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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2022-0337

DIRECT TESTIMONY

OF

LAURA M. MOORE

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
August, 2022**

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

1 Financial Analysis Department, first as an Analyst and then as the Manager. I have worked
2 for Ameren Missouri or one of its affiliates since 2002.

3 During my tenure at Ameren, I have worked in various roles. I started in Ameren
4 Services Company as a Financial Specialist and then worked in supervisory roles in Plant
5 Accounting and Fuel Accounting. In 2012, I transferred to Ameren Missouri to work in
6 Regulatory Accounting. I worked in Regulatory Accounting until I became Ameren
7 Missouri's Controller in 2019.

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

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

12 A. The purpose of my direct testimony is to (a) outline the manner in which
13 Ameren Missouri determines the nature and extent of the Ameren Services Company
14 ("AMS") products and services it will need each year in support of operating its regulated
15 electric and gas utility businesses (see Sections II and III);¹ and (b) address the small
16 (relative to the level of AMS transactions) exchanges of goods or services between Ameren
17 Missouri and its rate-regulated affiliates (see Section IV). I will also discuss Ameren
18 Missouri's membership in the Edison Electric Institute ("EEI").

¹ Ameren Missouri witness John P. Reed's direct testimony addresses the service company approach relied upon by Ameren Missouri and its other affiliates, the prudence of utilizing that approach to obtain the kind of services Ameren Missouri relies upon from AMS, and why that approach benefits Ameren Missouri and its customers.

1 appropriate. As I noted earlier, there is some overlap between Joint Planning (the primary
2 focus of which is on those AMS services that reflect operations and maintenance ("O&M")
3 costs for Ameren Missouri), and Demand Planning (which is focused primarily on services
4 that produce capital expenses).² Taken together, the Joint Planning and Demand Planning
5 processes allow Ameren Missouri to evaluate and understand the services that are
6 available, their cost, alternatives, and to ultimately decide what services to take and at what
7 level, in each case consistent with Ameren Missouri's business needs.

8 **Q. Do you have a role in each process?**

9 A. Yes. As Ameren Missouri's Controller, I have been deeply involved in both
10 processes each year since shortly after moving into this role, including the test year in this
11 case.³

12 **Q. Please provide additional details on the Joint Planning Process.**

13 A. The Joint Planning process exists as a means to ensure that Ameren
14 Missouri is receiving the mix and level of services it needs from AMS, and to do so in a
15 manner that is transparent and that allows for a continued focus on opportunities for
16 improvement, both in terms of cost levels and the efficiency of operations. While the
17 process has existed for many years, it was reduced to the formal written policy in
18 collaboration with the Staff in File No. EO-2017-0176, as we worked with Staff in reaching
19 agreement on the Stipulation among the Company and the Staff filed in that docket. Early

² As Mr. Reed discusses, most (more than 92%) of the non-capital AMS costs incurred by Ameren Missouri can be further classified as administrative and general ("A&G") costs.

³ I assumed my role as Ameren Missouri's Controller in April, 2019, and did not participate as meaningfully in the Demand Planning Process until a couple of months later. I did, however, participate in that process through its conclusion in 2019, including finalization and approval of the 2020 Ameren Missouri budget and subsequently, as part of the 2021 and 2022 budget processes.

1 in each year's budget process (generally in the spring or early summer), detailed
2 information is provided to Ameren Missouri (and the other affiliates AMS serves) about
3 AMS' services. This includes what those services are (changes from prior years would be
4 highlighted) and may involve identification of possible opportunities for Ameren Missouri
5 to consider alternatives. Such alternatives could range from the possibility of outsourcing
6 a service (in whole or in part) instead of having AMS provide it in the upcoming year or
7 may involve information about ways that AMS could increase the value of a service(s) or
8 reduce the cost of a service(s), or both. AMS provides projected AMS costs to Ameren
9 Missouri based on a continuation of the products and services it has historically taken from
10 AMS. These projected costs are provided in the aggregate for the upcoming annual period,
11 and by product and service. AMS also provides Ameren Missouri with year-over-year
12 comparisons, also in the aggregate and by product and service.

13 **Q. What happens after AMS provides this detailed information?**

14 A. Ameren Missouri leaders, myself included, review the information in detail,
15 consult with various Ameren Missouri personnel (directors and other subject matter
16 experts), and ultimately prepare for specific meetings with representatives from each of the
17 AMS functions to discuss the information, address questions, and discuss concerns, ideas
18 for improvement, and alternatives (such as whether there are alternatives for the services
19 AMS is offering, or alternative levels of the services, or other ideas for how Ameren
20 Missouri can get the support it needs in an efficient and cost-effective manner). These
21 discussions are collaborative, but at the same time, they often involve challenges from
22 Ameren Missouri regarding whether costs can be eliminated or reduced or provided in
23 some other, more efficient- or cost-effective manner. After this initial round of meetings

1 involving all AMS areas, there may be (and often are) follow-up meetings with certain
2 AMS representatives, as well as follow-up consultations among Ameren Missouri
3 personnel. Ultimately, Ameren Missouri determines, as part of its final budgeting process,
4 what level of each service it will procure from AMS in the upcoming budget year. Those
5 decisions are then reflected in Ameren Missouri's approved budget.

