Exhibit No.:	____________
Issue(s):	Discovery Issues/ Regulatory Policy/ Ameren Organizational Structure/ MISO Return on Equity ("ROE") Rate Refunds Severance Payments/ Affiliate Transactions and Cost Allocation Manual/ Rate Case Expense/ Supplemental Executive Retirement Plan/ Management Expense Adjustment/ Proposed Management Expense Policy Changes/ Capital Structure Cash Working Capital
Witness/Type of Exhibit:	Hyneman/Direct
Sponsoring Party:	Public Counsel
File No.:	ER-2016-0179

DIRECT TESTIMONY

OF

CHARLES R. HYNEMAN

Submitted on Behalf of the Office of the Public Counsel

UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI

FILE NO. ER-2016-0179

December 9, 2016

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Electric Service	))))	File No. ER-2016-0179

AFFIDAVIT OF CHARLES R. HYNEMAN

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Charles R. Hyneman, of lawful age and being first duly sworn, deposes and states:

1. My name is Charles R. Hyneman. I am the Chief Public Utility Accountant for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my direct testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Chr R. Hy

Charles R. Hyneman, C.P.A.
Chief Public Utility Accountant

Subscribed and sworn to me this 9th day of December 2016.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037

Jerene A. Buckman

Jerene A. Buckman
Notary Public

My Commission expires August 23, 2017.

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OF

CHARLES R. HYNEMAN
UNION ELECTRIC COMPANY

d/b/a AMEREN MISSOURI

FILE NO. ER-2016-0179

INTRODUCTION

Q. Please state your name and business address.

A. My name is Charles R. Hyneman. My business address is PO Box 2230, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I have been employed by the Missouri Office of the Public Counsel ("OPC" or "Public Counsel") as Chief Public Utility Accountant since December 2015.

Q. What is the role of the Public Counsel?

A. By statute, Public Counsel represents and protects the interests of the public in any proceeding before or on appeal from the Missouri Public Service Commission ("Commission").

Q. Did you conduct a review of the books and records of Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") and its rate case application in this rate case?

A. Yes, with the assistance of other members of the OPC. My review in this rate case consisted of reviewing the Company's rate case application, rate case testimony, responses to OPC and Staff data requests ("DRs"), as well as meetings with Company and Staff personnel. In addition, I reviewed past rate case testimony, reviewed past rate case hearings, past

Commission Report and Orders, Company financial statements, income tax returns, and other documents relevant to this rate case.

Q. What is the purpose of your direct testimony?

A. My direct testimony addresses certain components of Ameren Missouri's July 1, 2016 application with the Commission to increase its electric utility rates charged to Missouri ratepayers by $206,363,720 million, or 7.8%.

The rates Ameren Missouri will be allowed to charge its customers will be based on Commission determination of its revenue requirement in this rate case consisting of its reasonable and prudent operating expenses, depreciation expense, federal and state income taxes and its pretax weighted average cost of capital ("rate of return") multiplied by its prudent investment in utility operations ("rate base").

In this testimony, I also provide an explanation of and support for certain rate case adjustments to Ameren Missouri's test year books and records. I will provide recommendations concerning the level of Ameren Missouri's investment in rate base on which the Commission will set rates in this case.

<u>EDUCATION AND EXPERIENCE</u>

Q. Please describe your educational background.

A. I was awarded an Associate degree in Applied Science ("AAS") in Contracts Management from the Community College of the Air Force at Wright-Patterson Air Force, Bachelor of Science degrees in Accounting and Business Administration from Indiana State University at Terre Haute, and a Master of Business Administration degree from the University of Missouri at Columbia.

Q. Are you a Certified Public Accountant ("CPA") licensed in the state of Missouri?

A. Yes. I hold a CPA license in the state of Missouri. I am also a member of the American Institute of Certified Public Accountants ("AICPA"). The AICPA in an organization that represents the CPA profession nationally regarding rule-making and standard-setting. The AICPA established accountancy as a profession and developed its educational requirements, professional standards, code of professional ethics, licensing status, and its commitment to serve the public interest.

Q. Please summarize your professional experience in the field of utility regulation.

A. My professional experience in accounting and auditing began in 1993 when I was employed as a regulatory auditor by the Missouri Public Service Commission as part of the audit division of the Commission Staff's ("Staff") Accounting Department. As a member of the Staff from 1993 to 2015, I participated in rate cases and other regulatory proceedings involving all major electric and natural gas utilities operating in the state of Missouri. While employed by the Staff I held various positions including manager of the Commission's Kansas City Auditing Office. I left the Staff in December 2015, holding the position of Regulatory Auditor V.

EXECUTIVE SUMMARY

Q. What is the test year and true up period in this rate case?

A. The test year is the twelve months ended March 31, 2016 with a true-up date of December 31, 2016.

Q. Has there been an agreement on what elements of Ameren Missouri's cost of service will be updated in the true-up phase of this rate case?

A. No. There is no agreement or Commission order on what issues will be included in the true-up phase of this rate case.

Q. Please list the witnesses who will be filing direct testimony on behalf of the OPC in this case and the issues that are addressed in their direct testimonies.

