

Docket Nos. 12-0650,  
12-0651, 12-0652 (Cons.)  
ICC Staff Exhibit 1.0

DIRECT TESTIMONY

of

BURMA C. JONES

Accounting Department

Financial Analysis Division

Illinois Commerce Commission

Reconciliation of Revenues Collected  
Under Gas Adjustment Charges  
with Actual Costs Prudently Incurred

Ameren Illinois Company  
d/b/a Ameren Illinois

Docket Nos. 12-0650, 12-0651, 12-0652 (Cons.)

July 16, 2015

1 **Witness and Schedule Identification**

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

3 A. My name is Burma C. Jones. My business address is 527 East Capitol  
4 Avenue, Springfield, Illinois 62701.

5

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

7 A. I am currently employed as an Accountant in the Accounting Department  
8 of the Financial Analysis Division of the Illinois Commerce Commission  
9 (“Commission”).

10

11 **Q. Please describe your professional background and affiliations.**

12 A. I am a licensed Certified Public Accountant with a Bachelor of Arts in  
13 Accountancy from Sangamon State University, which is now known as the  
14 University of Illinois at Springfield. I joined the Staff of the Illinois  
15 Commerce Commission (“Staff”) in October 1999. My prior accounting  
16 experience includes five years as the Assistant Controller for a mid-size  
17 retail business and two and one-half years on the accounting staff of the  
18 Illinois Office of the Comptroller.

19

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

21 A. Yes, I have testified on several occasions before the Illinois Commerce  
22 Commission.

23

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

25 A. The purpose of my testimony is to present the results of my review of  
26 Ameren Illinois Company's ("AIC" or "Company") purchased gas  
27 adjustment ("PGA") reconciliations for AIC Consolidated and AIC Rate  
28 Zones I, II, III as reflected on Ameren Exhibits 1.1a, 1.1b, 1.1c, and 1.1d,  
29 respectively, and the underlying documents that support the calculations.

30

31 **Q. Why is there an AIC Consolidated reconciliation schedule?**

32 A. The Order entered in Docket No. 11-0282 on January 10, 2012 authorized  
33 AIC to institute a single PGA to cover its three Rate Zones. The Company  
34 implemented the change beginning April 1, 2012. The Consolidated  
35 reconciliation reflects application of a single PGA rate for the period April  
36 1, 2012 through December 31, 2012.

37

38 **Q. What do the reconciliations by Rate Zone represent?**

39 A. The reconciliations for the Rate Zones represent application of a unique  
40 PGA rate by zone for the months of January, February, and March 2012

41 and refund/recovery of the over/under balances at March 31, 2012 for the  
42 period April 1 through December 31, 2012.

43

44 **Q. Are you sponsoring any schedules as part of your direct testimony?**

45 A. No.

46

47 **Q. Are you including any attachments as part of your direct testimony?**

48 A. Yes. I am including the following attachments:

49 Attachment A – Company response to Staff DR BCJ-1.09

50 Attachment B – Company response to Staff DR BCJ-1.10

51

52 **Results of the PGA Review**

53 **Q. Are you proposing any adjustments to AIC's PGA Reconciliations as**  
54 **a result of your review?**

55 A. No, I am not proposing any adjustments.

56

57 **Q. Do you have any comments as a result of your review?**

58 A. Yes. The Company considers gas lost as a result of damage to gas lines  
59 by third parties to be "lost and unaccounted for" gas and recovers the cost  
60 through the PGA.<sup>1</sup> Occasionally, an offender will be billed for lost gas, but

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<sup>1</sup> Response to Staff DR GS-18.

61 the Company admits it has no policy regarding when a party will be billed  
62 for the cost of gas lost due to damage caused by that party.

63 AIC does not have a specific policy that outlines when to bill for  
64 lost gas. AIC typically bills all third party damages when it finds  
65 fault in the contractor's actions and the total loss is material.  
66 Lost gas is included when it is a material component of the  
67 damage claim. Materiality of lost gas is generally limited to  
68 damages to larger diameter pipelines and high pressure  
69 pipelines. Damages that result in gas venting to the  
70 atmosphere for long periods of time may become material as  
71 well. Decisions with respect to materiality are made by the  
72 Company's Gas Superintendents and Field Supervisors with  
73 occasional input from Damage Prevention personnel and other  
74 Departments.<sup>2</sup>

75

76 **Q. How much gas is lost due to third party damage?**

77 A. The Company was unable to provide that information to Staff. It does not  
78 calculate the amount of gas lost for each damage incident and does not  
79 know the total volume of gas lost in 2012 as a result of excavation  
80 incidents.<sup>3</sup>

81

82 **Q. Did AIC bill for any gas losses due to damaged lines during this  
83 reconciliation period?**

84 A. In response to a request for invoices where AIC billed a party for gas lost  
85 as a result of excavation damage, the Company provided only one

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<sup>2</sup> Attachment A: Response to Staff DR BCJ-1.09.

<sup>3</sup> Attachment B: Response to Staff DR BCJ-1.10.

86 invoice, even though AIC's "Annual Report for Calendar Year 2012 Gas  
87 Distribution System" filed with the U.S. Department of Transportation  
88 indicates there were 1,199 excavation damages in 2012.

89

90 **Q. Do you have a recommendation?**

91 A. Yes. AIC should work with Staff to develop a policy regarding gas lost  
92 due to damage by third parties. Guidelines are needed to ensure that the  
93 Company recovers the cost of material gas losses from the parties  
94 responsible for the losses and not from its PGA customers.

