

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
	:	
vs.	:	
	:	
Union Electric Company d/b/a AmerenUE	:	Docket No. 01-0381
	:	
Reconciliation of revenues collected under	:	
Coal Tar Riders with prudent costs associated	:	
with coal tar cleanup expenditures	:	

PROPOSED FORM OF ORDER

By the Commission:

On May 9, 2001, the Illinois Commerce Commission (“Commission”) entered an Order Commencing Reconciliation Proceedings, which directed Union Electric Company, doing business as AmerenUE (“Respondent” or “the Company”), to present evidence in this docket to show the reconciliation of revenues collected under its Rider R, Electric Environmental Adjustment Clause, and Rider E, Gas Environmental Clause, tariffs (hereinafter, collectively "the Coal Tar Riders") with prudently incurred costs of environmental activities and recoverable under said riders. The applicable reconciliation period is from January 1 through December 31, 2000 (the “Reconciliation Period”).

PROCEDURAL REQUIREMENTS

In compliance with the Commission’s Order Commencing Reconciliation Proceedings in this docket and 83 Ill. Adm. Code 255, Respondent filed with the Commission a list of all Illinois municipalities within which the Company provides

electric or gas service. Thereafter, Respondent filed testimony and schedules summarizing environmental activities conducted at Respondent's manufactured gas plant sites along with an accounting of revenues collected and costs incurred in connection with that site. Respondent published notice of the filing in newspapers having general circulation in the Company's service territory. On August 6, 2001, Respondent submitted Certificates of Publication, marked as UE Exhibit 3.

Following prehearing conferences held in this matter before Hearing Examiner Larry Jones of the Commission, an evidentiary hearing of this matter occurred on November 20, 2001, at the Commission's Springfield offices. Appearances were entered by counsel for Respondent and by the Commission Staff. Respondent's direct evidence (Direct Testimony of Leonard A. Mans and Direct Testimony of Donald L. Richardson and Rebuttal Testimony of Leonard A. Mans) was admitted into evidence. Ms. Leslie Pugh of the Staff's Accounting Department (Financial Analysis Division) submitted direct testimony at the evidentiary hearing. At the conclusion of the evidentiary hearing, the record was marked "Heard and Taken." On January 4, Respondent filed a proposed form of order which reflected the agreement of Respondent and the Commission Staff.

SUMMARY OF EVIDENCE

The record contains a detailed description of Respondent's practices and procedures for reconciling the revenues collected under its Coal Tar Riders with the actual costs recoverable under such tariff during the Reconciliation Period. All participants were afforded the opportunity to cross-examine all witnesses and to offer evidence with respect to all issues in this proceeding.

RESPONDENT'S DIRECT EVIDENCE

Mr. Leonard A. Mans, a General Ledger Supervisor in the Accounting Department of Ameren Services Company, an affiliated service company of Respondent, testified as to his responsibility for supervising the calculation and filing with the Commission of Respondent's annual reconciliation reports required by Respondent's Coal Tar Rider tariff. Mr. Mans sponsored Schedule A to his Direct Testimony (UE Exhibit 1) which identified and reconciled all components of Union Electric Company's Electric and Gas Environmental Adjustment Clauses Annual Report filed with the Commission. Schedule A to the Annual Report showed that during calendar year 2000 Respondent incurred incremental costs with respect to the former Alton Manufactured Gas Plant (MGP) site. Mr. Mans testified that at the beginning of the Reconciliation Period the Company recorded a cumulative over-recovery of \$29,548. During the course of the Reconciliation Period, the Company incurred environmental cleanup costs of \$8,754 and refunded \$12,869 of the outstanding over-recovery through its EEAC and GEAC Riders. There remains as of December 31, 2000, a cumulative over-recovery of \$7,925 which will be refunded in 2001. The Company agreed with the Staff's recommendation to record a cost adjustment of \$430 as occurring in 1999 rather than 2000, as initially suggested by UE.