6 **Q. Does the process end there?**

7 A. No, Joint Planning is an ongoing, yearlong process. Once the process is
8 completed for an upcoming budget year – and that budget is finalized –Ameren Missouri
9 engages in ongoing monitoring of its AMS costs to ensure that the services AMS is
10 providing, and the costs Ameren Missouri is incurring for those services, are consistent
11 with the decisions Ameren Missouri made as part of the annual budgeting process. AMS
12 representatives meet with me and other members of the CAM Team on a quarterly basis to
13 discuss variances in the approved products and services. The results of those quarterly
14 meetings are then presented to and discussed with the President of Ameren Missouri and
15 his lead team to get their feedback. I, or others as appropriate, then follow-up with AMS
16 on any action items, questions, or concerns that might arise from this quarterly review
17 process including, if necessary, adjustments to AMS' work on behalf of Ameren Missouri
18 to align with the budget as approved, or as it may be changed by Ameren Missouri as the
19 year proceeds. It should be noted that I, along with members of my team, and other Ameren
20 Missouri leaders as appropriate, also have ongoing discussions with AMS as needed
21 throughout the year regarding the services AMS provides.

1 **III. DEMAND PLANNING WITH AMS**

2 **Q. Please describe the Demand Planning process.**

3 A. As indicated, the focus of demand planning is on capital projects on which
4 AMS works, as opposed to work that generates O&M expenses. The basic purpose of
5 Demand Planning is the same as for Joint Planning: to follow an annual process so that
6 Ameren Missouri gets cost-effective capital project work from AMS functions where
7 appropriate, and to include that contemplated capital work in Ameren Missouri's approved
8 budget. As discussed further below, the process also includes ongoing review as the
9 approved budget year progresses. While there is some AMS work on capital projects
10 outside the Digital (formerly called "IT") function, a high percentage of the capital work at
11 AMS for Ameren Missouri is in the Digital function. Consequently, the Demand Planning
12 process between Digital and Ameren Missouri is more structured and detailed, and I will
13 devote most of the remainder of my direct testimony to discussing Demand Planning as it
14 pertains to the Digital function. I will also address the application of the process to the other
15 capital work performed by AMS, albeit in less detail.

16 **Q. How does the process of determining what capital work from Digital is**
17 **needed by Ameren Missouri work?**

18 A. The Digital Demand Planning process is broken down into different steps,
19 as follows: (a) kick-off meetings; (b) opportunity gathering sessions; (c) business case
20 development; (d) reviews involving Ameren Missouri and Digital leadership; and (e)
21 execution planning. I should note that as is the case with Joint Planning, Digital goes
22 through a similar process with other Ameren affiliates, and in many cases the meetings or
23 sessions involve Digital and other affiliates, since many Digital Projects involve capital

1 software or hardware projects that benefit both Ameren Missouri and others. Examples
2 include the Customer Service Representatives to Customer Relationship Management
3 system, HR integrations⁴ and data lake maturity enablers.⁵ At other times, Digital meets
4 separately with Ameren Missouri, when the focus of the discussions is for an Ameren
5 Missouri-specific project.

6 **Q. Please explain the process in more detail, starting with the kick-off**
7 **meetings.**

8 A. The process starts off with kick-off meetings between Digital and with
9 Ameren Missouri, Ameren Illinois Company ("AIC"), and/or Ameren Transmission
10 Company of Illinois ("ATXI"). There are separate kick-off meetings across the different
11 Digital "portfolios."⁶ At a minimum, Ameren Missouri participants in these meetings
12 include members of the Ameren Missouri Capital Governance team, which reports to
13 Ameren Missouri President Mark Birk, and other Ameren Missouri leaders. The kick-off
14 meetings are used to outline the steps necessary to successfully complete the demand
15 planning process so that the projects that are ultimately approved meet each affiliate's
16 needs.

17 **Q. Please explain the opportunity gathering sessions.**

18 A. Following the kick-off meetings, the next few months entail collecting
19 details from the Ameren Missouri Capital Governance Team, and/or other functional

⁴ The HR integration project was the integration of our Workday platform to our new benefit administration software for Health, Welfare, and Pension benefits.

⁵ The data lake maturity enablers project enabled new analytical tools by investing in the Company's data analytics capabilities. This includes capturing new data sources, providing new analytical capabilities, and developing approaches to drive actions and decisions.

⁶ A Digital portfolio is a functional grouping of digital systems. The functional groupings are as follows: Transmission, HR, Foundational, Customer, Other, Cyber, Generation/Nuclear, Supply Chain, Run the Business, and Finance.

