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**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. EO-2017-0176**

**DIRECT TESTIMONY**

**OF**

**LAURA M. MOORE**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY**

**D/B/A AMEREN MISSOURI**

**St. Louis, Missouri  
June 14, 2019**

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**DIRECT TESTIMONY**

**OF**

**LAURA M. MOORE**

**FILE NO. EO-2017-0176**

**I. INTRODUCTION**

1

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

3           A.     My name is Laura Moore and my business address is One Ameren Plaza,  
4     1901 Chouteau Avenue, St. Louis, Missouri 63103.

5           **Q.     What is your position with Ameren Missouri?**

6           A.     I am the Controller for Union Electric Company d/b/a Ameren Missouri  
7     ("Ameren Missouri" or "the Company").

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

10          A.     I received a Bachelor of Science degree in Accounting from the University  
11     of Missouri at Columbia in May 1991 and a Masters of Business Administration from St.  
12     Louis University in May 1997. I am a Certified Public Accountant, licensed to practice in  
13     the state of Missouri. From 1992 to 1994, I worked for Preferred Pipe Products, Inc., in St.  
14     Louis, Missouri, in various capacities, including Staff Accountant in 1992 and Accounting  
15     Manager from 1992 to 1994. I worked with Eagleton Enterprises in St. Louis, Missouri, as  
16     an Accounting Manager from 1994 to 1995. I worked with Merit Behavioral Care in St.  
17     Louis, Missouri, as an Accountant from 1995 to 1997. I worked with Clark Refining and  
18     Marketing in St. Louis, Missouri, as a Financial Analyst from 1997 to 1999. From 1999 to  
19     2002, I worked at Emerson Tool Company in St. Louis, Missouri, in the Financial Analysis

1 Department, first as an Analyst and then as the Manager. I have worked for Ameren  
2 Missouri or one of its affiliates since 2002. My experience at Ameren has included working  
3 in plant accounting and fuel accounting for Ameren Services Company ("AMS") and in  
4 regulatory accounting for Ameren Missouri, including as Ameren Missouri's Director or  
5 Regulatory Accounting from July, 2012 to March 2019. Earlier this year, I was promoted  
6 to the position of Controller, Ameren Missouri.

7 I am a former Vice Chairperson of the Edison Electric Institute's ("EEI") Property  
8 Accounting and Valuation Committee. Prior to that, I was a member of the Leadership  
9 Committee for EEI's Property Accounting and Valuation Committee.

10 **Q. What is the purpose of your direct testimony?**

11 A. The purpose of my direct testimony is to explain affiliate transactions  
12 between Ameren Missouri and its affiliates, as well as the process to charge, review, and  
13 pay for these amounts. I will also discuss the variances that Ameren Missouri is requesting  
14 in this case and outline the studies that will be conducted as agreed in the Stipulation and  
15 Agreement entered into between the Commission's Staff and the Company.

16 **II. TYPES OF AFFILIATE TRANSACTIONS**

17 **Q. With what affiliates does Ameren Missouri transact?**

18 A. The primary affiliate transactions that affect Ameren Missouri arise from  
19 Ameren Missouri's receipt of products and services (I will simply refer to them as services)  
20 from AMS. AMS transactions represented approximately 97% of the dollars paid by  
21 Ameren Missouri for affiliate transactions where Ameren Missouri receives services in  
22 2018, which is typical. As Mr. Byrne explains in his direct testimony, AMS was established  
23 when this Commission (along with the Illinois Commerce Commission ("ICC"), the

1 Securities and Exchange Commission, and the Federal Energy Regulatory Commission  
2 ("FERC")) approved the merger of Ameren Missouri and Central Illinois Public Service  
3 Company ("CIPS") resulting in the formation of Ameren Corporation ("Ameren"). AMS  
4 provides a variety of services to Ameren and its affiliates in order to take advantage of the  
5 synergies that exist when multiple operating entities are able to spread the cost of necessary  
6 functions (accounting or legal are good examples) across the various entities instead of  
7 each entity having to provide those functions themselves at their sole cost. Ameren  
8 Missouri witness John Reed discusses this in greater detail in his direct testimony. AMS  
9 operates on a non-profit basis, meaning that AMS provides its services at cost, with no  
10 markup or adders of any kind.<sup>1</sup>

11 Ameren Missouri also has some affiliate transactions with other affiliates, such as  
12 Ameren Illinois Company ("AIC"), which is Ameren's utility affiliate operating in Illinois  
13 under ICC jurisdiction.<sup>2</sup> Ameren Missouri employees may provide assistance to AIC, and  
14 vice-versa, and AIC and Ameren Missouri exchange property such as meters, line  
15 transformers, etc. from time-to-time. The net exchanges between Ameren Missouri and  
16 AIC have generally been approximately \$100,000 to \$1,100,000 paid by Ameren Missouri  
17 over the past few years. Ameren Missouri also has a minor amount of affiliate transactions  
18 with other affiliates for various reasons.

