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Witness: Julie Catron
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File No.: ER-2016-0179
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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2016-0179

REBUTTAL TESTIMONY

OF

JULIE CATRON

ON

BEHALF OF

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

**St. Louis, Missouri
January 2017**

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REBUTTAL TESTIMONY

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JULIE CATRON

FILE NO. ER-2016-0179

I. INTRODUCTION

1

Q. Please state your name and business address.

2

3 A. My name is Julie Catron. My business address is One Ameren Plaza,
4 1901 Chouteau Avenue, St. Louis, Missouri 63103.

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

5

6 A. I am employed by Union Electric Company d/b/a Ameren Missouri
7 (“Ameren Missouri” or “Company”) as Director, Communications and Public Relations.
8 I have held this position since 2014.

Q. Are you the same Julie Catron who filed direct testimony in this case?

9

10 A. Yes, I am.

II. PURPOSE OF TESTIMONY

11

Q. What is the purpose of your rebuttal testimony in this proceeding?

12

13 A. I am responding to the portion of the Staff Revenue Requirement Cost of
14 Service Report (“Staff Report”) sponsored by Jason Kunst on the Company's
15 communications expenses. Specifically, I will address the following:

- 16 • Evolution of Communications
- 17 • Evaluation on a Campaign Basis
- 18 • Specific Communications

1 message is one that is designed to drive customers to view our social media messages. In
2 turn, this increases our ability to use social media to communicate information during
3 storms or other times of need.

4 **B. EVALUATION ON A CAMPAIGN BASIS**

5 **Q. Staff's Report states that it did not evaluate costs on a campaign basis.**
6 **What is this referencing?**

7 A. In a prior Ameren Missouri rate review case (File No. ER-2008-0318), the
8 Commission's Report and Order found that the KCPL standard for advertising continues
9 to be useful. However, the Commission also recognized the significance of viewing
10 communications ("advertising") as an integrated campaign rather than determining
11 recoverability advertisement by advertisement. The Commission stated:

12 If on balance a campaign is acceptable then the cost of individual
13 advertisements within that campaign should be recoverable in
14 rates. If the campaign as a whole is unacceptable under the
15 Commission's standards, then the cost of all advertisements within
16 that larger campaign should be disallowed.²

17 **Q. Did Ameren Missouri organize its communications into campaigns?**

18 A. Yes. In particular, we designated several communications as part of the
19 Energy at Work campaign.

20 **Q. Why do you believe all of those messages are part of a single**
21 **campaign (i.e., the Energy at Work campaign)?**

22 A. After conducting focus groups and quantitative consumer research with
23 Ameren Missouri customers, we found that our customers are interested in receiving
24 messages about specific topics. For example, they want to understand the value to

² Case No. ER-2008-0318; Report and Order, January 27, 2009, p. 118.

1 customers of the investments that we make on their behalf.³ Consistent messages about
2 these investments delivered to our customers where and when they want to receive them,
3 and under one consistent campaign, helps them recognize and retain the information they
4 are receiving.

5 We have followed the Commission's standard set forth in its Report and Order in
6 File No. ER-2008-0318. Yet, Staff is recommending a disallowance of \$867,770, which
7 is the cost of the community messages in the Energy at Work campaign. I disagree with
8 this recommendation. We developed the Energy at Work campaign as a single campaign
9 with a single purpose – providing customers with the information they want. This
10 information fell into three categories: reliability, clean energy, and community. Just
11 because Staff finds one of these categories objectionable does not mean they can
12 artificially break apart a single campaign to disallow a portion of the costs. This goes
13 against the Commission's decision in its Report and Order in File No. ER-2008-0318,
14 wherein it ruled that it was the majority of an integrated communications campaign that
15 matters.

16 Our research found that our customers expect Ameren Missouri to support the
17 communities that it serves and help make them strong, thriving communities. Research
18 has shown that when our customers see our co-workers volunteering in the community,
19 customer satisfaction with the service we provide increases. This message works hand-in-
20 hand with the investments we are making for reliability and clean energy. All of the
21 messages work together to increase awareness and engagement with our customers.

22 Simply stated, Energy at Work is a single campaign that qualifies for complete
23 cost recovery.

³ Ameren Concept Testing Focus Group Report, October 31, 2014; pp. 23, 27, 29, 30, 32.

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C. SPECIFIC COMMUNICATIONS

Q. Staff proposed that the costs of Power Play Goals for Kids should be disallowed. How do you respond?

A. Again, this is all about improving our ability to communicate with our customers. Customers seek information from many different channels. One of the fastest growing channels is social media. At this time, Ameren Missouri lags behind many other local companies and organizations in the number of followers/likes on social media pages. The St. Louis Blues (as of January 2017) have 674,760 Facebook likes and 512,000 followers on Twitter. The vast majority of those people are Ameren Missouri customers. We have partnered with the St. Louis Blues as well as four children's charities in Missouri that have social media presences in an effort to acquire new social media followers/likes for the Company. By doing this, we have been able to increase the number of followers/likes on our social media outlets, and especially on Facebook. We use these social media outlets to communicate with our customers in times of need, and these efforts are working. During the storm of July 2016, we received over 27,000 inbound messages in three days through our Facebook page regarding outages and service questions.

For our customers to be able to see our messages and continue to receive information from us on social media, we must constantly be posting information and showing activity. It helps increase our social media presence, which allows us to deliver our messages. This connection to our customers is a legitimate purpose for our social media presence and justifies the Commission including these expenditures in the Company's revenue requirement.

1 A. Yes, Staff has recommended an additional disallowance of \$196,395.
2 Much of this amount was designated as institutional advertising by the Company and we
3 do not disagree with Staff's recommendation. However, some of those expenditures
4 should be categorized as general advertising and should, in fact, be included in setting the
5 Company's revenue requirement. Out of the \$196,395 disallowance, we only agree with
6 the disallowance of \$73,340.

7 The remaining \$123,055 is appropriate for inclusion and should not be
8 disallowed. The expenditures in question include such items as:

- 9 • \$50,000 at Southside Early Childhood Center, where a safety message has
10 been placed in a community room to help our customers be safe around
11 electricity;
- 12 • \$2,997 for shirts used by co-workers to be identified at community events;
- 13 • \$4,000 for an advertisement that was placed in St. Louis American for
14 inclusion in their Diversity Calendar;
- 15 • \$20,000 for the sponsorship of the St. Louis Earth Day event (where we
16 have a very large presence of co-workers and information);
- 17 • \$21,100 for recruiting radio spots that ran on the Cardinal network;
- 18 • \$4,000 for Ameren Missouri's participation in a Heat Up St. Louis event to
19 raise money to assist those who are struggling to pay their utility bills;
- 20 • \$3,424 used for the Missouri State Police Water Patrol Program that awards
21 children for wearing their life jackets on the Lake of the Ozarks;

22 These expenditures are clearly general advertising rather than institutional, and
23 are therefore recoverable.

24 **Q. Does this conclude your rebuttal testimony?**

25 A. Yes, it does.

