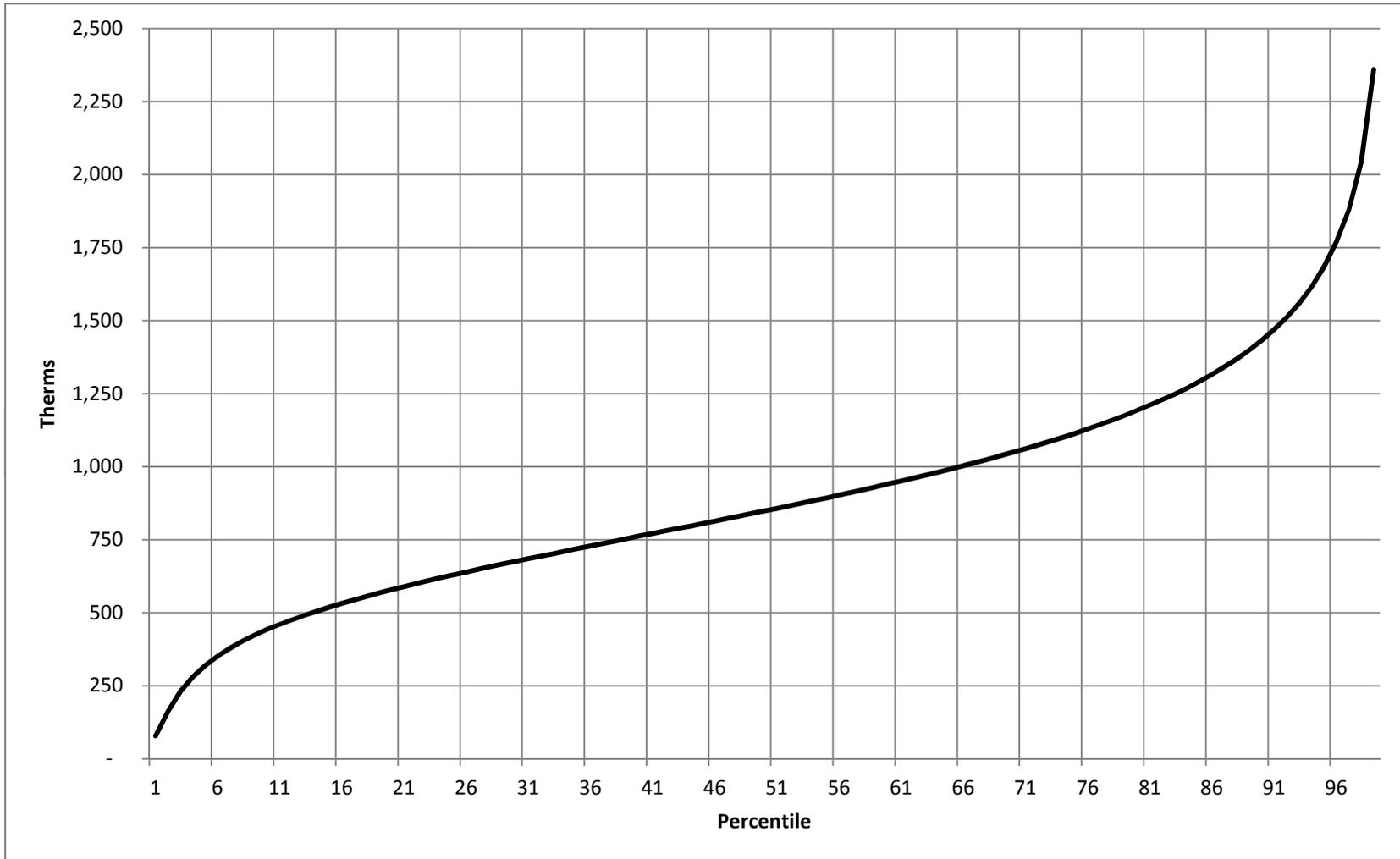


GDS-1 Distribution of Annual Usage (therms)



Summary of Annual Usage within GDS-1 Class

Average usage (therms)	910
Median usage (therms)	848
Lowest usage (therms)	1
Highest usage (therms)	58,375
1st percentile (therms)	78
99th percentile (therms)	2,359
Customers with usage \geq 5000 therms	
No. of customers	187
Total usage (therms)	1,426,252
Total present annual distribution charge (\$)	\$ 172,980

All data from analysis of data provided in response to AG 3.06
for accounts with 12 monthly bills in 2014

**Ameren Illinois Company's
Response to Illinois Office of Attorney General Data Requests
Docket No. 15-0142
Proposed General Increase in Gas Delivery Service Rates
Data Request Response Date: 04/10/2015**

AG 3.01

Reference: Redlined proposed tariff (Schedule E-2 and Ameren Ex. 10.8), page 3 (6th Revised Sheet No. 12). Concerning the proposed customer charges for Rate GDS-2:

- a) Please provide the specific calculations and/or workpapers showing the development of the different customer charges for customers using 600 therms or less per year as compared to those who use more than 600 therms per year.
- b) When did AIC begin charging different customer charges to GDS-2 customers based on their annual consumption?
- c) How was 600 therms per year selected as the appropriate cut-off for determining the GDS-2 customer charge?
- d) What additional costs does AIC incur to serve a GDS-2 customer who uses more than 600 therms per year that it does not incur to serve a GDS-2 customer who uses 600 therms or less per year?
- e) What is the time period on which a GDS-2 customer's annual usage is calculated to determine the customer's customer charge (for example, is it determined once per year in a particular month; is it determined on a rolling 12-month basis, etc.)?
- f) Is there a provision in AIC's tariff that defines the annual period used to determine the GDS-2 customer charge? If so, please provide a copy of the currently effective provision. If not, why not?
- g) How does AIC determine the customer charge that is charged to a new GDS-2 customer in a new building (that is, a building that did not have gas service previously) for the customer's first 12 months?
- h) How does AIC determine the customer charge that is charged to a new GDS-2 customer in an existing building (that is, a new customer of record in a location that has had gas service previously) for the customer's first 12 months?
- i) How does AIC determine the customer charge that is charged to an existing GDS-2 customer who moves to a new location in a new building (as defined above) for the customer's first 12 months?
- j) How does AIC determine the customer charge that is charged to an existing GDS-2 customer who moves to a new location in an existing building (as defined above) for the customer's first 12 months?
- k) Does AIC's billing system automatically calculate the correct customer charge for all GDS-2 customers?
- l) If the answer to (k) is no, please summarize the circumstances in which manual intervention is required in order to bill the correct GDS-2 customer charge.
- m) If the answer to (k) is no, please estimate the percentage of GDS-2 bills during calendar year 2014 (or other, recent 12-month period for which data are readily

available) that required manual intervention to determine the correct customer charge.

RESPONSE:

Prepared By: Karen R. Althoff

Title: Supervisor, Rates and Analysis

Phone Number: (217) 424-8399

- a) Please see Excel file entitled Am Ex 10_2 10_3 10_5 as sent to the Office of the Attorney General on March 20, 2015 and received March 23, 2015 for these calculations.
- b) AIC's current GDS-2 Customer Charges of less than or equal to 600 therms per year and greater than 600 therms per year became effective after the ICC Order in Docket No. 09-0306 (cons.). The Order in Docket No. 09-0306 provided uniformity across rate zones for GDS-2 Customer Charge criteria.
- c) The following factors were considered when determining the current GDS-2 Customer Charge criteria: 1) understandability by customers; 2) ease of monitoring by the billing system; 3) bill impacts, and 4) revenue levels that recover the class's full cost of service. For further discussion, please see Docket No. 09-0306, Ameren Exhibit 16.0G, beginning at line 518. Staff and the Commission agreed with the Company's proposal. See Direct Testimony of Staff Witness Harden, beginning at line 528, as well as the Final Order, pp. 260-261.
- d) The cost of meters and regulators increase based on the meter and regulator required to meet the customer's load. In general, higher load requirements require larger, and more expensive meters and regulators. GDS-2 meter and regulator costs have a wide range; i.e., a meter size of 250 has an installed meter current cost of \$144 as compared to a meter size of 7M with a cost of \$4,664. Similarly, the current cost of a regulator installed with a meter size of 250 is \$65 as compared to a regulator installed with a meter size of 7M which has a cost of \$541. See the following workpaper (Schonhoff DWP 1_2013_IL_gas 7_9_14 results with costs from T Miller Rev 2014_07_28) sent to the Office of the Attorney General on March 20, 2015.
- e) The time period used to determine the appropriate Customer Charge for billing is the same time period as is used to determine whether the customer should be reclassified to another delivery service rate. See AIC's response to AG 3.11 regarding rate reassignment.
- f) AIC does not have a separate tariff provision for the determination of the GDS-2 Customer Charge, but follows the rate reassignment provision referenced above and in AG 3.11 to determine if a customer's usage requires billing under a different gas delivery service tariff or using the billing factors associated with the GDS2<600 tariff provisions.

