

DIRECT TESTIMONY

of

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Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Central Illinois Public Service Company d/b/a/ AmerenCIPS
and
Union Electric Company d/b/a/ AmerenUE

Docket Nos. 02-0798, 03-0008, 03-0009 (Cons.)

Proposed General Increase in Gas Rates

April 2, 2003

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1 Witness and Schedule Identification

2 Q. Please state your name and business address.

3 A. My name is Carolyn L. Bowers. My business address is 527 East
4 Capitol Avenue, Springfield, Illinois 62701.

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

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

9 Q. Please describe your professional background and affiliations.

10 A. I am a Certified Public Accountant with a Bachelor of Arts in
11 Accountancy from Sangamon State University. Prior to joining the
12 Commission in June 2001, I was engaged in the practice of public
13 accounting for fourteen years. I am a member of the American Institute
14 of Certified Public Accountants and the Illinois CPA Society.

15 Q. Have you previously testified before any regulatory bodies?

16 A. Yes. I have testified on several occasions before the Commission.

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

18 A. The purpose of my testimony is to propose an adjustment to
19 AmerenCIPS’ (“Company”) rate base with respect to Gas Plant Held for
20 Future Use, to express Staff’s recommendation regarding the

21 depreciation policy change proposed by AmerenCIPS and AmerenUE
22 (“the Companies”) and to present an original cost determination.

23 Q. Are you sponsoring schedules with your testimony?

24 A. Yes. I prepared the following schedule for AmerenCIPS as of June 30,
25 2002:

26 Schedule 2.1 CIPS - Adjustment to Gas Plant Held for Future Use.

27 Rate Base Adjustment to Gas Plant Held for Future Use

28 Q. Describe Schedule 2.1 CIPS - Adjustment to Gas Plant Held for Future
29 Use.

30 A. Schedule 2.1 CIPS shows my proposed adjustment to Utility Plant in
31 Service. This adjustment is to eliminate Future Use Plant from rate
32 base. In reviewing the Company’s filed schedule B-2.5, I noted that the
33 expected in service date for Future Use Plant was listed as unknown.
34 Because this plant is not used and useful and it is unknown when this
35 plant may be placed into service, it is not allowed as a rate base amount.
36 As a result, the entire amount is disallowed.

37 Depreciation Policy

38 Q. What proposal is being advanced by AmerenCIPS and AmerenUE with
39 respect to their depreciation policy?

40 A. Mr. Robert J. Kenney, in AmerenUE Exhibit No. 7.0, page 5, lines 98
41 through line 101, states: "I am also proposing to amortize, rather than
42 depreciate, Accounts 391, 394 and 395. These accounts represent less
43 than 1% of AmerenUE's depreciable plant. Amortization saves the
44 Company and its customers the expense of maintaining property records
45 for these accounts." In addition, in AmerenCIPS Exhibit No. 7.0, page 5,
46 lines 99 through 102, he states: "I am also proposing to amortize, rather
47 than depreciate, Accounts 391, 394, and 395. These accounts represent
48 less than 1% of AmerenCIPS' depreciable plant. Amortization saves the
49 Company and its customers the expense of maintaining property records
50 for these accounts."

51 Q. What are the account titles for Accounts 391, 394 and 395?

52 A. Account 391 is "Office Furniture and Equipment"; Account 394 is "Tools,
53 Shop and Garage Equipment"; and Account 395 is "Laboratory
54 Equipment".

55 Q. Do you agree with this proposal?

56 A. No.

57 Q. Why do you object to this proposal?

58 A. The Companies are required to maintain property records so as to show
59 the number and cost of the various record units or retirement units by

60 Gas Plant Instruction 11C, Work Order and Property Record System
61 Required of the Uniform System of Accounts for Gas Utilities Operating
62 in Illinois, 83 Ill. Adm. Code 505.
63 In addition, the Companies have not supported their request to amortize
64 rather than depreciate these accounts. In response to data requests UE-
65 CLB-2.05 and CIPS-CLB-2.08, the Companies provided as authority for
66 this treatment a letter from the Federal Energy Regulatory Commission
67 to Central Illinois Light Company. However, this letter gives approval for
68 vintage depreciation for certain accounts, not amortization.

69 Original Cost Determination

70 Q. What do you propose regarding an original cost determination?

71 A. I have reviewed plant additions since December 31, 1997, the last
72 date of an original cost determination. Nothing has come to my
73 attention to disagree with the plant balances as reflected in ICC
74 Staff Exhibit 1.0, Schedule 1.3 CIPS, Column (d) and Schedule
75 1.3 UE, Column (d).

76 I recommend that the Commission include in its Order in this
77 proceeding, the following language

78 IT IS FURTHER ORDERED that the original cost
79 of plant at June 30, 2002, as reflected in ICC
80 Staff Exhibit 1.0, Schedule 1.3 CIPS, Column (d),
81 of \$299,277,000 and Schedule 1.3 UE, Column

82 (d), of \$32,088,000, is unconditionally approved
83 as the original cost of plant for consideration of
84 83 Ill. Adm. Code 510, APPENDIX A:
85 1. Journal vouchers and journal entries charging plant
86 accounts (#12.b.1); and
87 2. Records of predecessors and former associates
88 (#73).

89 Conclusion

90 Q. Does this question end your prepared direct testimony?

91 A. Yes.

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
Adjustment to Gas Plant Held for Future Use
For The Test Year Ended June 30, 2002
(In Thousands)

<u>Line No.</u>	<u>Description</u> (A)	<u>Amount</u> (B)	<u>Source</u> (C)
1	Utility Plant in Service Per Staff	\$ 299,277	
2	Utility Plant in Service Per Company	<u>299,371</u>	(1)
3	Staff Proposed Adjustment to Utility Plant in Service	<u>\$ (94)</u>	(1)

Source: (1) Company (CIPS) Standard Filing Requirements, Schedule B-2.