BEFORE THE
ILLINOIS COMMERCE COMMISSION

SPECIAL OPEN MEETING AGENDA

Chicago, Illinois
Monday, June 14, 2010

Met, pursuant to notice, at 1:30 p.m. in
N801, Eighth Floor, 160 North LaSalle Street,
Chicago, Illinois.

PRESENT:

MANUEL FLORES, Acting Chairman
LULA M. FORD, Commissioner
ERIN M. O'CONNELL-DIAZ, Commissioner
SHERMAN J. ELLIOTT, Commissioner
via videoconference
JOHN T. COLGAN, Acting Commissioner
via videoconference

SULLIVAN REPORTING COMPANY, by
Alisa A. Sawka, CSR
License No. 084-004588
CHAIRMAN FLORES: Pursuant to the provisions of Illinois Open Meetings Act, I now convene this Special Open Meeting of the Illinois Commerce Commission.

With me in Chicago are Commissioners Ford and O'Connell-Diaz. With us in Springfield are Commissioners Elliott and Colgan. I am acting Chairman Flores. We have a quorum.

Before moving into the agenda according to Section 1700.10 of the Illinois Administrative Code, this is the time we allow members of the public to address the Commission. Members of the public wishing to address the Commission must notify the Chief Clerk's Office at least 24 hours prior to the meeting of the Commission. According to Chief Clerk's Office, we have no requests to speak for today's session.

We have two items to address at today's Special Open Meeting. The first item is Docket Nos. 09-0306 through 09-0311. This is the rate case for the Ameren Illinois Utilities, and today we are addressing parties' request for
The Commission issued its Order in this docket on April 29th and came back with a corrected Order on May 6. We received timely filed rehearing requests for Ameren Illinois Utilities, the Illinois Industrial Energy Consumers and CUB and the Attorney General's Office. We have also received a response of the parties from Staff on Friday and a reply from AIU to the response on Monday morning as well as a response from IIEC a few hours ago.

Let's start the most limited of the rehearing requests received from parties and that comes from the Attorney General and CUB. The office of the Attorney General and CUB seek rehearing on the Commission's decision regarding its cost of equity analysis. Administrative Law Judge Albers and Yoder recommend denying rehearing on this request.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Is there a motion to deny the
Attorney General's/CUB's request for rehearing?

COMMISSIONER O'CONNELL-DIAZ: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0, and the Attorney General and CUB's request for rehearing is denied.

Next let's move to the Illinois Industrial Energy Consumers for rehearing. IIEC has identified one issue surrounding return on equity, four issues surrounding the PURA tax treatment and one issue on the coincident peak allocator for rehearing.

Let's start with the return on equity issue on which Administrative Law Judges Albers and Yoder recommend denial of hearing. Is there any discussion on IIEC's rehearing request on return on
equity?

(No response.)

CHAIRMAN FLORES: Is there a motion to deny IIEC's request or on the return on equity issue?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

I'll second it.

It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0, and that particular request for rehearing is denied.

Now let's turn to PURA tax issues.

IIEC seeks rehearing alleging four alleged issues with a collection of PURA taxes. Administrative Law Judges Albers and Yoder have no recommendation regarding whether the rates filed by the Ameren Illinois Utilities comply with the Order and recommend denying rehearing on the other three PURA tax issues identified by IIEC.
Commissioner Elliott, I believe you have some things surrounding the PURA tax that you'd like to have as part of rehearing?

COMMISSIONER ELLIOTT: Yes, Mr. Chairman.

Thank you. I do have some language that I'd like to move forward with on our own motion. And to that end, I would be more than happy to make a motion to deny IIEC's request for rehearing on the PURA tax and raise my issue at a later time.

If that's suitable or would you rather have me provide my motion?

CHAIRMAN FLORES: Why don't we just provide the motion now and we'll go forward with -- just to make sure that the procedure is -- I looked at this. I did some legal analysis, but I just believe that it's more appropriate to -- it'd be clearer to go down the path and have you make a motion at this time.

COMMISSIONER ELLIOTT: Okay. Well, I would move that we open this issue on the PURA tax on our own motion, specifically with regard to the PURA tax and its recovery. My language indicates that it was the Commission's intent in its Order to exclude PURA
from the revenue requirement, treat PURA as a pass-through tax, have the tax recovered through allowing electric charge and separately identify it as a line item on the customer's bill as other pass-through taxes are also identified. To the extent that parties would seek clarification, the Commission would grant rehearing to have parties provide that clarification to the expressed intent of the Commission in its Order.

