

DIRECT TESTIMONY

of

SCOTT TOLSDORF

Accounting Department

Financial Analysis Division

Illinois Commerce Commission

Ameren Illinois Company d/b/a Ameren Illinois
Proposed General Increase in Gas Rates

Docket No. 15-0142

June 9, 2015

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1 **Witness Identification**

2 **Q. Please state your name and business address.**

3 A. My name is Scott Tolsdorf. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. What is your current position with the Illinois Commerce Commission
6 (“ICC” or “Commission”)?**

7 A. I am currently employed as an Accountant in the Accounting Department of
8 the Financial Analysis Division.

9 **Q. Please describe your qualifications and background.**

10 A. I received a Bachelors of Science in Liberal Studies from Excelsior College
11 in Albany, New York, and am nearing completion of a Master’s degree in
12 Accounting from the University of Illinois-Springfield. I am a Certified Public
13 Accountant and joined the Staff of the Commission (“Staff”) in February
14 2010. Prior to the Commission, I was employed for four years as a staff
15 accountant for a public accounting firm, and nine years in the U.S. Navy as
16 an operator and instructor in the Naval Nuclear Power Program.

17 **Q. Have you previously testified before any regulatory bodies?**

18 A. Yes, I have testified on several occasions before the Commission.

19 **Q. What is the purpose of your testimony?**

20 A. The purpose of my testimony is to present Staff’s adjusted operating
21 statement and rate base for Ameren Illinois Company (“Company” or “AIC”)

22 and to propose adjustments to cash working capital, asset retirement
23 obligations, and charitable contributions.

24 **Schedule and Attachment Identification**

25 **Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 1.0?**

26 A. Yes. I prepared the following schedules for each of the Company's gas rate
27 zones, which show data as of, or for, the year ending December 31, 2016:

28 **Revenue Requirement Schedules**

29 Schedule 1.01 – Statement of Operating Income with Adjustments

30 Schedule 1.02 – Adjustments to Operating Income

31 Schedule 1.03 – Rate Base

32 Schedule 1.04 – Adjustments to Rate Base

33 Schedule 1.05 – Revenue Effect of Adjustments

34 Schedule 1.06 – Interest Synchronization Adjustment

35 Schedule 1.07 – Gross Revenue Conversion Factor

36 **Adjustment Schedules**

37 Schedule 1.08 – Cash Working Capital

38 Schedule 1.09 – Asset Retirement Obligations

39 Schedule 1.10 – Charitable Contributions

40 The rate zone to which each schedule applies is identified by the following
41 designations that follow each schedule number:

42 RZ I = Rate Zone I, Formerly AmerenCIPS

43 RZ II = Rate Zone II, Formerly AmerenCILCO

44 RZ III = Rate Zone III, Formerly AmerenIP
45 For example, Schedule 1.01 RZ I presents the Statement of Operating
46 Income with Adjustments for Rate Zone I, which was formerly AmerenCIPS.
47 Any schedule without such a designation is applicable to all three rate
48 zones.

49 **Q. Are you sponsoring any attachments as part of ICC Staff Exhibit 1.0?**

50 A. Yes. I am sponsoring one attachment labeled as Attachment A.

51 **Revenue Requirement Schedules**

52 **Q. Please describe Schedule 1.01, Statement of Operating Income with**
53 **Adjustments.**

54 A. Schedule 1.01 for each rate zone derives the required revenue at the Staff
55 proposed rate of return with Staff's adjustments. Column (b) presents the
56 Company's operating statement at present rates for the test year as
57 reflected on its corresponding Schedule C-1. Column (c) reflects the total
58 of all Staff Adjustments shown on the corresponding Schedule 1.02.
59 Column (d) reflects the *pro forma* operating statement at present rates per
60 Staff's recommendation. Column (e) presents the Company's proposed
61 increase to revenues. Column (f) adjusts revenue to reflect Staff's gross
62 revenue conversion factor. Column (g) is Staff's *pro forma* operating
63 statement inclusive of the Company's proposed revenue increase. Column
64 (h) is the necessary reduction from the Company's proposed revenues,
65 adjusted for Staff's gross revenue conversion factor, to arrive at Staff's

66 computed revenue requirement reflected in column (i). Line 24 is the
67 difference between Company revenues and revenues as determined by
68 Staff. Line 25 is Staff's calculated percentage change in revenues. Net
69 Operating Income in column (i), line 21, is the product of rate base, line 22,
70 and rate of return, line 23.

71 **Q. Please describe Schedule 1.02, Adjustments to Operating Income.**

72 A. Schedule 1.02 for each rate zone identifies Staff's adjustments to Operating
73 Income. The source of each adjustment is shown in the heading of each
74 column. The last column is carried forward to Schedule 1.01, column (c).

75 **Q. Please describe Schedule 1.03, Rate Base.**

76 A. Schedules 1.03 for each rate zone compiles Staff's proposed rate base.
77 Column (b) reflects the Company's proposed rate base. Column (c)
78 summarizes Staff's adjustments to rate base. Column (d) is the net of
79 columns (b) and (c), and reflects Staff's computed rate base.

80 **Q. Please describe Schedule 1.04, Adjustments to Rate Base.**

81 A. Schedule 1.04 for each rate zone identifies Staff's adjustments to rate base.
82 The source of each adjustment is shown in the heading of each column.
83 The last column is carried forward to Schedule 1.03, column (c).

84 **Revenue Effect of Adjustments**

85 **Q. Please describe Schedule 1.05, Revenue Effect of Adjustments.**

86 A. Schedule 1.05 for each rate zone identifies the approximate effect of each
87 proposed Staff adjustment on the Company's revenue requirement.

88 Schedule 1.05 is not the development of Staff's revenue requirement.
89 Rather, it is an analysis that is intended to assist in identifying the relative
90 monetary significance of each Staff adjustment.

91 **Interest Synchronization**

92 **Q. Please explain Schedule 1.06, Interest Synchronization Adjustment.**

93 A. Schedule 1.06 computes the interest component of the revenue
94 requirement for each rate zone. The interest expense (component) is
95 computed by multiplying the rate base by the weighted cost of debt as
96 proposed by Staff. The calculated interest expense is then compared to the
97 interest expense used by the Company in its computation of test year
98 income tax expense. The tax effect of the difference in interest expense is
99 the adjustment for interest synchronization. The effect of this adjustment is
100 to ensure that the revenue requirement reflects the tax savings generated
101 by the interest component of the revenue requirement.

102 **Gross Revenue Conversion Factor**

103 **Q. Please describe Schedule 1.07, Gross Revenue Conversion Factor.**

104 A. Schedules 1.07 for each rate zone presents Staff's proposed gross revenue
105 conversion factor ("GRCF"). The GRCF is applied to the operating income
106 deficiency to derive the total amount of revenue required for the income
107 deficiency and the associated increase in income tax expense and change
108 in uncollectible expense. It is based upon the applicable federal income tax

109 rate, state income tax rate, and uncollectible rate. The GRCF is used in the
110 calculation of the revenue requirement in columns (f) through (i) of the
111 corresponding Schedule 1.01.

112 **Cash Working Capital**

113 **Q. Please describe Schedule 1.08, Cash Working Capital.**

114 A. Schedule 1.08 for each rate zone presents my adjustment to calculate the
115 cash working capital component of rate base to incorporate the effects of
116 other Staff-proposed adjustments.

117 The Company calculated its working capital requirements using the gross
118 lag method based on the requested operating revenues and expenses. I
119 have no objection to the use of this method. Staff has proposed other
120 adjustments to operating revenues and expenses that are included in the
121 cash working capital calculation proposed by the Company. Therefore, cash
122 working capital has changed accordingly as shown on Schedule 1.08 to
123 reflect Staff's adjustments to the applicable Company revenues and
124 expenses. For the final order in this proceeding, the cash working capital
125 should be updated to reflect the operating revenues and expenses
126 ultimately approved by the Commission.