1 groups from Ameren Missouri, to identify investment needs. Other affiliates follow a
2 similar process. These working sessions capture the high-level scope details and benefits
3 of the capital projects identified. As noted earlier, if the projects benefit affiliates other than
4 Ameren Missouri, those other affiliates are also involved in those sessions. Once the needs
5 are identified, the applicable participants review and determine which investments are
6 priorities. At the end of this process, a list of investments is produced to move to the
7 business case development process. Specific to Ameren Missouri, this list is developed
8 with the input of Ameren Missouri's functional areas (e.g., Customer Experience, Energy
9 Delivery, Generation), and in collaboration with the Ameren Missouri Capital Governance
10 team and of course with Digital.

11 **Q. Please explain the next step.**

12 A. The next step is the business case development process. Each affiliate's
13 functional representatives continue to meet with Digital to gather additional details to
14 complete an appropriate business case, which would include deeper development of details
15 on the needs for the project, and its costs and benefits. Once the appropriate business cases
16 are developed, the Digital team leverages the information developed and compiles a
17 consolidated list of all of the potential investments.

18 **Q. What is the next step in the process?**

19 A. After the consolidated list of all of the investments across all of the different
20 functional areas is complete, the reviews with each affiliate and Digital leadership begin.
21 Before the review meetings, the Digital groups review the list of all the potential
22 investments and consider the feasibility, cost and potential value of each investment in
23 order to develop recommendations. Digital makes a preliminary list of potential projects at

1 this stage that it believes may not be as high priority as some of the other candidate projects,
2 either for technical reasons, due to resource or timing constraints, or because not all
3 projects could be pursued while also staying within investment targets set by each affiliate.
4 While I referred to this as the "next step" in the process, in reality Digital meets several
5 times with the Ameren Missouri Financial Services and Capital Governance teams prior to
6 finalizing Digital's recommendations. The recommendations list is refined several times as
7 a result of these additional discussions. Once Digital settles on its "final" recommendations,
8 those projects are then reviewed in detail with the leadership of the affiliates. Once those
9 reviews are complete, final decisions are made.

10 **Q. Please explain the final step of demand planning.**

11 A. Digital leadership then shares the approved list or plan with the entire
12 Digital organization so there is a complete understanding of what investments were
13 approved for funding by the affiliates for the year. Also, at this point, the investments are
14 entered into the budget system for AMS and for each affiliate, including Ameren Missouri,
15 and the affiliates perform a final review of the portion of the investments that they will be
16 covering (100% for affiliate-specific work or their allocated share of projects that benefit
17 more than one affiliate) before their budgets are finalized.

18 **Q. Is the demand planning process only used for Digital?**

19 A. No. There are two other AMS functions involving AMS services that
20 involve capital project work for Ameren Missouri: Facilities and Transmission. A similar
21 review process occurs in these functions, but without the same kind of set, detailed process
22 followed by Digital. While projects in the Facilities and Transmission groups were still
23 reviewed and scoped with Ameren Missouri (and other affiliates), the process varies from

1 the Digital process primarily because most of these projects have longer planning periods
2 prior to any work being done, eliminating the need to go through the same kind of process
3 used for Digital. Put another way, these projects are generally not confined to a single
4 budget cycle, which means there is ongoing collaboration between Facilities and
5 Transmission and the applicable affiliate as the projects are developed and proceed. By
6 contrast, Digital projects get approved and other than the ongoing reviews that take place,
7 as discussed further below, Digital for the most part simply goes ahead and executes the
8 projects without the same kind of ongoing collaboration that is needed for the longer-term
9 Facilities and Transmission work.

10 **Q. Does Demand Planning end with the finalization of the budget?**

11 A. No. As a year progresses, emerging needs for capital work may arise, or
12 needs may change in a way that could eliminate, reduce, or defer capital work. Meetings
13 and other communications occur on a regular basis with the applicable AMS function, my
14 team, the Ameren Missouri Capital Governance Team, or other Ameren Missouri
15 functions.

16 The Ameren Missouri Financial Services and Capital Governance teams, and other
17 Ameren Missouri representatives as appropriate, meet with Digital monthly to discuss
18 progress on the projects in the budget as well as any emerging demands. Any requests for
19 additional funding must be approved by the Ameren Missouri Financial Services and
20 Capital Governance teams, in consultation with Ameren Missouri leadership. Similarly,
21 Ameren Missouri might find it necessary to adjust the scope or timing of a project.

22 Regarding Facilities, the Ameren Missouri Financial Services team, the Ameren
23 Missouri Capital Governance team, and if necessary other Ameren Missouri

1 representatives, meet with Facilities every quarter. Like Digital, they discuss current
2 projects, as well as upcoming planned projects or any emerging demands, if necessary.
3 Other project plans or budget adjustments are also discussed as necessary.

