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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO.

GR-2019-0077

REBUTTAL TESTIMONY

OF

TOM BYRNE

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a AMEREN MISSOURI

****DENOTES CONFIDENTIAL INFORMATION****

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

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REBUTTAL TESTIMONY

OF

TOM BYRNE

FILE NO. GR-2019-0077

I. INTRODUCTION

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Q. Please state your name and business address.

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A. Tom Byrne, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

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Q. What is your position with Ameren Missouri?

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A. I am Senior Director of Regulatory Affairs.

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Q. Please describe your educational background and employment experience.

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A. In 1980, I graduated from the University of Missouri-Columbia with a Bachelor of Journalism and Bachelor of Science-Business Administration degrees. In 1983, I graduated from the University of Missouri-Columbia law school. From 1983-1988, I was employed as an attorney for the Staff of the Missouri Public Service Commission ("Commission"). In that capacity, I handled rate cases and other regulatory proceedings involving all types of Missouri public utilities. In 1988, I was hired as a regulatory attorney for Mississippi River Transmission Corporation, an interstate gas pipeline company regulated by the Federal Energy Regulatory Commission ("FERC"). In that position, I handled regulatory proceedings at the FERC and participated in some cases at the

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1 Commission. From 1995-2000, I was employed as a regulatory attorney for Laclede Gas
2 Company (now known as Spire Missouri Inc.). In that position, I handled rate cases and
3 other regulatory proceedings before the Commission. In 2000, I was hired as a regulatory
4 attorney by Ameren Services Company and I originally handled regulatory matters
5 involving local gas distribution companies owned by operating subsidiaries of Ameren
6 Corporation (now Ameren Illinois Company and Ameren Missouri). In 2012, I was
7 promoted to the position of Director and Assistant General Counsel, and I was assigned to
8 handle both gas and electric cases in Missouri. In 2014, I was promoted to my current
9 position, Senior Director of Regulatory Affairs.

10 **II. PURPOSE OF TESTIMONY**

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

12 A. My rebuttal testimony responds to several items in the Missouri Public
13 Service Commission Staff ("Staff") Cost of Service Report ("Staff Report"), the direct
14 testimony filed by the Office of the Public Counsel ("OPC"), and the direct testimony filed
15 by the Missouri Division of Energy ("DE") in this case. First, I will comment on a
16 deficiency of the Staff Report—Staff's practice of relying on "placeholders" in its Report,
17 rather than providing specific calculations of various revenue and expense items to explain
18 its entire case-in-chief as required by 4 CSR 240-2.130. Second, I will address Staff's
19 improper recommendation that Ameren Missouri be required to file concurrent gas and
20 electric rate cases in the future. Third, I will address Staff's inappropriate request that the
21 Commission order deferred accounting treatment for property tax refunds which the
22 Company may receive in the future. Fourth and fifth, I address the Staff's and the OPC's
23 improper disallowance of certain miscellaneous and management expenses. Sixth, I will

1 respond to DE's proposal to require Ameren Missouri to implement an extensive combined
2 heat and power ("CHP") program. Finally, I will respond to quotes that Staff has
3 reproduced from a KPMG performance assessment that the Company commissioned.

4 II. STAFF'S USE OF PLACEHOLDERS

5 **Q. What do you mean when you say that the Staff has relied on**
6 **"placeholders" in its Report?**

7 A. In several instances, the Staff Report states that Staff needs to review
8 additional information to determine if an adjustment will be made to the revenue
9 requirement to address a specific issue. In most such cases, the Staff Report indicates that
10 any such adjustment will appear in a later Staff filing—either Staff's rebuttal testimony or
11 as part of Staff's true-up audit.

12 **Q. Isn't it a normal part of any rate case that adjustments to the revenue**
13 **requirement have to be made after true-up data is received?**

14 A. Yes, and the Company has no objection to adjustments that are needed to
15 accommodate true-up data. For example, the Staff Report properly states that plant-in-
16 service and accumulated depreciation reserve balances will be replaced with actual
17 amounts as part of Staff's true-up audit.¹ Similarly, the Staff Report states that the Staff
18 will examine numerous other items, such as natural gas storage inventories, materials and
19 supplies, customer deposits and customer advances as part of its true-up audit.² There is
20 no problem with adjusting the revenue requirement to account for relevant updated

¹ Staff Report, p. 27.

² Staff Report, pp. 33-35.

1 information obtained in the true-up audit, and in fact it is a necessary step in calculating an
2 up-to-date revenue requirement.

3 However, in several other instances, the Staff has utilized "placeholders" when it
4 hasn't decided whether to propose disallowances to various components of Ameren
5 Missouri's revenue requirement having nothing to do with true-up data. For example:

- 6 • With respect to the cost of operating facilities, the Staff Report states that

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- 13 • With respect to corporate allocations, the Staff Report states that "Staff will
14 continue to review data and data request responses to determine if further
15 adjustments need to be made through the true-up cutoff date regarding
16 corporate allocations."⁴

- 17 • With respect to board of directors and executive expenses, the Staff Report
18 states: "Staff has submitted Data Request No. 0236 seeking additional
19 information on these expenses. Staff may propose further adjustments as
20 part of its true-up audit after reviewing the responses to these data
21 requests."⁵

³ Staff Report, p. 28-29.
⁴ Staff Report, p. 37.
⁵ Staff Report, p. 73.

- 1 • With respect to lease expenses the Staff Report states: "Staff has requested
2 what the impact of FASB ASC 842 would have on accounting of Ameren
3 Missouri's gas operations in Data Request No. 0262. If there is additional
4 information received by Staff that, through the response, suggests any
5 further changes to the cost of service, Staff may propose further adjustments
6 in this area."⁶
- 7 • Finally, with respect to depreciation, the Staff Report states that "Staff will
8 use all Ameren Missouri proposed depreciation rates until Staff can perform
9 a depreciation study of its own. Staff will amend the depreciation schedule
10 as necessary in Staff's rebuttal testimony."⁷

11 The last of these "placeholders" is particularly concerning. Staff has had Ameren
12 Missouri's current depreciation study in its possession since 2014. The idea that Staff is
13 now going to conduct its own separate depreciation study, and spring the results of that
14 study on Ameren Missouri and the other parties to this case weeks after its direct testimony
15 was due, is completely inappropriate.