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<sup>1</sup> Because of permanent and temporary tax differences, AMS may show a "profit" for tax purposes. One instance of this is certain expenses related to meals that are non-deductible for income tax purposes. In this example, if the financial statements included charges of \$1,000 for meals, only \$500 would be deductible for income tax purposes. So while book income is zero, taxable income would be \$500.

<sup>2</sup> AIC consists of three utilities that are now combined, CIPS, Illinois Power Company, and Central Illinois Light Company.

1           **Q.     Focusing on AMS since almost all of the transactions occur there, how**  
2 **does AMS charge its costs to other affiliates of Ameren?**

3           A.     As I previously mentioned, the services from AMS are charged at cost with  
4 no markup. There are three ways that AMS charges its costs for the services it provides:

- 5                     • Direct – costs that can be identified as being applicable to services  
6                         performed for a single affiliate and are directly charged to that affiliate.
- 7                     • Direct Allocated – costs that are applicable to two or more affiliates and  
8                         are allocated among affiliates based on a prescribed allocation factor.  
9                         The allocation factor is designed to allocate costs to the appropriate  
10                         affiliate.
- 11                    • Indirect – costs of a general overhead nature which cannot be attributed  
12                         to a single affiliate or group of affiliates. These indirect costs are defined  
13                         as either functional or corporate in nature.

14           **Q.     Please explain the process AMS uses to charge these costs to the**  
15 **appropriate affiliates.**

16           A.     AMS utilizes a service request process to charge these costs to the affiliates.  
17 A service request is a project used to accumulate AMS charges, to which the appropriate  
18 allocation factor is applied. In the case of direct charged costs, the allocation factor applied  
19 to the service request would be one hundred percent to that particular affiliate.

20           AMS employees use a time reporting system to allocate their time to the appropriate  
21 service request project and also use an activity code, to specify the product or service  
22 applicable to the work that they are doing. Monthly, the payroll expense and the related  
23 loading costs (such as pensions, other employee benefits, and other loadings) for AMS are

1 then allocated based on the time reporting done by all AMS employees. The service request  
2 charged is recorded in the General Ledger for AMS and then the allocation process is run  
3 to "clear" all AMS expenses and charge them to the appropriate affiliates. This process is  
4 transparent to Ameren Missouri allowing it to review the costs and services that it is  
5 receiving from AMS.

6 **Q. Please provide an example.**

7 A. Take the case where an AMS employee who is working on a project  
8 supporting Ameren Missouri charges his or her time to a service request that is directly  
9 charged to Ameren Missouri. This amount would be recorded at AMS in the General  
10 Ledger with the appropriate service request. That amount would then be charged to Ameren  
11 Missouri based on the appropriate service request and accounting.

12 As another example, an AMS employee may be working on a project that benefits  
13 Ameren Missouri and AIC. The AMS employee charges his or her time to a service request  
14 that allocates that employee's cost to Ameren Missouri and AIC. When this amount is  
15 charged to Ameren Missouri, the service request is included in the General Ledger with  
16 Ameren Missouri's share of the cost.

17 Other non-labor expenses incurred by AMS follow a similar process. The actual  
18 expense is recorded to AMS with the appropriate service request project. These charges  
19 are allocated through the same allocation process as labor expenses.

20 **Q. Are AMS charges paid by Ameren and all its affiliates?**

21 A. Yes. Ameren and all affiliates receive charges from AMS. This was largely  
22 the case throughout AMS' operation, but until recently a couple of very small Ameren  
23 subsidiaries were not receiving an allocation of AMS costs. Allocating a fair share of costs

1 to those small subsidiaries is one of the improvements that has been made through the work  
2 done in this docket.