4 For Transmission, the ongoing review is done more on an ad hoc basis, but
5 material variances from the budget or material scope changes are discussed with the
6 Ameren Missouri Capital Governance team, and/or other Ameren Missouri
7 representatives, as needed.

8 **Q. What other processes are in place regarding capital work performed**
9 **by AMS?**

10 A. My team, with input from the Ameren Missouri Capital Governance team,
11 reviews all capital spending for Ameren Missouri every month and prepares a monthly
12 variance analysis of actual spend to budgeted spend. This report is shared and reviewed
13 with Ameren Missouri leadership monthly as well. If those reviews raise any concerns, the
14 Capital Governance team takes the lead on communications with AMS to address any
15 concerns or changes that need to be made.

16 **Q. Earlier you mentioned that Joint Planning and Demand Planning are**
17 **complementary and may overlap in certain respects. Can you please elaborate?**

18 A. Yes. As the Demand Planning process proceeds, which projects are
19 undertaken, the extent to which they are undertaken, and which projects may not be
20 undertaken can have an impact on AMS' O&M costs. This can occur, for example, if a
21 capital project that would have reduced O&M in a given year is not done, or there are
22 capital projects that will require ongoing O&M once they are complete. Ameren Missouri

1 coordinates with AMS across the Joint Planning and Demand Planning processes to make
2 sure we are cognizant of the interplay between capital projects and O&M.

3 **IV. TRANSACTIONS WITH OTHER RATE-REGULATED AFFILIATES**

4 **Q. Does Ameren Missouri transact with affiliates other than AMS?**

5 A. Yes. As I have outlined before, including in my direct testimony in File No.
6 EO-2017-0176, there are routine transactions with other rate regulated affiliates involving
7 things like inventory exchanges, meter and line transformer exchanges, building and
8 software rentals, storm support between the utilities, other miscellaneous support work,
9 and energy/capacity sales.

10 **Q. Aside from the energy/capacity sales, can you please give the**
11 **Commission a sense of the level of these transactions?**

12 A. Yes, in the test year, the net impact of the non-AMS affiliate transactions
13 was approximately \$4 million received by Ameren Missouri.⁷ Regarding energy/capacity
14 sales, those sales occur as a result of Ameren Missouri's competitive bidding into the
15 Illinois Power Auction as a means of making additional off-system sales at the market
16 prices established by that auction. Therefore, while technically the transaction is with an
17 "affiliate" in the sense that the ultimate buyer ends up being AIC, practically speaking, the
18 sales are made pursuant to a market process, and Ameren Missouri's bids are always above
19 its marginal cost.

⁷ These are the kinds of regulated utility to regulated utility transactions that the Commission has found do not present affiliate subsidy-type concerns. See orders in File Nos. EM-2007-0374 and EM-2018-0012.

1 **V. EDISON ELECTRIC INSTITUTE ("EEI") DUES**

2 **Q. Please explain the purpose of EEI.**

3 A. EEI is an association of U.S. investor-owned electric companies. EEI also
4 has some international electric companies as members. EEI provides an opportunity for
5 Ameren Missouri to pool resources and information with other US investor-owned electric
6 companies that allows us to more efficiently and effectively address issues that are
7 impacting the industry. This ability benefits the Company and our customers.

8 **Q. Can you provide some examples?**

9 A. Yes. The following are some examples of the benefits received from the
10 EEI membership.

11 *Mutual Assistance:*

12 There are 7 Regional Mutual Assistance Groups ("RMAG") in the United States.
13 Each is comprised of utility representatives from EEI member companies. Ameren
14 Missouri belongs to the Midwest Mutual Assistance Group ("MMAG"). The purpose of
15 the MMAG is to effectively and collaboratively share resources within the Midwest region
16 of the United States as well as assist RMAGs when called upon.

17 Utilities requesting assistance start by contacting the MMAG Chair. The MMAG
18 Chair will then send out an electronic notice (voice mail/email/text message) notifying the
19 rest of the membership of the need for resources with a deadline for response. The MMAG
20 Chair holds a conference call with members to confirm the number of resources/equipment
21 available and mobilization plan. The requesting utility is not required to accept all offers
22 and is allowed to choose which offers to accept.

1 The benefits of MMAG include access to resources from peer utilities, getting
2 resources mobilized quickly according to geographic availability, and dividing resources
3 systematically between companies when multiple requests are made. Utilizing MMAG to
4 obtain resources (including from another RMAG) for storm restoration may also mitigate
5 risks and have cost advantages as compared to use of non-RMAG resources. First,
6 contractors used by RMAG members have already been through a sourcing event (designed
7 to acquire resources cost-effectively) with peer utilities. Other contractors that might be
8 used but that have not been through these processes typically come with a substantially
9 higher cost. There are also increased risk factors when using companies that are not
10 members of an RMAG. For example, our peer EEI members generally have safety
11 standards comparable to Ameren Missouri's, while other contractors may not have safety
12 records that meet our standards.

