

**PREPARED DIRECT TESTIMONY
OF
GLENN L. DAVIDSON
ON BEHALF OF
CENTRAL ILLINOIS LIGHT COMPANY
DOCKET NO. 01-0377**

- 1 Q1. Please state your name and business address.
- 2 A1. My name is Glenn L. Davidson, and my business address is 300 Liberty Street,
3 Peoria, Illinois 61602.
- 4 Q2. By whom are you employed and in what capacity?
- 5 A2. I am employed by Central Illinois Light Company (CILCO) as an accountant in
6 the Sales and Marketing Business Unit.
- 7 Q3. Please describe your educational background and work experience.
- 8 A3. I was graduated from the University of Illinois in 1977 with a Bachelor of Science
9 degree in Accounting. In 1979, I was employed by the Federal Energy
10 Regulatory Commission where I worked as a field auditor in the Office of the
11 Chief Accountant. I am a Certified Public Accountant. I joined CILCO in
12 November 1989 and worked in General Accounting in the Accounting
13 Department. In December 1991, CILCO established the Energy Accounting Unit
14 in the Accounting Department and I became the supervisor of that unit until I took
15 my current position in Sales and Marketing at the end of 1999.
- 16 Q4. What are your responsibilities in your present position with CILCO?
- 17 A4. I am responsible for the preparation and maintenance of financial records of the
18 Sales and Marketing Business Unit of CILCO. This includes the collection of
19 data related to fuel, purchase and interchange power, natural gas purchases, coal
20 tar, EPA allowances, steam billings and the entry of the data in the books and
21 records of the Company. Those records are maintained in the usual course of
22 business of the Company in accordance with the rules and regulations of the

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23 Illinois Commerce Commission, the Federal Energy Regulatory Commission, and
24 the Company's own rules.

25 Q5. What is the purpose of your testimony in this proceeding?

26 A5. The Illinois Commerce Commission issued an Order Commencing Reconciliation
27 Proceedings on May 9, 2001 requiring CILCO to reconcile Rider TAR charges to
28 the actual coal tar cleanup costs allowable under the provisions of Rider TAR.
29 The order stated that CILCO should reconcile these revenues through December
30 31, 2000. The purpose of my testimony is to present the Rider TAR
31 reconciliation and evidence in a manner consistent with the Commission's Order.

32 Q6. Have schedules been prepared to which you will be referring in your testimony?

33 A6. Yes. I will sponsor CILCO Exhibits 1.1, public and proprietary, and 1.2.

34 Q7. Has the Reconciliation of Rider TAR Charges been certified by the Company's
35 independent public accountants?

36 A7. Yes. At CILCO's request, Deloitte & Touche LLP has reviewed CILCO's
37 Reconciliation of Rider TAR Charges through Application of Factor TAR for the
38 year ended December 31, 2000 the supporting attachment, and accompanying
39 notes describing the basis of the presentation set forth in the Statement, and has
40 issued a letter of opinion on the reconciliation. Deloitte & Touche LLP letter is a
41 part of CILCO Exhibit 1.1, public and proprietary.

42 Q8. Was notice of the filing of testimony and schedules in this proceeding published
43 in newspapers of general circulation in CILCO's service territory in accordance
44 with the requirements of 83 Ill. Adm. Code 255 (formerly General Order 157) for
45 giving notice of filing a request for a general rate increase?

46 A8. Yes. The notices were published in the Peoria Journal Star, the Pekin Daily
47 Times, the State Journal-Register in Springfield, the Pantagraph in Bloomington
48 the Herald & Review in Decatur, the Courier in Lincoln, the News-Gazette in
49 Champaign, and the Commercial-News in Danville. In combination, these

50 newspapers are circulated generally throughout CILCO's service area. Copies of
51 these notices and the certificates of publication are contained in CILCO Exhibit
52 1.2. Notice of the filing of testimony and schedules has also been posted in the
53 business offices of the Company.

54 Q9. Briefly describe the Company's current Rider TAR and its application to sales
55 and transportation services.

56 A9. CILCO's current Rider TAR tariff was issued pursuant to an Illinois Commerce
57 Commission Order entered October 18, 1995 in Docket No. R-18893 and became
58 effective November 1, 1995. Rider TAR sets forth CILCO's methodology for
59 recovery of coal tar costs and is applied to all throughput of sales and gas
60 transportation, excluding "Rate 10 Contract Service." Charges under Rider TAR
61 are projected annually and allocated to each applicable rate class based upon the
62 respective estimated base rate revenue from each class. The coal tar costs of each
63 class are then divided by the projected therms to be delivered to the class to
64 determine Factor TAR to be billed to that class.