A. The following individuals will be filing direct testimony on behalf of OPC in this case:

Lena Mantle	Ameren Missouri's Fuel Adjustment Clause (FAC).
Dr. Geoff Marke	Customer Disclaimer, Billing
John Robinett	Depreciation
Charles Hyneman	Discovery Issues, Regulatory Policy, Ameren Corp Structure, MISO ROE Refund, Severance Payments, Affiliate Transactions and Cost Allocation Manual, Rate Case Expense, SERP, Management Expense Adjustment and Recommend Policy Changes, Capital Structure and Cash Working Capital
Steve Carver	Ameren Service Company allocations

<u>DISCOVERY ISSUES</u>

Q. Do you wish to comment on Ameren Missouri's cooperation with OPC as it relates to OPC's discovery efforts in this rate case?

A. Yes. In my opinion, Ameren Missouri has obstructed OPC's audit of its rate case filing. Ameren Missouri objected to several OPC data requests that sought basic audit data and information that took several weeks to resolve if at all. I am not an attorney but I am a regulatory auditor who has over 20 years experience auditing regulated utility companies operating in the state of Missouri. During this period, I have never encountered the level of resistance to discovery that I have with Ameren Missouri in this rate case.

Q. Did Ameren Missouri refuse to allow OPC to meet with certain Ameren Missouri expert witnesses who filed direct testimony in this rate case?

A. Yes it did. It is a common and accepted practice of utility companies, Staff, and OPC to hold several meetings to discuss rate case issues during the pendency of a rate case. Meetings are a highly efficient method by which parties to rate cases gain an understanding of various rate case positions and obtain information that will be presented to the Commission in testimony.

In my over 20 years experience performing rate case audits of Missouri regulated utilities, I have never experienced nor even heard of one instance where utility management refused to allow utility personnel to meet with OPC or Staff rate case auditors. Ameren Missouri's actions in this rate case are particularly concerning since the employees who Ameren Missouri management refused to allow to meet with OPC are Ameren Missouri expert witnesses in this rate case. These expert witnesses have provided testimony to the Commission in support of a $206 million rate increase. While Ameren Missouri had no issue with meeting with members of Staff to our knowledge, they simply refused OPC basic informal meetings with a number of their witnesses.

Q. Do you believe that OPC's direct filing in this rate case has been negatively affected by Ameren Missouri lack of cooperation with OPC's discovery requests?

A. Yes, I do. As an example, in addition to preventing OPC from meeting with Ameren Missouri rate case witnesses and refusing to provide basic and routine audit data, Ameren Missouri is also forcing OPC to waste productive rate case work hours and incur additional expenses to travel from Jefferson City, Missouri to St. Louis Missouri to review Board of Director expense reports. These expense reports are basic audit documents that should be provided in electronic format in the same manner Ameren Missouri provided other employee expense reports. If Ameren Missouri believes expense reports should be protected information, it has the option to classify these documents as Highly Confidential as it does with many of its data request responses.

Q. Is it burdensome and costly for OPC to have to travel to Ameren Missouri headquarters to review basic audit documents such as board of director expense reports?

A. Yes. I should point out that OPC has been cooperative with Ameren Missouri and agreed to review Ameren's Board of Director meeting minutes on site at Ameren. In my experience, most of the information in board of director minutes is not highly sensitive. At times, however, highly sensitive information, such as potential mergers and acquisitions, are discussed and reflected in the meeting minutes. OPC believes it is reasonable to review such information on-site at the utility's offices and has agreed to do so. However, information on travel expenses, lodging, meal, and other basic charges are not sensitive information at all and should be provided electronically in DR responses without hesitation.

Ameren Missouri has objected to providing copies of these basic non-sensitive audit documents to OPC and insisted that OPC review these documents on site. Ameren Missouri's actions results in an audit scope restriction as OPC has neither the time nor the available funds to review and audit these documents at Ameren Missouri's headquarters in Saint Louis. This is just one among several example where Ameren Missouri's obstruction of OPC's rate case audit has resulted in OPC's restricting its audit scope in its direct filing.

Q. Did OPC specifically advise Ameren Missouri that it had serious concerns with its attempts to obstruct OPC's rate case audit?

A. Yes. OPC has expressed its concerns to Ameren Missouri on several occasions both in person, in telephone conversations and in written communications. Ameren Missouri is aware that OPC has serious concerns with its behavior in this rate case. Therefore, this testimony should come as no surprise.

Q. Do you consider Ameren Missouri's treatment of OPC's discovery requests in this rate case as bad customer service?

A. I do. As noted above, Public Counsel is the representative of Ameren Missouri's customers in this rate case before the Commission. Obstruction of OPC's ability to represent Ameren Missouri's customers in a $206 million rate increase is bad customer service on the part of Ameren Missouri management and should be viewed as such by the Commission.

Q. Is OPC proposing a rate case adjustment based on Ameren Missouri's lack of cooperation with OPC's discovery efforts in this rate case?

A. Not at this time. However, OPC reserves the right to propose such an adjustment later in this rate case, especially if Ameren Missouri's efforts to obstruct OPC's audit continues. However, OPC is asking the Commission to consider this behavior in its determination of Ameren Missouri's return on equity in this rate case. If the Commission finds that Ameren Missouri has been less than cooperative and transparent with OPC and other parties in this rate case, it should consider granting a return on equity that is on the low-end of a range of reasonableness.