13 *Digital:*

14 The EEI Technology Advisory Committee serves to keep members abreast of
15 emerging strategic information technology and business issues that impact the energy
16 industry. Participation allows Ameren Missouri to receive updates on federal and state
17 actions as they happen, allowing us to take action or begin planning on issues relating to
18 topics that impact our ability to provide service efficiently (e.g., cyber security, information
19 security, including security of customer information).

20 Attending committee meetings provides opportunities to meet with other industry
21 professionals to:

- 22 • Discuss similar issues and work to develop common solutions,
23 • Learn from the experience of other utilities,

- 1 • Benefit from expert speakers who discuss the future of
2 legislation/regulations, which allows us to remain proactive in our
3 compliance efforts by planning early and before requirements are
4 mandatory,
5 • Share resources to gain insight on pending governmental policies and
6 regulations more efficiently and at a lower cost than if those resources had
7 to be duplicated,
8 • Collaborate on evolving industry issues relative to the North American
9 Electric Reliability Council ("NERC") Reliability Standards Infrastructure
10 Protection requirements, smart grid deployment, cyber security, and
11 emergency response, among others;
12 • Participate in the Chief Information Security Officer ("CISO") Executive
13 Advisory Committee and the Electric Sector Coordinating Council
14 ("ESCC") Advisory Committee which provides information sharing across
15 the industry, particularly related to cyber security and telecommunications
16 challenges. The cross-industry collaboration is extremely helpful and
17 instrumental in improving cyber defense and response capabilities across
18 investor-owned utilities, municipals and co-ops,
19 • The Cyber Security Working Group discusses emerging cyber security
20 issues. EEI is currently working with member companies and various
21 Congressional committees in crafting legislation to address cyber-attacks
22 against the electric power grid and to identify vulnerabilities that could be
23 exploited,
24 • The Company receives updates from the North American Electric
25 Reliability Council Critical Infrastructure Protection ("NERC CIP")
26 drafting teams as they develop the new regulations,
27 • EEI has facilitated the formation of the cyber mutual assistance program,
28 initiated by the ESCC. This program is intended to be similar to the mutual
29 assistance program for storm recovery. Ameren Missouri is actively
30 engaged in establishing the framework and procedures for this program.

31 All of these help Ameren Missouri to more efficiently and effectively use
32 information technology as part of providing service to customers, which helps us operate
33 with lower costs than we could absent these benefits. Early notice of federal/state
34 regulations also helps us be more proactive in response and avoid penalties for
35 noncompliance.

1 *Controller's Function:*

2 EEI provides value to the Controller's function in many ways, including providing
3 educational forums that allow for the maintenance of utility-specific skills for accounting
4 staff. Accurate financial statements allow the Commission to properly set rates and are
5 necessary to procure the capital necessary to invest and operate Ameren Missouri. EEI
6 members receive discounts at their sponsored forums. The Controller's group receives
7 many benefits from this membership:

- 8 • Committees allow for the sharing of questions and information related to
9 various accounting topics, which assure we are properly thinking about and
10 accounting for various utility-specific issues. Accurate financial statements
11 allow the Commission to properly set rates and are necessary to procure the
12 capital necessary to invest and operate Ameren Missouri. Use of EEI
13 reduces Company staff that may be necessary to respond.
- 14 • Coordinate responses with other leaders in the industry to accounting
15 standard setters for requested comments on potential new accounting
16 standards. Use of EEI reduces Company staff that would be necessary to
17 respond and allows for responses that represent the industry rather than an
18 individual company.
- 19 • Coordinate forums for interaction with investors that provide capital to
20 utilities. These forums are an efficient method of meeting investors and
21 potential investors versus multiple trips and other targeting methods.
- 22 • EEI regularly has meetings with the Financial Accounting Standards Board
23 ("FASB"), the Securities and Exchange Commission ("SEC") and FERC to
24 discuss industry accounting issues, helping these bodies better understand
25 the utility industry's issues and helping the utility industry understand their
26 viewpoints resulting in higher quality financial reporting.
- 27 • EEI has been an effective forum to influence tax legislation and
28 administrative rulemaking to minimize tax burdens on customers,
29 especially in the area of capital recovery through depreciation and repairs.

30 *Energy Efficiency:*

31 Ameren Missouri utilizes the services of EEI's Institute for Electric Innovation
32 ("IEI") on a regular basis. IEI was created in 2008 to focus on accelerating the electric
33 power industry's energy efficiency efforts and increasing the industry's associated

1 investments. IEI works with the electric utility industry, regulators, policymakers and other
2 stakeholders to advance customer-side solutions for energy management, including energy
3 efficiency, demand response, distributed power, and customer focused technologies. The
4 IEI resources were invaluable to Ameren Missouri in creating its Missouri Energy
5 Efficiency Investment Act ("MEEIA") filings. IEI has resources to provide detail on
6 demand-side management ("DSM") cost recovery regulatory frameworks for every state
7 that the Ameren Missouri team reviewed and utilized in the development of its proposed
8 Demand-Side Investment Mechanism.