- g) An engineering representative works with the customer to determine anticipated load and operational needs. Once an initial requirement and rate is determined, AIC's billing system generates a weekly report for non-residential accounts that have been active for 90 days. The report is reviewed by the Customer Accounts Department (CAD) and Regulatory Compliance to determine whether the customer continues to meet the availability criteria of the current tariff assigned to them. If customer requires a rate change, CAD performs a manual rate change in the billing system. Once a customer has a full 12 months of usage, the billing system will automatically reclassify, if required.
- h) Customers moving into an existing structure are assigned to the delivery service rate that was assigned to the prior customer of record at that location, unless they inform AIC that they are conducting operations that differ significantly from the prior customer. As with new customer / new building scenario, AIC's billing system generates a weekly report for non-residential accounts that have been active for 90 days. This report is reviewed by the Customer Accounts Department (CAD) and Regulatory Compliance to determine whether customer meets the availability criteria of the delivery service tariff to which they're assigned. If customer requires a rate change, CAD performs a manual rate change in the billing system. Once a customer has a full 12 month usage, the billing system will automatically reclassify, if required.
- i) If an existing customer moves to a newly constructed building, the process will follow that as outlined in item g above.
- j) If an existing customer moves to an existing building, the process will follow that as outlined in item h above.
- k) Yes. Once a customer has been assigned to a delivery service rate, AIC's billing system automatically calculates the appropriate service charges, including the Customer Charge. Again, after a customer has a full 12 month usage, the billing system will automatically reclassify, if required.
- l) N/A
- m) N/A

Meter Types and Costs in Service for GDS-1 Class

Meter Type	GDS-1 Meters	Installed Cost			
		Meter	Installation	Regulator	Total
175	320,906	\$ 59	\$ 85	\$ 65	\$ 209
200	27,924	\$ 58	\$ 85	\$ 65	\$ 208
225	6,625	\$ 59	\$ 85	\$ 65	\$ 209
240	16,453	\$ 59	\$ 85	\$ 65	\$ 209
250	326,229	\$ 59	\$ 85	\$ 65	\$ 209
275	54,659	\$ 59	\$ 85	\$ 65	\$ 209
305	2	\$ 160	\$ 138	\$ 98	\$ 396
310	115	\$ 163	\$ 138	\$ 98	\$ 399
315	25	\$ 163	\$ 138	\$ 98	\$ 399
400	851	\$ 163	\$ 138	\$ 98	\$ 399
415	2	\$ 163	\$ 138	\$ 98	\$ 399
425	4,011	\$ 163	\$ 138	\$ 98	\$ 399
630	594	\$ 452	\$ 138	\$ 98	\$ 688
675	82	\$ 452	\$ 138	\$ 98	\$ 688
750	32	\$ 1,152	\$ 2,137	\$ 294	\$ 3,583
800	219	\$ 1,152	\$ 2,137	\$ 294	\$ 3,583
1000	52	\$ 1,152	\$ 2,137	\$ 294	\$ 3,583
1400	62	\$ 1,152	\$ 2,137	\$ 294	\$ 3,583
2300	4	\$ 1,194	\$ 2,137	\$ 294	\$ 3,625
3000	7	\$ 1,194	\$ 2,137	\$ 294	\$ 3,625
5000	1	\$ 1,518	\$ 2,682	\$ 541	\$ 4,741
11C	4	\$ 1,152	\$ 2,137	\$ 294	\$ 3,583
11M	1	\$ 2,360	\$ 7,981	\$ 6,341	\$ 16,682
15C	47	\$ 1,152	\$ 2,137	\$ 294	\$ 3,583
3M	38	\$ 1,194	\$ 2,137	\$ 294	\$ 3,625
5M	9	\$ 1,518	\$ 2,682	\$ 541	\$ 4,741
7M	8	\$ 1,982	\$ 2,682	\$ 541	\$ 5,205
8C	1	\$ 1,152	\$ 2,137	\$ 294	\$ 3,583
Total	758,963				
Average		\$ 61	\$ 87	\$ 65	\$ 213

Source: AIC workpaper: Schonhoff DWP 1_2013_IL_gas 7-9-14 results with costs from
 T Miller Rev 2014_07_28.xlsx

Meter and Service Line Costs Compared to Distribution Revenues for Different-Sized GDS-1 Customers: Ameren Proposed Rates

Common Assumptions

AIC proposed return	8.013% (a)
AIC gross revenue conversion factor	1.68424 (a)
Distribution plant composite depreciation rate	1.44% (b)
AIC proposed customer charge	\$ 24.82
AIC proposed per therm charge	\$ 0.10197

Meter and Service Line Cost Compared to Distribution Revenues

	Small	Typical	Large
Installed meter costs (c)	\$ 209	\$ 209	\$ 3,583
Installed service line cost (d)	\$ 1,479	\$ 1,479	\$ 1,738
Therms	400	900	4,000
Depreciation expense	\$ 24.31	\$ 24.31	\$ 76.62
Pre-tax return	\$ 227.81	\$ 227.81	\$ 718.11
Meter revenue requirement	\$ 252.12	\$ 252.12	\$ 794.73
AIC proposed distribution bill	\$ 338.63	\$ 389.61	\$ 705.72
Revenue in excess of meter & service line rev rqmt	\$ 86.51	\$ 137.50	\$ (89.01)

(a) AIC Schedule A-2

(b) AIC workpaper: Ameren Illinois Gas MFR A-C Schedules - Workbook 2 - FINAL.xlsx, WPC - 12a tab