127 **Asset Retirement Obligations**

128 **Q. Please describe Schedule 1.09, Asset Retirement Obligations.**

129 A. Schedule 1.09 presents my adjustment to remove from the Company's rate
130 base the impact of asset retirement obligations.

131 **Q. What are asset retirement obligations?**

132 A. An asset retirement obligation ("ARO") is a legal obligation associated with
133 the retirement of a tangible long-lived asset.

134 **Q. Does the Company have any ARO's associated with gas plant?**

135 A. No. In response to Staff Data Request ("DR") ST 6.02, the Company stated,
136 "AIC does not have any gas ARO's." (AIC Resp. to Staff DR ST 6.02.)

137 **Q. Has the Company included any ARO's in the calculation of its gas rate
138 base in this proceeding?**

139 A. Yes. As a result of the Company's asset separation project, a portion of the
140 Company's electric ARO's were allocated to gas plant and included in test
141 year rate base.

142 **Q. Does the Company agree with the removal of ARO's from the
143 calculation of its rate base?**

144 A. Yes. The Company agreed to remove the ARO's from its electric formula
145 rate base in Docket No. 15-0305 as well as the ARO's allocated to gas plant
146 in the instant proceeding. (ICC Docket No. 15-0305, AIC Resp. to Staff DR
147 DLH 1.04.)

148 **Charitable Contributions**

149 **Q. Please describe Schedule 1.10, Charitable Contributions.**

150 A. Schedule 1.10 for each rate zone presents my adjustment to AIC's
 151 charitable contributions to reduce the overall level of forecasted
 152 contributions to a 3-year average of actual contributions (2012-2014) with a
 153 2% increase for 2015 and for 2016. This calculated amount takes into
 154 consideration AIC's recent history of actually contributing less than what it
 155 has been authorized to collect through rates for charitable activities. In the
 156 last three gas rate cases, the Company has been allowed to include
 157 charitable contributions in operating expense in the amounts of \$406,278
 158 (Docket Nos. 09-0309,0310,0311), \$482,501 (Docket No. 11-0282), and
 159 \$316,886 (Docket No. 13-0192).¹ The resulting rates from these authorized
 160 contributions were in effect during the years noted in the table below. While
 161 the effective period for the rates do not perfectly align with the associated
 162 calendar years, they are close enough for illustrative purposes.

Docket No. and Effective Period for Rates	Calendar Year	Commission Approved Contributions	Actual Contributions	% of Actual Contributions
09-0309,0310,0311 5/12/10-1/19/12	2011	\$406,278	\$231,298	56.93%
11-0282 1/20/12-12/31/14	2012	\$482,501	\$366,575	75.97%
11-0282 1/20/12-12/31/14	2013	\$482,501	\$318,208	65.95%
13-0192 1/1/14-Current	2014	\$316,886	\$404,724	127.72%
Total		\$1,688,166	\$1,320,805	78.24%

163 In the last several years, the table above demonstrates that overall the
 164 Company has contributed significantly less to charities than it has been

¹ See Attachment A.

165 authorized to collect through rates for that purpose. Specifically, in the three
166 AIC gas rate cases since 2009, AIC actually contributed approximately 78%
167 of the total estimated charitable contributions it was allowed to collect from
168 ratepayers as a reasonable expense.

169 **Q. Please explain the rationale for your adjustment based on a three-year**
170 **average of actual contributions.**

171 A. AIC projects a level of contributions in the test year that is 77% higher than
172 the actual three-year average from 2012 – 2014. This is an unreasonable
173 increase considering the Company's recent history of actual contributions
174 shown in the table above. A three-year average of actual contributions plus
175 an inflation factor is a more reasonable estimate of the Company's test year
176 spending.

177 **Q. Has the Commission accepted a similar adjustment to reduce the level**
178 **of forecasted charitable contributions in a previous docket?**

179 A. Yes. In AIC's last gas rate case, Docket No. 13-0192, Staff proposed the
180 same three year average approach with a 2% inflation adjustment leading
181 up to the future test year. In that case, AIC had proposed a 41% increase
182 over its previous year's actual amount. The Commission stated in that order
183 concerning AIC's charitable contributions:

184 Staff, AG and CUB contend, and the Commission
185 agrees, that the amount proposed by AIC for these
186 discretionary expenditures is not supported by actual
187 expenditures in recent years.

188
189 Having considered the positions of the parties, the
190 Commission finds that the proposal advanced by Staff is the

191 most reasonable. The method used and explained by Staff
192 relies on an average of the three most recent annual results
193 available, 2010-2012, which, appears to provide a justifiable
194 estimate of test-year expenditures. The Staff approach will
195 lend itself to more consistent estimates in the future, as the
196 averaging methodology will smooth any outliers in AIC's
197 charitable contribution spending.

198 Ameren Illinois Company, ICC Final Order Docket No. 13-0192, 61
199 (December 18, 2013). The three-year average of AIC's actual contributions
200 plus a 2% increase for both 2015 and 2016 is a more reasonable amount
201 for charitable contributions because the amount is consistent with AIC's
202 recent history of actual contributions and is consistent with recent
203 Commission practice.

204 **Conclusion**

205 **Q. Does this question end your prepared direct testimony?**

206 A. Yes.

Ameren Illinois Company
Adjustments to Operating Income
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Interest Synchronization (Staff Ex. 1.0, Schedule 1.06)	Charitable Contributions (Staff Ex. 1.0, Schedule 1.10)	Rental Revenue (Staff Ex. 2.0, Schedule 2.01)	Lobbying Expense (Staff Ex. 2.0, Schedule 2.02)	Payroll Taxes (Staff Ex. 2.0, Schedule 2.03)	Uncollectible Expense (Staff Ex. 2.0, Schedule 2.04)	Rate Case Expense (Staff Ex. 2.0, Schedule 2.05)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gas Operating Revenues	\$ -	\$ -	\$ (51)	\$ -	\$ -	\$ -	\$ -	\$ (51)
2	Other Revenues	-	-	51	-	-	-	-	51
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	(225)	-	(225)
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Production Expenses	-	-	-	-	-	-	-	-
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-	-
8	Transmission Expenses	-	-	-	-	-	-	-	-
9	Distribution Expenses	-	-	-	-	-	-	-	-
10	Cust. Accounts, Service & Sales	-	-	-	-	-	-	-	-
11	Administrative and General Expenses	-	(63)	-	-	-	-	(17)	(80)
12	Depreciation and Amortization	-	-	-	-	-	-	-	-
13	Taxes and Other Income	-	-	-	(1)	(58)	-	-	(59)
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	-	(63)	-	(1)	(58)	(225)	(17)	(364)
17	State Income Tax	26	5	-	-	4	17	1	53
18	Federal Income Tax	107	20	-	-	19	73	5	224
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	133	(38)	-	(1)	(35)	(135)	(11)	(87)
21	NET OPERATING INCOME	\$ (133)	\$ 38	\$ -	\$ 1	\$ 35	\$ 135	\$ 11	\$ 87

Ameren Illinois Company
Adjustments to Operating Income
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Gasoline Price Adjustment (Staff Ex. 5.0, Schedule 5.01)	Diesel Fuel Price Adjustment (Staff Ex. 5.0, Schedule 5.02)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Gas Operating Revenues	\$ (51)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (51)
2	Other Revenues	51	-	-	-	-	-	-	51
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	(225)	-	-	-	-	-	-	(225)
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Production Expenses	-	-	-	-	-	-	-	-
7	Storage, Term., and Proc. Expenses	-	(1)	(2)	-	-	-	-	(3)
8	Transmission Expenses	-	-	(1)	-	-	-	-	(1)
9	Distribution Expenses	-	(20)	(34)	-	-	-	-	(54)
10	Cust. Accounts, Service & Sales	-	(1)	(2)	-	-	-	-	(3)
11	Administrative and General Expenses	(80)	-	-	-	-	-	-	(80)
12	Depreciation and Amortization	-	-	-	-	-	-	-	-
13	Taxes and Other Income	(59)	-	-	-	-	-	-	(59)
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(364)	(22)	(39)	-	-	-	-	(425)
17	State Income Tax	53	2	3	-	-	-	-	58
18	Federal Income Tax	224	7	13	-	-	-	-	244
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(87)	(13)	(23)	-	-	-	-	(123)
21	NET OPERATING INCOME	\$ 87	\$ 13	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ 123

