By the Commission:

On March 22, 2006, the Illinois Commerce Commission (“Commission”) entered an Order Commencing Reconciliation Proceedings, which directed Illinois Power Company, d/b/a AmerenIP (“Respondent” or “the Company”), to present evidence in this docket to show the reconciliation of revenues collected under its Electric Environmental Adjustment Clause (“EEAC”) and Gas Environmental Adjustment Clause (“GEAC”) with prudently incurred costs of environmental activities and recoveries under said riders. The applicable reconciliation period is from January 1, 2005 through December 31, 2005 (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 exhibits summarizing environmental activities conducted at Respondent’s manufactured gas plant sites (“MGP”) along with an accounting of revenues collected and costs incurred in connection with these sites. Respondent published notice of the filing in newspapers having general circulation in the Company’s service territory. On July 24, 2006, Respondent submitted Certificates of Publication. No petitions to intervene were filed.

Following prehearing conferences held in this matter before Administrative Law Judge Michael L. Wallace of the Commission, an evidentiary hearing of this matter occurred on April 5, 2007, at the Commission’s Springfield offices. Appearances were entered by counsel for Respondent and by the Commission Staff (“Staff”). The following evidence was admitted into record on behalf of Respondent: Direct Testimony of Leonard A. Mans
(AmerenIP Exhibit 1.0, 1.1, 1.2 and 1.3), Affidavit of Leonard A. Mans (AmerenIP Exhibit 1.4), Direct Testimony of Brian Martin (AmerenIP Exhibit 2.0), and Affidavit of Brian H. Martin (AmerenIP Exhibit 2.1). Ms. Bonita A. Pearce of the Accounting Department of the Financial Analysis Division of the Commission provided Direct Testimony (ICC Staff Exhibit 1.0) that was admitted into evidence at the evidentiary hearing. At the conclusion of the evidentiary hearing, the record was marked “Heard and Taken.”

SUMMARY OF EVIDENCE

The record contains a detailed description of Respondent’s practices and procedures for reconciling the revenues collected under its EEAC and GEAC riders with the actual costs recoverable under such tariffs 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 EVIDENCE

Mr. Leonard A. Mans, Managing Supervisor, General Ledger for Ameren Services Company (“Ameren”), testified as to his responsibility for calculating and filing with the Commission Respondent’s annual reconciliation reports required by Respondent’s EEAC and GEAC riders. Mr. Mans sponsored the following exhibits on behalf of AmerenIP: 2005 Annual Report marked as AmerenIP Exhibit 1.1, Incremental and Cumulative Costs by Site marked as AmerenIP Exhibit 1.2, Annual and Cumulative Totals of Incremental Recoveries marked as AmerenIP Exhibit 1.3. AmerenIP Exhibit 1.2 showed that during 2005, Respondent incurred incremental costs with respect to the following Illinois MGP sites: Belleville, Cairo, Carlinville, Champaign, Clinton, Danville, Decatur, East St. Louis-Lynch Avenue, Granite City A, Granite City B, Kewanee, Hillsboro, LaSalle, and Monmouth. At the end of 2005, total actual MGP expenditures and total actual revenues were compared. The result was an over-recovery to electric customers in the amount of $6,928, and an over-recovery to gas customers in the amount of $1,400, as reflected on AmerenIP Exhibit 1.1, pages 1 and 5, respectively. AmerenIP did not collect any revenues under its riders in 2005. However, AmerenIP did incur a total of $1,863,558 in MGP expenses which were all offset by insurance proceeds.

Mr. Brian H. Martin, Consulting Environmental Scientist for Ameren, testified that the Company continues to investigate and/or monitor 25 MGP sites located in Illinois. These sites are identified as follows: Belleville, Cairo, Carlinville, Centralia, Champaign, Clinton, Danville, Decatur, East St. Louis-Brooklyn, East St. Louis-Lynch Avenue, Edwardsville, Galesburg, Galva, Granite City A, Granite City B, Greenville, Hillsboro, Jacksonville, Kewanee, LaSalle, Litchfield, Monmouth, Mt. Vernon, Peru, and Staunton. Mr. Martin testified as to the environmental activities conducted at the sites. Remediation activities
have been concluded at the Greenville and Staunton sites, and the other sites are in various stages of investigation and remediation. A detailed summary of environmental activities during the Reconciliation Period is appended to AmerenIP witness Mans’ testimony and is identified as AmerenIP Exhibit 1.2 Mr. Martin 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 (“EPA”) and in accordance with the Illinois EPA’s Site Remediation Program.

Mr. Martin testified that the environmental costs incurred by the Company at the aforementioned MGP sites were prudently incurred. AmerenIP introduced into evidence its responses to data requests which describe the Company’s remediation efforts and various prudence and regulatory requirements (AmerenIP Exhibit 3.0 Corrected).

COMMISSION STAFF’S EVIDENCE

On behalf of the Staff, Ms. Bonita A. Pearce of the Accounting Department of the Financial Analysis Division of the Commission issued extensive data requests to AmerenIP concerning the revenues collected under the Company’s EEAC and GEAC riders and costs recoverable under such tariffs. The Staff reviewed the Company’s filing and responses to data requests.

Ms. Pearce testified on behalf of the Staff. In her prepared Direct Testimony (ICC Staff Exhibit 1.0), Ms. Pearce testified that she had reviewed the Company’s filing and responses to extensive data requests concerning the prudence of the Company’s environmental expenditures during the Reconciliation Period. Ms. Pearce stated that based upon her review using the four prudence standards set by the Commission in the Order on Docket Nos. 91-0080 through 91-0095 (cons.), she found no reason to object to the prudence of the expenditures made by the Company. As a result of her review, Ms. Pearce recommended the approval of the Company’s Annual Report as reflected on AmerenIP Exhibit 1.1 as sponsored by AmerenIP witness Mans.

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 2005 Reconciliation Period, Respondent acted reasonably and prudently in incurring incremental costs of $1,863,558 in connection with the Company’s MGP sites;

5) the evidence shows that during the calendar year 2005 Reconciliation Period, Respondent acted reasonably and prudently in collecting rider revenues of $0 and insurance recoveries of $1,863,558 by which to cover the aforesaid incremental costs;

6) as set forth in Appendix to this Order, cumulative totals reflect expenses through December 31, 2005 of $34,646,581, insurance recoveries of $24,185,557, and rider recoveries of $10,469,352, resulting in a cumulative over-recovery of $8,328;

7) The cumulative over-recovery at December 31, 2005 of $8,328 will be addressed by adjustments to the appropriate billing factors over the period May 1, 2007 through December 31, 2007 or such other period as provided by the EEAC and GEAC riders; and

8) 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 Illinois Power Company d/b/a AmerenIP of the revenues collected under its EEAC and GEAC riders, with costs prudently incurred for environmental activities for calendar year 2005, 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 16th day of May, 2007.
(SIGNED) CHARLES E. BOX

Chairman