion of the Discount Rate has been as follows: 1) January 1, 2012 through May 31, 2012 – 0.18%; 2) June 1, 2012 through May 31, 2013 – 0.06%; 3) June 1, 2013 through October 31, 2013 - 0.04%; and 4) November 1, 2013 through December 31, 2013 – 0.04%. The USC portion of the Discount Rate then continued from January 1, 2014 – October 17, 2014 at 0.04% and then was zeroed out at the end of the Start-Up Cost amortization period.

Q. What are the requirements of reconciliations for the RES portion of Start-Up Costs?

A. The variance related to the RES portion, either positive or negative, between actual and projected recovery of the UCB Start-Up Costs for the Final Period Reconciliation, plus interest, was to be recovered or credited to Eligible Customers through the ARA component of Factor USC of the UCB/POR Program Charge effective for the June 2015 billing period. The Initial

Period Reconciliation reflected an under-recovery of $347,744 (per Staff's recommendation in Docket 13-0266) and the Second Period Reconciliation reflected an under-recovery of $101,291 (per Docket 14-0262). The Final Period reconciliation for Factor USD reflects an over-recovery of $68,964 based on actual Start-Up Costs. Ameren Exhibit 1.1, page 4 of 7, lines 19 through 27 reflects the development of the under-recovery from Factor USD.

Q. What is the POR portion of the UCB/POR?

A. The POR portion of the Start-Up Costs is based upon an allocated share of 5% of these costs, targeted to be recovered through application of the UCB/POR Discount Rate which I will discuss next. This share of the charges is designed to recover program costs for billing system improvements designed to accommodate the purchase of the receivables and exchange of funds associated with participating suppliers. These costs are the “start-up” costs necessary to actually purchase receivables and pay RES.

Q. Please explain the POR portion of the UCB/POR Start-Up Costs for the initial rate period.

A. The PSD component is the sum of the amount of the POR related portion, 5%, of the UCB/POR Start-Up Costs (“PSR”) multiplied by the FCR divided by EPR. The PSD portion of the Discount Rate was 0.04% for the initial rate period. During 2012 and 2013, the USD portion of the Discount Rate has been as follows: 1) January 1, 2012 through May 31, 2012 – 0.04%; 2) June 1, 2012 through May 31, 2013 – 0.01%; 3) June 1, 2013 through October 31, 2013 - 0.01%; and 4) November 1, 2013 through December 31, 2013 – 0.01%. For 2014, the USD portion of the Discount Rate was 0.01% until it was set to zero at the end of the Start-Up Cost amortization period.

Q. Please explain how AIC is to handle the under-recovery of Factor PSD from the Initial Period.

A. The under-recovered amount, $72,930, of Factor PSD from the Initial Period was to be deferred until December 31, 2014; as such, AIC has included this deferral in the Final Period Reconciliation.

Q. What are the requirements of reconciliations for the POR portion of Start-Up Costs?

A. Any over- or under-recovery at the time of the Initial Period Reconciliation is to be used to reduce the unrecovered balance of POR start-up costs. This is unlike the Initial Period Reconciliation where any under-recovery variance related to the POR portion of the UCB/POR Program via the Discount Rate would be deferred until December 31, 2014, which is how the Company handled the matter in the Initial Period Reconciliation. (See AIC's Supplier Terms and Conditions tariff, Sheet 5.027.) The Final Period Reconciliation for Factor PSD, based on actual Start-Up Costs, reflects an over-recovery of $22,884. Ameren Exhibit 1.1, page 4 of 7, lines 35 through 40 reflects the development of the over-recovery from Factor PSD. As shown on Ameren Exhibit 1.1, page 1 of 7, the Initial Period under-recovery of $72,930 has been included in the Final Period Reconciliation

Q. How is the FCAA determined in the discount rate?

A. FCAA in the discount rate is determined by the total amount of UCB/POR Program Charge revenues, including interest that have been charged to eligible Customers, but have not been recovered from suppliers divided by EPR. The FCAA factor, like EPR, in the Initial Period is based on expected UCB/POR Program Charge including interest allowed per 83 Ill. Admin.