Ameren Illinois Company
Rate Base
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Company Pro Forma Rate Base (AIC Ex. 15.1 Sch. 2)	Staff Adjustments (St. Ex. 1.0 Sch 1.04)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 548,456	\$ 23	\$ 548,479
2	Less Accum. Deprec. and Amort.	(230,627)	(7)	(230,634)
3	-	-	-	-
4	Net Plant	317,829	16	317,845
5	Additions to Rate Base			
6	Cash Working Capital	6,219	(21)	6,198
7	Materials & Supplies Inventory	16,403	(2,822)	13,581
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	Deductions From Rate Base	(56,509)	-	(56,509)
17	Accum. Deferred Income Taxes	(1,702)	-	(1,702)
18	Customer Advances for Construction	(2,497)	-	(2,497)
19	Customer Deposits	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	Rate Base	<u>\$ 279,743</u>	<u>\$ (2,827)</u>	<u>\$ 276,916</u>

Ameren Illinois Company
Adjustments to Rate Base
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Cash Working Capital (Staff Ex. 1.0, Sch. 1.08)	Asset Retirement Obligation (Staff Ex. 1.0, Sch. 1.09)	Gas in Storage - Materials and Supplies (Staff Ex. 5.0, Sch. 5.03)	(Source)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23
2	Less Accum. Deprec. and Amort.	-	(7)	-	-	-	-	-	(7)
3		-	-	-	-	-	-	-	-
4	Net Plant	-	16	-	-	-	-	-	16
5	Additions to Rate Base								-
6	Cash Working Capital	(21)	-	-	-	-	-	-	(21)
7	Materials & Supplies Inventory	-	-	(2,822)	-	-	-	-	(2,822)
8		-	-	-	-	-	-	-	-
9		-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	Accum. Deferred Income Taxes	-	-	-	-	-	-	-	-
18	Customer Advances for Construction	-	-	-	-	-	-	-	-
19	Customer Deposits	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (21)	\$ 16	\$ (2,822)	\$ -	\$ -	\$ -	\$ -	\$ (2,827)

Ameren Illinois Company
Revenue Effect of Adjustments
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Per Company	Staff Adjustments	Per Staff
	(a)	(b)	(c)	(d)
1	Present Revenues	\$ 81,780 ⁽¹⁾	\$ -	\$ 81,780 ⁽²⁾
2	Proposed Increase	<u>14,538 ⁽³⁾</u>	<u>(3,200) ⁽⁴⁾</u>	<u>11,338 ⁽⁵⁾</u>
3	Proposed Revenues	<u>\$ 96,318</u>	<u>\$ (3,200)</u>	<u>\$ 93,118</u>
4	% Increase	17.78%		13.86%
5	Staff Adjustments:			
6	Rate of Return (Applied to Company Rate Base)		(2,635)	
7	Gas in Storage - Materials and Supplies		(304)	
8	Uncollectible Expense		(227)	
9	Charitable Contributions		(64)	
10	Payroll Taxes		(59)	
11	Diesel Fuel Price Adjustment		(39)	
12	Gasoline Price Adjustment		(22)	
13	Rate Case Expense		(19)	
14	Gross Revenue Conversion Factor		(3)	
15	Lobbying Expense		(2)	
16	Cash Working Capital		(2)	
17	Rental Revenue		-	
18	Asset Retirement Obligation		2	
19	Interest Synchronization		172	
20	Rounding		<u>2</u>	
21	Total Revenue Effect of Staff Adjustments		<u>\$ (3,200)</u>	

Sources:

- (1) ICC Staff Exhibit 1.0, Schedule 1.01 RZ I, column (b), line 3
- (2) ICC Staff Exhibit 1.0, Schedule 1.01 RZ I, column (d), line 3
- (3) ICC Staff Exhibit 1.0, Schedule 1.01 RZ I, column (e), line 3
- (4) ICC Staff Exhibit 1.0, Schedule 1.01 RZ I, columns (f) + (h), line 3
- (5) ICC Staff Exhibit 1.0, Schedule 1.01 RZ I, column (i), line 24

Ameren Illinois Company
Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 276,916 (1)
2	Weighted Cost of Debt	2.79% (2)
3	Synchronized Interest Per Staff	7,732
4	Company Interest Expense	<u>8,062 (3)</u>
5	Increase (Decrease) in Interest Expense	<u>(330)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.750%	<u>\$ 26</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 107</u>

(1) Source: ICC Staff Ex. 1.0, Schedule 1.03 RZ I, Column (d).

(2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.

(3) Source: Ameren Ex. 15.1, Sch. 3

Ameren Illinois Company
Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.9485%	<u>0.009485</u>	
3	State Taxable Income		0.990515	1.000000
4	State Income Tax	7.7500%	<u>0.076765</u>	<u>0.077500</u>
5	Federal Taxable Income		0.913750	0.922500
6	Federal Income Tax	35.0000%	<u>0.319813</u>	<u>0.322875</u>
7	Operating Income		<u>0.593937</u>	<u>0.599625</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.683680</u>	<u>1.667709</u>

Ameren Illinois Company - Rate Zone I
 Adjustment to Cash Working Capital
 For the Year Ending December 31, 2016
 (In Thousands)

Line	Item (a)	Amount (b)	Lag (Lead) (c)	CWC Factor (d) (c/365)	CWC Requirement (e) (b*d)	Column b Source (f)
1	Revenues	\$ 152,209	55.68	0.15255	\$ 23,219	ICC Staff Ex. 1.0, Sch. 1.08 RZ I, p. 2, line 7
2	Pass-through Taxes	10,221	-	0.00000	-	Lines 12+14+15+17
3	Total Receipts	<u>\$ 162,430</u>			<u>\$ 23,219</u>	Line 1 + Line 2
4	Employee Benefits	\$ 2,878	(20.27)	(0.05553)	\$ (160)	
5	Base Payroll and Withholdings	22,762	(11.53)	(0.03159)	(719)	
6	PGA Purchases	87,168	(38.62)	(0.10581)	(9,223)	
7	Other Operations and Maintenance	22,653	(47.04)	(0.12888)	(2,919)	ICC Staff Ex. 1.0, Sch. 1.08 RZ I, p. 2, line 17
8	FICA	1,153	(13.13)	(0.03597)	(41)	ICC Staff Ex. 1.0, Sch. 1.08 RZ I, p. 2, line 20
9	Federal Unemployment Tax	7	(76.38)	(0.20925)	(1)	
10	State Unemployment Tax	21	(76.38)	(0.20925)	(4)	
11	St. Louis Payroll Expense Tax	1	(87.33)	(0.23926)	-	
12	ICC Gross Revenue Tax	157	25.92	0.07101	11	
13	Illinois Invested Capital Tax	1,634	(30.13)	(0.08253)	(135)	
14	Municipal Utility Tax	3,064	(45.63)	(0.12501)	(383)	
15	Energy Assistance Charges	1,977	(45.66)	(0.12510)	(247)	
16	Corporation Franchise Tax	102	(193.45)	(0.53000)	(54)	
17	Illinois Gas Use and Gas Revenue Tax	5,023	(29.79)	(0.08162)	(410)	
18	Property/Real Estate Taxes	313	(387.27)	(1.06101)	(332)	
19	Interest Expense	7,614	(91.25)	(0.25000)	(1,904)	ICC Staff Ex. 1.0, Sch. 1.06 RZ I, line 3 less line 20 below
20	Bank Facility Costs	118	307.92	0.84362	100	
21	State Income Tax	1,120	(37.88)	(0.10377)	(116)	ICC Staff Ex. 1.0, Sch. 1.01 RZ I, Col. i, line 17
22	Federal Income Tax	4,664	(37.88)	(0.10377)	(484)	ICC Staff Ex. 1.0, Sch. 1.01 RZ I, Col. i, line 18
23	Total Outlays	<u>\$ 162,429</u>			<u>\$ (17,021)</u>	Sum of Lines 4 through 22
24	Cash Working Capital per Staff				\$ 6,198	Line 3 plus line 23
25	Cash Working Capital per Company				6,219	Ameren Exhibit 15.1, Schedule 2, p. 4
26	Difference -- Adjustment per Staff				<u>\$ (21)</u>	Line 24 minus Line 25

