

Exhibit No.:  
Issues: Ameren Services Wages  
and Benefits  
Witness: Marla J. Langenhorst  
Sponsoring Party: Union Electric Company  
Type of Exhibit: Direct Testimony  
File No.: ER-2014-0258  
Date Testimony Prepared: July 3, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. ER-2014-0258**

**DIRECT TESTIMONY**

**OF**

**MARLA J. LANGENHORST**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY  
d/b/a Ameren Missouri**

**St. Louis, Missouri  
July, 2014**

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**DIRECT TESTIMONY**

**OF**

**MARLA J. LANGENHORST**

**FILE NO. ER-2014-0258**

**Q. Please state your name and business address.**

A. My name is Marla J. Langenhorst and my business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

**Q. By whom are you employed and what is your position?**

A. I am employed by Ameren Services Company ("Ameren Services") as Director, Total Rewards.

**Q. Please describe your educational background and employment experience.**

A. I was awarded a Bachelor of Science degree in Education in 1991 from Southern Illinois University in Carbondale, Illinois, and a Masters in Business Administration in 2011 from the same university. In addition to this academic training, I have over twenty years of experience in employee benefits and human resources-related activities, in roles of increasing scope and responsibility throughout this time period.

**Q. Please describe your additional qualifications.**

A. In addition to my education and experience as described above, I have also attended numerous continuing education programs related to human resources, benefits, and compensation, and in 2005 was awarded the Senior Professional in Human Resources (SPHR) certification from the Society of Human Resources Management. Further, throughout my career I have successfully led many strategic projects, including

1 analysis and design for qualified and non-qualified benefit programs, integration  
2 activities related to a number of mergers and acquisitions, labor negotiations planning,  
3 and compensation and performance-related design changes.

4 **Q. What are your responsibilities in your current position?**

5 A. As Director of Total Rewards, I am responsible for overseeing the  
6 strategy, design, and delivery of broad-based compensation and benefit programs for  
7 Ameren and its subsidiary companies, including base salary, pension, 401(k), medical,  
8 employee wellness, life insurance, and short-term incentives. My responsibilities also  
9 include elements of performance management, human resource strategy, and human  
10 resources technology.

11 **Q. What is the purpose of your direct testimony in this proceeding?**

12 A. The purpose of my direct testimony is to describe Ameren's organizational  
13 structure, specifically addressing the shared services model that is utilized for the services  
14 delivered by Ameren Services, which ensures that those services are delivered in an  
15 efficient and effective manner and at a cost that is commensurate with the market for  
16 such services.

17 **Q. Please describe and explain the overall organizational structure of**  
18 **Ameren.**

19 A. Ameren Corporation ("Ameren") is a public utility holding company with  
20 four primary subsidiaries. Three of these are operating companies and the fourth,  
21 Ameren Services, is a service company that provides common and necessary services for  
22 Ameren and its subsidiaries. Ameren Missouri is one of the three operating companies  
23 served, as is Ameren Illinois, a rate-regulated electric and natural gas transmission and

1 distribution business in Illinois, and Ameren Transmission, a Federal Energy Regulatory  
2 Commission ("FERC") rate-regulated electric transmission business. Ameren Services is  
3 the service company within the Ameren family of affiliated companies that provides  
4 services such as information technology, supply, finance, and human resources to  
5 Ameren and its subsidiaries.

6 **Q. Is the organizational structure of Ameren reasonable and**  
7 **appropriate?**

8 A. Yes. The service company model is widely used throughout the electric  
9 utility industry and, in fact, the Security and Exchange Commission administered the  
10 Public Utility Holding Company Act of 1935 ("PUHCA") so as to require any employee  
11 serving multiple operating companies in a utility holding company system to be an  
12 employee of a service company. Given this history and regulation, it is common for  
13 affiliated utilities to receive similar services from service companies. In addition, this  
14 shared services model enables Ameren's operating companies, and in this context  
15 Ameren Missouri, to focus on its core business of providing customers with reliable and  
16 reasonably-priced utility services, while essential corporate services are developed and  
17 delivered from a common and shared resource. The shared services model also facilitates  
18 standardized processes as well as enhanced efficiencies and leveraged buying  
19 opportunities. Having one service company provide common services to all of the  
20 companies within the holding company system is not only efficient but is cost-effective  
21 as well, compared to a model where each subsidiary would have to provide its own  
22 human resources staff, information technology and support services, accounting services,

1 supply services, and so on. In other words, the shared services model reduces overlap  
2 and redundancy, thereby providing services in the most efficient, cost-effective manner.

3 **Q. Please describe the compensation philosophy followed by Ameren and**  
4 **its subsidiaries.**

5 A. Ameren has a market-based compensation philosophy. The objective of  
6 this philosophy is to provide a package that attracts, retains and motivates employees to  
7 accomplish the company's goals and objectives, and also ensures that pay programs are  
8 generally aligned and competitive with other similarly-situated companies. With this  
9 approach, we can be confident that our pay is competitive and aligned with the external  
10 market.

11 Ameren sets pay levels for management positions using the market-based  
12 philosophy. \*\* [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED] \*\*

20 The efficiency of the shared-services model, combined with market-based  
21 compensation philosophies, serves to ensure that the shared services company is  
22 providing services that are market priced.



1 integrity. It is this process that ensures that the benchmarked roles are comparable from  
2 company to company. On a regular and ongoing basis, we evaluate management salaries  
3 individually and in the aggregate to ensure that we are abiding by our market-based  
4 compensation philosophy. \*\* [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED] \*\*

8 **Q. How do you align your benefits with the external market?**

9 A. Similar to our compensation philosophy, our benefits philosophy is to  
10 provide a competitive benefits package with an overall value at approximately the market  
11 median. By benchmarking benefit offerings against comparable peer utilities, we are able  
12 to ensure our benefit programs are consistent with this philosophy.

13 Similar to the market pay benchmarking, we participate in benchmarking services  
14 where the value of Ameren benefits is compared to the benefits programs offered by  
15 other participating companies. These benchmarking results provide a quantitative  
16 evaluation of each company's benefits provisions and overall benefits program, and  
17 facilitate a comparison of these benefits values from company to company.

18 \*\* [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

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[REDACTED]

2

[REDACTED]\*\*

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These results are consistent with our philosophy to provide market-based benefits

4

programs.

5

**Q. Does this conclude your direct testimony?**

6

A. Yes, it does.

NP