Q. In stark contrast to Ameren Missouri's treatment, does OPC consider that it has been cooperative with Ameren Missouri's requests in this rate case?

A. Yes. As will be addressed later in this testimony OPC agreed to Ameren Missouri's request to remove the issue of affiliate transactions and Commission approval of Ameren Missouri's cost allocation manual in this rate case. OPC could have forced this issue to be addressed in this rate case but, in the spirit of cooperation, did not object to Ameren's request to delay the affiliate transaction and cost allocation manual ("CAM") issue until after this rate case in 2017.

REGULATORY POLICY

Q. In her direct testimony, at page 7, Ameren Missouri witness Laura Moore describes the term revenue requirement. Do you agree with her description of this term?

A. I agree with her description of a revenue requirement listed below:

> …the sum of operating and maintenance expenses, depreciation and amortization expenses, taxes, and a fair and reasonable return on the net value of property used and useful in serving its customers. The revenue requirement is based on a test year and it is necessary to make certain "proforma" adjustments to reflect conditions existing at the end of the test year….

Ms. Moore describes all of the components of a utility revenue requirement. She appropriately describes the rate of return necessary in a rate case as one that needs to be fair and reasonable.

However, in this sponsoring of Ameren Missouri's revenue requirement proposal, Ms. Moore is supporting a proposed return on equity that includes a component of risk. The risk component of Ameren Missouri's cost of equity is a cost to ratepayers just as any other utility cost included in Ameren Missouri's revenue requirement. Ameren Missouri's shareholders are recovering dollars in rates directly related to shareholder compensation for various types of risks that the Commission perceived as appropriate for Ameren Missouri's shareholders in the Company's last rate case in 2014.

If Ameren Missouri is charging its customers dollars in rates for risk related to rate recovery, it must be assigned that burden of risk of rate recovery. The Commission must not allow Ameren Missouri to transfer that risk from the utility's shareholder to its customers. Utility customers must not be charged a cost for risk while also bearing that same risk they are compensating shareholders to bear. That shift of the burden of risk is a key element for the Commission to consider in this rate case.

Unlike the rate of return component of revenue requirement, Ms. Moore does not qualify or describe the nature of the other components of a revenue requirement. For example, the operation and maintenance expenses that she lists must meet a standard of reasonablenes, they must be known, and must be measurable and they must be consistent with the Commission's rate case matching principle. That means all expenses approved by the Commission in the Company's revenue requirement in this rate case must actually be incurred, prudent, necessary, and the minimum necessary to provide safe and adequate service. Also, allowed expenses must be matched with rate base and revenues included in the revenue requirement calculation to be consistent with the Commission's rate case matching principle. This requirement also applies to the depreciation expense, amortization expense, interest expense, and income taxes.

Finally, Ms. Moore does not qualify the rate base (net shareholder asset investment in the utility) as one that must be prudent, necessary, and reasonable to be considered a utility regulated investment and included in the revenue requirement.

It is when the Commission determines that expenses sought by a utility in a rate case are not reasonable, prudent, necessary, appropriately matched and appropriately allocated to regulated operations that they must not allow such expenses to be assigned to ratepayers.

Q. Has there been a recent push by Missouri utilities to transfer risk from its shareholders to its ratepayers?

A. Yes. In the last few years there has been a major effort by Missouri utility companies to transfer risk of expense recovery from its shareholders to the ratepayers. This risk includes both the risk that incurred expenses will not be "directly recovered" (as utilities often ignore the concept of indirect expense recovery) in rates and that certain expense will experience delayed recovery at times as a result of regulatory lag.

This utility risk-transfer effort includes seeking approval for fuel adjustment clauses, expense trackers, plant-in-service accounting ("PISA"), infrastructure system replacement surcharges, and energy efficiency surcharges among other special ratemaking mechanisms.

It is important for the Commission to seriously consider its role in utility regulation in general and in rate cases in particular when it considers these risk-transfer efforts of Missouri utilities. The Commission fails to protect Missouri ratepayers when it allows risk-transfer mechanisms except in special and unique circumstances.

The Commission also fails to protect Missouri ratepayers when it allows the use of risk-shifting rate mechanisms but retains the cost of bearing that risk on ratepayers. While it may be a difficult process, the Commission must make a serious and strong effort to ensure there is an appropriate adjustment to the cost of risk charged to ratepayers when it grants mechanisms that reduce or eliminate that risk to utility shareholders. There is not a standard formula for accomplishing this task. OPC recognizes that it is a task the will require a lot of judgment on the part of the Commission.

Q. What "risk-transfer" rate-recovery mechanisms are currently employed by Ameren Missouri?

A. Ameren Missouri currently employs FAC, a Missouri Energy Efficiency Investment Act ("MEEIA") surcharge, pension and postretirement benefit cost trackers, an uncertain tax position tracker ("FIN 48"), a renewable energy standards cost tracker, and a solar rebate program tracker.

Each of these cost recovery mechanisms transfers risk of rate recovery from Ameren Missouri to its customers. Ameren Missouri is also proposing extra-ratemaking mechanisms such as expense trackers in this rate case to further reduce cost recovery risk and to reduce the impact of regulatory lag, which is an essential ingredient to effective rate regulation.