16 **Q. What is the problem with Staff's use of placeholders when they have**
17 **not yet determined their position on a particular issue?**

18 A. For one thing, relying on placeholders violates the Commission's Rules of
19 Practice and Procedure. 4 CSR 240-2.130(7)(A) states: "Direct testimony shall include all
20 testimony and exhibits asserting and explaining that party's entire case-in-chief." The
21 purpose of this rule is twofold. First, it facilitates the Commission's orderly processing of

⁶ Staff Report, p. 74.

⁷ Staff Report, p. 84.

1 cases. Since a party's entire case-in-chief must be presented in direct testimony, a complete
2 responsive case can (and must) be presented in other parties' rebuttal testimony. If the rule
3 did not exist, parties could present their case-in-chief in multiple filings spread out over
4 time, and then other parties would have to respond in multiple separate filings, creating a
5 disorderly record that would be difficult for the Commission to manage and evaluate. The
6 second purpose of the rule is to protect the parties to Commission proceedings from the
7 unfairness that would result if other parties were able to present their case-in-chief on a
8 piecemeal basis. Aside from the inherent unfairness in requiring parties to respond in
9 multiple filings, if there were no rule parties would have an incentive to "sandbag" by
10 holding key components of their case-in-chief until later in the proceeding to limit
11 opponents' ability to engage in discovery and formulate responsive testimony. I do not
12 believe the Staff is using placeholders to achieve a strategic advantage in this case, but if
13 the use of placeholders is allowed it will be possible for parties to use placeholders to gain
14 an unfair advantage. These are important policy considerations that support adherence to
15 the Commission's rule.

16 **Q. Has the Commission recognized that parties proposing disallowances**
17 **in rate cases must make their cases-in-chief in their direct testimony?**

18 A. Yes. Examples include:

- 19 • Missouri Gas Energy's 2004 rate case,⁸ where a Staff witness withheld the
20 substance of his position from both his direct and rebuttal testimonies and
21 then tried to present that substance in surrebuttal; and

⁸ In re Missouri Gas Energy, Order Regarding Midwest Gas Users' Assn's Motion to Strike a Portion of the Testimony of Daniel I. Beck, 2004 WL 1909705 (Mo.P.S.C.), File No. GR-2004-0209 (July 22, 2004).

- 1 • The Company's 2011 electric rate case,⁹ where a Staff witness proposed a
2 disallowance of a portion of the cost of the Company's Sioux scrubbers
3 based on a claim of imprudence that Staff did not make in its direct case.

4 **Q. What about Staff's claim that it is still waiting for information from the**
5 **Company that it needs to develop its position on certain issues?**

6 A. That is not a valid excuse for failing to follow the Commission's rules on
7 direct testimony. Staff should have asked for that information earlier in the case. The last
8 "placeholder" on depreciation is a perfect example: The Company submitted its
9 depreciation study in 2014; the Company submitted testimony in support of its depreciation
10 study with its direct case in December of 2018; and Staff issued its first data request on
11 depreciation (MPSC 238) to the Company on March 8, 2019, only about a month before
12 the Staff Report was due.

13 If Staff believes that it is the Company's fault that it has not been provided
14 information that it needs, it should have timely pursued its remedies under the
15 Commission's rules. What it should not do is fail to file its "entire case-in-chief" as required
16 by the Commission's rules.

17 **Q. How should the Commission deal with the issues where the Staff has**
18 **relied on "placeholders"?**

19 A. The Commission should not allow adjustments to the revenue requirement
20 that are adverse to the Company when the proponent of the adjustment fails to present the
21 adjustment and the basis for it in its case-in-chief; i.e., in its direct rate case testimony. As

⁹ In re Union Electric Co., Order Granting Ameren Missouri's Motion to Strike a Portion of David Murray's Surrebuttal Testimony, 2011 WL 1739878 (Mo.P.S.C.), File No. ER-2011-0028 (April 27, 2011).

1 previously stated, this does not include adjustments that are based on updated data provided
2 during the true-up process.

3 **III. STAFF'S RECOMMENDATION THAT THE COMPANY**

4 **BE REQUIRED TO FILE A COMBINED ELECTRIC/GAS RATE CASE**

5 **Q. On pp. 5-7 of the Staff Report, Staff recommends that Ameren**
6 **Missouri be required to file a gas rate case concurrent with a future electric rate case.**
7 **Would such a requirement be appropriate or even lawful?**

8 A. No. Missouri statutes allow electric utilities to file rate increase cases
9 initiated by a tariff filing.¹⁰ There is no statutory provision that allows the Staff or the
10 Commission to require a utility to initiate such a case. Of course, the Commission may
11 initiate a complaint upon its own motion addressing the reasonableness of any of the rates
12 or charges of any gas or electric utility.¹¹ But the Commission does not have the authority
13 under the Missouri statutes to compel a utility to file a rate case in the future or to require
14 a combined utility to file concurrent electric and gas rate cases.

15 **Q. Is there any basis for the Commission to invoke its authority to initiate**
16 **a complaint to compel the examination of Ameren Missouri's gas rates that Staff**
17 **requests?**

18 A. No. It would be an unfounded conjecture to suggest that Ameren Missouri's
19 gas rate revenues will be too high, too low, or just right when the Company elects to file a
20 future electric rate case. Moreover, since the Company is currently involved in an open

¹⁰ Section 393.150 RSMo (2016).

¹¹ Section 386.390.1 RSMo (2016).

1 gas rate case (this case), it is particularly inappropriate to suggest a future case to examine
2 if its still-to-be-determined gas rates are warranted.

3 **Q. Is it possible that the Company might choose to file a combined electric**
4 **and gas rate case in the future?**

5 A. Perhaps. The Company evaluates many factors in determining whether to
6 file a general rate case, but there is no way to know at this point whether such a filing would
7 be needed. The Company will have to make that decision in the future.