CHAIRMAN FLORES: I just want to be clear on something for the record, that we are granting rehearing and that it's not rehearing on our own motion. However, I want to clarify that what will be up for rehearing is your specific question, Commissioner Elliott, and nothing other than your specific question. So that the scope is going to be limited to the PURA tax and its recovery with intent in its Order to exclude the PURA from the revenue requirement, treat PURA as a pass-through tax, have the tax recovered through a volumetric charge and separately identified it as a line item on the customer's bill as other pass-through taxes are
identified.

And, again, to the extent that the parties would seek clarification, the Commission would grant rehearing to have parties provide clarification to the expressed intent of the Commission in its Order. So that is the scope upon which we are granting rehearing.

So do I hear a motion to --

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Okay. Is there a second?

COMMISSIONER FORD: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: The vote is 5-0 to grant rehearing in accordance to the scope that I just provided.

COMMISSIONER ELLIOTT: I'll provide that language to the Judges as well.

CHAIRMAN FLORES: Very well. Thank you.

COMMISSIONER ELLIOTT: They're taking copious notes over here.
COMMISSIONER O'CONNELL-DIAZ: Thank you, Commissioner.

Very well.

Lastly, IIEC seeks rehearing surrounding the Commission's decision to use a coincident peak allocator for the allocated costs associated with primary lines and substations. Administrative Law Judge Albers and Yoder recommend that the Commission deny rehearing on this issue.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Is there a motion to deny IIEC's hearing request with respect to the coincident peak allocator issue?

COMMISSIONER O'CONNELL-DIAZ: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

CHAIRMAN FLORES: It's been moved and seconded. All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)
CHAIRMAN FLORES: The vote is 5-0, and the request for rehearing on this issue is denied.

Now let's move to the rehearing request of the Ameren Illinois Utilities. There are six topics on which the Ameren Illinois Utilities seek rehearing.

The first one concerns accumulated depreciation reserve; the second, return on equity; third, pension and benefits expense; fourth, cash working capital; fifth, Ameren CILCO's cost of debt; and last, number six, incentive compensation. And within each of those topics Ameren has identified individual issues on which it is specifically seeking rehearing.

Let's address these one by one starting with the accumulated depreciation reserve. There's basically three categories of issues within this first topic. First, the propriety of making an adjustment for accumulated reserve for depreciation; second, whether the adjustment was made properly in the Order; and third, a set of technical corrections suggested by the Ameren Illinois Utilities.
I know that there's been -- the assistants had been working and there's been some communications. So I'd like to first have Commissioner Ford open it up with a discussion session.

COMMISSIONER FORD: Thank you.

I propose we grant rehearing on the entire issue of accumulated depreciation. Specifically, I want answers to whether this Commission legally discharged its obligations in the Order, application of Administrative Code Part 287.40 and Section 9-211 of the Public Utilities Act. Was the Order's interpretation of the law correct? What options are available to the Commission to clarify or change the applicable rule? Additionally, if an adjustment to depreciation reserve for imbedded plan is appropriate, then what is the proper methodology for making adjustment?

CHAIRMAN FLORES: Okay. I know that there were other factors that were being addressed by -- or considered by the other Commissioners.

Commissioner Elliott.
COMMISSIONER ELLIOTT: Yeah, thank you, Mr. Chairman.

I have some questions regarding the alleged technical errors and whether those are, in fact, a request for rehearing. So to the end that there is any question on that, I would be interested in having rehearing on those alleged technical corrections, particularly the four concerning the accumulated depreciation and three associated with the accumulated deferred income taxes as they were enumerated in Ameren's request for rehearing. So, just to be clear, I want to make sure that those are captured in any request for rehearing.

Additionally, I did have sort of a technical question with regard to the accumulated reserve for depreciation and the accumulated deferred income taxes, and that is, is an adjustment to accumulated deferred income taxes, ADIT, appropriate when the reserve for accumulated depreciation is adjusted? And if so, what is the appropriate calculation of the adjustment to ADIT as of the end of the pro forma period?
So I would move that we consider those two specific issues as well.

CHAIRMAN FLORES: Very well.

And, Commissioner Colgan, I know that you also had some concerns or there was some issues that were under consideration by your office as well, sir.