Q. Is Ameren Missouri's MEEIA surcharge a concern to OPC?

A. Yes. Above and beyond the rate increase the Company is requesting, the Commission should be aware that Ameren Missouri's ratepayers are already guaranteed a large increase to their bills through the MEEIA surcharge. In the near future, this will be especially pronounced as the surcharge amount will be raised to an unprecedented level with cost recovery coming from program expenditures, "deemed" throughput, a generous performance incentive from Cycle I activity as well as program expenditures and throughput from Cycle II. Residential and small business ratepayers will be especially impacted by this increase as they do not have the luxury of "opting out" of paying these costs like certain large commercial and industrial customers.

Q. Are the policy positions and cost of service adjustments recommended by OPC in this rate case consistent with and supportive of the primary purpose of the Commission?

A. Yes they are. The basis of OPC's policies and adjustments in this case is to serve the interests of the rate paying public by protecting it against the power of the natural monopoly utility. OPC's positions and adjustments are entirely consistent with and supportive of the Commission's principle purpose - to serve and protect ratepayers.

Q. Are the ratemaking positions taken by OPC in this case supportive of longstanding Commission rate case standards, policies, and procedures?

A. Yes, they are. To the extent OPC takes a position inconsistent with a longstanding Commission ratemaking policy or position, or is contrary to a decision reflected in a Commission Report and Order, OPC will attempt to present new evidence for the Commission to consider in its deliberations on that issue.

Q. Does the fact that OPC does not address a specific revenue requirement issue or other rate case issue in its rate case testimonies indicate that OPC agrees with or acquiesces with Ameren Missouri, Staff or other parties' ratemaking proposals, proposed ratemaking adjustments or compliance with Commission rules?

A. No, it does not. For example, OPC does not support the current ratemaking treatment of Ameren Missouri's FIN 48, or uncertain tax position tracker. OPC will address this tracker in future Ameren Missouri rate cases but does not have the resources necessary to address this FIN 48 tracker in this rate case. OPC will note that the accounting standard FIN 48 applies equally to all Missouri regulated utilities but it is only Ameren Missouri who has special ratemaking treatment for this accounting rule. OPC believes there is a much better and less costly method to ensure Ameren Missouri is protected from any additional costs of taking aggressive tax positions with the IRS, which is the utility concern with the application of the FIN 48 accounting standard.

Q. Is OPC making proposals in this rate case to address what it considers to be problems with Ameren Missouri's treatment of its fuel adjustment clause ("FAC")?

A. Yes. In her direct testimony, OPC witness Lena Mantle proposes changes to Ameren Missouri's FAC structure and design. Ms. Mantle has been working with FACs for Missouri electric utility companies since 2005 and is arguably the top expert on Missouri's FACs. Her extensive experience with the FAC is documented in her direct testimony.

OPC's FAC recommendation to the Commission in this rate case will allow Ameren Missouri's fuel charges, purchased power charges, and the related transportation charges to flow through the FAC significantly reducing earnings risk to Ameren Missouri. In addition, OPC's proposal will make Ameren Missouri's FAC 1) more transparent and manageable for Ameren Missouri to administer, 2) reduce disincentives for the implementation of efficiencies; 3) increase incentives for cost savings and revenues 4) easier for the Commission to oversee, 5) easier to conduct a more thorough and complete FAC prudence audit; and 6) less susceptible to errors in Ameren Missouri's FAC calculations and charges to its customers.

AMEREN ORGANIZATIONAL STRUCTURE

Q. Please describe Ameren Missouri's parent company, Ameren Corporation, and its organizational structure.

A. Ameren Corporation was formed in 1997 by the merger of Ameren Missouri and CIPSCO Inc. Ameren Corporation is headquartered in St. Louis, Missouri and is a public utility holding company under Public Utility Holding Company Act of 2005. Ameren Corporations' primary assets are its equity interests in its subsidiaries, including Ameren Missouri and Ameren Illinois. Ameren's subsidiaries are separate, independent legal entities with separate businesses, assets, and liabilities. Ameren Missouri operates a rate-regulated electric generation, transmission, and distribution business and a rate-regulated natural gas transmission and distribution business in Missouri. Ameren Illinois operates rate-regulated electric and natural gas transmission and distribution businesses in Illinois. Ameren Corporation has various other subsidiaries that conduct activities such as the provision of shared services. Ameren Corporation also has a subsidiary, ATXI, that operates a FERC rate-regulated electric transmission business.

MISO RETURN ON EQUITY ("ROE") RATE REFUNDS

Q. Please explain the MISO ROE rate refund issue.

A. Midcontinent Independent System Operator, Inc ("MISO") is a Federal Energy Regulatory Commission ("FERC") Regional Transmission Organization ("RTO") in which Ameren Missouri is a member and Transmission Owner. RTOs are rate regulated by the FERC.

In its September 28, 2016 Order EL14-12-002 ("Opinion No. 551"), FERC found MISO's currently authorized ROE to be unreasonable and cut its authorized ROE for MISO by more than 200 basis points. FERC also ordered that MISO and MISO Transmission Owners provide refunds, with interest, for the 15-month period from November 13, 2013 through February 11, 2015.