(c) AG Exhibit 3.03

(d) AIC workpaper: Schonhoff DWP 12_Service weightings by customer class.xlsx

Analysis of Total Customer-Related Costs from COSS (x \$1,000 except per bill amount)

	<u>Services</u>	<u>Meters</u>	<u>Install</u>	<u>Meter Exp</u>	<u>Records</u>	<u>Other</u>	<u>Misc. Revenue</u>	<u>Total</u>
Rate Base:								
Plant in Service	\$ 543,170	\$ 334,419	\$ 21,418	\$ 5,521	\$ 22,388	\$ 934		
Depreciation Reserve	(316,013)	(152,066)	(6,640)	(1,711)	(6,941)	(289)		
Working Capital	6,881	4,099	209	54	219	9		
Deposits & Advances	-	-	-	-	-	(20,326)		
Accum. Deferred Taxes	(57,562)	(35,672)	(2,269)	(585)	(2,372)	(99)		
Total Rate Base	\$ 176,477	\$ 150,780	\$ 12,719	\$ 3,278	\$ 13,294	\$ (19,771)	\$ -	\$ 336,776
Return and Income Taxes:								
Return on Rate Base	\$ 14,141	\$ 12,082	\$ 1,019	\$ 263	\$ 1,065	\$ (1,584)		
Interest	6,936	4,327	278	72	291	12		
Income Taxes	4,733	5,129	492	127	514	(1,066)		
Total Return and Inc. Tax	\$ 25,809	\$ 21,538	\$ 1,789	\$ 461	\$ 1,870	\$ (2,638)	\$ -	\$ 48,829
Expenses:								
Distribution Exp	\$ 16,260	\$ 30,725	\$ 12,189	\$ -	\$ -	\$ -		
Customer Accts. Exp	-	-	-	10,378	13,435	-		
Customer Svc & Info Exp	-	-	-	-	-	1,822		
Admin & General Exp	6,644	15,622	6,322	1,631	6,613	276		
Deprec & Amort Exp	9,761	7,114	871	224	910	38		
Other taxes - Labor	580	580	580	580	580	580		
Other taxes - Plant	2,096	1,299	83	21	86	4		
Total Expenses	\$ 35,342	\$ 55,341	\$ 20,045	\$ 12,835	\$ 21,625	\$ 2,719	\$ -	\$ 147,908
Total	\$ 61,151	\$ 76,879	\$ 21,834	\$ 13,296	\$ 23,495	\$ 81	\$ (3,650)	\$ 193,087
GDS-1 Allocation Factor	0.8978	0.6387	0.9138	0.6387	0.8238	0.7713	0.6977	
GDS-1 Cost of Service	54,902	49,103	19,952	8,492	19,355	63	(2,546)	\$ 149,320
No. of GDS-1 Bills								8,927,528
Customer Cost per Bill								\$ 16.73

Sources:

Costs from FUNCTIONS tab in AIC COSS

Allocation factors from External Allocation Factors tab in AIC COSS

Meter and Service Line Costs Compared to Distribution Revenues for Different-Sized GDS-1 Customers: GDS-1 Rates Based on Cost-of-Service Study

Common Assumptions

AIC proposed return	8.013% (a)
AIC gross revenue conversion factor	1.68424 (a)
Distribution plant composite depreciation rate	1.44% (b)
COSS-based customer charge	\$ 16.73
COSS-based per therm charge	\$ 0.23503

Meter and Service Line Cost Compared to Distribution Revenues

	Small	Typical	Large
Installed meter costs (c)	\$ 209	\$ 209	\$ 3,583
Installed service line cost (d)	\$ 1,479	\$ 1,479	\$ 1,738
Therms	400	900	4,000
Depreciation expense	\$ 24.31	\$ 24.31	\$ 76.62
Pre-tax return	\$ 227.81	\$ 227.81	\$ 718.11
Meter revenue requirement	\$ 252.12	\$ 252.12	\$ 794.73
AIC proposed distribution bill	\$ 294.77	\$ 412.29	\$ 1,140.88
Revenue in excess of meter & service line rev rqmt	\$ 42.66	\$ 160.17	\$ 346.15

(a) AIC Schedule A-2

(b) AIC workpaper: Ameren Illinois Gas MFR A-C Schedules - Workbook 2 - FINAL.xlsx, WPC - 12a tab

(c) AG Exhibit 3.03

(d) AIC workpaper: Schonhoff DWP 12_Service weightings by customer class.xlsx

Analysis of Direct Customer-Related Costs from COSS (x \$1,000 except per bill amount)