Note: Amount is from Ameren Ex. 15.1, Schedule 2, Page 4, Column (B) except where noted in "Source" column
 Lag (Lead) is from Ameren Ex. 15.1, Schedule 2, Page 4, Column (C)

Ameren Illinois Company - Rate Zone I
 Adjustment to Cash Working Capital
 For the Year Ending December 31, 2016
 (In Thousands)

<u>Line</u>	<u>Item</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 93,118	ICC Staff Ex. 1.0, Schedule 1.01 RZ I, line 3
2	Uncollectible Accounts	(884)	ICC Staff Ex. 1.0, Schedule 1.01 RZ I, line 4
3	Depreciation & Amortization	(11,058)	ICC Staff Ex. 1.0, Schedule 1.01 RZ I, line 12
4	PGA	87,168	ICC Staff Ex. 1.0, Schedule 1.08 RZ I, p. 1, Line 6
5	Deferred Taxes and ITCs Net	(3,075)	ICC Staff Ex. 1.0, Schedule 1.01 RZ I, Col. i, line 19
6	Return on Equity	(13,060)	Line 10 below
7	Total Revenues for CWC Calculation	<u>\$ 152,209</u>	Sum of Lines 1 through 6
8	Total Rate Base	\$ 276,916	ICC Staff Ex. 1.0, Schedule 1.03 RZ I, line 23
9	Weighted Cost of Capital	4.716%	ICC Staff Ex. 3.0, Schedule 3.01
10	Return on Equity	<u>\$ 13,060</u>	Line 8 times Line 9
11	Operating Expense Before Income Taxes	\$ 63,467	ICC Staff Ex. 1.0, Schedule 1.01 RZ I, line 15
12	Employee Benefits Expense	(2,878)	Ameren Ex. 15.1, Schedule 2, p. 4
13	Payroll Expense	(22,762)	Ameren Ex. 15.1, Schedule 2, p. 4
14	Uncollectible Accounts	(884)	ICC Staff Ex. 1.0, Schedule 1.01 RZ I, line 4
15	Depreciation & Amortization	(11,058)	ICC Staff Ex. 1.0, Schedule 1.01 RZ I, line 12
16	Taxes Other Than Income	(3,232)	ICC Staff Ex. 1.0, Schedule 1.01 RZ I, line 13
17	Other Operations & Maintenance for CWC Calculation	<u>\$ 22,653</u>	Sum of Lines 10 through 16
18	FICA per Company	\$ 1,212	Ameren Exhibit 15.1, Schedule 2, Page 4, Column (B)
19	Adjustment to FICA per Staff	(59)	ICC Staff Ex. 2.0, Schedules 2.02 and 2.03
20	FICA per Staff	<u>\$ 1,153</u>	Line 18 + Line 19

Ameren Illinois Company
Asset Retirement Obligations
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	ARO in General Plant per Staff	\$ -	
2	ARO in General Plant per Company	(80)	Ameren Response to Staff Data Request ST 6.02
3	Staff Adjustment to General Plant	<u>\$ 80</u>	Line 1 - Line 2
4	Staff Adjustment to RZ I = Line 3 * 28.94%	\$ 23	Ameren WPA - 5a RZ, Line 23, Column (I)
5	Staff Adjustment to RZ II = Line 3 * 28.64%	23	Ameren WPA - 5a RZ, Line 23, Column (H)
6	Staff Adjustment to RZ III = Line 3 * 42.42%	34	Ameren WPA - 5a RZ, Line 23, Column (J)
7	Staff Adjustment to General Plant	<u>\$ 80</u>	Sum of Lines 4 - 6
8	Accumulated Depreciation of ARO per Staff	\$ -	
9	Accumulated Depreciation of ARO per Company	24	Ameren Response to Staff Data Request ST 6.02
10	Staff Adjustment to Accumulated Depreciation	<u>\$ (24)</u>	Line 8 - Line 9
11	Staff Adjustment to RZ I = Line 9 * 28.94%	\$ (7)	Ameren WPA - 5a RZ, Line 23, Column (I)
12	Staff Adjustment to RZ II = Line 9 * 28.64%	(7)	Ameren WPA - 5a RZ, Line 23, Column (H)
13	Staff Adjustment to RZ III = Line 9 * 42.42%	(10)	Ameren WPA - 5a RZ, Line 23, Column (J)
14	Staff Adjustment to Accumulated Depreciation	<u>\$ (24)</u>	Sum of Lines 11 - 13

Ameren Illinois Company
Charitable Contributions
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Charitable Contributions per Staff	\$ 89	P. 2, Line 7
2	Charitable Contributions per Company	<u>152</u>	Schedule C-2.14 RZ-I
3	Difference - Staff Adjustment	<u><u>\$ (63)</u></u>	Line 1 - Line 2

Note: Staff Adjustment made to Administrative and General Expenses

Ameren Illinois Company
Charitable Contributions
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	2012 Actual Charitable Contributions	\$ 87	AIC DR Response ST 3_03 Attach
2	2013 Actual Charitable Contributions	75	AIC DR Response ST 3_03 Attach
3	2014 Actual Charitable Contributions	<u>96</u>	AIC DR Response ST 3_03 Attach
4	3 Year Average	<u>\$ 86</u>	Sum of Lines (1 - 3) / 3
5	Charitable Contributions with 2 % Inflation Factor - 2015	\$ 88	Line 4 * 1.02
6	Charitable Contributions with 2 % Inflation Factor - 2016	<u>89</u>	Line 5 * 1.02
7	Staff 2016 Rate Zone II Charitable Contributions	<u><u>\$ 89</u></u>	Line 6

Ameren Illinois Company
Adjustments to Operating Income
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Interest Synchronization (Staff Ex. 1.0, Schedule 1.06)	Charitable Contributions (Staff Ex. 1.0, Schedule 1.10)	Rental Revenue (Staff Ex. 2.0, Schedule 2.01)	Lobbying Expense (Staff Ex. 2.0, Schedule 2.02)	Payroll Taxes (Staff Ex. 2.0, Schedule 2.03)	Uncollectible Expense (Staff Ex. 2.0, Schedule 2.04)	Rate Case Expense (Staff Ex. 2.0, Schedule 2.05)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gas Operating Revenues	\$ -	\$ -	\$ (57)	\$ -	\$ -	\$ -	\$ -	\$ (57)
2	Other Revenues	-	-	57	-	-	-	-	57
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	171	-	171
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Production Expenses	-	-	-	-	-	-	-	-
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-	-
8	Transmission Expenses	-	-	-	-	-	-	-	-
9	Distribution Expenses	-	-	-	-	-	-	-	-
10	Cust. Accounts, Service & Sales	-	-	-	-	-	-	-	-
11	Administrative and General Expenses	-	(68)	-	-	-	-	(17)	(85)
12	Depreciation and Amortization	-	-	-	-	-	-	-	-
13	Taxes and Other Income	-	-	-	(1)	(63)	-	-	(64)
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(68)	-	(1)	(63)	171	(17)	22
16	Before Income Taxes	-	(68)	-	(1)	(63)	171	(17)	22
17	State Income Tax	30	5	-	-	5	(13)	1	28
18	Federal Income Tax	124	22	-	-	20	(55)	5	116
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	154	(41)	-	(1)	(38)	103	(11)	166
21	NET OPERATING INCOME	\$ (154)	\$ 41	\$ -	\$ 1	\$ 38	\$ (103)	\$ 11	\$ (166)