9 *Environmental:*

10 Ameren Missouri faces numerous critical environmental, natural resources and
11 clean energy policy issues that impact our strategic planning and decision-making. EEI
12 works closely with other member companies to assess the potential implications of, and
13 opportunities relative to, the current environmental, natural resources and clean energy
14 landscape. EEI provides updates on federal and state actions related to environmental and
15 other electric industry issues as they develop. This information helps us develop
16 compliance strategies and take action to prepare for environmental regulations and issues
17 that impact our industry in a proactive manner before requirements are mandatory. This
18 enhances our ability to provide service efficiently and minimize cost impact to our
19 customers. EEI provides dedicated environmental staff that are available to support
20 members as well as coordinate the activities of committees on specific environmental
21 topics such as air quality, water quality, land and natural resource management and climate
22 policy. The environment committees provide information sharing across the industry,
23 particularly related to environmental issues and challenges.

1 Attending the committee meetings, workshops, and webinars allows us to meet
2 with others from the industry which helps us to:

- 3 • Discuss similar issues and work to develop common solutions,
- 4 • Learn from the experience of other utilities,
- 5 • Benefit from expert speakers who discuss the future of
6 legislation/regulations,
- 7 • Share resources to gain insight on pending governmental policies and
8 regulations more efficiently and at a lower cost than if those resources had
9 to be duplicated,
- 10 • Collaborate on current environmental issues affecting the industry, such as:
11 air quality regulations; water quality regulations; coal combustion residuals;
12 climate and energy policy.

13 In the first week of his Administration, President Biden issued a number of
14 Executive Orders ("EOs" or "Orders"). EEI provided information on EOs that addressed
15 the environment, climate change, and environmental justice, signaling that these issues will
16 infuse regulations and policy decisions across the Executive Branch during his
17 Administration. The EEI information specifically identified key environmental
18 rulemakings to be revised that helped Ameren Missouri to understand and assess potential
19 implications of, and opportunities relative to, the current environmental, natural resources
20 and clean energy landscape.

21 EEI member companies and EEI staff continue to engage in extensive outreach to
22 Congress on the industry's positive, forward-looking clean energy and climate record and
23 priorities. This outreach has included briefings with key Congressional committees,
24 coalitions, and leadership, as well as individual Members and staff. There continues to be
25 a significant amount of activity on climate policy at the state and regional levels

26 Recently, the Supreme Court of the United States (SCOTUS) issued a ruling
27 regarding EPA's authority how it regulates greenhouse gases under a specific section in the

1 Clean Air Act.⁸ EEI worked with its member companies, outside counsel, and its own staff
2 to quickly assess the impact of the decision on member companies, and developed and
3 hosted a webinar to review this decision's implications and discuss questions and
4 comments with the member companies.

5 *Human Resources:*

6 EEI's pre-employment testing program (covering many industry positions such as
7 plant operations and maintenance, transmission and distribution, and technician jobs) assist
8 members to obtain the most qualified, productive employees.

9 *Environmental, Social and Governance:*

10 EEI and the American Gas Association ("AGA") coordinated the EEI/AGA
11 ESG/Sustainability template report which follows one of the most used ESG reporting
12 standards for utilities. The Company participates in this voluntary industry initiative to
13 better serve customers and investors with more uniform and consistent reporting. The
14 Company is a pilot member of this initiative and uses this report annually to deliver
15 important quantitative data on several topics, including energy generation, resource
16 utilization, capital expenditures and safety.

17 *Other:*

18 Ameren Missouri participates in the Spare Transformer Equipment Program
19 ("STEP"). This is a transformer sharing program in the event of an act of terror in along
20 with a presidential declaration of an emergency. Upon the trigger, STEP is a binding
21 contract that requires sharing of spare transformers. Transmission transformers currently

⁸ *West Virginia v. EPA*, 577 U.S. 1126 (2016).

1 have an approximately 30-month lead time so this access can be critical to the restoration
2 of the grid.

3 EEI is developing a framework for transportation electrification which includes
4 charging infrastructure deployment, residential managed charging and commercial
5 charging. This framework is especially important now that the Infrastructure Investment
6 and Jobs Act prioritized deployment of fast-chargers along alternative fuel corridors
7 throughout the nation through funding of state departments of transportation.

8 EEI offers dozens of meetings and conferences each year, providing information,
9 data exchange, and an opportunity for policy discussions aimed at ensuring the continued
10 provision of affordable, reliable, and increasingly clean electricity in a rapidly changing
11 world. Meetings are planned and staffed by EEI employees.