3 **Q. Please explain the various costs charged from Ameren Missouri to**  
4 **AMS in greater detail.**

5 A. Ameren Missouri charges AMS for property rentals. Rent is charged to any  
6 affiliates with employees located in an Ameren Missouri building. The rent is calculated  
7 based on the fully distributed cost ("FDC") of the building. For the St. Louis General  
8 Office Building ("GOB"), the rent is based on the results of a space study that determines  
9 the percentage of the total GOB square footage utilized by a given affiliate, including an  
10 allocation of common space based on that percentage. This is another improvement made  
11 as part of the process that has taken place in this docket. Previously, the rent charged a  
12 given affiliate for the GOB was based on headcount, but it is believed that utilizing a space  
13 study will result in an improved allocation of the building's costs.

14 Ameren Missouri also charges interest to AMS arising from the Ameren money  
15 pool. The money pool is an arrangement that allows Ameren affiliates to borrow and lend  
16 money to each other, at an established interest rate, when it is beneficial for them to do so.  
17 Ameren Missouri pays interest expense when borrowing from the money pool. Ameren  
18 Missouri also receives interest income when it is in a lending position to AIC in the money  
19 pool.

20 Transportation expenses AMS pays to Ameren Missouri reflect the costs associated  
21 with Ameren Missouri-owned vehicles that are used by some AMS departments. The  
22 transportation expense includes the depreciation, licensing costs, and taxes on the vehicles.  
23 These costs are accumulated by vehicle class and a monthly base rate is determined. Every



1 vehicle is assigned to a department and the base rate is charged along with the directly  
2 assigned fuel and maintenance expense. These expenses are allocated based on the labor  
3 expenses for the departments that have vehicles assigned to them.

4 AMS also receives goods from Ameren Missouri through inventory transfers.  
5 Inventory transfers are completed at the average cost of the inventory.

6 The last type of expense Ameren Missouri charges AMS is for intercompany billing  
7 expenses related to work done by Ameren Missouri for AMS. This work is tracked on an  
8 intercompany billing project by the employees of Ameren Missouri that are doing work for  
9 AMS. The labor, related loadings, and any associated expenses are then charged to AMS  
10 since it is receiving the benefit of this work. The same intercompany billing process applies  
11 when Ameren Missouri provides a service for another affiliate (or vice-versa).

12 **Q. Does Ameren Missouri engage in other affiliate transactions?**

13 A. As earlier noted, yes. The relatively small level of transactions with non-  
14 AMS affiliates are typically for inventory transfers, exchanges of meters and line  
15 transformers, building and software rentals, storm support between the utilities, other  
16 support work, and energy/capacity sales.

17 **Q. Please explain these other affiliate transactions.**

18 A. Inventory can be transferred between companies when needed. These  
19 inventory transfers are done at the average cost of the inventory similar to inventory  
20 transfers from Ameren Missouri to AMS as explained above.

21 Plant asset transfers are also done for exchanges of meters and line transformers  
22 between affiliates. These transfers are completed at the net book value of the asset, with a  
23 recent exception involving the purchase of a significant number of automatic meter reading

1 ("AMR") meters from AIC in 2018. Ameren Missouri purchased these meters because  
2 while Ameren Missouri will be replacing its AMR meters over approximately the next 6-  
3 7 years, Ameren Missouri still needs additional AMR meters for service to its customers  
4 until Ameren Missouri fully migrates from AMR meters to Advanced Metering  
5 Infrastructure ("AMI"). AIC had an inventory of AMR meters that it no longer needed  
6 available to sell because it is further along in its process of replacing all of its AMR meters.  
7 Ameren Missouri also needed to start acquiring additional AMR meters in the near-term  
8 and since most of the industry is replacing AMR meters with AMI, getting AMR meters  
9 involves a long lead time. For all these reasons it made sense for Ameren Missouri to  
10 acquire the AIC meters. However, given the quantity of meters involved and the  
11 circumstance surrounding the phase-out of AMR in the industry, Ameren Missouri in this  
12 instance took specific steps to establish what these AMR meters would be worth in the  
13 market, which is lower than AIC's net book cost. Having established that market value,  
14 Ameren Missouri is buying the meters at that lower market value.

15 Building rentals are the next type of affiliate transaction listed. These rentals are  
16 charged to the other affiliates in the same manner as they are charged to AMS as described  
17 above, except that in the limited instances where a non-Ameren Missouri employee is  
18 located in an Ameren Missouri building (other than the GOB) costs are charged to the  
19 renting affiliate based on the proportion of the number of that affiliate's employees in the  
20 building to the total number of employees in the building. Given the relatively minor  
21 amount of these costs commissioning a formal space study would be far too  
22 administratively burdensome and would not materially change the rent.