Ameren Illinois Company
Adjustments to Operating Income
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Gasoline Price Adjustment (Staff Ex. 5.0, Schedule 5.01)	Diesel Fuel Price Adjustment (Staff Ex. 5.0, Schedule 5.02)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Gas Operating Revenues	\$ (57)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (57)
2	Other Revenues	57	-	-	-	-	-	-	57
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	171	-	-	-	-	-	-	171
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Production Expenses	-	-	-	-	-	-	-	-
7	Storage, Term., and Proc. Expenses	-	(1)	(2)	-	-	-	-	(3)
8	Transmission Expenses	-	-	-	-	-	-	-	-
9	Distribution Expenses	-	(21)	(35)	-	-	-	-	(56)
10	Cust. Accounts, Service & Sales	-	(1)	(2)	-	-	-	-	(3)
11	Administrative and General Expenses	(85)	-	-	-	-	-	-	(85)
12	Depreciation and Amortization	-	-	-	-	-	-	-	-
13	Taxes and Other Income	(64)	-	-	-	-	-	-	(64)
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	22	(23)	(39)	-	-	-	-	(40)
17	State Income Tax	28	2	3	-	-	-	-	33
18	Federal Income Tax	116	7	13	-	-	-	-	136
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	166	(14)	(23)	-	-	-	-	129
21	NET OPERATING INCOME	\$ (166)	\$ 14	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ (129)

Ameren Illinois Company
Rate Base
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Company Pro Forma Rate Base (AIC Ex. 15.2 Sch. 2)	Staff Adjustments (St. Ex. 1.0 Sch 1.04)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 746,610	\$ 23	\$ 746,633
2	Less Accum. Deprec. and Amort.	(405,035)	(7)	(405,042)
3	-	-	-	-
4	Net Plant	341,575	16	341,591
5	Additions to Rate Base			
6	Cash Working Capital	6,233	(24)	6,209
7	Materials & Supplies Inventory	25,122	(4,458)	20,664
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	Deductions From Rate Base	(77,741)	-	(77,741)
17	Accum. Deferred Income Taxes	(2,342)	-	(2,342)
18	Customer Advances for Construction	(3,925)	-	(3,925)
19	Customer Deposits	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	Rate Base	<u>\$ 288,922</u>	<u>\$ (4,466)</u>	<u>\$ 284,456</u>

Ameren Illinois Company
Adjustments to Rate Base
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Cash Working Capital (Staff Ex. 1.0, Sch. 1.08)	Asset Retirement Obligation (Staff Ex. 1.0, Sch. 1.09)	Gas in Storage - Materials and Supplies (Staff Ex. 5.0, Sch. 5.03)	(Source)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23
2	Less Accum. Deprec. and Amort.	-	(7)	-	-	-	-	-	(7)
3		-	-	-	-	-	-	-	-
4	Net Plant	-	16	-	-	-	-	-	16
5	Additions to Rate Base								-
6	Cash Working Capital	(24)	-	-	-	-	-	-	(24)
7	Materials & Supplies Inventory	-	-	(4,458)	-	-	-	-	(4,458)
8		-	-	-	-	-	-	-	-
9		-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	Accum. Deferred Income Taxes	-	-	-	-	-	-	-	-
18	Customer Advances for Construction	-	-	-	-	-	-	-	-
19	Customer Deposits	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (24)	\$ 16	\$ (4,458)	\$ -	\$ -	\$ -	\$ -	\$ (4,466)

Ameren Illinois Company
Revenue Effect of Adjustments
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description (a)	Per Company (b)	Staff Adjustments (c)	Per Staff (d)
1	Present Revenues	\$ 91,758 ⁽¹⁾	\$ -	\$ 91,758 ⁽²⁾
2	Proposed Increase	<u>12,619 ⁽³⁾</u>	<u>(2,555) ⁽⁴⁾</u>	<u>10,064 ⁽⁵⁾</u>
3	Proposed Revenues	<u>\$ 104,377</u>	<u>\$ (2,555)</u>	<u>\$ 101,822</u>
4	% Increase	13.75%		10.97%
5	Staff Adjustments:			
6	Rate of Return (Applied to Company Rate Base)		(2,212)	
7	Gas in Storage - Materials and Supplies		(481)	
8	Charitable Contributions		(69)	
9	Payroll Taxes		(64)	
10	Diesel Fuel Price Adjustment		(39)	
11	Gasoline Price Adjustment		(24)	
12	Rate Case Expense		(19)	
13	Cash Working Capital		(3)	
14	Lobbying Expense		(2)	
15	Rental Revenue		-	
16	Asset Retirement Obligation		2	
17	Gross Revenue Conversion Factor		2	
18	Uncollectible Expense		174	
19	Interest Synchronization		176	
20	Rounding		<u>4</u>	
21	Total Revenue Effect of Staff Adjustments		<u>\$ (2,555)</u>	

Sources:

- (1) ICC Staff Exhibit 1.0, Schedule 1.01 RZ II, column (b), line 3
- (2) ICC Staff Exhibit 1.0, Schedule 1.01 RZ II, column (d), line 3
- (3) ICC Staff Exhibit 1.0, Schedule 1.01 RZ II, column (e), line 3
- (4) ICC Staff Exhibit 1.0, Schedule 1.01 RZ II, columns (f) + (h), line 3
- (5) ICC Staff Exhibit 1.0, Schedule 1.01 RZ II, column (i), line 24

Ameren Illinois Company
Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 284,456 (1)
2	Weighted Cost of Debt	2.79% (2)
3	Synchronized Interest Per Staff	7,943
4	Company Interest Expense	<u>8,327</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(384)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.750%	<u>\$ 30</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 124</u>

(1) Source: ICC Staff Ex. 1.0, Schedule 1.03 RZ II, Column (d).

(2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.

(3) Source: Ameren Ex. 15.2, Sch. 3

Ameren Illinois Company
Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.0192%	<u>0.010192</u>	
3	State Taxable Income		0.989808	1.000000
4	State Income Tax	7.7500%	<u>0.076710</u>	<u>0.077500</u>
5	Federal Taxable Income		0.913098	0.922500
6	Federal Income Tax	35.0000%	<u>0.319584</u>	<u>0.322875</u>
7	Operating Income		<u>0.593514</u>	<u>0.599625</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.684880</u>	<u>1.667709</u>

Ameren Illinois Company - Rate Zone II
 Adjustment to Cash Working Capital
 For the Year Ending December 31, 2016
 (In Thousands)