	<u>Services</u>	<u>Meters</u>	<u>Install</u>	<u>Meter Exp</u>	<u>Records</u>	<u>Other</u>	<u>Misc. Revenue</u>	<u>Total</u>
Rate Base:								
Plant in Service	\$ 525,472	\$ 319,362	\$ 18,553	\$ 4,782	\$ 19,394	\$ 809		
Depreciation Reserve	(310,274)	(146,884)	(5,553)	(1,431)	(5,804)	(242)		
Working Capital	-	-	-	-	-	-		
Deposits & Advances	-	-	-	-	-	(20,326)		
Accum. Deferred Taxes	(55,686)	(34,066)	(1,966)	(507)	(2,055)	(86)		
Total Rate Base	\$ 159,512	\$ 138,413	\$ 11,034	\$ 2,844	\$ 11,534	\$ (19,845)	\$ -	\$ 303,492
Return and Income Taxes:								
Return on Rate Base	\$ 12,782	\$ 11,091	\$ 884	\$ 228	\$ 924	\$ (1,590)		
Interest	6,269	3,972	241	62	252	12		
Income Taxes	4,278	4,709	426	110	446	(1,070)		
Total Return and Inc. Tax	\$ 23,328	\$ 19,772	\$ 1,552	\$ 400	\$ 1,622	\$ (2,648)	\$ -	\$ 44,026
Expenses:								
Distribution Exp	\$ 12,476	\$ 14,644	\$ 4,852	\$ -	\$ -	\$ -		
Customer Accts. Exp	-	-	-	10,378	13,435	-		
Customer Svc & Info Exp	-	-	-	-	-	1,822		
Admin & General Exp	1,349	3,245	1,322	341	1,383	58		
Deprec & Amort Exp	7,381	5,193	529	136	553	23		
Other taxes - Labor	580	1,397	569	147	595	25		
Other taxes - Plant	2,028	1,241	72	18	75	3		
Total Expenses	\$ 23,814	\$ 25,719	\$ 7,344	\$ 11,021	\$ 16,042	\$ 1,930	\$ -	\$ 85,870
Total	\$ 47,142	\$ 45,490	\$ 8,896	\$ 11,421	\$ 17,664	\$ (718)	\$ (3,650)	\$ 126,246
GDS-1 Allocation Factor	0.8978	0.6387	0.9138	0.6387	0.8238	0.7713	0.6977	
GDS-1 Cost of Service	42,324	29,055	8,129	7,295	14,551	(554)	(2,546)	\$ 98,255
No. of GDS-1 Bills								8,927,528
Customer Cost per Bill								\$ 11.01

Sources:

Costs from FUNCTIONS tab in AIC COSS

Allocation factors from External Allocation Factors tab in AIC COSS

Analysis of Direct Customer-Related Costs from COSS (x \$1,000 except per bill amount)
Accounts that Contain Direct Customer Costs

GAS PLANT IN SERVICE

DISTRIBUTION PLANT

380-SERVICES
381-METERS
382-METER INSTALLATIONS
383-HOUSE REGULATORS
385-IND MEAS & REG STA EQ

GENERAL PLANT

391-OFFICE EQUIPMENT
392-TRANSPORTATION EQUIP
393-STORES EQUIPMENT
394-TOOLS, SHOP & GARAGE EQ
396-POWER OPERATED EQUIP
397-COMMUNICATIONS EQUIP
RESERVE FOR DEPRECIATION CON'T

RESERVE FOR DEPRECIATION

DISTRIBUTION PLANT

380-SERVICES
381-METERS
382-METER INSTALLATIONS
383-HOUSE REGULATORS
385-IND MEAS & REG STA EQ

GENERAL PLANT

391-OFFICE EQUIPMENT
392-TRANSPORTATION EQUIP
393-STORES EQUIPMENT
394-TOOLS, SHOP & GARAGE EQ
396-POWER OPERATED EQUIP
397-COMMUNICATIONS EQUIP

RATE BASE DEDUCTIONS

CUSTOMER DEPOSITS
CUSTOMER ADVANCES GAS

OTHER OPERATING REVENUES

487-LATE PAYMENT REVENUES
488-MISCELLANEOUS SERVICE REVENUE
493-RENT FROM GAS PROPERTY
495-OTHER GAS REVENUES

DISTRIBUTION EXPENSES

OPERATION

874-MAINS & SERVICES EXP
875-MEA & REGUL STA EXP GEN
876-MEA & REGUL STA EXP IND
878-METER & HOUSE REGUL EXP
879-CUST INSTALLATIONS EXP

MAINTENANCE

885-SUPERVISION & ENGINEER
890-MNT M & R STA EXP IND
892-MAINT OF SERVICES
893-MAINT MET & HOUSE REGUL

CUSTOMER ACCOUNTS EXPENSES

901-SUPERVISION
902-METER READING EXPENSE
903.1-CREDIT & COLLECTIONS EXP
903.2-CUST RECORDS EXP
904-UNCOLLECTIBLE ACCOUNTS
905-MISCEL CUST ACCTS EXP