Ameren Missouri witness Lynn Barnes briefly describes, at page 19 of her direct testimony, how the Company proposes to address a FERC-ordered refund from MISO. Ms. Barnes states there have been several proceedings at FERC that resulted, or may result, in a reduction of the return on equity used to set past MISO transmission charges and could result in refunds or credits to Ameren Missouri. Ms. Barnes states, to the extent the refunds or credits relate to charges that were not included in Ameren Missouri's FAC (included in Ameren Missouri's base rates), the refunds or credits should not be returned to Ameren's customers.

Ms. Barnes rationalizes that these MISO transmission expenses (the portion not included in the FAC) were paid by Ameren Missouri shareholders and not its customers. In her testimony, she does not explain the thought process behind that statement.

I will be addressing the issue of who actually paid these transmission expenses in subsequent testimony in this case. However, on this issue the facts are clear. Rates paid by Ameren Missouri's customers included MISO transmission charges based on a MISO ROE that FERC determined was excessive. FERC ordered a refund. Ameren Missouri's customers paid higher rates than they would have if the ROE had been lower and therefore are entitled to that refund. Ameren Missouri customers are entitled to any MISO ROE refund regardless of whether these MISO costs were included in the FAC or base rates. OPC will more fully develop this issue in later testimony.

Q. Is OPC requesting that the FERC ordered MISO ROE refund issue be included in any true-up issue list in this rate case?

A. Yes, it is.

SEVERANCE PAYMENTS

Q. Has Ameren Missouri charged employee severance payments to its test year income statement?

A. Yes. Ameren Missouri's response to OPC DR No. 1042 shows a severance charge of $2,656,000 booked to its test year general ledger. OPC proposes an adjustment to Ameren Missouri's test year cost of service to remove these severance payments.

Q. Does the Commission typically allow rate recovery of utility severance payments?

A. No. The Commission has historically not allowed rate recovery of severance payments.

Q. Should severance payments be included in a utility's cost of service?

A. No, for several reasons. The primary reason is that severance payments are often recovered by the utility through regulatory lag in amounts significantly in excess of the amount of the payment. Regulatory lag usually allows a utility to not only recover the amount of severance payments but sometimes allows for the recovery of two and three times the amount of the payment. This is the result of a utility recovering the salaries and benefits of the severed employees in rates (an expense that is no longer incurred) until rates are changed in the next case.

A second reason is that utility severance agreements typically require the severed employee to waive and release any legal claims the employee may have against the utility for any reason and prohibits the employee from making any disparaging or critical statements of any nature whatsoever about the utility. The cost of securing these types of commitments from severed employees should be borne by shareholders and not ratepayers.

AFFILIATE TRANSACTIONS AND COST ALLOCATION MANUAL

Q. Does the Commission have standards and requirements that govern Missouri electric utilities' transactions with affiliate companies and nonregulated operations?

A. Yes. These requirements are contained in Commission rule 4 CSR 240-20.015, *Affiliate Transactions* ("affiliate rule").

Q. Based on your experience, do you believe there is a high degree of affiliate rule compliance among Missouri utilities?

A. No, I do not.

Q. What is the purpose of the Commission's affiliate rule?

A. The purpose is to prevent regulated utilities from subsidizing their non-regulated operations. The affiliate rule and the Commission's effective enforcement of the rule should provide utility ratepayers reasonable assurance that their rates are not adversely impacted by the utilities' non-regulated and affiliated entity activities and transactions.

Q. Does the mere existence of the affiliate rule even with effective enforcement eliminate improper cross-subsidization of a regulated utility's non-regulated affiliates?

A. No. Even with the existence of an affiliate rule and its effective enforcement, the financial incentives for a regulated utility to improperly pass costs to its ratepayers to benefit a non-regulated affiliate are too strong to eliminate the risk of subsidizing non-regulated operations. Effective monitoring and enforcement of the affiliate rule may lessen the risk, but it does not eliminate the risk.

Q. How does the affiliate rule attempt to accomplish this objective?

A. Whenever a regulated utility participates in a transaction with any of its affiliated entities, the affiliate rule must be considered for compliance with in 1) financial standards, 2) evidentiary standards, and 3) record keeping requirements. The affiliate rule requires the use of a Commission-approved CAM.

Q. What is a CAM?

A. A CAM is a document that includes the criteria, guidelines, and procedures a utility will follow to be in compliance with the affiliate rule. A CAM, as described in Paragraph 2(E) of the affiliate rule, states the "regulated electrical corporation shall include in its annual (CAM), the criteria, guidelines and procedures it will follow to be in compliance with this rule." Paragraph 3(D) of the affiliate rule states that in transactions involving the purchase of goods and services from an affiliate, the utility will use a "commission-approved" CAM which sets forth cost allocation, market valuation, and internal cost methods.

Q. Has Ameren Missouri sought Commission approval of its CAM in this rate case?

A. Yes. In a Stipulation and Agreement to Case No. ER-2014-0258, Ameren Missouri agreed to seek Commission approval of a CAM in its next electric general rate proceeding and submitted its proposed CAM in its July 1, 2016 direct filing in this rate case. On November 18, 2016, Ameren Missouri met with OPC and Staff and requested that the issue of its CAM be removed from consideration in this rate case and be deferred to a separate docket beginning early in 2017. OPC, Staff, and Ameren Missouri have reached an agreement that is currently before the Commission to remove the issue of a CAM from this rate case.

Q. Did OPC recently file a proposed CAM in Kansas City Power & Light Company ("KCPL") current rate case No. ER-2016-0285?