8 **IV. STAFF'S REQUEST FOR DEFERRED ACCOUNTING TREATMENT**
9 **OF PROPERTY TAX REFUNDS**

10 **Q. What deferred accounting treatment is Staff requesting?**

11 A. Staff asks the Commission to order that all property tax refunds and/or all
12 property tax settlement proceeds received by Ameren Missouri be deferred and recorded
13 as a regulatory liability.

14 **Q. What is the basis for Staff's recommendation?**

15 A. Beginning with calendar year 2013, Ameren Missouri challenged the
16 methodology being used to calculate the property taxes owed on its gas facilities by the
17 various Missouri counties in which those facilities are located. The issue was how the
18 counties were calculating depreciation applicable to those facilities for purposes of
19 determining the property tax that was owed. During the pendency of the litigation, Ameren
20 Missouri paid the full amount of the property taxes being assessed by the counties, and
21 requested that the counties deposit the disputed taxes into escrow accounts.

22 **Q. What was the outcome of that litigation?**

1 A. The litigation is still pending. However, Ameren Missouri won a decision
2 at the Missouri Court of Appeals supporting its position. Recently, Ameren Missouri also
3 received a favorable ruling from the Missouri State Tax Commission in the remand of the
4 decision of the Court of Appeals. If the Missouri State Tax Commission decision is upheld,
5 Ameren Missouri will be entitled to refunds of property taxes paid into escrow for 2013.
6 If the State Tax Commission's decision is upheld, it is also likely Ameren Missouri will
7 receive property tax refunds for years 2014-2018 as well. Ameren Missouri has entered
8 into settlements with some of the counties whereby a small amount of the disputed property
9 tax has been resolved, but the large majority of the escrowed property taxes have not been
10 refunded to Ameren Missouri.

11 **Q. Do you believe that the deferred accounting treatment that the Staff is**
12 **recommending for these refunds is appropriate?**

13 A. No. For one thing, the Staff's requested accounting treatment is completely
14 open-ended. It would presumably require Ameren Missouri to defer any property tax
15 refund or settlement of any amount for a period extending indefinitely into the future.
16 Second, the proposed deferral is unfair. It would require tax refunds and settlements to be
17 deferred but it does not allow deferral of the costs the Company must incur to obtain those
18 settlements, such as external legal expenses. Moreover, it does not recognize the reality
19 that the Company regularly incurs property tax increases which it is not able to reflect in
20 rates. In my opinion, a property tax tracker, which reflects all costs and revenues associated
21 with tax refunds and settlements, as well as any increases (or decreases) in property taxes
22 that the Company experiences during the period covered by the refunds, or thereafter,
23 would be a more appropriate mechanism. Simply cherry picking the beneficial tax refunds

1 and settlements, and ignoring related costs and other property tax changes, is not
2 appropriate.

3 **Q. Did customers actually pay the property taxes that are the subject of**
4 **the refunds or settlements?**

5 A. No. For one thing, customers pay rates to a utility determined by the
6 Commission based on the utility's overall cost of service, but they don't directly pay any
7 specific, particular costs. Moreover, in this case, the property taxes that are subject to
8 refund were incurred by Ameren Missouri after its rates were last set. Ameren Missouri's
9 last gas rate case was resolved in 2011. The property taxes that were the subject of the
10 appeals cited by Staff began in tax year 2013.

11 **Q. What are you recommending that the Commission do?**

12 A. The Commission should reject the Staff's request for deferred accounting
13 treatment. However, if the Commission decides to accept Staff's request, it should order
14 a broader property tax tracker that provides for deferred accounting treatment for all
15 increases and decreases in property taxes beginning in 2013, plus the reasonable cost of
16 pursuing property tax refunds, including external legal expenses and other reasonable
17 related costs.

18 **V. STAFF'S PROPOSED DISALLOWANCES OF**
19 **MISCELLANEOUS EXPENSES**

20 **Q. What Staff miscellaneous expense disallowances are you addressing?**

21 A. I am responding to Staff's proposed disallowances of the expenses
22 associated with Celebrating Ameren, a Diversity and Inclusion Council retreat, and

1 additional proposed miscellaneous expense disallowances that are completely
2 unsupported.

3 **Q. What is Celebrating Ameren?**

4 A. Celebrating Ameren is a day-long fair held every other year on a Saturday
5 in St. Louis to which Ameren employees and their families are invited. The 2018
6 Celebrating Ameren was held at Chaifetz Arena near Ameren's headquarters on October
7 6th.

8 **Q. Why is Celebrating Ameren beneficial to Ameren Missouri's**
9 **customers?**

10 A. Prior to Celebrating Ameren, Ameren held Safety Fairs and Diversity Fairs,
11 which rotated every other year. Celebrating Ameren, which was first held in 2018,
12 combined both fairs into a single event. At the fair, the Company's focus on safety is
13 highlighted, safety equipment is on-site for employees and their families to try out, and
14 safety messages are communicated to employees and their families. In addition, the
15 Company's focus on diversity is also celebrated, with diverse food options, diverse dance
16 and other entertainment, and booths sponsored by various diversity groups within Ameren,
17 such as an organization that supports military veterans and active-duty service personnel,
18 an organization that supports gay/lesbian/bisexual/transgender employees, organizations
19 that support Asian and Latino employees, etc.

20 The Company's focus on safety is obviously beneficial to employees and customers.
21 Working safely reduces costly accidents and avoids safety-related work stoppages, which
22 are inefficient. More importantly, it ensures that each employee returns home to his or her
23 family in the same condition that he or she came to work. Encouraging diversity is also

1 valuable to customers and employees. Employees with diverse backgrounds and
2 experiences can view problems differently, and provide insights that might be missed by a
3 non-diverse workforce. Ameren Missouri believes there is a compelling business case to
4 foster a diverse culture at the Company that benefits both customers and the Company.