65 Q10. Were any changes made to Rider TAR in 2000?

66 A10. No.

67 Q11. Please describe the contents of CILCO Exhibit 1.1, public and proprietary.

68 A11. It contains the Company's reconciliation of Rider TAR charges to recovery of
69 Rider TAR charges through application of Factor TAR for the year ended
70 December 31, 2000. CILCO Exhibit 1.1, public and proprietary, contains a title
71 page, a letter of opinion from Deloitte & Touche LLP, the required reconciliation,
72 notes to the statement of reconciliation, a supporting attachment for recoveries by
73 class, an attachment for year-to-date total expenses by site, and an attachment for
74 year-to-date recoveries by class.

75

76 CILCO Exhibit 1.1 has been marked proprietary because the statement of
77 reconciliation attached to the auditors report in CILCO Exhibit 1.1 and
78 attachments 2 and 3, thereto, contain individual insurance settlements which the
79 Company is bound not to disclose pursuant to the confidentiality provisions in the
80 settlement agreement.

81

82 The public version of CILCO Exhibit 1.1 contains the same information as the
83 proprietary exhibit except that the insurance settlements have been reflected as
84 offsets to the Rider TAR charges in the statement and attachments 2 and 3 to
85 preserve the confidentiality.

86

87 All insurance proceeds received to date by the Company have been used to reduce
88 Rider TAR charges.

89 Q12. What were the results of the reconciliation of Rider TAR charges for year ended
90 December 31, 2000?

91 A12. The reconciliation disclosed an overrecovery of \$44,697.74 for the year ended
92 December 31, 2000. In accordance with Rider TAR, the overrecovered amount of
93 \$44,697.74, will be refunded over the period April 1, 2001 through March 31,
94 2002 or such shorter period as necessary to trigger a Reconciliation Factor of .01¢
95 per term or greater for all 3 classes.

96 Q13. What was the balance remaining for prior years' Rider TAR annual
97 reconciliations as of December 31, 2000?

98 A13. In Docket No. 00-0437, the Company filed to recover the December 31, 1999
99 underrecovery of \$74,145. The Company filed Rider TAR factors to recover this
100 amount from Bill Cycle 1 of April, 2000 through Bill Cycle 21 of December,
101 2000. As of December 31, 2000, CILCO has an underrecovery of \$4,312.42 that
102 will be recovered over the period April 1, 2001 through March 31, 2002 or such

103 shorter period as necessary to trigger a Reconciliation Factor of .01¢ per therm or
104 greater for all 3 classes.

105

106 In Docket No. 99-0336, the Company filed to recover the December 31, 1998
107 underrecovery of \$336,829. The Company filed Rider TAR factors to recover this
108 amount from Bill Cycle 1 of May, 1999 through Bill Cycle 21 of March, 2000.
109 As of December 31, 2000, CILCO has an underrecovered balance of \$59,003.93.
110 This remaining balance along with the 2000 Rider TAR overrecovery of
111 \$44,697.74 and the 1999 Rider TAR and 2000 reconciliation factor underrecovery
112 of \$4,312.42 will be rolled into 2001's Rider TAR reconciliation. The total pre-
113 2001 coal tar underrecovery of \$18,618.61 will be recovered over the period April
114 1, 2001 through March 31, 2002 or such shorter period as necessary to trigger a
115 Reconciliation Factor of .01¢ per therm or greater for all 3 classes.

116 Q14. Does this conclude your prepared direct testimony?

117 A14. Yes, it does.

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

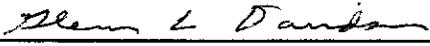
ILLINOIS COMMERCE COMMISSION)
ON ITS OWN MOTION,)
)
VS.)
)
CENTRAL ILLINOIS LIGHT COMPANY)
)
RECONCILIATION OF REVENUES COLLECTED)
UNDER COAL TAR RIDERS WITH PRUDENT COSTS)
ASSOCIATED WITH COAL TAR CLEAN UP)
EXPENDITURES)

No. 01-0377

AFFIDAVIT OF GLENN L. DAVIDSON

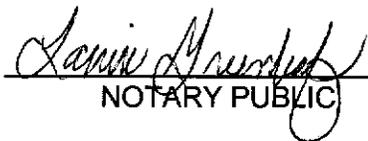
Glenn L. Davidson, being first duly sworn on oath, deposes and says as follows:

1. I prepared and am familiar with the contents of CILCO Exhibit No. 1.0, revised, which bears the title "Prepared Direct Testimony of Glenn L. Davidson." My answers to the questions appearing in such exhibit are true and correct to the best of my knowledge and belief.
2. CILCO Exhibits No. 1.1, public and proprietary, and 1.2 were prepared by me or pursuant to my direction; I have reviewed and am familiar with their contents, and these Exhibits truly and accurately portray the information set forth therein.
3. Further Affiant sayeth naught.



Glenn L. Davidson

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 21st DAY
OF FEBRUARY, 2002.



NOTARY PUBLIC