Line	Item (a)	Amount (b)	Lag (Lead) (c)	CWC		Column b Source (f)
				CWC Factor (d) (c/365)	Requirement (e) (b*d)	
1	Revenues	\$ 167,749	55.68	0.15255	\$ 25,590	ICC Staff Ex. 1.0, Sch. 1.08 RZ II, p. 2, line 7
2	Pass-through Taxes	11,469		0.00000	-	Lines 12+14+15+17
3	Total Receipts	<u>\$ 179,218</u>			<u>\$ 25,590</u>	Line 1 + Line 2
4	Employee Benefits	\$ 3,126	(20.27)	(0.05553)	\$ (174)	
5	Base Payroll and Withholdings	18,914	(11.53)	(0.03159)	(597)	
6	PGA Purchases	97,804	(38.62)	(0.10581)	(10,348)	
7	Other Operations and Maintenance	30,366	(47.04)	(0.12888)	(3,913)	ICC Staff Ex. 1.0, Sch. 1.08 RZ II, p. 2, line 17
8	FICA	1,253	(13.13)	(0.03597)	(45)	ICC Staff Ex. 1.0, Sch. 1.08 RZ II, p. 2, line 20
9	Federal Unemployment Tax	8	(76.38)	(0.20925)	(2)	
10	State Unemployment Tax	22	(76.38)	(0.20925)	(5)	
11	St. Louis Payroll Expense Tax	1	(87.33)	(0.23926)	-	
12	ICC Gross Revenue Tax	176	25.92	0.07101	12	
13	Illinois Invested Capital Tax	2,248	(30.13)	(0.08253)	(186)	
14	Municipal Utility Tax	3,438	(45.63)	(0.12501)	(430)	
15	Energy Assistance Charges	2,219	(45.66)	(0.12510)	(278)	
16	Corporation Franchise Tax	140	(193.45)	(0.53000)	(74)	
17	Illinois Gas Use and Gas Revenue Tax	5,636	(29.79)	(0.08162)	(460)	
18	Property/Real Estate Taxes	431	(387.27)	(1.06101)	(457)	
19	Interest Expense	7,822	(91.25)	(0.25000)	(1,956)	ICC Staff Ex. 1.0, Sch. 1.06 RZ II, line 3 less line 20 below
20	Bank Facility Costs	121	307.92	0.84362	102	
21	State Income Tax	1,064	(37.88)	(0.10377)	(110)	ICC Staff Ex. 1.0, Sch. 1.01 RZ II, Col. i, line 17
22	Federal Income Tax	4,430	(37.88)	(0.10377)	(460)	ICC Staff Ex. 1.0, Sch. 1.01 RZ II, Col. i, line 18
23	Total Outlays	<u>\$ 179,219</u>			<u>\$ (19,381)</u>	Sum of Lines 4 through 22
24	Cash Working Capital per Staff				\$ 6,209	Line 3 plus line 23
25	Cash Working Capital per Company				6,233	Ameren Exhibit 15.2, Schedule 2, p. 4
26	Difference -- Adjustment per Staff				<u>\$ (24)</u>	Line 24 minus Line 25

Note: Amount is from Ameren Ex. 15.2, Schedule 2, Page 4, Column (B) except where noted in "Source" column
 Lag (Lead) is from Ameren Ex. 15.2, Schedule 2, Page 4, Column (C)

Ameren Illinois Company - Rate Zone II
Adjustment to Cash Working Capital
 For the Year Ending December 31, 2016
 (In Thousands)

<u>Line</u>	<u>Item</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 101,822	ICC Staff Ex. 1.0, Schedule 1.01 RZ II, line 3
2	Uncollectible Accounts	(1,038)	ICC Staff Ex. 1.0, Schedule 1.01 RZ II, line 4
3	Depreciation & Amortization	(14,028)	ICC Staff Ex. 1.0, Schedule 1.01 RZ II, line 12
4	PGA	97,804	ICC Staff Ex. 1.0, Schedule 1.08 RZ II, p. 1, Line 6
5	Deferred Taxes and ITCs Net	(3,395)	ICC Staff Ex. 1.0, Schedule 1.01 RZ II, Col. i, line 19
6	Return on Equity	<u>(13,416)</u>	Line 10 below
7	Total Revenues for CWC Calculation	<u>\$ 167,749</u>	Sum of Lines 1 through 6
8	Total Rate Base	\$ 284,456	ICC Staff Ex. 1.0, Schedule 1.03 RZ II, line 23
9	Weighted Cost of Capital	<u>4.716%</u>	ICC Staff Ex. 3.0, Schedule 3.01
10	Return on Equity	<u>\$ 13,416</u>	Line 8 times Line 9
11	Operating Expense Before Income Taxes	\$ 71,575	ICC Staff Ex. 1.0, Schedule 1.01 RZ II, line 16
12	Employee Benefits Expense	(3,126)	Ameren Ex. 15.2, Schedule 2, p. 4
13	Payroll Expense	(18,914)	Ameren Ex. 15.2, Schedule 2, p. 4
14	Uncollectible Accounts	(1,038)	ICC Staff Ex. 1.0, Schedule 1.01 RZ II, line 4
15	Depreciation & Amortization	(14,028)	ICC Staff Ex. 1.0, Schedule 1.01 RZ II, line 12
16	Taxes Other Than Income	<u>(4,103)</u>	ICC Staff Ex. 1.0, Schedule 1.01 RZ II, line 13
17	Other Operations & Maintenance for CWC Calculation	<u>\$ 30,366</u>	Sum of Lines 10 through 16
18	FICA per Company	\$ 1,317	Ameren Exhibit 15.2, Schedule 2, Page 4, Column (B)
19	Adjustment to FICA per Staff	<u>(64)</u>	ICC Staff Ex. 2.0, Schedules 2.02 and 2.03
20	FICA per Staff	<u>\$ 1,253</u>	Line 18 + Line 19

Ameren Illinois Company
Charitable Contributions
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Charitable Contributions per Staff	\$ 97	P. 2, Line 7
2	Charitable Contributions per Company	<u>165</u>	Schedule C-2.14 RZ-II
3	Difference - Staff Adjustment	<u><u>\$ (68)</u></u>	Line 1 - Line 2

Note: Staff Adjustment made to Administrative and General Expenses

Ameren Illinois Company
Charitable Contributions
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	2012 Actual Charitable Contributions	\$ 94	AIC DR Response ST 3_03 Attach
2	2013 Actual Charitable Contributions	82	AIC DR Response ST 3_03 Attach
3	2014 Actual Charitable Contributions	<u>104</u>	AIC DR Response ST 3_03 Attach
4	3 Year Average	<u>\$ 93</u>	Sum of Lines (1 - 3) / 3
5	Charitable Contributions with 2 % Inflation Factor - 2015	\$ 95	Line 4 * 1.02
6	Charitable Contributions with 2 % Inflation Factor - 2016	<u>97</u>	Line 5 * 1.02
7	Staff 2016 Rate Zone II Charitable Contributions	<u><u>\$ 97</u></u>	Line 6

Ameren Illinois Company
Adjustments to Operating Income
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Interest Synchronization (Staff Ex. 1.0, Schedule 1.06)	Charitable Contributions (Staff Ex. 1.0, Schedule 1.10)	Rental Revenue (Staff Ex. 2.0, Schedule 2.01)	Lobbying Expense (Staff Ex. 2.0, Schedule 2.02)	Payroll Taxes (Staff Ex. 2.0, Schedule 2.03)	Uncollectible Expense (Staff Ex. 2.0, Schedule 2.04)	Rate Case Expense (Staff Ex. 2.0, Schedule 2.05)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gas Operating Revenues	\$ -	\$ -	\$ (114)	\$ -	\$ -	\$ -	\$ -	\$ (114)
2	Other Revenues	-	-	114	-	-	-	-	114
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	47	-	47
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Production Expenses	-	-	-	-	-	-	-	-
7	Storage, Term., and Proc. Expenses	-	-	-	-	-	-	-	-
8	Transmission Expenses	-	-	-	-	-	-	-	-
9	Distribution Expenses	-	-	-	-	-	-	-	-
10	Cust. Accounts, Service & Sales	-	-	-	-	-	-	-	-
11	Administrative and General Expenses	-	(134)	-	-	-	-	(17)	(151)
12	Depreciation and Amortization	-	-	-	-	-	-	-	-
13	Taxes and Other Income	-	-	-	(1)	(124)	-	-	(125)
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(134)	-	(1)	(124)	47	(17)	(229)
16	Before Income Taxes	-	(134)	-	(1)	(124)	47	(17)	(229)
17	State Income Tax	60	10	-	-	10	(4)	1	77
18	Federal Income Tax	248	43	-	-	40	(15)	5	321
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	308	(81)	-	(1)	(74)	28	(11)	169
21	NET OPERATING INCOME	<u>\$ (308)</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 74</u>	<u>\$ (28)</u>	<u>\$ 11</u>	<u>\$ (169)</u>