5 **Q. Couldn't customers get the benefits of safety and diversity without a**
6 **day-long fair?**

7 A. In my opinion, no. Celebrating Ameren is a concrete event that
8 demonstrates Ameren's commitment to these important values. Employees are more likely
9 to work safely if such an event exists. Employees are more likely to appreciate the value
10 of diversity and embrace it if the Company sponsors a fair showcasing the benefits of
11 diversity. And embracing safety and diversity ultimately redound to the benefit of
12 customers. As a consequence, Staff's proposed disallowance of the costs of Celebrate
13 Ameren should be rejected.

14 **Q. Since Celebrating Ameren is only held every other year, shouldn't only**
15 **50% of the costs be included in rates?**

16 A. Yes. The costs for Celebrating Ameren that were incurred in the test year
17 should be reduced by 50% to reflect the fact that the fair is held every other year.

18 **Q. What disallowance did Staff propose regarding the Ameren Diversity**
19 **and Inclusion Council?**

20 A. Staff proposed to disallow the cost of Ameren's Diversity and Inclusion
21 Council retreat held on January 16, 2019.

22 **Q. What is Ameren's Diversity and Inclusion Council?**

1 A. Ameren's Diversity and Inclusion Council is a group of 17 leaders from
2 within Ameren that was established to help promote diverse and inclusive practices at
3 Ameren, and help communicate those practices to employees and external stakeholders.
4 The members of the council include representatives from the four business segments at
5 Ameren, and they include management and represented employees at all levels. The
6 council provides overall leadership for the Company's diversity and inclusion practices,
7 and serves as a focus group to evaluate new initiatives that are proposed. I have attached
8 additional information about the council in Schedule TMB-R1.

9 **Q. What is the Diversity and Inclusion Council retreat?**

10 A. The Diversity and Inclusion Council retreat is an annual event held each
11 January at an off-site location, which allows council members to focus on diversity and
12 inclusion issues away from the distractions of day-to-day work. It serves as the strategic
13 planning session for each year in which the council sets the goals and priorities for that
14 year. I have attached as Schedule TMB-R2 the agenda for the 2018 retreat, and a
15 presentation from the retreat that sets forth the purposes of the retreat and explains what
16 activities took place at the retreat.

17 **Q. Does the Diversity and Inclusion Council retreat provide benefits to**
18 **Ameren Missouri's customers?**

19 A. Yes, it does. The Diversity and Inclusion Council is a critical component
20 of Ameren's strong commitment to diversity and inclusion. The council promotes diverse
21 hiring practices, diverse contracting practices, and diversity and inclusion programs within
22 Ameren. Ameren's strong commitment to diversity and inclusion benefits customers in
23 many ways. It provides opportunities to employees and contractors with diverse

1 backgrounds and perspectives that might otherwise be excluded. The diverse perspectives
2 of these employees and contractors help ensure that Ameren Missouri makes the best
3 decisions in operating its business for the benefit of its customers. Ameren's support of
4 diversity also helps ensure that the employees of Ameren Missouri reflect the diversity of
5 the customers which we serve, which enhances customer relationships. The Diversity and
6 Inclusion Council provides the leadership to make sure this happens, and the annual retreat
7 allows council members to focus on this important task.

8 **Q. Has Ameren been successful in promoting diversity and inclusion?**

9 A. Yes, it has. DiversityInc, a nationally recognized publication that focuses
10 on diversity issues and ranks corporations based on their diversity and inclusion practices,
11 has ranked Ameren among the top utilities in the U.S. for its diversity practices for the past
12 20 years. From 2015-2018, Ameren Corporation ranked number one among utilities. In
13 addition, Ameren has also been ranked as a top regional company in 2018-2019, a category
14 that includes all types of similar-sized companies in the region. This success has only been
15 achieved as a result of events like Celebrating Ameren and organizations such as the
16 Ameren Diversity and Inclusion Council. Staff's proposed disallowances of these costs
17 should be rejected.

18 **Q. What additional miscellaneous expenses are you addressing?**

19 A. Staff has proposed miscellaneous expense disallowances of \$37,905
20 without providing any support whatsoever for any of them, and without even bothering to
21 mention these disallowances in its Staff Report. Because these disallowances are
22 completely unsupported, they should be rejected.

1 **Q. What kinds of miscellaneous expenses did the Staff propose to disallow**
2 **without any support?**

3 A. Many different kinds of expenses. For example, expenses associated with
4 an Ameren Leadership Team meeting at Chaifetz Arena were proposed for disallowance.
5 Certain expenses associated with Ameren Missouri's retention of Accenture, a consultant
6 that provided support for the development of digital technologies for the Company's billing
7 system, were also proposed for disallowance. Payments made for a benchmarking study
8 were also proposed for disallowance. But Staff provided no justification for any of these
9 proposed disallowances and again, never even bothered to mention them in its Staff Report.
10 These are all legitimate expenses that Ameren Missouri actually incurred and that should
11 be included in Ameren Missouri's revenue requirement. Because Staff's proposed
12 disallowances are completely unsupported, they must be rejected.

13 **Q. Could Staff provide evidence in support of these proposed**
14 **disallowances in future testimony?**

15 A. No. The Commission's rules require Staff to provide support for its entire
16 case-in-chief in its direct case. Having failed to do so, they cannot try again in future
17 testimony without violating the Commission rule.

18 **Q. Does the Company agree with any of the miscellaneous expenses that**
19 **the Staff proposed for disallowance?**

20 A. Yes. We agree that the cost of membership in the St. Louis Regional
21 Chamber of Commerce should not be borne by gas customers since the Company does not
22 provide gas service in the St. Louis area. The portion of the membership cost allocated to
23 Ameren Missouri gas operations, and included in Staff's miscellaneous adjustment, is

1 \$4,301. All of the other miscellaneous expenses Staff has proposed for disallowance are
2 legitimate and appropriate expenses and should be included in the Company's cost of
3 service.