COMMISSIONER COLGAN: Yes, sir. Thank you, Mr. Chairman.

You know in the Company's proposal they allege that we've decided in our final Order to adjust the reserve for accumulated depreciation to reflect post-year depreciation on imbedded plan due to their making a pro forma adjustment to the plan. And they claim that the Commission significantly understated their actual net plan and service as of the end of February 2010. And they believe that they have information that can add to the evidence and would clarify this issue.

So on the -- in the rehearing I would like to hear arguments in that regard, considering that the motion also includes that we just open this
issue up entirely in the event that that were to gain our approval here today.

I would also like to make sure that we hear some of those arguments in the event that we may at the final hearing on this stick with the Order's original proposal.

I'd be glad to answer any questions people might have.

CHAIRMAN FLORES: Very well.

COMMISSIONER O'CONNELL-DIAZ: I support Commissioner Ford's proposal as well as -- I think that Commissioner Colgan's is kind of captured by Commissioner Ford's proposal. And I also support the proposals as set forth by Commissioner Elliott.

CHAIRMAN FLORES: Very well.

Commissioner Ford, Commissioner Elliott and Commissioner Colgan have established the scope by which we are requesting the parties to analyze and to provide further positions and arguments to address this issue.

And so with that, is there a motion to
grant rehearing for Ameren on the issue of accumulated reserve for depreciation within the context of the scope that was just provided by Commissioner Ford, Commissioner Elliott and Commissioner Colgan?

COMMISSIONER FORD: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER O'CONNELL-DIAZ: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0, and the request for rehearing on accumulated reserve of depreciation as just expressed is granted.

Now let's turn to the return on equity. Administrative Law Judges Albers and Yoder recommend that the Commission deny rehearing on the issue.

Is there any discussion on AIU's hearing request on return on equity issues?
COMMISSIONER FORD: Chairman, I believe this Commission has recently been inconsistent in our interpretations regarding return on equity, including the current Ameren Utility's rate case. Specifically, what evidence supports using a constant growth versus nonconstant growth DCF model and whether use of forecasted interest rates is appropriate in the CAPM. Therefore, I propose granting rehearing on the return of equity.

CHAIRMAN FLORES: Very well.

Any other discussion?

Again, I would just like to refer everyone to the fact that Administrative Law Judges Albers and Yoder recommend that we deny rehearing on this issue based on their opinion and conclusion that this matter has been fully litigated, that the parties had an opportunity to make their positions clear and that the Commission's Order was done so in a clear fashion.

So I'm going to make a motion to deny rehearing on Ameren's request on this matter on return on equity.
Is there a second?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(Chorus of nays.)

CHAIRMAN FLORES: The vote is 3-2, and the
rehearing is denied on the return on equity at issue.

Just for the record, so the record is
clear, we can just take roll call on this matter.

And this on the motion to deny rehearing on Ameren's
request regarding the return on equity issue.

Commissioner Ford?

COMMISSIONER FORD: Nay.

CHAIRMAN FLORES: Commissioner O'Connell-Diaz?

COMMISSIONER O'CONNELL-DIAZ: Nay.

CHAIRMAN FLORES: Commercial Elliott?

COMMISSIONER ELLIOTT: Aye.

CHAIRMAN FLORES: Commissioner Colgan?

COMMISSIONER COLGAN: Aye.

CHAIRMAN FLORES: And Manual Flores votes aye.
So the vote is 3-2. Rehearing is denied on the return on equity issue. Next let's turn to the pension benefits request for rehearing. Administrative Law Judges Albers and Yoder recommend denial of rehearing on this issue as well.

Is there any discussion on AIU's rehearing request on pension benefits issues?

Commissioner Ford.

COMMISSIONER FORD: Chairman, I am deeply concerned that the Order deviates from overwhelming Commission precedence, which consistently allows known and measurable updated data in support of pro forma adjustments for pension and benefits expense. I propose we grant rehearing of the pension and benefits expense.

CHAIRMAN FLORES: Very well.

Is there any further discussion?

COMMISSIONER O'CONNELL-DIAZ: I would support Commissioner Ford's recommendation. I agree with the presentation and, in fact, first go around had some language out there that I think comports with how the
Commission has treated this. And I think it's extremely important given that it is the pension benefits and that we really do need to get it right. So I think a second look at it will accomplish that goal so that we can have the appropriate finding at the end of our rehearing.