A. Yes, it did. I attached this proposed CAM to my direct testimony in Case No. ER-2016-0285, KCPL as Schedule CRH-D-1.

Q. Do you believe the CAM proposed by OPC as CRH-D-1 to your KCPL direct testimony is a significant improvement over the CAMs that are currently used by Missouri's regulated gas and electric utilities?

A. Yes, I do. OPC's proposed CAM in the KCPL rate case includes the required policies, procedures, and internal controls necessary for utility compliance with the affiliate rule. OPC anticipates recommending a very similar CAM in the 2017 Ameren Missouri CAM docket discussed above.

RATE CASE EXPENSE

Q. What types of costs are normally included rate case expense?

A. Typically rate case expenses consist only of incremental utility expenses for rate case consulting services, engineering services, legal costs, employee meals, and travel costs.

Q. What is Ameren Missouri's budgeted or estimated rate case expense for this rate case?

A. Per workpaper LMM-WP-360, Ameren Missouri estimates approximately $1.5 million in incremental rate case expenses for this rate case.

Q. Has OPC reviewed Ameren Missouri's actual rate case expenses for reasonableness and prudency?

A. No. In DR 1003, OPC requested rate case information from the Company. The Company's response to this OPC DR was to refer to its response to Staff DR 132. OPC reviewed the Company's response to Staff DR 132 and noted that, as of December 5, 2016, the Company provided very little information with respect to rate case expenses incurred. On December 5, 2016 Ameren Missouri updated its response to Staff DR 132 with rate case information and invoices. Based on its initial review of this information, OPC has concerns with this data. However, OPC has not had sufficient time to audit this DR response. OPC will address actual rate case expense incurred later in this rate case.

Q. What is OPC's position on the appropriate allocation of rate case expense between ratepayers and shareholders in a utility rate case?

A. OPC supports the adjustment methodology of allocating rate case expense to ratepayers and shareholders based on allocation methodology developed by the Commission in Case No. ER-2014-0370, KCPL ("KCPL method").

The KCPL method calculates the ratio of the dollar revenue increase ordered by the Commission to the dollar revenue increase sought by the utility in that rate case. That ratio is then applied to incurred rate case expense and that level of rate case expense is included in cost of service. Under the KCPL method, the remainder of the incurred rate case expense is presumed to be incurred to benefit shareholders and is allocated appropriately.

In addition to the KCPL allocation method that will be described below, to the extent incurred rate case expense includes costs that are excessive, unreasonable, imprudent, or improperly accounted for, OPC may propose an adjustment to remove these expenses from the eligible cost pool of allocable rate case expenses later in this rate case.

Q. Since the Commission developed the KCPL method for allocating rate case expense, has the Staff advocated the use of the KCPL method in its rate case testimony?

A. Yes, it has.

Q. In developing the KCPL method, did the Commission create a systematic and rational approach to the allocation of rate case expense?

A. Yes it did. Some portion of rate case expense may be "disallowed" or adjusted based on reasonableness, imprudence, or for other reasons. However, expense disallowance was not the substance of the Commission's position on rate case expense in its ER-2014-0370 Report and Order.

The Commission's position was based on the application to rate case expense of reasonable and prudent ratemaking cost allocation principles. To obtain an understanding of the Commission's stated position on rate case expense in its ER-2014-0370 Report and Order, it is important not to confuse the Commission's creation of a systematic and rational cost allocation method (like the KCPL method) with a rate case expense "disallowance adjustment". The Commission made no such disallowance adjustment in it KCPL ER-2014-0370 Report and Order for rate case expense.

Q. Is it appropriate to allocate rate case expenses like other utility expenses that are allocated to shareholders?

A. Yes. Like every other utility expense, rate case expense is subject to an allocation to the parties that benefit from the incurrence of the expense. Ratepayer benefit is the cornerstone of the Commission's KCPL method of allocating rate case expense. The Commission found that rate case expense benefits both ratepayers and shareholders and it allocated the cost to both entities based on a systematic and rational allocation factor.

Similarly, the cost Ameren Missouri incurs to process a rate case provides a benefit to its ratepayers to the extent the cost was incurred to secure just and reasonable rates. If costs are currently just and reasonable, ratepayers do not benefit at all from a rate case. Expenses incurred to secure higher utility rates than what the Commission determines are just and reasonable do not benefit ratepayers. These costs, if included in cost of service, would be a detriment to ratepayers.

The Commission's allocation methodology reduces the risk and potential detriment that ratepayers will be charged expenses for actions that seek to raise utility rates above what the Commission determines is a reasonable level.

In summary, expenses to process a rate case incurred to increase rates over and above what the Commission determines are fair and reasonable should not be charged to ratepayers. Similarly, rate case expenses that are determined to be excessive, unreasonable, and imprudent should also not be charged to ratepayers. That is a very simple, reasonable, and appropriate way to view the issue of "cost responsibility" for rate case expense.

Q. Do you believe the Commission's ordered KCPL method has a positive impact on Missouri ratepayers and utility companies?

A. Yes. My experience with recent rate cases indicates this Commission decision has potentially reduced excessive rate case expenses from being charged to Missouri ratepayers and caused Missouri utilities to place a focus on the reasonableness, necessity, and prudence of incurred rate case expense. The Commission, by assigning the ratemaking risk of potentially absorbing significant dollars of rate case expenses to utility shareholders, has changed utility management behavior in a positive way.