12 A key benefit for electric companies' customers is the sharing of best practices and
13 knowledge transfer. EEI engages member companies, from CEOs to technical staff,
14 through committees. Member company employees convene with their peers to share
15 information. There are also online workrooms and webinars to further disseminate best
16 practices to member company staff.

17 Finally, I would point out that EEI also prepares many valuable reports and collects
18 industry data on different topics because of its relationship with the electric sector. Much
19 of this work is not something that Ameren Missouri can easily accomplish on its own.
20 Ameren Missouri, and its customers, benefit from this information and knowledge.

1 **Q. How much is included in the revenue requirement for EEI dues in the**
2 **test year?**

3 A. Ameren Missouri has included approximately \$600,000 in EEI dues in the
4 test year. This amount does not include the portion of EEI's invoice that is related to
5 lobbying activities. Those amounts are recorded below-the-line and are excluded from the
6 revenue requirement.

7 **Q. Is it possible to quantify a dollar benefit for these many beneficial**
8 **activities supported by EEI?**

9 A. Not completely, but it should be obvious that the benefits far exceed
10 \$600,000. I will, however, describe a comparison of costs to benefits related to mutual
11 assistance costs that demonstrates EEI has saved the Company far more than the Company
12 has spent on the EEI dues included in the revenue requirement.

13 **Q. Please describe the benefits received from our participation in the EEI**
14 **mutual assistance program.**

15 A. The Company reviewed the costs for one storm in the test year where the
16 Company used mutual assistance vendors as well as other outside vendors. During this
17 particular storm, the Company exhausted the mutual assistance possibilities because
18 multiple peer utilities were also in the process of restoration, so Ameren Missouri also
19 brought in outside vendors to assist with the storm restoration work. When looking at the
20 costs of the outside vendors compared to the costs of our mutual assistance vendors, it is
21 clear that our customers benefit from our participation in the mutual assistance program.
22 In reviewing these costs, I determined an average rate per work order and an average rate
23 per working crew hour. In all cases, the average rate was lower for the mutual assistance

1 vendors compared to the outside vendor. If the average cost for the non-mutual assistance
2 vendor is applied to the number of work orders and working crew hours worked by the
3 mutual assistance vendors, the Company saved approximately \$5 – 6 million using the
4 mutual assistance vendors with just this one storm response event. This one event alone
5 justifies the cost of Ameren Missouri's EEI dues.

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

7 A. Yes, it does.



Joint Planning and Procurement Procedure for Purchasing Ameren Services Company Products and Services

Effective Date: 9/26/18

Approved By:  Date: 9/26/18

**Michael Moehn
President – Ameren Missouri**

Approved By:  Date: 9/26/18

**Marty Lyons
President – Ameren Services Company**

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1.0 Purpose

- 1.1 The purpose of this document is to establish the procedure used by Ameren Missouri for planning for and purchasing products and services from Ameren Services Company (AMS) in an efficient process.

This process is designed to allow Ameren Missouri to determine its need for, the nature of, and the value of the products and services offered by AMS. This process contemplates that Ameren Missouri will analyze and evaluate practical alternatives, if any, including performing the service or developing the product within Ameren Missouri, before Ameren Missouri makes commitments to purchase AMS products and services from AMS. This procedure allows Ameren Missouri to explore additional opportunities for obtaining the products or services it needs, and to increase the value of the products and services AMS provides to Ameren Missouri by either reducing the cost or increasing the service level.

- 1.2 It is understood that Ameren Missouri is responsible to perform adequate review and evaluation to support its decision to procure specific AMS products and services for the current year as well as the following budget year. It is understood that Ameren Missouri is responsible to ensure AMS provides all necessary information to facilitate a review of the products, services, and billings received from AMS, in order to determine whether Ameren Missouri should dispute or question AMS charges.

2.0 Scope

- 2.1 This procedure applies to all expenditures made by Ameren Missouri for AMS products and services, whether charged to balance sheet or income statement accounts.
- 2.2 This procedure does not apply to transactions under the Money Pool Agreement, under the Tax Allocation Agreement, or to products or services purchased by AMS as agent for Ameren Missouri on Ameren Missouri's behalf.
- 2.3 This procedure applies to current year AMS expenditures charged to Ameren Missouri and to development of the annual budget of AMS expenditures charged to Ameren Missouri for the following year.

3.0 AMS Joint Planning and Procurement Process

- 3.1 AMS planning and procurement is done on an annual basis, beginning no later than the end of September, so that it may be completed prior to the final Ameren Missouri board meeting of the year, normally held in December.
- 3.2 An initial comprehensive joint planning and procurement meeting is held between representatives of Ameren Missouri and AMS.

3.2.1 The President of Ameren Missouri, the Sr. Vice President – Customer and Power Operations, the Sr. Vice President and Chief Nuclear Officer, and the Vice President – External Affairs and Communications will ensure that they have obtained the views of employees within their organizations as necessary to properly evaluate the products and services available from AMS.