1           Software rentals are also charged to other affiliates and Ameren Missouri. These  
2   rentals are for software acquired by one affiliate that is needed by other affiliates, allowing  
3   the affiliates to share the cost instead of one affiliate having to pay the full cost of the  
4   software itself. A rental is charged depending upon the usage and nature of the software  
5   assets.

6           Intercompany support for storms or other work is also done. This work is tracked  
7   through an intercompany billing project as described above for AMS. This work is charged  
8   at cost with an intercompany billing administrative overhead adder being applied to ensure  
9   that the charges equal the FDC. This support occurs between affiliates and in both  
10   directions as needed.

11          The last of the types of transactions listed in the prior answer is energy/capacity  
12   sales. These transactions include the sales of energy or capacity to AIC at market rates set  
13   pursuant to a competitive bidding process. These market rates may be lower than Ameren  
14   Missouri's FDC so long as the sale of energy covers Ameren Missouri's marginal costs of  
15   providing energy. Releases of natural gas pipeline capacity pursuant to FERC rules  
16   sometime also occur as discussed later in my testimony.

17          **Q.     Are there other affiliate transactions between Ameren Missouri and**  
18   **other non-AMS affiliates of Ameren?**

19          A.     Yes, there are. There are other miscellaneous transactions that may happen  
20   each year. These miscellaneous transactions change every year. For example, the net value  
21   of the miscellaneous transactions between Ameren Missouri and AIC is approximately  
22   \$700,000 for 2018. These miscellaneous transactions in 2018 include electric service from  
23   AIC for Ameren Missouri facilities located in Illinois, the transfer of a tractor from Ameren

1 Missouri to AIC, a facility charge based on a facility use agreement between the  
2 companies, training expenses, and lab testing services.

3 **Q. What is the process to review and pay for affiliate transactions?**

4 A. Each month, a bill for each affiliate doing business with Ameren Missouri  
5 is prepared for all transactions between the affiliates. These bills are reviewed by Ameren  
6 Missouri, including by me, the Ameren Missouri CAM Manager, and Ameren Missouri's  
7 Vice President, Regulatory & Legislative Affairs. After a review of the intercompany bills,  
8 the Vice President, Regulatory & Legislative Affairs approves the intercompany charges.  
9 Payment for these services occurs in the month following the services based on the review  
10 and approval of the services.

11 **III. REQUESTED VARIANCES**

12 **Q. Please discuss the variances that have been requested by the Company**  
13 **and AMS in this case.**

14 A. The requested variances are set forth in detail in Tab G of the CAM  
15 submitted with the Stipulation between the Company and the Staff.<sup>3</sup> There are two  
16 variances requested for transactions between the Company and AMS. The first one is  
17 related to transactions between the Company and AMS for goods, services, information or  
18 assets. This reasons for this variance request are discussed in the direct testimonies of  
19 Ameren Missouri witnesses Tom Byrne and John Reed.

20 The second variance is for rentals for Ameren Missouri-owned buildings.

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<sup>3</sup> These variances are also listed in the 2018 CAM submitted on May 15, 2019 which, as Mr. Byrne explains, is the CAM for which we seek approval in this docket and which is materially the same as the CAM submitted with the Stipulation.

1           **Q.     What is the variance relating to the building rentals and why is it**  
2 **appropriate?**

3           A.     As earlier explained, Ameren Missouri charges rent to AMS and other  
4 affiliates for Ameren Missouri-owned buildings at FDC. The vast majority of these rentals  
5 are for the GOB. The majority of the employees that work at the GOB are AMS employees,  
6 followed by a significant number of Ameren Missouri employees, and a few AIC  
7 employees. Charging the affiliates for rent at FDC is appropriate because the GOB is not  
8 comparable to other general office space and it is difficult if not impossible to establish  
9 what a "market" rental for it would be given the presence of secure control rooms, trading  
10 areas, data center facilities, and other features designed to protect Critical Electric  
11 Infrastructure Information. The GOB is also designed to meet the specific needs of Ameren  
12 Missouri and AMS, which as discussed in this testimony provides Ameren Missouri with  
13 substantial support. The GOB is not designed to be marketed or rented to unaffiliated third  
14 parties nor are there generally comparable facilities in the market which would meet the  
15 needs of the Company. For these reasons, Ameren Missouri believes that FDC is the most  
16 appropriate way to charge these costs and that literal application of the pricing-related  
17 provisions of the Affiliate Transactions Rules would not be practical. Some of these  
18 considerations also apply to other Ameren Missouri-owned buildings and, as noted, the  
19 presence of non-Ameren Missouri employees in those buildings is minor as compared to  
20 the total Ameren Missouri employees housed there. Attempting to establish a "market" for  
21 those buildings would be very burdensome for little or no benefit.