Code § 280.70(e)(1). Revenues received through the FCAA component of the RES discount rate that have not been previously credited to eligible Retail Customers should be included in the ARA Factor. The FCAA portion of the Discount Rate was determined to be 0.46% for the initial rate period. During 2012 and 2013, the USD portion of the Discount Rate was as follows: 1) January 1, 2012 through May 31, 2012 – 0.46%; 2) June 1, 2012 through May 31, 2013 – 0.16%; 3) June 1, 2013 through October 31, 2013 - 0.11%; and 4) November 1, 2013 through December 31, 2013 – 0.18%. For 2014, the USD portion of the Discount Rate was as follows: 1) January 1, 2014 through May 31, 2014 – 0.18% and 2) June 1, 2014 through October 17, 2014 – 0.15%. The USD portion of the Discount Rate was set to zero beginning October 18, 2014 since the Start-Up Cost amortization period ended.

Q. How did estimated and actual FCAA revenues compare for the Final Period?

A. The EPR of the FCAA through the Discount Rate was determined to be $733,781; however, the actual participation generated revenues for Factor FCAA were $904,019. This reflects a difference of $170,238; however, the Order in Docket 08-0619 (cons.) directs any revenue recovered through this component be used to offset UCB/POR program start-up costs. The revenues resulting from Factor FCAA are shown on page 5 of 7 of Ameren Exhibit 1.1.

Q. Did AIC include a FCAA reconciliation factor in its UCB/POR Program Charge update filed to become effective June 2015?

A. Yes. AIC included the revenues associated with the FCAA which totals $904,019.

Q. Since AIC has determined it has incurred no incremental Ongoing Administrative Costs in the UCB/POR Program Charge, the discount rate assumes zero, correct?

A. Correct. If the factor were to be used, OAdm would be calculated by dividing Ongoing Administrative Costs ("OAC") by EPR; however, this factor has not been nor is expected to be used. Accordingly, there is no reconciliation for this component.

Q. Please explain the reconciliation of the UCB/POR uncollectible cost.

A. The Supplier Terms and Conditions tariff addresses the Uncollectibles Cost Reconciliation at Sheet 5.025. Any positive or negative variance between the Actual Uncollected Receivables experienced from the UCB/POR Program and the dollar amount of uncollectibles calculated using the Uncollectible cost component of the UCB/POR discount rate and included in the actual discounts taken in the purchase of receivables will be recovered from or credited back to Eligible Customers via Factor UR of the UCB/POR Program Charge. The actual annual uncollected receivables related to the purchase of RES receivables experienced will be tracked each calendar year and compared to the dollar amount of uncollectibles calculated using the Uncollectible cost component of the UCB/POR Discount Rate and included in the actual discounts derived from the purchase of receivables. Any variance, whether positive or negative, will flow through UR of the UCB/POR Program Charge. As stated above, for the Final Period Reconciliation, uncollectible expense reflected an over-recovery of $283,333 which AIC included in the effective June 2015 UCB/POR Program Charge update. The development of Factor UDC is presented on Ameren Exhibit 1.1, page 3 of 7.

Q. What are the requirements of reconciliations for the Discount Rate?

A. The First Period Reconciliation covers the period of time from inception of this program (October 18, 2009) through December 2011. The Second Period Reconciliation covers calendar years 2012 and 2013, with any variance reflected with the June 2014 billing period. Reconciliations subsequent to the Second Period Reconciliation occur annually. Any reconciliation amount flows into the UCB/POR Program Charge described in the Supplemental Customer Charges tariff.

Q. Did the Company include Factor ORA in the development of the Second Period Reconciliation?

A. No, the Order in the Second Period Reconciliation case approved AIC's reconciliation as filed.

B. Total Period Start-Up Cost Recovery

Q. Is AIC required to file a report summarizing the Start-Up Cost recovery since the implementation of the UCB/POR program?

A. Yes. Ameren Exhibit 1.1, page 4, provides not only the Final Period Reconciliation Start-Up cost variances but includes the Initial and Second Periods and a program total. Since over/(under) recoveries from the Initial and Second Periods have been recovered or refunded through Factor USC, the remaining over-recovery is as a result of the Final Period and Factor PSD's deferral from the Initial Period as discussed above.