95

96 **Recommendations**

97 **Q. What are your recommendations?**

98 A. My recommendations are as follow:

99 (1) I find no reason to object to the Company's reconciliations of  
100 revenues collected under its Purchased Gas Adjustment Clause with the  
101 actual PGA recoverable costs for the period January 1 through December  
102 31, 2012. I recommend that the Commission accept the reconciliations of  
103 revenues collected under the Purchased Gas Adjustment Clause with  
104 actual costs as reflected on Ameren Exhibit 1.1a, 1.1b, 1.1c, and 1.1d. I  
105 further recommend that these schedules be attached as Appendices to  
106 the Order entered in this proceeding; and

107 (2) The Commission should order AIC to work with Staff to develop a  
108 policy regarding gas lost due to damage by third parties.

109

110 **Conclusion**

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

112 **A. Yes.**

Ameren Illinois Company's  
Response to ICC Staff Data Request  
Docket Nos. 12-0650, 12-0651, 12-0652 (cons.)  
Reconciliation of revenues collected under gas adjustment charges  
with actual costs prudently incurred.

BCJ 1.09

Please provide a copy of the Company's policy regarding when a party will be billed for the cost of gas lost due to damage caused by that party. If there is no written policy, please provide a detailed narrative that describes the circumstances under which the Company bills to recover the cost of gas lost due to damages and who makes the decision to do so.

**RESPONSE**

<b>Prepared By: Timothy L. Eggers</b>
<b>Title: Manager Gas Supply</b>
<b>Phone Number: 314-554-3638</b>
<b>Date: 05/12/2015</b>

AIC does not have a specific policy that outlines when to bill for lost gas. AIC typically bills all third party damages when it finds fault in the contractor's actions and the total loss is material. Lost gas is included when it is a material component of the damage claim. Materiality of lost gas is generally limited to damages to larger diameter pipelines and high pressure pipelines. Damages that result in gas venting to the atmosphere for long periods of time may become material as well. Decisions with respect to materiality are made by the Company's Gas Superintendents and Field Supervisors with occasional input from Damage Prevention personnel and other Departments.

Ameren Illinois Company's  
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BCJ 1.10

According to AIC's "Annual Report for Calendar Year 2012 Gas Distribution System" filed with the U.S. Department of Transportation, there were 1,199 excavation damages in 2012. Please provide the following information regarding the excavation damages:

- 1) The total volume of gas lost;
- 2) The number of incidents of excavation damages caused by someone other than the Company;
- 3) The volume of gas lost for each incident of excavation damage identified in #2, or the total volume of gas lost if the Company does not track by incident;
- 4) A copy of each invoice where AIC billed a party for gas lost as a result of excavation damage; and
- 5) A copy of each invoice where AIC billed a party for excavation damage but did not bill for the gas lost as a result of the damage.

**RESPONSE**

<b>Prepared By: Timothy L. Eggers</b>
<b>Title: Manager, Gas Supply</b>
<b>Phone Number: 314-554-3638</b>
<b>Date: 05/12/2015</b>

- 1) The Company does not calculate the amount of gas lost for each damage incident and does not know the total volume of gas lost in 2012 as a result of excavation incidents.
- 2) The Company objects to the phrase "caused by someone other than the Company" as vague and ambiguous. While performing work in 2012, non-Ameren Illinois entities contacted gas facilities on 1,187 instances.
- 3) Please see Company's response to item 1) above.
- 4) Please see BCJ 1.10 Attach for the only invoice AIC billed for lost gas in 2012.
- 5) The Company objects to this subset of the Data Request. The request is overly burdensome and not reasonably calculated to lead to discovery of admissible evidence. Subject to and without waiving this objection, the Company will make

available electronic records of each invoice at the Company's offices in St. Louis, Missouri at the request of Staff.



Please Return This Portion With Your Payment.

<b>AMOUNT DUE</b>	<b>DUE DATE</b>
<b>\$21,491.84</b>	<b>Jun 18, 2012</b>
	<b>ACCOUNT NUMBER</b>
	<b>18481-08066</b>

USIC  
 9045 N RIVER RD STE 300  
 INDIANAPOLIS, IN 46240

Ameren Illinois  
 P.O. Box 66893  
 St. Louis, MO 63166-6893

60700000 0018481080606 00000000 000021491840 000021491840

Keep This Portion For Your Records

<b>ACCOUNT NUMBER</b>	<b>18481-08066</b>
<b>CLAIM NUMBER</b>	<b>3578</b>

<b>BILL DATE</b>	<b>Jun 4, 2012</b>
<b>TOTAL AMOUNT DUE BY</b>	<b>Jun 18, 2012</b>
	<b>\$21,491.84</b>

<b>LOCATION</b>	<b>UNIVERSITY AVE &amp; N BUSEY AVE URBANA, IL</b>
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**DAMAGE BILLING**  
 CHARGE DATE: 03/20/2012

QUANTITY	DESCRIPTION	COST/ UNIT	AMOUNT
	Labor small tools and transportation		\$9452.28
1.00	Miscellaneous fitting, mm, pipe in stopper, 4 ips in, cast	\$132.510	\$132.51
2.00	Pipe mm, pe 2406/pe 2708, 2 ips in, sdr 11	\$.680	\$1.36
	Depreciation		-\$60.24
	Miscellaneous lost gas charge		\$1872.56
	Contractor Charges small tools and transportation provided by Sunbelt Rentals		\$367.30
	Contractor Charges small tools and transportation provided by Shaw Bros Concrete 1862		\$5088.22
	Contractor Charges small tools and transportation provided by Shaw Bros Concrete 1986		\$4637.85
	Cost to repair equipment damage: Contractor hit mismarked 2" plastic gas main at University Ave & N Busey Ave, Urbana, IL. Claim #3578		
		<b>Current Amount Due</b>	<b>\$21,491.84</b>
		<b>Prior Amount Due</b>	<b>\$0.00</b>
		<b>Total Amount Due</b>	<b>\$21,491.84</b>