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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2014-0258

SURREBUTTAL TESTIMONY

OF

KRISTA G. BAUER

ON

BEHALF OF

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

**St. Louis, Missouri
February 2015**

1 A. I am responding by confirming that the retention of employees formerly
2 employed by the divested non-regulated entities Ameren Energy Resources (“AER”) and
3 EEI Joppa (“EEI”) was a prudent business decision that addressed legitimate workforce
4 needs. Hiring qualified former AER and EEI employees to fill vacant or needed
5 positions in Ameren Missouri and Ameren Services allowed us to fill positions with
6 highly-skilled employees who have a deep knowledge of this industry without incurring
7 additional recruiting and training costs that would have been necessary with a new hire
8 who did not have experience working for an Ameren company.

9 **Q. How were the relevant position vacancies and workforce needs**
10 **identified?**

11 A. Position vacancies and workforce needs were identified in several ways.
12 First, Ameren Missouri and Ameren Services virtually always have vacant positions for
13 which the Ameren Services Human Resources Department is actively recruiting. These
14 vacancies generally exist as a result of workforce turnover, largely due to retirement.
15 Following the announcement of the divestiture of the unregulated business, leaders for
16 Ameren Services and Ameren Missouri were encouraged to delay the filling of vacancies
17 for which displaced AER and/or EEI employees would be highly qualified (unless a
18 delay would create business challenges). This approach was designed to address
19 workforce needs, reduce recruiting costs and align with the overall values of Ameren
20 Missouri and Ameren Services. In addition to the consideration of existing needs,
21 Ameren’s Talent Development Council (a senior leadership council responsible for over-
22 seeing succession planning and leadership development efforts for affiliated Ameren
23 companies) engaged in a facilitated discussion regarding expected retirements, current

1 leadership needs and future succession issues. This dialogue resulted not only in
2 immediate leadership needs being addressed but in a longer term strategy to ensure
3 business continuity as experienced leaders retired.

4 **Q. What process did you engage in to determine which of the displaced**
5 **AER and EEI employees would be offered positions within Ameren Missouri or**
6 **Ameren Services?**

7 A. The process occurred in two steps, focusing first on evaluating
8 opportunities for former AER or EEI Directors, Senior Directors and Officers at Ameren
9 Missouri or Ameren Services; then on the facilitation of a process to enable displaced
10 management employees to be considered for the existing vacancies. As the Talent
11 Development Council considered current and future leadership needs, they reviewed the
12 resumes and profiles of displaced leaders and identified best fit opportunities, if any. As
13 a result of this process, it was determined that seven of these leaders were well qualified
14 for positions within Ameren Services. The majority of these positions were at the same
15 level in each organization (e.g., a Director position at AER to a Director position at
16 Ameren Services) designed to support the expanding FERC-regulated transmission
17 business and, in some cases, these leaders were hired to address expected succession
18 needs. For example, one former AER employee had both strong leadership capabilities
19 and a strong technical skill-set and Ameren Services had a position that called for those
20 skills, so that employee was hired to fill the position of Sr. Director, Project Management
21 in Ameren Services (in support of the transmission organization). He was hired with
22 recognition that he would be a strong candidate for a key technical leadership role that
23 was expected to become available at Ameren Missouri following the retirement of an

1 Ameren Missouri leader. The incumbent leader recently announced his retirement, and
2 the former AER employee was immediately named as his successor, providing stability
3 to the Ameren Missouri organization during a time of transition. This pro-active
4 approach to succession planning has enabled Ameren Missouri and Ameren Services to
5 advance important business priorities, effectively manage retirement transitions, and
6 avoid the lengthy and often expensive process associated with recruiting highly-qualified
7 leaders. Once the leadership team was stabilized, displaced management employees were
8 asked if they would like to be considered for existing positions within the organization.
9 Interested employees were provided with a list of available positions and encouraged to
10 apply for the positions for which they met the minimum qualifications. These employees
11 were considered (along with other internal candidates) for vacant positions and
12 participated in the standard selection process (inclusive of interviews, etc.). Upon
13 selection, a compensation offer was developed consistent with Ameren's standard
14 processes (which evaluates market-based compensation opportunities for each position
15 and the candidate's current compensation package relative to the position). Each
16 candidate was offered a compensation package consistent with the position for which
17 they were applying. This process resulted in five former AER employees being placed in
18 vacant positions in Ameren Missouri and an additional fifteen former AER employees
19 being placed in vacant positions in Ameren Services.

20 **Q. Before transitioning to their new roles, AER employees were**
21 **temporarily placed in roles within Ameren Services. How did that work?**

22 A. Forty-four out of eighty-six AER employees were ultimately hired by
23 Ameren Missouri (5), Ameren Services (23) or Ameren Illinois (16). In all cases, these

1 employees were temporarily placed in transitional roles within Ameren Services for
2 approximately two months to allow them to transition smoothly to their new jobs prior to
3 the closing of the AER divestiture, while continuing to provide transitional services (per
4 contractual agreement) to the purchaser of AER, Dynegy. These employees direct
5 charged the appropriate legal entity for their service during that time.

6 **Q. Were any of the AER employees retained simply to inflate Company**
7 **and Ameren Services' costs in the short-term with the goal of subsequently**
8 **increasing the Company's earned rate of return as witness Robertson alleges?**

9 A. Absolutely not. The process used to identify leadership and workforce
10 needs and to consider displaced AER employees for those positions was extensive and
11 thoughtful. Ameren made prudent decisions designed to address both immediate and
12 evolving workforce needs, simultaneously. These actions helped to retain experienced
13 and skilled employees, ultimately reducing recruiting and training costs and increasing
14 organizational stability.

15 **Q. Does this conclude your surrebuttal testimony?**

16 A. Yes, it does.