4 **VI. OPC'S PROPOSED DISALLOWANCE OF MANAGEMENT EXPENSES**

5 **Q. OPC witness Amanda Conner proposed the disallowance of \$760,868**
6 **in management expenses. How did Ms. Conner calculate her proposed disallowance?**

7 A. Ms. Conner calculated her adjustment by auditing the expenses incurred by
8 officers of the corporation during the test year. Based on her review, she determined that
9 \$186,021 of the \$289,622 that was actually incurred should be disallowed. Her proposed
10 disallowances were based on three justifications:

11 1. Meals in the St. Louis area were proposed for disallowance because they
12 are against the Company's policy regarding local meals.

13 2. Charges related to the Edison Electric Institute ("EEI") and the Electric
14 Power Research Institute ("EPRI") were proposed for disallowance because they should be
15 charged to electric service.

16 3. Since one officer's primary job is lobbying, all expenses incurred by that
17 officer were proposed for disallowance, since lobbying benefits shareholders.

18 Ms. Conner calculated that her proposed disallowance of officer expenses
19 constituted 64.23% of those expenses. Then she applied this percentage to the remainder
20 of expenses incurred by non-officer employees to calculate a proposed disallowance of
21 \$574,847 for non-officer employees. Apparently Ms. Conner didn't even bother to look at
22 the expenses incurred by the non-officer employees that she proposed to disallow.

1 **Q. Do you agree with Ms. Conner's proposed disallowance of management**
2 **expenses?**

3 A. No, Ms. Conner's proposed disallowance is almost completely unsupported.
4 Although I agree that expenses tied to EEI and EPRI should not be reflected in the revenue
5 requirement used to set rates paid by gas customers, I disagree with all other aspects of the
6 adjustment. There is no basis for Ms. Conner's disallowance of all expenses incurred by
7 the officer whose primary job is lobbying. Of course lobbying expenses must be booked
8 below the line, and they are. But where an officer is engaged in non-lobbying work,
9 reasonable expenses are a legitimate cost of service. There is also no basis for the
10 wholesale disallowance of meals in St. Louis. Contrary to Ms. Conner's statement, meals
11 in St. Louis do not necessarily violate the Company's policies. There are several instances
12 where "in town" meals are permitted by the Company's policies. For example, if an
13 Ameren Missouri employee met with an out-of-town consultant over dinner, that dinner
14 expense would comply with the Company's policies. So Ms. Conner's calculation of the
15 \$186,021 disallowance for officer expenses is largely unsupported.

16 Even more egregious is Ms. Conner's application of the percentage of her proposed
17 disallowance of officers' expenses to the remaining amount of non-officer expenses. Ms.
18 Conner apparently expects the Commission to disallow the same percentage of non-officer
19 expenses, even though she has never even looked at, much less audited, the non-officer
20 expenses. Since Ameren Missouri's gas operations are located in Central Missouri, the
21 exclusion of St. Louis-area expenses does not even make sense. Consequently, Ms.
22 Conner's disallowance is completely unsupported and should be summarily rejected.

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VII. DE's PROPOSAL FOR A CHP PROGRAM

Q. Please explain the Missouri Department of Economic Development – Division of Energy's recommendation that Ameren Missouri implement a combined heat and power program.

A. In her direct testimony, DE witness Jane E. Epperson recommends that Ameren Missouri be ordered to undertake an extensive program to promote the use of combined heat and power technologies in its service territory. This would involve identifying customers who may be candidates to implement CHP, coordinating outreach efforts with the U.S. Department of Energy Midwest CHP Technical Assistance Partnership ("CHP TAP"), contacting customers to solicit customers that may be interested in CHP, coordinating with CHP TAP to arrange for CHP Screening Surveys, and providing a report to interested stakeholders.

Q. Is it appropriate for the Commission to order Ameren Missouri to undertake a program like the one Ms. Epperson recommends in the context of a rate case?

A. No. The purpose of a rate case is to examine Ameren Missouri's cost of service and determine just and reasonable rates. It is not a vehicle for the Commission to order the utility to undertake programs that particular stakeholders might want.

Q. Ms. Epperson cites a previous case involving The Empire District Electric Company ("Empire") in which a similar program was approved for that utility. If the Commission could approve a similar program in that case, why shouldn't it order Ameren Missouri to participate in such a program in this case?

1 A. The case cited by Ms. Epperson, File No. EM-2016-0213, was Empire's
2 application to merge with Liberty Utilities. In that case, Empire reached an agreement with
3 DE whereby DE would support its merger in exchange for Empire's implementation of the
4 CHP program. No similar agreement has been reached in this case, and as a consequence,
5 there is no basis for the Commission to order Ameren Missouri to implement DE's
6 proposed CHP program.

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Rebuttal Testimony of
Tom Byrne

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Rebuttal Testimony of
Tom Byrne

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

10 **A. Yes, it does.**



Ameren Corporate Diversity and Inclusion Council



Ajay Arora, Brittany Averbeck, Derek Cliff, Jeff Douglass, Gregory Eddings, Yvette Hamilton-Hawkins, Darrell Hopson, Hector Irizarry-Robles, Geralynn Lord, Tara Oglesby, Leroy Robinson, Eric Seidler, Curtis Stemm, Tammy Tyler, Lori Wilson, Scott Wiseman, James Witges

Diversity & Inclusion Council Executive Sponsor

Marty Lyons, Jr.

Diversity & Inclusion Council Facilitator

Sharon Harvey Davis

Purpose:

Formed in March 2002 by a charter from Ameren senior management, the Ameren Corporate Diversity and Inclusion Council (Diversity & Inclusion Council) works to ensure that diversity and inclusion is applied at Ameren within the framework of the corporate mission, vision and values. Working closely with senior management, the Diversity & Inclusion Council actively works toward objectives that include:

- Reviewing and assessing current diversity and inclusion initiatives.
- Recommending suggestions for improvements to current diversity and inclusion initiatives.
- Recommending a strategy for communicating the Corporate Diversity Plan and the diversity and inclusion initiatives to all members of the organization.
- Identifying measures for evaluating individual diversity and inclusion programs.
- Developing an evaluation methodology for monitoring the company's diversity and inclusion climate.

