STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

AMEREN ILLINOIS COMPANY d/b/a Ameren Illinois	))	
	)	Docket 15-0258
Petition for approval of the final UCB/POR reconciliation period	))	

<u>DRAFT PROPOSED ORDER</u>

By the Commission:

I. PROCEDURAL HISTORY

In Dockets 08-0619; 08-0620; and 08-0621 (Cons.), the Illinois Commerce Commission (Commission) entered an Order approving tariffs filed by Central Illinois Light Company, Central Illinois Public Service Company, and Illinois Power Company (collectively, the Ameren Illinois Utilities) implementing a consolidated billing and purchase of receivables program (UCB/POR) in compliance with the legislative mandate contained in 220 ILCS 5/16-118 of the Illinois Public Utilities Act (the Act) (collectively, the UCB/POR Proceeding).

Since the merger of the former Ameren Illinois Utilities in October of 2010, the UCB/POR tariffs approved by the Commission are now being administered by Ameren Illinois Company d/b/a Ameren Illinois (AIC or the Company), as successor to the Ameren Illinois Utilities.

Pursuant to 220 ILCS 5/16-118(c), UCB/POR tariffs are required to provide for cost recovery associated with the UCB/POR program (the Program). The cost recovery is provided for by means of a supplemental customer charge and a discount rate imposed on receivables acquired from participating retail electric suppliers (RESs).

In Dockets 08-0619, 08-0620 and 08-0621, AIC (then the Ameren Illinois Utilities) indicated reconciliation of actual revenues with recoverable costs would occur as part of the cost recovery portions of the UCB/POR tariff, specifically with regard to the calculation of the UCB/POR Program Charge, a supplemental component of the customer charge. (See Ameren Ex. 1.0 (Pearson Dir.), pp. 29-32). Further, the resulting Order recognized the same. (Final Order (Aug. 19, 2009), p. 32; p. 35; p. 39; p. 47-51.) The general structure of the POR process includes an initial reconciliation after the first three years of operation, followed by a final reconciliation of Start-up costs incurred to implement the tariff services with actual recoveries after five years, and then annual reconciliations of ongoing uncollectible POR costs thereafter.

On April 1, 2015, AIC filed a Petition seeking approval of the final reconciliation of the UCB/POR Program Charge, covering the period January 1, 2014 through December 31, 2014 (Final Period Reconciliation). In support of this Petition, AIC presented the Direct Testimony of Ms. Karen R. Althoff (Ameren Exhibit 1.0) and requested the reconciliation be approved as recommended in Ms. Althoff's testimony. Ms. Althoff's testimony was accompanied by Ameren Exhibit 1.1, a second revised version of which was filed on May 4, 2015.

On October 13, 2015, Ms. Dianna Hathhorn, an Accountant in the Accounting Department of the Financial Analysis Division of the Commission's Bureau of Public Utilities (Staff) filed direct testimony, including Staff Schedule 1.01, in which Ms. Hathhorn indicated agreement with the amounts included in the Company's reconciliation, as presented on Staff Schedule 1.01.

Pursuant to proper legal notice, hearings were held in this matter before a duly authorized Administrative Law Judge (ALJ) of the Commission at its offices in Springfield, Illinois on May 20, 2015, October 14, 2015 and October 21, 2015. Appearances were entered by counsel for the Company and by Ms. Hathhorn. No Petitions to Intervene were filed.

Ms. Althoff, a Supervisor of Rates and Analysis in the Rates Regulatory Department of AIC, testified via affidavit on behalf of the Company. Ms. Hathhorn testified on behalf of Staff. At the conclusion of the October 21, 2015 evidentiary hearing, the record was marked "heard and taken."

II. APPLICABLE AUTHORITY

In order to promote fair and open competition in the provision of electric power and energy and to prevent anticompetitive practices, Section 5/16-118 of the Act states:

> "Each electric utility shall permit alternative retail electric suppliers to interconnect facilities to those owned by the utility provided they meet established standards for such interconnection, and may provide standby or other services to alternative retail electric suppliers. The alternative retail electric supplier shall sign a contract setting forth the prices, terms and conditions for interconnection with the electric utility and the prices, terms and conditions for services provided by the electric utility to the alternative retail electric supplier in connection with the delivery by the electric utility of electric power and energy supplied by the alternative retail electric supplier."

> "An electric utility shall file a tariff pursuant to Article IX of the Act that would allow alternative retail electric suppliers…to issue single bills to the retail customers for both the services provided by such alternative retail electric supplier…and the delivery services provided by the electric utility to such customers."

> "An electric utility with more than 100,000 customers shall file a tariff pursuant to Article IX of this Act that provides alternative retail electric suppliers…with the option to have the electric utility purchase their receivables for power and energy service provided to residential retail customers and non-residential retail customers with a non-coincident peak demand of less than 400 kilowatts. Receivables for power and energy service of alternative retail electric suppliers or electric utilities other than the electric utility in whose service area the retail customers are located shall be purchased by the electric utility at a just and reasonable discount rate to be reviewed and approved by the Commission after notice and hearing. The discount rate shall be based on the electric utility's historical bad debt and any reasonable start-up costs and administrative costs associated with the

> electric utility's purchase of receivables. The discounted rate for purchase of receivables shall be included in the tariff filed pursuant to this subsection (c). The discount rate filed pursuant to this subsection (c) shall be subject to periodic Commission review. The tariff filed pursuant to this subsection (c) shall permit the electric utility to recover from retail customers any uncollected receivables that may arise as a result of the purchase of receivables under this subsection (c), may also include other just and reasonable terms and conditions, and shall provide for the prudently incurred costs associated with the provision of this service pursuant to this subsection (c)."
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> 220 ILCS 5/16-118(a)(b)(c)