3.2.2 AMS Officers (Vice President or Sr. Vice President) representing each AMS organization providing products or services to Ameren Missouri will ensure that they have obtained information from employees in their organizations as necessary to properly provide Ameren Missouri with relevant information regarding the products and services available from AMS.

3.2.3 By a deadline to be determined by Ameren Missouri each year, AMS will provide to Ameren Missouri detailed information for Ameren Missouri to review in advance of the initial comprehensive planning and procurement meeting. This deadline shall be far enough in advance of the meeting to allow for in-depth review by Ameren Missouri leaders and for broader dissemination and in-depth review by Ameren Missouri employees at lower levels of the Company. The information provided by AMS shall include:

3.2.3.1 Descriptions of the individual services and products AMS is willing to provide Ameren Missouri, with details defining what is included in the product or service,

3.2.3.2 AMS' assessment of opportunities for Ameren Missouri to consider alternatives for obtaining the product or service or to increase the value derived from each product and service to Ameren Missouri by reducing the cost or increasing the service level.

3.2.3.3 Projected aggregate annual AMS costs related to its products and services provided to Ameren Missouri, including year-over-year comparisons,

3.2.3.4 Projected annual costs for each AMS product and service offered, including year-over-year actual historical costs comparisons.

3.2.3.4 Records of AMS' exercise of its authority as agent for Ameren Missouri during the prior year.

3.2.3.5 Any additional information requested by Ameren Missouri from AMS needed to prepare for the initial comprehensive planning and procurement meeting. Ameren Missouri and AMS are expected to document and communicate their current positions regarding AMS transactions at the time any material issue/matter develops and not wait until this annual initial comprehensive planning and procurement meeting.

3.2.4 Ameren Missouri will assign company resources as necessary to review the detailed information in advance of the initial comprehensive planning and procurement meeting, and ensure that:

3.2.4.1 Ameren Missouri understands the full nature of the products and services that AMS offers to Ameren Missouri.

3.2.4.2 Ameren Missouri evaluates the nature and extent of the products and services it will receive for the coming year.

3.2.4.3 Ameren Missouri evaluates practical alternatives, if any, such as providing them within Ameren Missouri or outsourcing them to third parties other than AMS, to determine if such actions would increase the value derived from the products and services.

3.2.4.4 Ameren Missouri assesses and provides feedback to AMS on opportunities for AMS to increase the value of products and services it is willing to provide to Ameren Missouri, either by reducing costs or increasing service levels.

3.2.4.5 Ameren Missouri assesses and provides feedback to AMS on opportunities for AMS to provide value to Ameren Missouri and other Ameren affiliates by providing new or additional products and services needed by Ameren Missouri, at a lower cost or with a higher service level than Ameren Missouri could otherwise do on its own.

3.2.4.6 Ameren Missouri assesses and provides feedback to AMS regarding the nature and extent of AMS' historical exercise of its authority as Ameren Missouri's agent and provides instructions with respect to any limits on such authority or consultation required by AMS with Ameren Missouri with respect to exercise of such authority during the upcoming year.

3.2.5 If the first meeting is not conclusive regarding the products, services, and price terms between AMS and Ameren Missouri, follow-up actions will be agreed to by AMS and Ameren Missouri, which may include additional meetings of the appropriate Ameren Missouri and AMS representatives.

3.3 Once Ameren Missouri agrees to the purchase of specific AMS products and/or services, Ameren Missouri will adjust its budgets to reflect the results of decisions made in this joint planning and procurement process and ensure that appropriate parties enter these results in the budget system before required deadlines.

3.4 Ameren Missouri will ensure that the individual products and services that AMS is to provide to Ameren Missouri are documented contemporaneously and also reflected in Ameren Missouri's next CAM filing.

4.0 Oversight/Approval Process

4.1 Ameren Missouri understands its responsibility to ensure payments to AMS are consistent with the products and services approved by Ameren Missouri. In order to support payments to AMS, Ameren Missouri will establish a monitoring process documenting the receipt of the specified product and/or service from AMS, as agreed to with Ameren Missouri, as well as Ameren Missouri's level of satisfaction with the received product or service as compared to the specified conditions for the received product or service outlined in the Ameren Missouri – AMS General Services Agreement, and will establish a monitoring process for AMS' exercise of agency authority on Ameren Missouri's behalf. Ameren Missouri shall ensure that its agreement with AMS includes a billing format that facilitates the Ameren Missouri approval process.

5.0 Internal Audit

5.1 Ameren Missouri shall initially conduct annual audits to assess the level of compliance with this procedure and to identify corrective actions, if any, necessary to ensure ongoing compliance and satisfaction of Ameren Missouri's stated responsibilities. After three years and upon a showing of a high level of compliance and responsibility satisfaction, these audits may be conducted not less than once every four years.