Mission:

Ameren's commitment to diversity and inclusion is essential to a secure energy future. It assures inclusion and requires accountability of stakeholders to recognize value, and respect individual differences.

Vision:

- Employees are engaged and empowered to use their full potential.
- Inclusion of stakeholders creates innovation that produces a competitive business advantage.
- Ameren is a valued and trusted corporate citizen and a business leader in the community.
- Customers, employees, shareholders, and suppliers are valued and respected.
- Ameren is the employer of choice.

2018 Focus:

- Ameren's workforce reflects the diversity found in our communities at all levels of the company.
- Ameren has a recognized leadership position as a driver of diversity awareness, inclusion and change in our communities.
- Ameren's workforce has an essential understanding of its diversity and inclusion initiatives and the tools to support them.

2018 Theme:

The Courage to Be All In

Charter:

Members of the Diversity & Inclusion Council represent all functions of the company, including both bargaining unit and management employees. The council held its first meeting in July 2002. Since that time, the members have written a corporate definition of diversity and inclusion and a mission statement. The Diversity & Inclusion Council has completed the process of revising the [charter](#).

Members:

- [Ameren Corporate Diversity and Inclusion Council Members](#)

Meetings:

The Diversity & Inclusion Council meets six times per year in the months of February, April, June, August, October and December. Meetings are conducted the fourth Tuesday of the month. There are several active committees of the Diversity & Inclusion Council. Committee meetings are held as needed to achieve committee objectives.





MEETING AGENDA

**Ameren Corporate Diversity & Inclusion Council Retreat
Tuesday, January 15, 2019
Four Seasons Hotel
St. Louis, MO**

			Room
4:00 p.m.	Hotel Check-in	All	
6:00 p.m.	Welcome, Happy Hour & Dinner	Sharon Harvey Davis	8th Floor/ Fireplace space



MEETING AGENDA

**Ameren Corporate Diversity & Inclusion Council Retreat
Day of Learning
Wednesday, January 16, 2019
Four Seasons Hotel
St. Louis, MO**

***Note: D & I Team and Council members, remember to check-out before 11:00 a.m.*

			Room
7:30 a.m.	Breakfast	All	Ballroom Lobby
8:00 a.m.	Agenda and D&I Overview	Sharon Harvey Davis	Ballroom C
8:45 a.m.	Strategic Planning	All	Ballroom C
12:00 p.m.	Lunch	All	Ballroom Lobby
1:00 p.m.	Strategic Planning	All	Ballroom C
4:00 p.m.	2019 Executive Diversity Council Preview & Discussion	Marty Lyons	Ballroom C
4:30 p.m.	Next Steps & Wrap Up	Sharon Harvey Davis	Ballroom C
5:00 p.m.	Retreat Concludes		Ballroom C



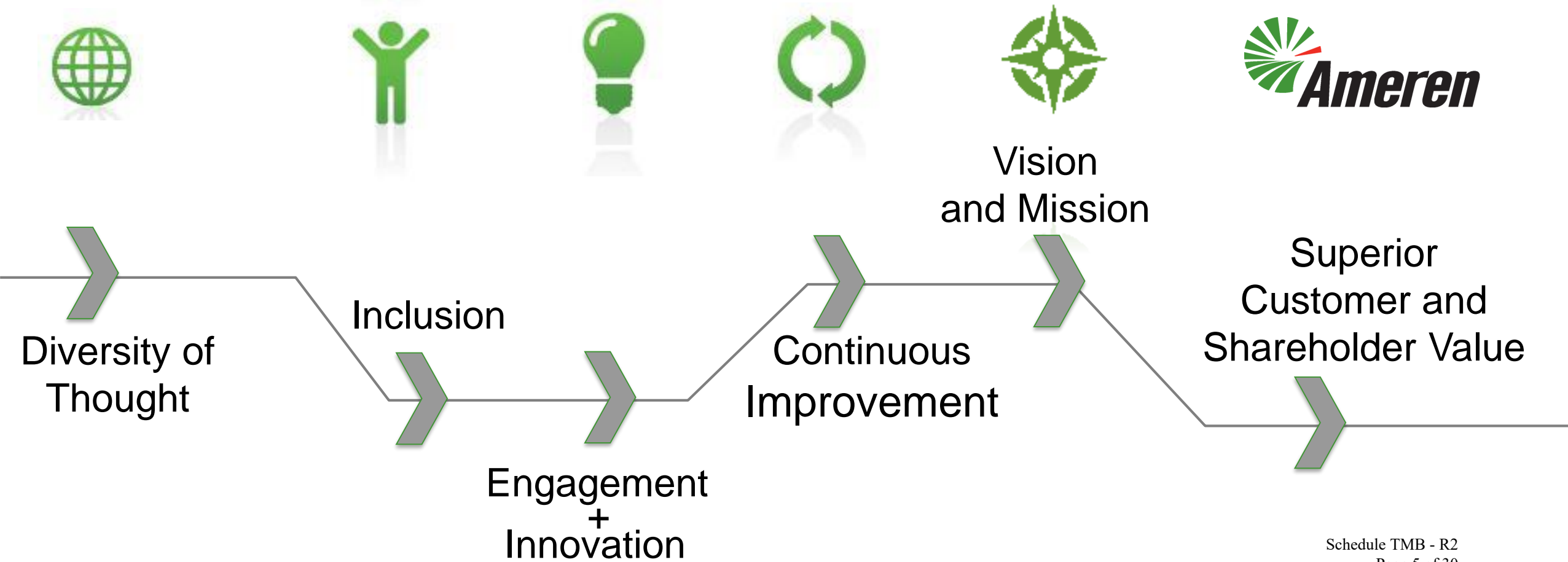
AMEREN DIVERSITY & INCLUSION COUNCIL RETREAT

January 16, 2019

GOALS FOR TODAY

- Decide 2019 Focus Areas for the D&I Council
 - Also discuss information/learning needed to support focus areas
- Recommend 2019 Focus Areas for Executive Diversity Council
 - What accountability measurements and support are needed to drive D&I at Ameren
- Get to know each other better individually and as a team
 - To build trust and enhance D&I Council effectiveness
- Have some fun

THE BUSINESS CASE FOR DIVERSITY & INCLUSION



AMEREN DIVERSITY & INCLUSION COUNCIL PURPOSE

“Ameren’s commitment to diversity is essential to a secure energy future.