22           **Q.     What variances are being requested for transactions between Ameren**  
23 **Missouri and other affiliates?**

1           A.     There are five variances that have been requested in this case for  
2 transactions between Ameren Missouri and other affiliates are listed below:

3           1.     The first variance is essentially a de minimis variance. It covers individual  
4 transactions involving exchanges of (a) employee labor-related costs and related employee  
5 expenses for services provided, (b) inventory transfers, (c) meter and line transformer  
6 transfers, (d) facility charges under the May 2, 2005 Facility Use Agreement between  
7 Ameren Missouri and AIC, (e) lab testing services, and (f) software rentals. To qualify for  
8 the variance, the FDC of each of the electric transactions must be less than or equal to  
9 \$650,000, or about .02% of the retail revenue requirement used to set rates in Ameren  
10 Missouri's last electric rate case, and the FDC for each of the gas transactions must be less  
11 than \$60,000, which is approximately the same relationship to the gas revenue  
12 requirement.<sup>4</sup>

13          2.     Transactions arising from emergencies where life and property damage is  
14 threatened, or has occurred, including storm response and electric and/or gas restoration  
15 efforts.

16          3.     Rentals by Ameren Missouri affiliates of space in Ameren Missouri-owned  
17 buildings.<sup>5</sup>

18          4.     Sales of energy or capacity to AIC at market rates set pursuant to a  
19 competitive bidding process such as, but not limited to, the process utilized by the Illinois  
20 Power Agency, even if those market rates are lower than Ameren Missouri's FDC so long  
21 as the sale of energy covers Ameren Missouri's marginal costs of providing the energy.

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<sup>4</sup> Categories (a) to (f) apply to electric transactions. Categories (a) to (c) and (f) apply to gas transactions (with respect to category (c), only meter transfers are made for the Company's gas operations.)

<sup>5</sup> The same variance applies between Ameren Missouri and AMS.

1           5.       The release or acquisition of natural gas pipeline transportation capacity  
2 done pursuant to FERC regulations.

3           **Q.     Please explain the first variance.**

4           A.       This variance is designed to allow the continuation of many small  
5 transactions between Ameren Missouri and other affiliates, primarily AIC. The at or below  
6 thresholds are designed to allow these beneficial transactions to continue at cost because if  
7 some kind of market testing had to be performed, the administrative burden of doing so  
8 would effectively prevent these beneficial transactions from occurring. To put the variance  
9 into perspective, consider that Ameren Missouri's total non-fuel operations and  
10 maintenance expenses are approximately \$1 billion per year, so these net exchanges (the  
11 net has ranged from \$250,000 to \$5,000,000 over the last three years) are immaterial to  
12 Ameren Missouri's overall costs. Ameren Missouri also receives many benefits from these  
13 types of transactions. The Company can easily track and access items it needs or access  
14 what is often the unique knowledge/services an affiliate's employee may possess/be able  
15 to provide without looking to an unaffiliated company. Those employees are unique  
16 because they have similar training, are subject to the same policies and procedures, and  
17 have a general familiarity with Ameren Missouri operations. An excellent example of this  
18 is Ameren Missouri's gas operations. Ameren Missouri's gas operations are controlled and  
19 monitored by AIC employees located in a gas control center facility located in Springfield,  
20 Illinois. AIC has ten times as many natural gas customers as the Company and a much  
21 larger distribution system. It is far more efficient for those trained AIC employees to  
22 monitor the Company's gas system instead of duplicating employees, equipment, and a  
23 control center.

1           The inventory and plant transfers that could be covered by this variance reduce  
2   order times when an item is needed. These items have been purchased under a common  
3   procurement procedure and they are often the same type/specification since both Ameren  
4   Missouri and AIC are Ameren utilities. The majority of the inventory transfers are between  
5   Ameren Missouri and AIC. Inventory items are transferred both to and from Ameren  
6   Missouri and AIC. In the last five years, these net transfers have been in the range of \$0.3  
7   million to \$2.7 million annually and can go either way. In 2018, Ameren Missouri received  
8   \$2.7 million more in inventory items than it transferred to AIC. Asset transfers are also  
9   done between affiliates, mostly for meters and line transformers. These transfers are  
10   typically small quantities of meters or line transformers as needed. These transfers can also  
11   go either way between Ameren Missouri and AIC. In the last five years, these net transfers  
12   have ranged from \$0.3 million to \$0.9 million. These transfers are typically done at the net  
13   book value of the assets.