CHAIRMAN FLORES: Very well.

Any further discussion?

(No response.)

CHAIRMAN FLORES: I will make a motion to grant rehearing on Ameren's request regarding pension benefits.

Is there a second?

COMMISSIONER FORD: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All if in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0, and rehearing is granted on the pension benefits issue.

Next, let's turn to cash for working
capital.

Commissioner Elliott, I believe you may have something to propose for rehearing on this matter?

COMMISSIONER ELLIOTT: Yes, Mr. Chairman.

Thank you.

In the AIU request for rehearing they argued that $3.9 million in capital costs should be netted against 9.4 million in late fee revenues. I would be interested and move that we open rehearing to determine the appropriate methodology to determine the accuracy of the 3.9 million number and an analysis regarding whether the 3.9 million should be netted against the 9.4 million to offset the revenue of the capital costs.

So I would grant the rehearing on that limited basis and I would make that motion.

CHAIRMAN FLORES: Very well.

Now, Ameren's -- just to clarify here, Ameren's request to -- for rehearing is not necessarily focused on that issue. So what I'm going to -- again, as we did earlier before, we want to
clarify that the scope be narrowed and focused only on whether AIU, as it argues at $3.9 million in capital cost should be netted against the $9.4 million of late fee revenue. And, hence, they have to -- we need to look at the appropriate methodology to determine the accuracy of the 3.9 million and an analysis regarding whether the 3.9 million should be netted against the 9.4 mill to offset the revenues with a capital cost.

Is there a consensus there among the Commissioners to narrow the scope and focus for -- on this issue?

COMMISSIONER FORD: I can support that.

CHAIRMAN FLORES: Then what I'd like to do is make a motion to grant rehearing on Ameren's request on cash working capital but narrowed to the scope that I just referenced.

Is there a second to the motion that I just made?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."
(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0, and the
rehearing is granted on the cash working capital
issue again but only to the extent that we deal with
the scope that I have already outlined in --
previously.

Next, we have the AmerenCILCO cost of
debt issue. Administrative Law Judges Albers and
Yoder recommend denial of rehearing on this issue.

Is there any discussion on this
rehearing request?

(No response.)

CHAIRMAN FLORES: Hearing none, is there a
motion to deny rehearing on Ameren's request on
AmerenCILCO's cost of debt?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: I'll second it.

It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)
CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0, and rehearing is denied on AmerenCILCO's cost of debt. And lastly we have the incentive compensation. Administrative Law Judge Albers and Yoder recommend denial of rehearing on incentive compensation issues.

Is there any discussion on this rehearing request?

(No response.)

CHAIRMAN FLORES: Hearing none, is there a motion to deny rehearing on Ameren's request with respect to incentive compensation? Anyone?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: I'll second it.

It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0, and
rehearing is denied on the Ameren's incentive
compensation request for rehearing.

Judge Wallace, your Honor, have we
addressed all outstanding rehearing issues?

JUDGE WALLACE: I think so, yes.

CHAIRMAN FLORES: Very well. Very well. Thank
you, Judge.

We have one remaining item on today's
agenda and it's a FERC item for which I will need to
go -- we will need to go into closed session.

Is there a motion to go into closed
session?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0, and we will
now go into closed session. Please let me know when
the room is clear in Springfield.

(Whereupon, the following proceedings were had in closed session.)
(Whereupon, the following proceedings were had in open session.)

COMMISSIONER ELLIOTT: I will move then that we allow Staff to file the comments at FERC.

CHAIRMAN FLORES: Very well.

Is there a --

COMMISSIONER COLGAN: Second.

CHAIRMAN FLORES: It's been moved and -- hold on.

I just want to, real quick, recap. In closed session the Commission discussed FERC Docket No. ERO5-1410. This matter concerns ICC's request for rehearing of FERC's May 20, 2010 Order regarding PJM's incremental auction and redesign for capacity procurement.

Is there a motion to allow for rehearing to be requested with the FERC?

Commissioner Elliott?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER COLGAN: Second.
CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0. Rehearing will be requested from the FERC.

Judge Wallace, are there any other items for the Special Open Meeting today?

JUDGE WALLACE: No, that's it.

CHAIRMAN FLORES: Thank you, sir.

Hearing none, this meeting is adjourned.

(Whereupon, the meeting was adjourned.)