It assures inclusion and requires accountability of stakeholders to recognize value, and respect individual differences.”



DIVERSITY & INCLUSION DEPT. FOCUS AREAS

Our Mission: To drive a culture of inclusion that powers the quality of life by eliminating barriers to people achieving excellence.

Inclusion

...to **empower** our workforce by driving inclusive behaviors across functions, levels and locations

Talent

...to **attract, promote** and **retain** a diverse workforce

Accountability

...to **establish** and **track** robust governance, policies, processes and metrics that matter

Brand

...to **enhance** and **elevate** authentic Diversity and Inclusion messaging (internal and external)

...to **build** and **maintain** strong community relationships, supporting economic development and combatting societal barriers to success

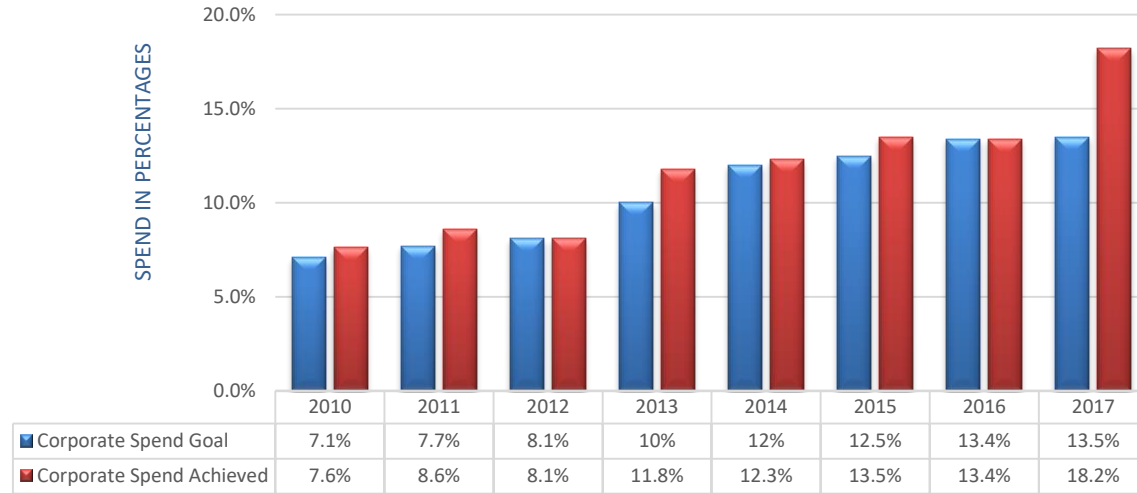


OUR CURRENT STATE

D&I CORPORATE STRENGTHS	2019 D&I DEPARTMENT GOALS
<ul style="list-style-type: none">• Strong executive-level engagement in D&I• Wide variety of opportunities to connect across the organization through Employee Resource Groups and other means• Robust mentoring program with significant leadership engagement• Meaningful progress being made in the advancement and hiring of diverse talent – especially women at the ALT level.• Strong D&I training and development programs across Ameren – with some elements also offered to members of the community• Exceptional results in supplier diversity	<ul style="list-style-type: none">• Substantially raise enrollment in Employee Resource Groups by 15%• Achieve top status in all external D&I benchmarks in which we participate• Drive D&I accountability through the organization with an SLT dashboard to measure progress in areas such as diverse slates and interview teams, supplier diversity and participation in D&I training• Develop D&I leadership training focused on building inclusive leadership skills

ENHANCE SUPPLIER DIVERSITY

Corporate Diverse Spend Historical Performance



Historical Spend by Category



Focus Areas

Diverse supplier development through networking, mentoring and scholarships.

Partner with existing suppliers to increase the diversity of their subcontractors.

Supplier Diversity Goal

22% by 2020



2018 Diverse Supplier Scholarship Recipients

BUILDING A DIVERSE WORKFORCE

Leading Hiring Indicators*	
Diverse Slates – Director +	100%
Diverse Slates – All other roles	74%
Diverse Interview Panels	81%

*Through June 2018



OUR CURRENT STATE

Ameren Executive D&I Council

2018 Goals

- Set stretch goals for diverse supplier spend with a money bag
 - Goal of 22% by 2020
- Enhance diverse slates and interview panels
 - 100% of director level and above level roles have a qualified diverse slate
 - 100% of roles with affirmative action goals have a qualified diverse slate
 - 75% of roles for leadership positions (1st and 2nd line) have a qualified diverse slate
 - 90% of interview teams have at least one diverse team member

Schedule TMB - R2
Page 11 of 30

COUNCIL GOVERNANCE FRAMEWORK

	Reflective/Advisory	Strategic	Fiduciary	*Diversity & Inclusion Council Roles:
<i>Nature of Leadership</i>	Reflective Learners	Visionary, Analytical	Hierarchical	Reflective Learners Hierarchical
<i>Central Purpose</i>	Source of Organizational Learning & Knowledge	Strategic Partnership with Leadership	Stewardship of organizational assets (budget, resources, etc.)	Strategic Partnership with Leadership Stewardship of organizational assets (budget, resources, etc.)
<i>Core Work</i>	Creative, discern problems, engage in sense making	Analytical: Shape strategy, review performance	Technical: Oversee operations, ensure accountability	Creative, discern problems, engage in sense making Technical: Oversee operations, ensure accountability
<i>Principal Role</i>	Sense Maker	Strategist	Gatekeeper	Sense Maker Gatekeeper
<i>Key Question</i>	What's the key question?	What's the plan?	What's wrong?	What's the key question? What's wrong?
<i>Problems are to be:</i>	What's the key question?	Solved	Spotted	What's the key question? Spotted
<i>Deliberative Process</i>	Robust & Engaging	Empirical & Logical	Parliamentary & Orderly	Robust & Engaging Parliamentary & Orderly
<i>Way of Deciding</i>	Grappling & Discerning	Group Process & Consensus	Protocol & Exception	Grappling & Discerning Protocol & Exception
<i>Performance Metrics</i>	Signs of Learning & Discerning	Strategic Indicators, Competitive Analysis	Fact, Figures, Finances & Reports	Signs of Learning & Discerning Fact, Figures, Finances & Reports
<i>Communications with Members</i>	Multi-lateral, Ongoing to learn	Bi-lateral, Episodic to advocate	Limited, Ritualized to legitimate	Multi-lateral, Ongoing to learn Limited, Ritualized to legitimate

