

Date: June 9, 2015

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## Calculation of Pension and OPEB Cost Adjustments for Post 2016 Changes

(\$000)

Line #		Proposed by AIC <sup>1</sup>	Percent Adjustment <sup>2</sup>	Adjustment Amount	% to AIC Gas <sup>3</sup>	Adjustment <sup>4</sup>		
						AIC Gas	O&M	Capital
1	AIC Pension Costs	\$ 32,500	-26%	\$ (8,450)	25.917%	\$ (2,190)	\$ (1,294)	\$ (896)
2	AMS Pension Costs	\$ 16,100	-52%	\$ (8,372)	25.917%	(2,170)	(1,282)	(888)
3	AIC OPEB Costs	\$ 2,500	\$ (7,200)	\$ (9,700)	25.917%	(2,514)	(1,485)	(1,029)
4	Total					<b>\$ (6,874)</b>	<b>\$ (4,061)</b>	<b>\$ (2,813)</b>
5	Non-Qualified Retirement Plan <sup>5</sup>					\$ (104)	\$ (61)	\$ (43)
6	<b>Total Adjustments - Employee Benefits</b>					<b>\$ (6,978)</b>	<b>\$ (4,122)</b>	<b>\$ (2,855)</b>
<b>Allocation to:</b>								
	RZ-I					\$ (1,801)	\$ (1,060)	\$ (741)
	RZ-II					(1,501)	(976)	(526)
	RZ-III					(3,676)	(2,087)	(1,589)
						<b>\$ (6,978)</b>	<b>\$ (4,123)</b>	<b>\$ (2,855)</b>

- Source: (1) Ameren Schedule C-11.3d, page 1.  
(2) AG Witness Coppola testimony.  
(3) Pension and OPEB costs allocated to AIC Gas as a percent of total AIC amounts on Schedule C-11.3d page 2 divided by amounts on page 1.  
(4) O&M and capital allocation based on Schedule C-11.3d, page 2:
- |         |                 |
|---------|-----------------|
| O&M     | 59.077%         |
| Capital | 40.923%         |
|         | <u>100.000%</u> |
- (5) Schedule c-11 3d, page 2, line 10.

Date: June 9, 2015  
Page 1 of 1**Adjustment to Cost of Fuel for Transportation Fleet.**

	<u>Gasoline</u>	<u>Diesel</u>	<u>O&amp;M Total</u>
Updated Price: January-April 2015 <sup>1</sup>	\$ 2.297	\$ 2.784	
Forecaste Price in Rate Case Filing <sup>2</sup>	<u>3.340</u>	<u>3.710</u>	
Difference	\$ (1.043)	\$ (0.926)	
Gallons to be Purchased <sup>2</sup>	<u>989,440</u>	<u>1,902,686</u>	
Fuel Cost Reduction	\$ (1,031,986)	\$ (1,761,887)	\$ (2,793,873)
Percent Applicable to Gas Business <sup>3</sup>	<u>33.17%</u>	<u>33.00%</u>	
<b>Fuel Cost Reduction Applicable to Gas Business</b>	<b>\$ (342,310)</b>	<b>\$ (581,423)</b>	<b>\$ (923,733)</b>
Allocation by Rate Zone: <sup>3</sup>			
RZ-I	23.96%		\$ (221,326)
RZ-II	25.83%		\$ (238,600)
RZ-III	50.21%		\$ (463,806)
			<u>\$ (923,733)</u>

Source: (1) Ameren response to DR AG 7.18 and 7.19.  
(2) Ameren response to DR ENG 8.04 Attach 1.  
(3) Ameren response to DR ENG 8.04 Attach 2 \$1,096,102 / \$3,304,731 in Attach 1.

Date: June 9, 2015  
Page 1 of 1**Calculation of Reduction in Non-Union Salary and Wage Increase for AMS - O&M**  
(\$000)