Q. Please summarize the various components of AIC's Start-Up Cost recovery for the Final Period?

A. The net over-recovery of Start-Up Costs for the Final Period is $60,912 as summarized below:

Factor USC Over-recovery	$ 41,994
Factor USD Over-recovery	$ 68,964
Factor PSD Over-recovery	$ 22,884
Factor PSD Under-recovery Deferral	$(72,930)

Q. Will this over-recovery be included in Ameren Illinois' charges effective June 2015?

A. Yes, AIC will include the total over-recovered variance of $60,912 in the UCB/POR Program Charge effective beginning the June 2015 billing period.

C. Factor ARA

Q. Please explain how AIC has modeled the recoveries or refunds from Factors ARA and ORA which flow through the Program Charge.

A. Factor USC contains both the Start-Up Cost recovery from the Eligible Customers and Factors ARA and ORA. Thus, charges or credits flowing through the Program Charge are split between the Start-Up Cost recoveries and Factors ARA and ORA. The collections (for the Initial Period under-recovery) and the refunds (for the Second Period over-recovery) were directly assigned first to Factors USC (Start-Up Costs only), USD and PSD to ensure Start-Up Cost recovery from these reconciliation periods. Collections and refunds were then directly assigned to the Uncollected Receivables, Factor UR. Any resulting balances were then offset against the Revenues Fair Cost Allocation Adjustment, Factor FCAA.

D. Reconciliation Summary

Q. Please summarize the over- or under-recovery determined by AIC for the Final Period in this filing.

A. In the Final Period, AIC over-recovered its UCB/POR Program costs, as shown in the below table and on Ameren Exhibit 1.1, page 1 of 7.

	Final Period Reconciliation
Over-recovery - Uncollectible Cost - Factor UDC	$ 283,333
Over-recovery - UCB Start-Up Cost - Factor USC	$ 41,994
Factor USC - Recoveries/Refunds Start-up Costs	$ -
Over-recovery Remaining - First and Second Period Reconciliation - Factor USC (ARA Component)	$ 97,981
Over-recovery - UCB Start-Up Cost - Factor USD	$ 68,964
Revenues Fair Cost Allocation Adjustment - Factor FCAA	$ 904,019
Over-recovery UCB Start-Up Cost Reconciliation - Factor PSD (1)	$ 22,884
Under-recovery UCB Start-Up Cost Reconciliation - Factor PSD - Initial Period Deferred	$ (72,930)
Ongoing Administrative Cost - Factors OAR and OAdm (2)	$ -
ARA Component of Factor USC	**$ 1,346,245**
Interest (3)	**$ -**
Total ARA Component of Factor USC	**$ 1,346,245**

Q. Please provide the over-recovery for the Final Period as included in AIC's UCB/POR Program Charge Information Filing update effective June 2015.

A. The below table reflects the components of the over-recovery of the Final Period Reconciliation included in the effective June 2015 information filing along with the impact on the Program Charge. The over-recovery of $1,346,245 which will be refunded over a twelve month period (June 2015 through May 2016) results in a negative Program Charge of $0.09 cents as shown below.

	Final Period Reconciliation
Over-recovery - Uncollectible Cost - Factor UDC	$ 283,333
Over-recovery - UCB Start-Up Cost - Factor USC	$ 41,994
Factor USC - Recoveries/Refunds Start-up Costs	$ -
Over-recovery Remaining - First and Second Period Reconciliation - Factor USC (ARA Component)	$ 97,981
Over-recovery - UCB Start-Up Cost - Factor USD	$ 68,964
Revenues Fair Cost Allocation Adjustment - Factor FCAA	$ 904,019
Over-recovery UCB Start-Up Cost Reconciliation - Factor PSD (1)	$ 22,884
Under-recovery UCB Start-Up Cost Reconciliation - Factor PSD - Initial Period Deferred	$ (72,930)
Ongoing Administrative Cost - Factors OAR and OAdm (2)	$ -
ARA Component of Factor USC	**$ 1,346,245**
Interest (3)	**$ -**
Total ARA Component of Factor USC	**$ 1,346,245**
Forecasted Eligible DS Customers	1,212,801
Final Period Reconciliation - UCB/POR Program Charge	$ (0.09)

Q. Do you have anything further to add?

A. Yes. At the end of the five year amortization period, AIC removed Start-Up Costs from the UCB/POR Program Charge. Likewise, the Discount Factor was also revised to eliminate all factors except Factor UDC. The UCB/POR Program Charge will then serve as a true-up mechanism to reconcile the difference between uncollectible costs embedded within the Discount Rate and actual uncollectible experience relating to the POR.