CUSTOMER SERVICE & INFO EXP

907-SUPERVISION
908-CUSTOMER ASSISTANCE EXP
909-INFO & INSTRUCT EXP
910-MISC CUST SERV & INFO EX

ADMINISTRATIVE & GENERAL EXP

OPERATION

926-EMPLOYEE PENSNS & BENE

DEPRECIATION & AMORT EXP

DISTRIBUTION PLANT

380-SERVICES
381-METERS
382-METER INSTALLATIONS
383-HOUSE REGULATORS
385-IND MEAS & REG STA EQ

GENERAL PLANT

391-OFFICE EQUIPMENT
392-TRANSPORTATION EQUIP
393-STORES EQUIPMENT
394-TOOLS, SHOP & GARAGE EQ
396-POWER OPERATED EQUIP
397-COMMUNICATION EQUIP

TAXES OTHER THAN INCOME TAXES

FEDERAL TAXES

INSURANCE CONTRIBUTIONS
UNEMPLOYMENT

STATE TAXES

UNEMPLOYMENT
TAX ON INVESTED CAPITAL

Meter and Service Line Costs Compared to Distribution Revenues for Different-Sized GDS-1 Customers: GDS-1 Rates Based on Direct Customer Costs

Common Assumptions

AIC proposed return	8.013% (a)
AIC gross revenue conversion factor	1.68424 (a)
Distribution plant composite depreciation rate	1.44% (b)
COSS-based customer charge	\$ 11.01
COSS-based per therm charge	\$ 0.32918

Meter and Service Line Cost Compared to Distribution Revenues

	Small	Typical	Large
Installed meter costs (c)	\$ 209	\$ 209	\$ 3,583
Installed service line cost (d)	\$ 1,479	\$ 1,479	\$ 1,738
Therms	400	900	4,000
Depreciation expense	\$ 24.31	\$ 24.31	\$ 76.62
Pre-tax return	\$ 227.81	\$ 227.81	\$ 718.11
Meter revenue requirement	\$ 252.12	\$ 252.12	\$ 794.73
AIC proposed distribution bill	\$ 263.79	\$ 428.38	\$ 1,448.84
Revenue in excess of meter & service line rev rqmt	\$ 11.68	\$ 176.27	\$ 654.11