Ameren Illinois Company
Adjustments to Operating Income
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Gasoline Price Adjustment (Staff Ex. 5.0, Schedule 5.01)	Diesel Fuel Price Adjustment (Staff Ex. 5.0, Schedule 5.02)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Gas Operating Revenues	\$ (114)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (114)
2	Other Revenues	114	-	-	-	-	-	-	114
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	47	-	-	-	-	-	-	47
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Production Expenses	-	-	-	-	-	-	-	-
7	Storage, Term., and Proc. Expenses	-	(3)	(4)	-	-	-	-	(7)
8	Transmission Expenses	-	(1)	(2)	-	-	-	-	(3)
9	Distribution Expenses	-	(41)	(69)	-	-	-	-	(110)
10	Cust. Accounts, Service & Sales	-	(3)	(4)	-	-	-	-	(7)
11	Administrative and General Expenses	(151)	-	-	-	-	-	-	(151)
12	Depreciation and Amortization	-	-	-	-	-	-	-	-
13	Taxes and Other Income	(125)	-	-	-	-	-	-	(125)
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(229)	(48)	(79)	-	-	-	-	(356)
17	State Income Tax	77	4	6	-	-	-	-	87
18	Federal Income Tax	321	15	26	-	-	-	-	362
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	169	(29)	(47)	-	-	-	-	93
21	NET OPERATING INCOME	\$ (169)	\$ 29	\$ 47	\$ -	\$ -	\$ -	\$ -	\$ (93)

Ameren Illinois Company
Rate Base
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Company Pro Forma Rate Base (AIC Ex. 15.3 Sch. 2)	Staff Adjustments (St. Ex. 1.0 Sch 1.04)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 1,309,561	\$ 34	\$ 1,309,595
2	Less Accum. Deprec. and Amort.	(580,983)	(10)	(580,993)
3	-	-	-	-
4	Net Plant	728,578	24	728,602
5	Additions to Rate Base			
6	Cash Working Capital	12,580	(48)	12,532
7	Materials & Supplies Inventory	40,838	(7,234)	33,604
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	Deductions From Rate Base			
17	Accum. Deferred Income Taxes	(143,385)	-	(143,385)
18	Customer Advances for Construction	(4,319)	-	(4,319)
19	Customer Deposits	(5,541)	-	(5,541)
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	Rate Base	<u>\$ 628,751</u>	<u>\$ (7,258)</u>	<u>\$ 621,493</u>

Ameren Illinois Company
Adjustments to Rate Base
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Cash Working Capital (Staff Ex. 1.0, Sch. 1.08)	Asset Retirement Obligation (Staff Ex. 1.0, Sch. 1.09)	Gas in Storage - Materials and Supplies (Staff Ex. 5.0, Sch. 5.03)	(Source)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34
2	Less Accum. Deprec. and Amort.	-	(10)	-	-	-	-	-	(10)
3		-	-	-	-	-	-	-	-
4	Net Plant	-	24	-	-	-	-	-	24
5	Additions to Rate Base								-
6	Cash Working Capital	(48)	-	-	-	-	-	-	(48)
7	Materials & Supplies Inventory	-	-	(7,234)	-	-	-	-	(7,234)
8		-	-	-	-	-	-	-	-
9		-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	Accum. Deferred Income Taxes	-	-	-	-	-	-	-	-
18	Customer Advances for Construction	-	-	-	-	-	-	-	-
19	Customer Deposits	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (48)	\$ 24	\$ (7,234)	\$ -	\$ -	\$ -	\$ -	\$ (7,258)

Ameren Illinois Company
Revenue Effect of Adjustments
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Per Company	Staff Adjustments	Per Staff
	(a)	(b)	(c)	(d)
1	Present Revenues	\$ 183,272 ⁽¹⁾	\$ -	\$ 183,272 ⁽²⁾
2	Proposed Increase	<u>26,865 ⁽³⁾</u>	<u>(6,688) ⁽⁴⁾</u>	<u>20,177 ⁽⁵⁾</u>
3	Proposed Revenues	<u>\$ 210,137</u>	<u>\$ (6,688)</u>	<u>\$ 203,449</u>
4	% Increase	14.66%		11.01%
5	Staff Adjustments:			
6	Rate of Return (Applied to Company Rate Base)		(5,921)	
7	Gas in Storage - Materials and Supplies		(780)	
8	Charitable Contributions		(136)	
9	Payroll Taxes		(125)	
10	Diesel Fuel Price Adjustment		(79)	
11	Gasoline Price Adjustment		(49)	
12	Rate Case Expense		(19)	
13	Gross Revenue Conversion Factor		(6)	
14	Cash Working Capital		(5)	
15	Lobbying Expense		(2)	
16	Rental Revenue		-	
17	Asset Retirement Obligation		3	
18	Uncollectible Expense		47	
19	Interest Synchronization		384	
20	Rounding		-	
21	Total Revenue Effect of Staff Adjustments		<u>\$ (6,688)</u>	

Sources:

- (1) ICC Staff Exhibit 1.0, Schedule 1.01 RZ III, column (b), line 3
- (2) ICC Staff Exhibit 1.0, Schedule 1.01 RZ III, column (d), line 3
- (3) ICC Staff Exhibit 1.0, Schedule 1.01 RZ III, column (e), line 3
- (4) ICC Staff Exhibit 1.0, Schedule 1.01 RZ III, columns (f) + (h), line 3
- (5) ICC Staff Exhibit 1.0, Schedule 1.01 RZ III, column (i), line 24

Ameren Illinois Company
Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 621,493 (1)
2	Weighted Cost of Debt	2.79% (2)
3	Synchronized Interest Per Staff	17,353
4	Company Interest Expense	<u>18,121</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(768)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.750%	<u>\$ 60</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 248</u>

(1) Source: ICC Staff Ex.1.0, Schedule 1.03 RZ III, Column (d).

(2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.

(3) Source: Ameren Ex. 15.3, Sch. 3

Ameren Illinois Company
Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.9641%	<u>0.009641</u>	
3	State Taxable Income		0.990359	1.000000
4	State Income Tax	7.7500%	<u>0.076753</u>	<u>0.077500</u>
5	Federal Taxable Income		0.913606	0.922500
6	Federal Income Tax	35.0000%	<u>0.319762</u>	<u>0.322875</u>
7	Operating Income		<u>0.593844</u>	<u>0.599625</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.683944</u>	<u>1.667709</u>

Ameren Illinois Company - Rate Zone III
 Adjustment to Cash Working Capital
 For the Year Ending December 31, 2016
 (In Thousands)