Line No.	(A)	2014 (B)	2015 (C)	2016 (D)	Cumulative (E)
1	Labor Costs Charged to AIC O&M <sup>1</sup>	\$ 39,850	\$ 41,496	\$ 43,156	
2					
3	Company Rate of Increase <sup>2</sup>	4.13%	4.00%	4.00%	
4	Company Increase Amount	\$ 1,646	\$ 1,660	\$ 1,726	\$ 5,032
5					
6	Labor Costs Charged to AIC O&M <sup>1</sup>	\$ 39,850	\$ 40,647	\$ 41,460	
7	AG Proposed Rate of Increase <sup>3</sup>	2.00%	2.00%	2.00%	
8	AG Increase Amount	\$ 797	\$ 813	\$ 829	\$ 2,439
9					
10	<b>Difference in O&amp;M Expense</b>	<b>\$ (849)</b>	<b>\$ (847)</b>	<b>\$ (897)</b>	<b>(2,593)</b>
11					
12	<b>Difference Allocated to:</b> <sup>4</sup>				
13	Gas Business @ 25.36%				\$ (658)
14	Electric Business @ 74.64%				\$ (1,935)
15					
16	<b>Reduction Allocated to Rate Zones:</b>				<b>O&amp;M</b>
17	RZ-I				\$ (169)
18	RZ-II				(156)
19	RZ-III				(333)
20					<b>\$ (658)</b>

Source: (1) Grant DWP2\_AMS Cost to AIC.  
(2) AIC response to Data Request AG 4.19 for 2014 and Ameren Exh. 13.1 for 2015 and 2016.  
(3) Direct testimony of AG Witness Coppola.

## Allocation of Distribution, Transmission and Storage Operation O&amp;M Cost Adjustments to Rate Zones

	Total <sup>1</sup>	RZ-I <sup>2</sup>	RZ-II <sup>2</sup>	RZ-III <sup>2</sup>
<b>Distribution &amp; Transmission Costs</b>				
Sewer Cross Bore	\$ 220,000	\$ 48,576	\$ 66,242	\$ 105,182
Records Management	507,000	128,879	125,026	253,094
Corrosion Control-Painting	300,000	78,780	67,170	154,080
Damage Prevention	700,000	154,560	210,770	334,670
Gas Technology Institute	480,000	122,016	118,368	239,616
TIMP Assessment	1,500,000	236,100	345,150	918,750
	<hr/>			
Total	<b>\$ 3,707,000</b>	<b>\$ 768,911</b>	<b>\$ 932,726</b>	<b>\$ 2,005,392</b>
<b>Storage Operations</b>				
Well Expenses	\$ 3,300,000	\$ 945,450	\$ 671,880	\$ 1,682,670
Compressor Stations Maintenance	450,000	128,925	91,620	229,455
	<hr/>			
Total	<b>\$ 3,750,000</b>	<b>\$ 1,074,375</b>	<b>\$ 763,500</b>	<b>\$ 1,912,125</b>
	<hr/>			
<b>Total</b>	<b>\$ 7,457,000</b>	<b>\$ 1,843,286</b>	<b>\$ 1,696,226</b>	<b>\$ 3,917,517</b>

Source: (1) AG witness Coppola testimony.

(2) AG Ex. 2.13 WP1

Ameren Illinois Company's  
Response to Illinois Office of Attorney General Data Request  
Docket No. 15-0142  
Proposed General Increase in Gas Delivery Service Rates

AG 7.33

Refer to your responses to Staff's Data Requests ENG 2.13 to 2.41. In these responses, the Company has identified more than 20 accounting changes where expenses were shifted or recorded to different accounts over a three year period from 2013 to 2015. Please explain why these constant shifts are occurring. Explain why these repetitive changes should not be considered a weakness in the Company's system of accounting controls.

**RESPONSE**

<b>Prepared By: Michael J. Getz</b>
<b>Title: Controller, Ameren Illinois</b>
<b>Phone Number: 309-677-5111</b>
<b>Date: 05/29/2015</b>

The shifting or recording of expenses to different accounts between 2013 and 2015 can be attributed to several factors. (1) The expense amounts by FERC account for 2015 included in AIC's rate case schedules are derived amounts based on the conversion of AIC's forecast into FERC account format. Budgeted activities that are mapped to one or more FERC accounts for 2015 ultimately may be charged to a different account or different set of accounts. (2) In some instances, expenses were charged to general "other" expense accounts, such as 824 and 837, instead of the more specific account for that activity. (3) In other instances, an expense for operations was charged to maintenance account or vice versa. AIC personnel are expected to understand the appropriate usage of the FERC expense accounts, and training of AIC personnel in this regard has resulted in some expenses shifting between accounts to improve the accuracy of AIC's reporting and better reflect the work being performed. Please note that not all of the explanations provided in responses to Staff's Data Requests ENG 2.13 to 2.41 are explanations that justify account variances based on changes to the accounting of certain expenses. Many explanations describe the increased or decreased activities that are causing dollars to fluctuate. It also should be noted that the accounts are properly included as cost of service expenses in AIC's rate filing and do not change the overall revenue requirement.