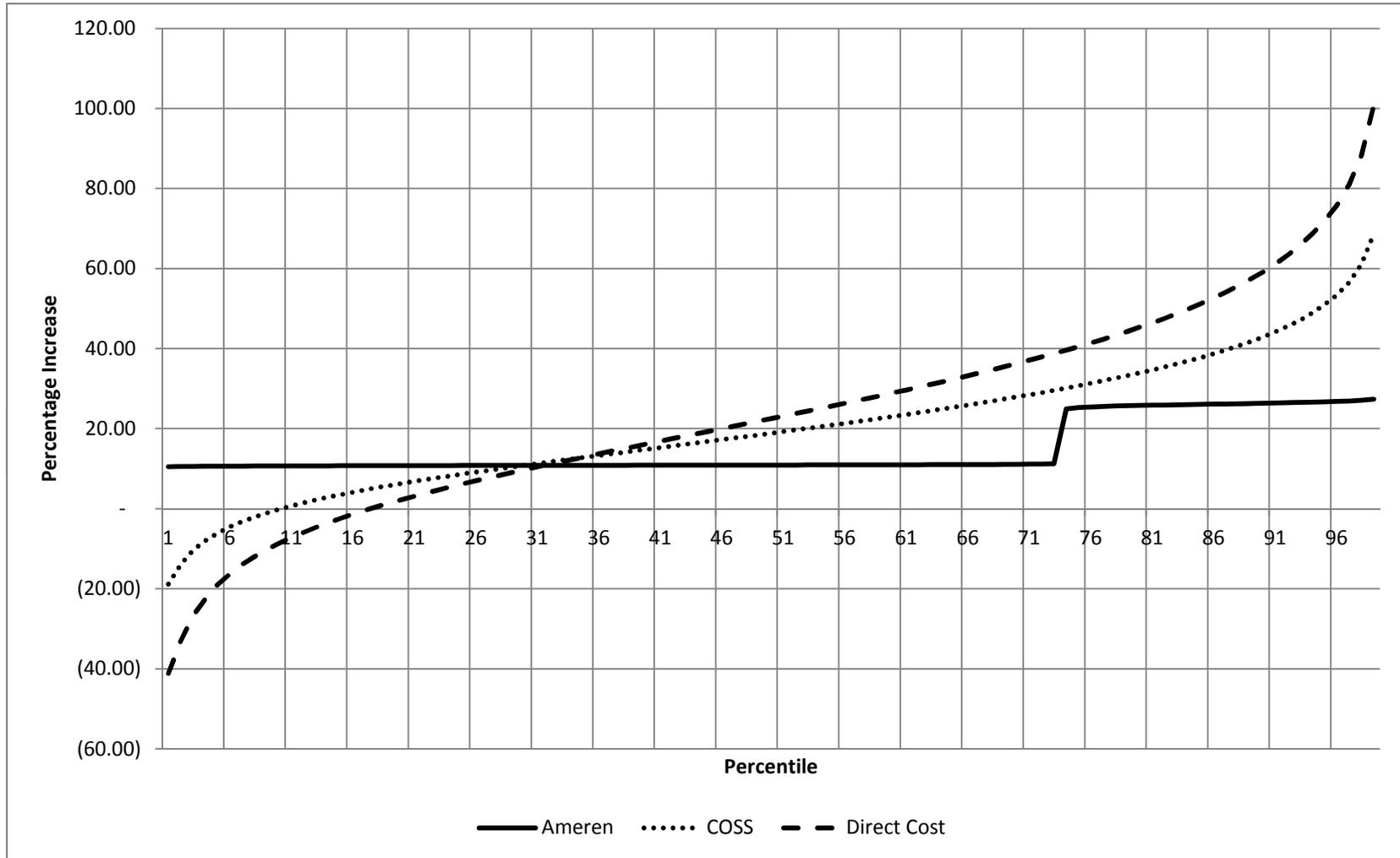
(a) AIC Schedule A-2

(b) AIC workpaper: Ameren Illinois Gas MFR A-C Schedules - Workbook 2 - FINAL.xlsx, WPC - 12a tab