Q. What is the normalization period assumed by OPC in determining the annual and normalized level of rate case expense to include in the Company's cost of service in this rate case?

A. OPC is proposing a normalization period for rate case expense of three years. Ameren Missouri filed its previous case, ER-2014-0258, on July 3, 2014 and filed this rate case on July 1, 2016. Because Ameren has an FAC, four years is the maximum period it can recover costs without filing a rate case to reset its base fuel and purchased power costs.

Given a window from two to four years, OPC believes it is reasonable to normalized rate case expense over a three-year period.

In its 2014 rate case, Ameren Missouri sought a rate increase of $264 million. In its April 29, 2015 Report and Order in that case, the Commission determined that a just and reasonable rate increase was $108 million, or 41% of the amount sought by Ameren Missouri. Under the Commission's KCPL method of allocating rate case expense, the Company would allocate 41% of its rate case expense to ratepayers and 59% to its shareholders. Applying the same results in this rate case to Ameren's estimated $1.5 million rate case expense would result in a rate case expense allocation to ratepayers of approximately $615,000 normalized over a three-year period, or an annual level of $205,000.

<u>SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN</u>

Q. Please explain the concept of a supplemental executive retirement plan ("SERP")?

A. A SERP provides additional retirement benefits to a select group of employees. According to the IRS' June 2015 *Nonqualified Deferred Compensation Audit Techniques Guide* ("IRS Audit Guide") a SERP is classified as a nonqualified deferred compensation ("NQDC") plan.

A NQDC plan is defined as an elective or non-elective plan, agreement, method, or arrangement between an employer and an employee (or service recipient and service provider) to pay the employee or independent contractor compensation in the future. In comparison with qualified plans, such as an all-employee pension plan, NQDC plans do not provide employers and employees with the tax benefits associated with qualified plans because NQDC plans do not satisfy all of the requirements of the Internal Revenue Code ("IRC"). SERP plans are also referred to by the IRS as "Top-Hat Plans" as they are

NQDC plans maintained primarily for a select group of management or highly compensated employees.

Q. Is a SERP just one of several types of employee pension plans that are provided by Ameren Missouri to its employees?

A. Yes. Employee pension benefit plans include profit-sharing retirement plans, stock bonus plans, money purchase plans, 401(k) defined contribution plans, employee stock ownership plans, defined benefit retirement plans, and SERPs. Ameren Missouri provides several of these pension plans to its employees.

Q. What is the purpose of a supplemental pension plan such as a SERP?

A. The IRS Audit Guide states SERPs are maintained primarily for a select group of management or highly compensated employees. In theory, a SERP is designed to supplement qualified retirement plans such as Ameren Missouri's all-employee Defined Benefit ("DB") pension plan by restoring benefits not included above a certain compensation threshold. SERPs accomplish this by "making up" for the benefits unavailable in the base qualified pension plan due to IRS employee maximum compensation limits on the qualified pension plan. The SERP plan usually covers only the company's highest compensated employees.

Q. Does Ameren Corporation have a SERP?

A. Yes. Ameren Corporation has an unfunded nonqualified supplemental pension plan it refers to as the Ameren Supplemental Retirement Plan that provides certain management employees and retirees with supplemental benefits when their qualified pension plan benefits are capped in compliance with Internal Revenue Code limitations. Schedule CRH-D-1 to this testimony is a description of Ameren's SERP as provided in response to Staff DR 152. Schedule CRH-D-2 is a copy of Ameren's 2008 Supplemental Retirement Plan.

Q. Is your attachment Schedule CRD-D-2 Highly Confidential or Proprietary?

A. No. This is a public document filed publicly with the Securities and Exchange Commission in 2008. In this rate case, Ameren Missouri inappropriately classified this public document as proprietary in its DR responses.

Q. Are there different types of SERPs?

A. Yes. SERPs can be classified as basic restoration plans or SERP Plus plans. A basic restoration SERP is created solely to restore benefits an employee would receive if the IRS had no maximum income restrictions for qualified pension plans. In addition to restoring benefits related to the income restrictions, a SERP Plus plan adds benefits for certain employees that are not provided under the qualified pension plan.

SERP Plus plans exist because of a company's total freedom to design a SERP as it wishes. A company can include all types of compensation and other executive benefits and perquisites in a SERP such as executive bonus payments, stock compensation, and earnings-based compensation. The expenses associated with a SERP Restoration "Plus" Plan, to the extent they exceed a basic SERP Restoration Plan, should not be included in a utility's cost of service.

Q. Is Ameren's SERP a SERP Restoration Plan or a SERP Plus Plan?

A. It is a SERP Plus plan as it allows for benefits such as long-term deferred compensation (such as equity compensation) not included in its all-employee pension plan. To the extent it is a restoration plan, Ameren's SERP restores benefits to employees whose benefits are lost under limitations imposed by the IRS Code [Code Sec. 401(a) (17)] that apply to qualified retirement benefits. Attached as Schedule CRD-D-2 is Ameren's SERP. Section 3 Paragraph 3.2A states that this SERP applies to "amounts deferred by the Participant under the Ameren Deferred Compensation Plan."