Ameren Illinois Company's  
Response to Illinois Office of Attorney General Data Request  
Docket No. 15-0142  
Proposed General Increase in Gas Delivery Service Rates

AG 7.24

Refer to your response to Staff's Data Request ENG 2.27. Please:

- a) Explain why contractor costs for leak survey activities are charged to account 856 and also to account 874 (see DR ENG 2.34).
- b) Explain why transmission integrity management costs were charged to different FERC accounts in two successive years.
- c) Provide the metrics or data supporting the last sentence in the last paragraph of the response where the Company states that the reasons for the increase in expense between 2015 and 2016 is an increase in assessment locations, etc. Provide the number of locations assessed and planned in 2014, 2015 and 2016. Provide other metrics and statistical data supporting the increase.

**RESPONSE**

<b>Prepared By: Stephen R. Colyer</b>
<b>Title: Sr. Director, Gas Operations &amp; Services</b>
<b>Phone Number: 217-424-6933</b>
<b>Date: 05/29/2015</b>

- a) Surveying mains and services for potential leaks is a regulatory requirement. AIC primarily utilizes contractor resources to conduct leak surveys. Account 856 – Transmission Mains Expenses, is used to capture the costs for leak surveys on Transmission facilities; Account 874 – Distribution Mains and Services expenses, is used to capture the costs for leak surveys on Distribution facilities
- b) In 2013 and 2014 Transmission Integrity costs were charged to FERC accounts 863, 859, and 850. Beginning in 2015 and continuing in 2016, AIC plans to use FERC accounts 856 and 859 to better reflect the costs to the appropriate accounts for transmission integrity work.
- c) Please see AIC's response to AG 5.12. Planned assessment mileage is increasing from 2014 to 2016. However, the number of assessment locations and/or direct pipe examinations (digs) in any given year do not necessarily relate directly to mileage. The number of digs in any given year is dependent on indirect tests and in-field findings. AIC forecasts the expected number of digs based on past experience and judgment depending on the segments undergoing assessments.

**Ameren Illinois Company's  
Response to ICC Staff Data Requests  
Docket No. 15-0142  
Proposed General Increase in Gas Delivery Service Rates  
Data Request Response Date: 3/3/2015**

ENG 2.27

Referring to Schedule C-4, Account 856, please explain why there was a large increase in expenses from 2013 to 2014, 2014 to 2015, and 2015 to 2016. In your response, please specify what project or projects may have affected these values.

**RESPONSE**

**Prepared By: Stephen R. Colyer**  
**Title: Sr. Director Gas Operations & Services**  
**Phone Number: 217-424-6933**

The 2014 amounts are represented in actual year-end dollars.

FERC 856	(\$000's)			
	Actual		Projected	
Gas Transmission	2013	2014	2015	2016
Mains Expense	\$667	\$1,048	\$2,088	\$3,542

The increase in expenses from 2013 to 2014 of \$381,000 is primarily related to an increase of approximately \$335,000 in contractor costs for leak survey activities and rights-of-ways clearing, and approximately \$46,000 of internal labor expense for cathodic protection monitoring requirements.

Transmission integrity management costs were primarily charged to FERC Accounts 863 and 859 in 2013 and in FERC Accounts 850 and 859 in 2014. For 2015, transmission integrity related costs were projected to FERC Account 856 for about \$1,800,000 and FERC Account 859 for about \$260,000. For 2016 transmission integrity related costs were projected to FERC Account 856 for about \$3,229,000 and \$400,000 for FERC Account 859.

The forecasted increases for FERC Account 856 from 2014 to 2015 and from 2015 to 2016 are primarily related to contractor costs for transmission integrity piping and casing assessments and direct examination excavations that are required to be completed in 2015 and 2016. 2015 planned integrity assessments are primarily related to transmission pipelines. The 2016 planned integrity assessments are for both transmission integrity pipeline assessments and integrity assessments of multiple locations where the transmission pipelines are installed through a casing typically at highway and/or railway crossings. The assessment of the integrity of transmission pipelines installed within a casing is more costly in most situations. The increase from 2015 to 2016 is primarily the result of a greater number of transmission pipeline assessment locations in 2016 versus 2015, and the additional expense that will be experienced in 2016 for the assessments of transmission pipelines within casings, at multiple locations.