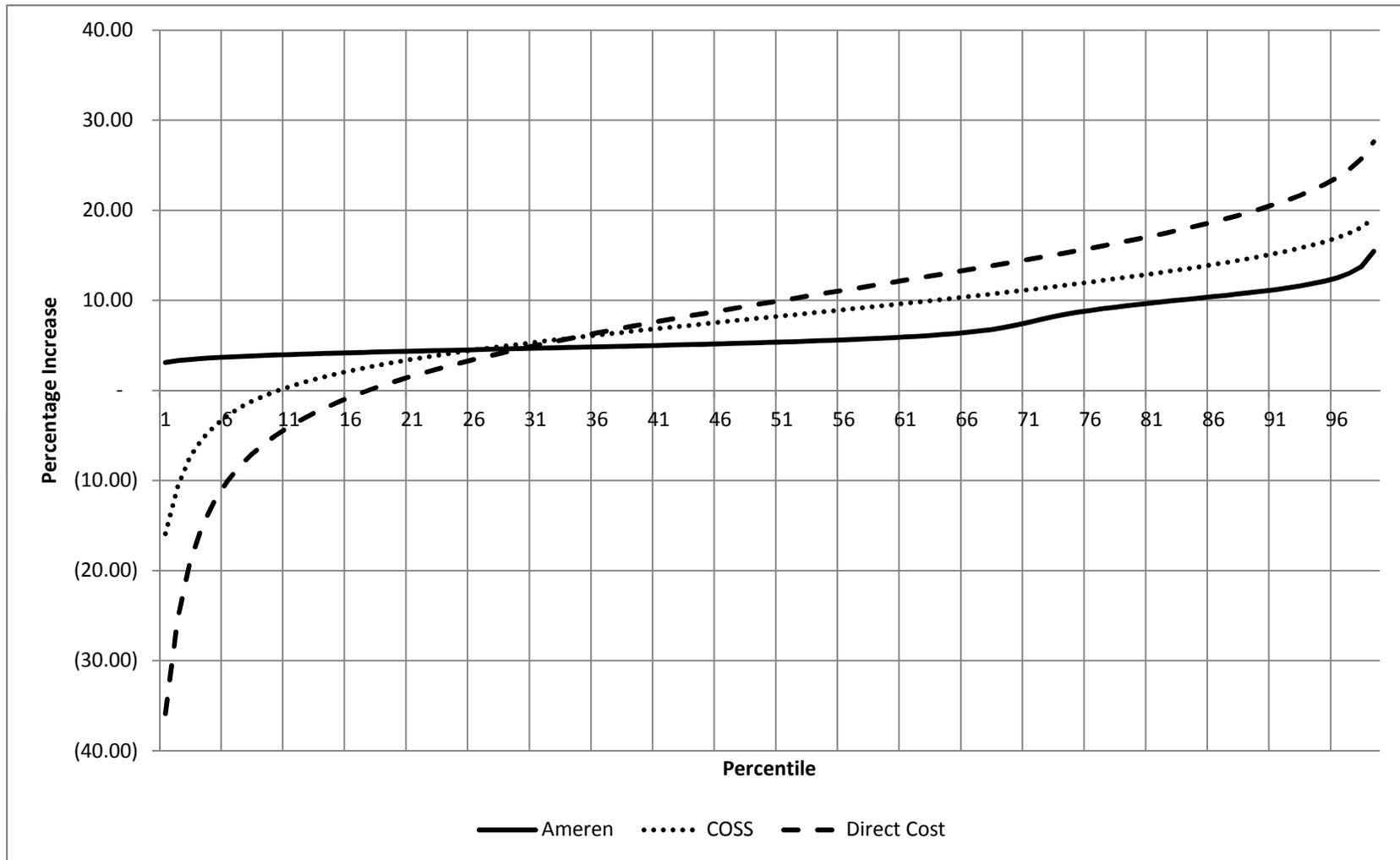
(c) AG Exhibit 3.03

(d) AIC workpaper: Schonhoff DWP 12_Service weightings by customer class.xlsx

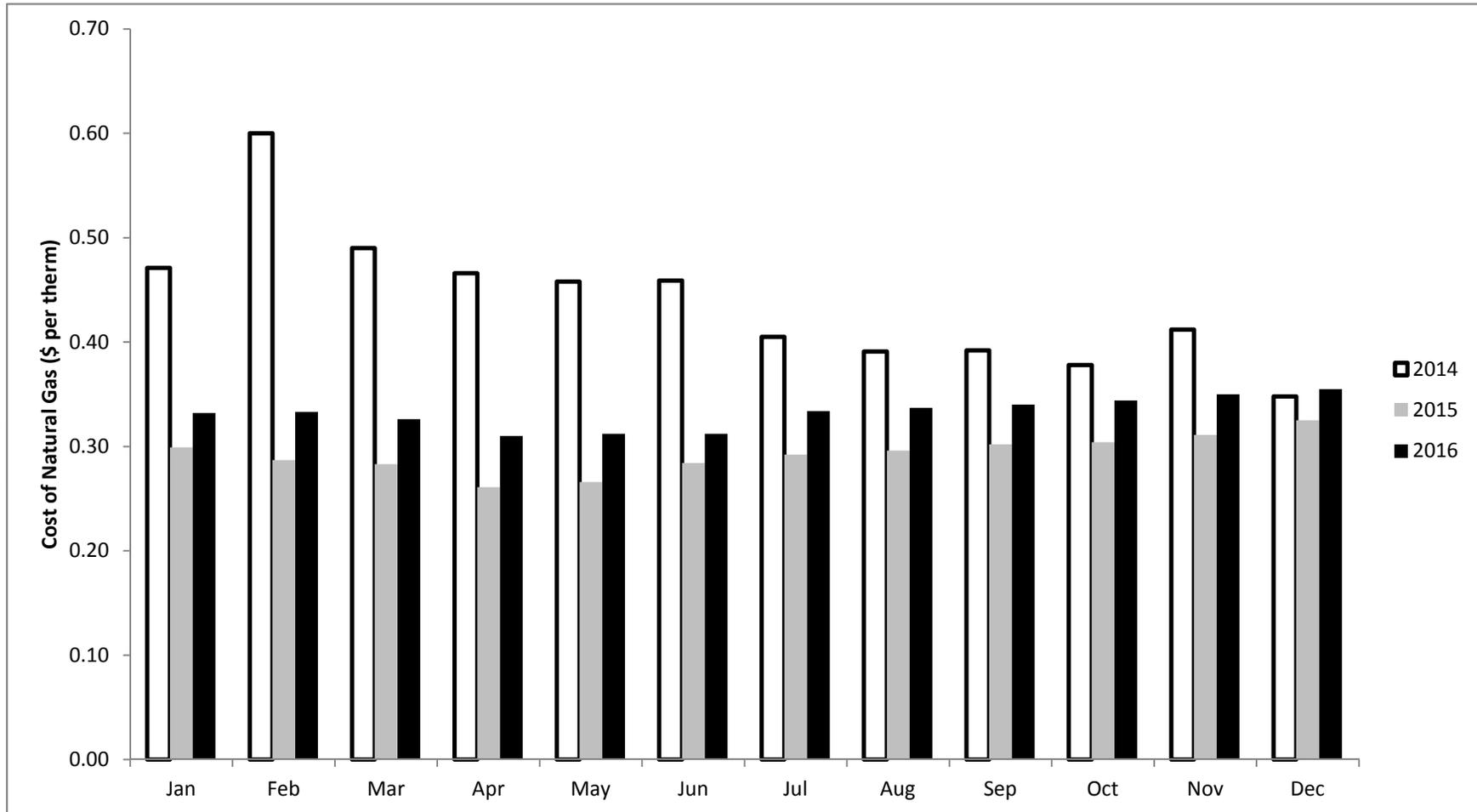
GDS-1 Annual Distribution Bill Impacts (Percentage Increase) Under Different Rate Design Options



GDS-1 Annual Total Bill Impacts (Percentage Increase) Under Different Rate Design Options



**EIA Short-Term Forecast for Natural Gas Supply Prices (as of May 12, 2015)
Henry Hub (\$ per therm); Actual from Jan. 2014 to Apr. 2015**



GDS-1 Winter Total Bill Impacts (Percentage Increase) Under Different Rate Design Options