Effective November 9, 2007, Public Act 95-0770 amended Section 16-118 of the Act, 220 ILCS 5/1-101, et seq. by adding language directing utilities with more than 100,000 customers to file tariffs pursuant to Article IX of the Act establishing UCB/POR service. On September 30, 2008, AIC (then the Ameren Illinois Utilities) filed tariffs implementing UCB/POR pursuant to Section 16-118 of the Act. The Commission suspended those tariffs on November 13, 2008, initiating the UCB/POR Proceeding. On August 19, 2009, the Commission issued its Final Order approving AIC's (then the Ameren Illinois Utilities') UCB/POR program, as amended therein, and ordering the Company to file revised tariff sheets conforming to the Order within 30 days of the Order. On September 18, 2009, the Company filed the revised tariff sheets pursuant to the Final Order.

On April 1, 2013, AIC filed with the Commission revisions to add a provision for a reconciliation process to the program charge section of the Company's Supplemental Customer Charges tariff. (See. Ill. C.C. No. 1, 2nd Revised Sheet No. 38.011).

III. INSTANT PROCEEDING

A. AIC Direct Testimony

Ms. Karen R. Althoff sponsored direct testimony identified as Ameren Exhibits 1.0 and 1.1 (2d Rev.), which consists of the reconciliation of the various components of the UCB/POR Program Charge and Discount Rate. The purpose of her testimony was to explain the mechanics of the UCB/POR Program Charge and to reconcile the estimated versus actual experience of the various components of AIC's UCB/POR Program Charge for Final Period Reconciliation.

Ms. Althoff provided background regarding the components of, and the charges resulting from, UCB/POR. She stated that UCB/POR provides for the cost recovery of Start-Up Costs associated with the changes in systems necessary to implement the Program. Cost recovery is outlined in AIC's Supplemental Customer Charges and Supplier Terms and Conditions. The Start-Up Costs were segregated by a 95% cost recovery component for UCB and a 5% cost recovery component for POR. The 95% UCB component is then split for recovery purposes as follows: 75% by Eligible Delivery Service Customers and 25% by RESs. Ms. Althoff testified regarding the purpose of the UCB/POR Program and described in detail the UCB/POR Program Charge, which applies to all delivery service customers of AIC eligible to take service pursuant to 220 ILCS 5/16-118(c) and is set forth in the Company's Supplemental Customer Charges.

As described by Ms. Althoff, the reconciliation of the UCB/POR Program costs and revenues involves the review and analysis of several Program sub-components and internal Factors. These Factors include the uncollectible component of the Discount Rate (Factor UDC), two UCB Start Up Cost components (Factor USC and Factor USD), a Fair Cost

Allocation Adjustment (FCAA) associated with the Discount Rate, a POR Start Up Cost Reconciliation Factor (Factor PSD), and two ongoing administrative cost recovery mechanisms (Factor OAR and Factor OAdm). Netting these factors together results in the Automatic Reconciliation Adjustment (ARA) for the Final Period Reconciliation and, after applying the Ordered Reconciliation Adjustment (ORA) established in prior proceedings, results in a value of $1,346,245, to be refunded going forward.

Ms. Althoff summarized the over-recovery of the Company's UCB/POR Program costs in the table below.

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

Ms. Althoff provided the over-recovery for the Final Period Reconciliation as included in the Company's UCB/POR Program Charge Information Filing update effective June 2015. The over-recovery of $1,346,245 which will be refunded over the twelve-month period (June 2015 through May 2016), results in a negative Program Charge of $.09 cents per month to eligible delivery service customers.

According to Ms. Althoff the UCB/POR Program Charge's Start-Up Cost recovery end date was October 17, 2014. Once AIC has recovered all the Start-Up Costs to implement the UCB/POR Program, the UCB/POR Program Charge will then serve as a true-up mechanism to reconcile the difference between uncollectible costs embedded within the Discount Rate and actual uncollectible experience relating to the POR.

B. Staff Direct Testimony

Ms. Dianna Hathhorn testified on behalf of Commission Staff. Ms. Hathhorn sponsored Staff Exhibit 1.0 and Schedule 1.01, which present Staff's reconciliation for the components of the UCB/POR Program for the Final Period Reconciliation. Schedule 1.01 provides the reconciliations of the various components of the Program Charge and RES Discount Rate, and presents the Disposition of the Cumulative (Over)/Under Recovery.

Ms. Hathhorn recommends the Commission approve the reconciliations for the period January 1, 2014 through December 31, 2014 as reflected on Staff's Schedule 1.01, which is attached hereto as an Appendix. Ms. Hathhorn further recommends the Order in this proceeding find that there is no Factor ORA to be reflected in the calculation Factor USC resulting from this case.

IV. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

(1) Ameren Illinois Company is a corporation engaged in the distribution of electricity to the public in Illinois, and, as such, is a public utility within the meaning of the Public Utilities Act;

(2) the Commission has jurisdiction over Ameren Illinois Company and of the subject matter of this proceeding;

(3) the statements of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;

(4) the reconciliations for the Final Period Reconciliation (January 1, 2014 through December 31, 2014) presented by Staff and attached to this Order as an Appendix are approved; and

(5) no Factor ORA is to be reflected in the calculation of the Factor USC resulting from this case.

IT IS THEREFORE ORDERED that all motions, petitions, objections, or other matters in this proceeding that remain unresolved are hereby resolved consistent with the conclusion contained herein.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this _______ day of ______________________, 2015.

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Brien Sheahan, Chairman

Dated: November 18, 2015

Respectfully submitted,

Ameren Illinois Company
d/b/a Ameren Illinois

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