<u>Line</u>	<u>Item</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	\$ 335,787	55.68	0.15255	\$ 51,224	ICC Staff Ex. 1.0, Schedule 1.08 RZ III, p. 2, line 7
2	Pass-through Taxes	22,906	-	0.00000	-	Lines 12+14+15+17
3	Total Receipts	<u>\$ 358,693</u>			<u>\$ 51,224</u>	Line 1 + Line 2
4	Employee Benefits	\$ 6,170	(20.27)	(0.05553)	\$ (343)	
5	Base Payroll and Withholdings	39,919	(11.53)	(0.03159)	(1,261)	
6	PGA Purchases	195,347	(38.62)	(0.10581)	(20,669)	
7	Other Operations and Maintenance	57,839	(47.04)	(0.12888)	(7,454)	ICC Staff Ex. 1.0, Schedule 1.08 RZ III, p. 2, line 17
8	FICA	2,469	(13.13)	(0.03597)	(89)	
9	Federal Unemployment Tax	15	(76.38)	(0.20925)	(3)	
10	State Unemployment Tax	44	(76.38)	(0.20925)	(9)	
11	St. Louis Payroll Expense Tax	2	(87.33)	(0.23926)	-	
12	ICC Gross Revenue Tax	353	25.92	0.07101	25	
13	Illinois Invested Capital Tax	4,147	(30.13)	(0.08253)	(342)	
14	Municipal Utility Tax	6,866	(45.63)	(0.12501)	(858)	
15	Energy Assistance Charges	4,431	(45.66)	(0.12510)	(554)	
16	Corporation Franchise Tax	258	(193.45)	(0.53000)	(137)	
17	Illinois Gas Use and Gas Revenue Tax	11,256	(29.79)	(0.08162)	(919)	
18	Property/Real Estate Taxes	795	(387.27)	(1.06101)	(844)	
19	Interest Expense	17,089	(91.25)	(0.25000)	(4,272)	ICC Staff Ex. 1.0, Schedule 1.06 RZ III, line 3 less line 20 below
20	Bank Facility Costs	264	307.92	0.84362	223	
21	State Income Tax	2,212	(37.88)	(0.10377)	(230)	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, Col. i, line 17
22	Federal Income Tax	9,215	(37.88)	(0.10377)	(956)	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, Col. i, line 18
23	Total Outlays	<u>\$ 358,691</u>			<u>\$ (38,692)</u>	Sum of Lines 4 through 22
24	Cash Working Capital per Staff				\$ 12,532	Line 3 plus line 23
25	Cash Working Capital per Company				12,580	Ameren Exhibit 15.1, Schedule 2, p. 4
26	Difference -- Adjustment per Staff				<u>\$ (48)</u>	Line 24 minus Line 25

Note: Amount is from Ameren Ex. 15.3, Schedule 2, Page 4, Column (B) except where noted in "Source" column
 Lag (Lead) is from Ameren Ex. 15.3, Schedule 2, Page 4, Column (C)

Ameren Illinois Company - Rate Zone III
Adjustment to Cash Working Capital
 For the Year Ending December 31, 2016
 (In Thousands)

<u>Line</u>	<u>Item</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 203,449	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, line 3
2	Uncollectible Accounts	(1,962)	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, line 4
3	Depreciation & Amortization	(24,041)	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, line 12
4	PGA	195,347	ICC Staff Ex. 1.0, Schedule 1.08 RZ III, p. 1, Line 6
5	Deferred Taxes and ITCs Net	(7,695)	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, Col. i, line 19
6	Return on Equity	(29,311)	Line 10 below
7	Total Revenues for CWC Calculation	<u>\$ 335,787</u>	Sum of Lines 1 through 6
8	Total Rate Base	\$ 621,493	ICC Staff Ex. 1.0, Schedule 1.03 RZ III, line 23
9	Weighted Cost of Capital	4.716%	ICC Staff Ex. 3.0, Schedule 3.01
10	Return on Equity	<u>\$ 29,311</u>	Line 8 times Line 9
11	Operating Expense Before Income Taxes	\$ 137,662	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, line 16
12	Employee Benefits Expense	(6,170)	Ameren Ex. 15.3, Schedule 2, p. 4
13	Payroll Expense	(39,919)	Ameren Ex. 15.3, Schedule 2, p. 4
14	Uncollectible Accounts	(1,962)	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, line 4
15	Depreciation & Amortization	(24,041)	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, line 12
16	Taxes Other Than Income	(7,731)	ICC Staff Ex. 1.0, Schedule 1.01 RZ III, line 13
17	Other Operations & Maintenance for CWC Calculation	<u>\$ 57,839</u>	Sum of Lines 10 through 16
18	FICA per Company	\$ 2,594	Ameren Exhibit 15.3, Schedule 2, Page 4, Column (B)
19	Adjustment to FICA per Staff	(125)	ICC Staff Ex. 2.0, Schedules 2.02 and 2.03
20	FICA per Staff	<u>\$ 2,469</u>	Line 18 + Line 19

Ameren Illinois Company
Charitable Contributions
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Charitable Contributions per Staff	\$ 191	P. 2, Line 7
2	Charitable Contributions per Company	<u>325</u>	Schedule C-2.14 RZ-III
3	Difference - Staff Adjustment	<u><u>\$ (134)</u></u>	Line 1 - Line 2

Note: Staff Adjustment made to Administrative and General Expenses

Ameren Illinois Company
Charitable Contributions
 For the Test Year Ending December 31, 2016
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	2012 Actual Charitable Contributions	\$ 186	AIC DR Response ST 3_03 Attach
2	2013 Actual Charitable Contributions	161	AIC DR Response ST 3_03 Attach
3	2014 Actual Charitable Contributions	<u>205</u>	AIC DR Response ST 3_03 Attach
4	3 Year Average	<u>\$ 184</u>	Sum of Lines (1 - 3) / 3
5	Charitable Contributions with 2 % Inflation Factor - 2015	\$ 188	Line 4 * 1.02
6	Charitable Contributions with 2 % Inflation Factor - 2016	<u>191</u>	Line 5 * 1.02
7	Staff 2016 Rate Zone II Charitable Contributions	<u><u>\$ 191</u></u>	Line 6

Docket No. 15-0142
 ICC Staff Ex. 1.0
 Attachment A

Ameren Illinois
 Charitable Contributions

Docket 13-0192

Final Order: December 18, 2013

	Ameren Illinois Gas Total	CIPS - RZI	CILCO - RZII	IP - RZIII	Source
Adjustment to Include Charitable Contributions in Operating Expense - Direct Filing	518,535	122,715	133,291	262,529	Schedule C-7
Charitable Contributions Adjustment per Staff	(201,649)	(47,722)	(51,834)	(102,093)	ICC Staff Ex.10.0 (Rev.), Schedule 10.08 RZ III (Rev.)
Adjustment to Include Charitable Contributions in Operating Expense - Final Order	<u>316,886</u>	<u>74,993</u>	<u>81,457</u>	<u>160,436</u>	

Docket 11-0282

Final Order: January 10, 2012

	Ameren Illinois Gas Total	CIPS - RZI	CILCO - RZII	IP - RZIII	
Adjustment to Include Charitable Contributions in Operating Expense - Direct Filing	775,118	227,038	171,106	376,975	ICC Staff Exhibit 4.0, Schedule 4.05
Charitable Contributions Adjustment per Staff	(292,617)	(85,710)	(64,595)	(142,313)	ICC Staff Exhibit 4.0, Schedule 4.05
Adjustment to Include Charitable Contributions in Operating Expense - Final Order	<u>482,501</u>	<u>141,328</u>	<u>106,511</u>	<u>234,662</u>	

Docket 09-0309, 0310, 0311

Final Order: April 29, 2010

	Ameren Illinois Gas Total	CIPS - RZI	CILCO - RZII	IP - RZIII	
Adjustment to Include Charitable Contributions in Operating Expense - Direct Filing	662,826	83,029	343,132	236,665	Schedule C-2.20
Charitable Contributions Adjustment per Staff	(256,548)	(29,276)	(110,312)	(116,960)	Ameren Ex. 29.13 - Staff Work Paper 4.04 (REVISED) per AIU-ICC 15.04
Adjustment to Include Charitable Contributions in Operating Expense - Final Order	<u>406,278</u>	<u>53,753</u>	<u>232,820</u>	<u>119,705</u>	

Docket 07-0588, 0589, 0590

Final Order: September 24, 2008

The Company did not request that Charitable Contributions included on Schedule C-7 and recorded in Account 426, a below-the-line account, be included in operating expense in the test year.