14           **Q.     Why is a variance requested for emergencies?**

15           A.     If Ameren Missouri has an emergency, or if an affiliate does, and each  
16   company is available to help the other and be made whole for its costs, it is in the public  
17   interest for that to occur. Similar aid to non-affiliated utilities (and from non-affiliated  
18   utilities to Ameren Missouri) is routinely provided or received when storms or other  
19   emergencies occur, also at cost.

20           **Q.     Please discuss the next variance for rentals.**

21           A.     This variance request is the same as the request between Ameren Missouri  
22   and AMS and is discussed above.



1           **Q.     Why is the variance for sales of energy or capacity through a**  
2           **competitive bidding process, such as to AIC, appropriate?**

3           A.     Under Illinois law, distribution utilities acquire the power they need to serve  
4           their customers through an auction process administered by the Illinois Power Authority.  
5           Ameren Missouri can generate additional off-system sales of energy and capacity by  
6           responding to the requests for proposal and bidding process. Ameren Missouri has made  
7           these sales for many years and they have been reviewed in rate cases and fuel adjustment  
8           clause prudence reviews. The auction process may or may not comply with the letter of the  
9           Affiliate Transactions Rule, which is why the variance is being requested, but clearly such  
10          transactions do not implicate the kinds of concerns affiliate rules are designed to address.

11          **Q.     Please describe the final variance request.**

12          A.     At times, Ameren Missouri holds interstate gas pipeline capacity that it has  
13          procured to obtain gas for its generators or to serve its gas customers that may not, in a  
14          particular hour or on a given day, be needed. Or for some reason, Ameren Missouri may  
15          need pipeline capacity that it does not have. The FERC has implemented regulations that  
16          allow such capacity to be "posted" and then competitively bid upon and acquired by others  
17          that need it. This variance allows Ameren Missouri to continue to dispose or acquire of  
18          pipeline capacity as needed, again in a manner that would not implicate the kinds of  
19          concerns affiliate rules are designed to address.

20                               **IV.     FUTURE STUDIES**

21          **Q.     Is the Company working on studies as a result of this case?**

22          A.     Yes. In order to potentially improve the accuracy and fairness of various  
23          affiliate charges, the Stipulation agreed to between the Company and Staff, and the CAM

1 attached to it, calls for the completion of four studies. The first study that the Company is  
2 working on is an FDC study, which is addressed in detail in the direct testimony of Ameren  
3 Missouri witness Benjamin Hasse. In brief, that study will examine all the allocation factors  
4 used to allocate AMS costs for appropriateness given the cost causers of the specific service  
5 AMS provides, and will also look for ways to reduce the pool of allocated AMS costs (i.e.,  
6 increase the percentage of costs that are direct charged).

7 The other studies include the space study for the GOB that I addressed earlier  
8 (which will be updated annually), a purchasing rate loading study, and an inventory  
9 handling loading study.

10 **Q. What is the purchasing rate loading study?**

11 A. A purchasing rate loading is added to purchase order invoices to allocate  
12 the Purchasing Department's costs. This rate is currently determined by reviewing current  
13 and anticipated Purchasing Department costs and expected purchase orders.

14 This cost study will be performed to determine if the allocation of Purchasing  
15 Department costs can be improved. The results of this study will be used to allocate these  
16 costs going forward. This study will be completed in 2019 and then will be completed  
17 every five years. The study results will be reviewed annually.

18 **Q. Please explain the inventory handling loading study.**

19 A. An inventory handling loading charge is added to the inventory issuances  
20 to allocate inventory expenses.

21 This cost study will be completed every five years also to determine if these costs  
22 are better correlated on a different basis. The study will be completed in 2019 and the

- 1 results will be reviewed annually. If there is a change in the inventory handling/loading
- 2 process another study will be done at that time.

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

4           A.     Yes, it does.

In the Matter of a Union Electric Company d/b/a )  
Ameren Missouri's Cost Allocation Manual (CAM). ) File No. EO-2017-0176

STATE OF MISSOURI )  
 ) ss  
CITY OF ST. LOUIS )

GERI A. BEST  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Louis County  
My Commission Expires: February 15, 2022  
Commission Number: 14839811