Mr. Donald Richardson (UE Exhibit 2) testified that the Company is responsible for one manufactured gas plant ("MGP") site located in Alton, Illinois. Mr. Richardson testified as to the environmental activities conducted at this site. Remedial activities included consulting fees associated with the revision of environmental reports. The Company is required to revise such reports in order to meet the requirements of the

Illinois TACO program. Mr. Richardson further described the methodology by which the Company performs environmental work and that all work is performed in consultation with the Illinois Environmental Protection Agency ("IEPA") and in accordance with TACO requirements. Mr. Richardson also described the various technologies that can be used to remediate soil and groundwater contamination at MGP sites.

Mr. Richardson testified that the environmental costs incurred by the Company at the Alton MGP site was prudently incurred and in accordance with the prudence standards referenced by the Commission in its Order issued in Docket 91-0080 and 91-0095 (consolidated). The Company introduced into evidence data requests SDR 1-22 (UE Exhibit 4) which describe the Company's remediation efforts and various prudence and regulatory requirements.

COMMISSION STAFF'S DIRECT EVIDENCE

On behalf of the Commission Staff, Ms. Leslie Pugh of the Accounting Department of the Financial Analysis Division of the Commission, issued extensive data requests concerning the revenues collected under the rider tariff and costs recoverable under such tariff. The Staff reviewed the Company's filing, and responses to data requests, and performed a field audit. Certain of the Company's responses to the Staff's Data Requests were introduced and received into evidence as UE Exhibit 4.

Ms. Pugh also testified at the hearing on behalf of the Staff (ICC Staff Exhibit 1) that she had reviewed the Company's filing and responses to extensive data requests concerning the prudence of the Company's gas expenditures during the Reconciliation Period. Ms. Pugh stated that there was no evidence that costs incurred by the Company conflicted with established prudence standards.

As a result of that field audit and discussions with Respondent, Ms. Pugh proposes, and the Company concurs, that the Company be allowed to recover \$8,754 for costs incurred in 2000. In previous reconciliation dockets, the Company and Staff have agreed to refund over-recoveries. Accordingly, as of December 31, 2000, and based upon the foregoing adjustments and with the concurrence of Staff, the Company will refund \$12,869 through its riders.

ORDER

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

- (1) Respondent is a corporation engaged in the distribution of natural gas 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 Respondent and of the subject matter of this proceeding;
- (3) the statements of facts set forth in the prefatory portion of this Order are supported by the evidence and the record and are hereby adopted as findings of fact;
- (4) the evidence shows that during the calendar year 2000 Reconciliation Period, Respondent acted reasonably and prudently in incurring incremental costs of \$8,754 in connection with its MGP sites;

- (5) the evidence shows that Respondent, with the Commission Staff's concurrence, will refund an over-recovery of \$12,869, which amount reflects an over-recovery recorded as of December 31, 2000, as described in UE Exhibit 5, Schedule 1 attached to this Order as Appendix A; and
- (6) all motions, petitions, objections or other matters in this proceeding which remain undisposed of should be disposed of consistent with the conclusion herein.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the reconciliation submitted by Union Electric Company d/b/a AmerenUE of the revenues collected under its Electric Environmental Adjustment Clause and Gas Environmental Adjustment Clause, with costs prudently incurred for environmental activities for calendar year 2000, are hereby approved.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-112 of the Public Utilities Act and 83 Ill. Adm. Code 200.800, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this _____ day of _____.

Union Electric Company
Cumulative Status of Recoveries and Costs
For the Year Ended December 31, 2000

<u>Line No</u>	<u>Description</u> (A)	<u>Cumulative Totals Per Draft Order Docket No. 00-0441</u> (B)	<u>2000 Totals</u> (C)	<u>Cumulative Totals December 31, 2000</u> (D)
1	EEAC/GEAC Recoveries	\$499,515	(\$12,869)	\$486,646
2	Insurance Recoveries	0	0	\$0
3	Total Revenues	\$499,515	(\$12,869)	\$486,646
4	Total Costs	469,967	\$8,754	\$478,721
5	Over (Under) Recoveries	\$29,548	(\$21,623)	\$7,925