Additionally, at the onset of the UCB/POR program, customer switching was minimal for the residential sector; however, with municipal aggregation, residential and small non-residential participation in third party retail supply markets continues. As seen in the Second and Final Periods, increased market participation has increased cost recovery from RES vis-à-vis the Discount Rate, and likewise also decreased the Discount Rates from the Initial Period.

III. ANNUAL REPORTING

Q. Is the Company required to prepare annual reports summarizing the UCB/POR Program Charge and Discount Rate?

A. Yes, the annual reports present the results of the UCB/POR Program Charge and Discount Rate internal audits required by AIC's Supplemental Customer Charges Tariffs (Sheet Nos. 38.010 and 38.011), along with the operation of the reconciliation mechanism for the previous year. These reports are submitted to the ICC Staff in an informational filing.

Q. Did the Company comply with these internal audit and annual reporting requirements?

A. Yes. The internal audits, dated September 22, 2014, were provided to the Commission in an informational filing, the receipt of which was acknowledged on September 24, 2014.

IV. CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes, it does.

APPENDIX

STATEMENT OF QUALIFICATIONS
KAREN R. ALTHOFF

My educational background consists of a Bachelor of Science Degree in Accounting from Millikin University along with a Master of Business Administration degree. I am a Certified Public Accountant and a member of the American Institute of Certified Public Accountants ("CPA") and the Illinois CPA Society. I began employment with Illinois Power Company upon graduation from Millikin University. I then became an employee of Ameren Corporation upon the acquisition of Illinois Power Company by Ameren in September 2004. Beginning in 2009, I became an employee of AmerenCILCO. I then became an employee of AIC on October 1, 2010 upon the merger of the three AIC legacy companies.

While employed by Illinois Power Company, my initial position was in the Internal Auditing Department where I performed customer service, power plants and corporate function audits. I then held several positions in the Accounting Department including Accountant, Staff Accountant, Business Leader and Supervisor – Financial Reporting. My duties in the Accounting Department encompassed general accounting activities, reporting to various regulatory bodies and internal management reporting, and accounting for both electric fuel and gas purchases. I also worked in the company's Finance Department where I was responsible for capital expenditure forecasting. While in Finance, my work experience also included responsibilities for Investor Relations where I would respond to various inquiries of shareholders and financial analysts along with developing financial community presentations.

I then transferred to Illinois Power Company's Rate Department where I have held the positions of Senior Regulatory Specialist, Pricing and Costing Manager and Lead Rate Specialist.

My duties and responsibilities relating to the gas and electric rates of Illinois Power have included developing rate analyses, rate design and cost of service studies, development and interpretation of gas and electric tariffs including standard terms and conditions; rules, regulations and conditions, testifying in regulatory proceedings; monitoring the Company's rate of return performance; and other rate or regulatory projects as assigned. Upon the acquisition of Illinois Power Company by Ameren, I continued these responsibilities and also acquired additional responsibilities relating to regulatory filings and support of Ameren's Missouri operating company. In January 2008, I assumed duties solely related to AIC regulatory responsibilities.

I have submitted testimony concerning class cost of service before the Illinois Commerce Commission in Docket 98-0680 regarding an investigation concerning certain tariff provisions under Section 16-108 of the Public Utilities Act and related issues, Dockets 99-0129 and 99-0134 (Consolidated) regarding approval of the Company's Delivery Services Implementation Plan and Tariffs, Docket 01-0432 regarding electric Delivery Service Tariffs, Docket 04-0476 regarding embedded class cost of service study for the gas business, Docket 09-0306 – 09-0308 (Consolidated) regarding embedded class cost of service study for the electric business, and Dockets 11-0282 and 13-0192 regarding embedded class cost of service study and rate design for the gas business, Dockets 13-0266 and 14-0262 regarding reconciliation of AIC's Utility Consolidated Billing and Purchase of Receivables and Docket 14-0443 for AIC's proposed Rider CCA regarding recovery of clean coal costs. I have also presented testimony to the Federal Energy Regulatory Commission regarding AIC's wholesale distribution service. In addition, I have presented testimonies on various electric and gas miscellaneous type charges including single bill option credit and other various electric delivery charges (i.e., off-cycle switching, Purchase Power Option calculator, etc.) along with gas electronic metering equipment fees.