WINTER WARM UP

- At your tables
 - State your full name
 - ONE item you like that starts with same letter as your first name

N





2019 DIVERSITY COUNCIL GOALS

BRAINSTORM D&I COUNCIL GOALS

1. What is Ameren already doing in this Focus Area?
2. What does Ameren need to do to be even more effective in this Focus Area?
3. What can we do as a Diversity Council to support success?
4. What is the ROI for each suggestion?

TOP CONTENDERS PER FOCUS AREA

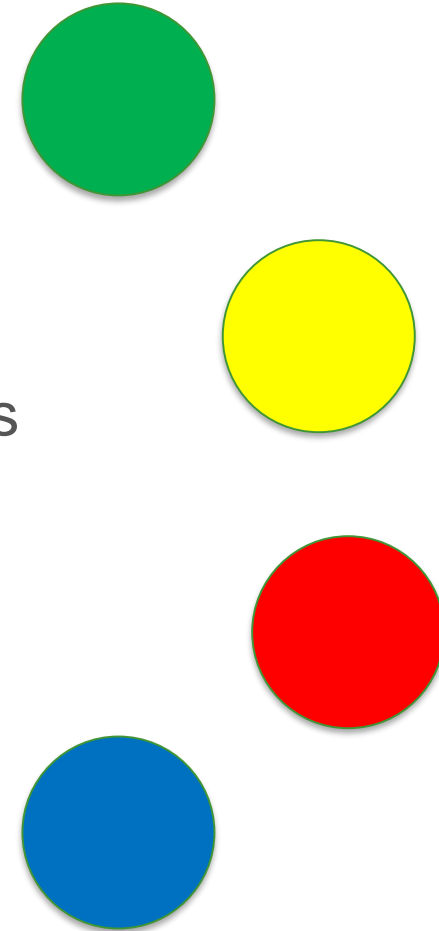
- Identify your top 3 choices, based on ROI
- Print (neatly) those on ONE flip chart
- Pick a spokesperson to report out on your top 3

SHARE

- Each Focus Area spokesperson reports out
- Followed by discussion
 - Questions
 - Concerns
 - Add-ons

SELECTION

- Review all suggestions on flip charts
- Using dots:
 - Each Council member votes for their top **two** suggestions



GOAL DISCUSSION/REFINEMENT OF TOP FOUR

- Council discusses
 - What refinements are needed?
 - What information/learning is needed by the Council to successfully support?



2019 EXEC DIVERSITY COUNCIL FOCUS AREAS

OUR CURRENT STATE

Ameren Executive D&I Council

2018 Goals

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 - 75% of roles for leadership positions (1st and 2nd line) have a qualified diverse slate
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COUNCIL GOVERNANCE FRAMEWORK

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BRAINSTORM EXEC DIVERSITY COUNCIL SUPPORT

1. What accountability measurements and support are needed to drive D&I at Ameren?
2. What is the potential impact for each suggestion?

TOP CONTENDERS PER GROUP

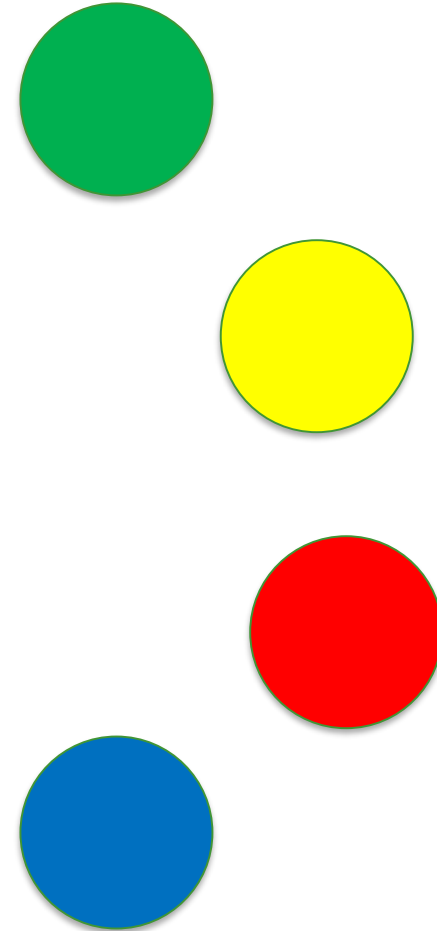
- Identify your top 2 choices based on anticipated impact
- Print (neatly) those on ONE flip chart
- Pick a spokesperson to report out the top 2

SHARE

- Each group spokesperson reports out
- Followed by discussion
 - Questions
 - Concerns
 - Add-ons

SELECTION

- Review all suggestions on flip charts
- Using dots:
 - Each Council member votes for their top **one** suggestion



DISCUSSION/REFINEMENT OF TOP 3 RECOMMENDATIONS

- Team discusses any needed refinements
- Prepare for presentation to Marty
 - Assist spokespeople with talkpoints for each of the 3 recommendations



2019 EXEC DIVERSITY COUNCIL FOCUS AREAS

NEXT STEPS & WRAP UP

- Questions? Comments? Profound Thoughts?
- Next Diversity Council Meeting on February 19
 - Review 2019 Council Goals
 - Review 2019 Executive Diversity Council Goals

NEXT STEPS & WRAP UP

THANK YOU!