For example, the 2016 IRS 401(a) (17) maximum salary limit is $265,000. If an executive's 2016 compensation is $300,000, only $265,000 of the $300,000 can be used in the calculation of benefits in Ameren's qualified pension plan. In this example, none of the $300,000 of Ameren's SERP restores the benefit that would have been provided without the IRS limit. Restoration SERPs are not intended to provide enhanced benefits. They are limited to restoring lost benefits as a result federal tax rules.

Q. Has the Commission traditionally allowed rate recovery of SERP expenses?

A. I am not aware that the Commission has specifically addressed the issue of SERP expenses in a Report and Order. However, in my prior role as a Staff Regulatory Auditor, I have addressed SERP expenses in testimony on many occasions and previously supported the Staff's policy of recommending rate recovery of SERP restoration plan expenses to the extent the rate recovery was based on a "pay-as-you-go" (or cash basis) and the dollar amount of the SERP expense was not material.

Q. Do you believe it is time to revisit rate recovery of SERP expenses?

A. Yes. Rate recovery of SERP expenses should be evaluated considering the compensation philosophy and practices of the individual utility. SERP Restoration Plans are designed to treat highly-compensated employees on the same basis as non-highly compensated employees as it relates to pension benefits. Therefore, it is important to ensure that the salary and other compensation of the highly-compensated employee do not unreasonably exceed the salaries of average utility management employees.

To the extent the compensation of certain highly compensated utility executives exceeds average utility management compensation by more than a reasonable amount, it can be assumed that the compensation paid to the highly compensated executive includes the restoration of pension benefits designed to be restored under a SERP. Allowing higher than reasonable compensation for utility executives in rates, while also allowing rate recovery of a SERP, would be inappropriate double recovery of SERP Restoration Plan benefits.

Q. What is the difference between a NQDC and qualified deferred compensation plan?

A. According to the IRS Audit Guide, NQDC plans do not provide employers and employees with the tax benefits associated with qualified plans because NQDC plans do not satisfy all of the requirements of the IRC for qualified deferred compensation plans. Ameren Missouri's all-employee pension plan is a qualified plan while its SERP is a non-qualified plan. Because Ameren Missouri's SERP is a nonqualified plan, Ameren Missouri's management and Board of Directors are free to design the SERP in virtually any manner desired.

Q. Has OPC included a prudent and reasonable level of Ameren Missouri's recurring SERP payments in its cost of service in this rate case?

A. Yes. OPC is proposing a reasonable and prudent annualized level of actual monthly recurring SERP payments made by Ameren Missouri to its former executives and other highly-compensated former employees.

Q. What level of SERP expenses is OPC proposing to include in Ameren Missouri's cost of service for former Ameren Missouri executives?

A. Ameren Missouri provided data in response to Staff Data Request No. 394 that shows Ameren Missouri's actual cash SERP payments in 2013, 2014, 2015 and partial year 2016. These amounts include SERP service company allocations as well as SERP payments to former Ameren Missouri executives and highly-compensated employees

OPC reviewed the annual cash payments for 2013, 2014 and 2015 to determine the former employees who are receiving recurring SERP payments. OPC then took the 2015 cash payment for these former employees and calculated the total SERP annual cash payments. The total 2015 SERP payments were then adjusted using the same factors used by Ameren Missouri in its workpaper LMM-WP-349 with the exception that OPC did not capitalize any SERP expense. OPC's adjustment resulted in a total SERP expense of $402,022 as compared to Ameren's proposed $1,300,897, for a revenue requirement value of ($898,875).

Q. Did you make an adjustment to the annual SERP payments to Ameren Service Company and Ameren Missouri's former employees?

A. I did not make an adjustment to the SERP payments to Ameren Missouri employees. I made one adjustment to the annual SERP payment being made to a former Ameren Service Company employee. Ameren Missouri is paying this former employee significantly more than $100,000 annually in SERP benefits. This amount, as a supplemental pension payment, is excessive and unreasonable. I made an adjustment to reduce this amount to the average annual SERP payment for service company employees.

Q. What is one significant reason why the level of Ameren Missouri's SERP expense it is seeking in this rate case is so high?

A. Ameren Missouri uses the accrual basis of accounting under Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 715 ("ASC 715") formerly FASB Statement No. 87 ("FAS 87") in calculating its SERP adjustment. This is the same accounting method used for its all-employee qualified pension plan. While the accrual accounting method is appropriate for the qualified pension plan, it is not in any way appropriate for rate case treatment of non-qualified SERP costs.

One reason why the accrual accounting method is not appropriate for the SERP plan is that the expenses are not placed in a fund as is the qualified pension plan expenses. Because they are not placed in a fund, Ameren Missouri management has the freedom to use the funds it collects in rates in whatever manner it chooses.

In effect, use of accrual accounting for SERP would require that SERP expenses collected in rates over the dollar amount paid to retirees each year would require the same ratemaking treatment as is afforded accumulated deferred income taxes. Deferred income taxes is a source of cost-free funds to the utility and are reflected as a reduction to rate base. Utility rates set on non-funded SERP costs calculated under ASC 715, less actual payments, would also represent cost-free funds that would be required as a reduction to Ameren Missouri's rate base in this case.

A second reason why pension accrual accounting is not appropriate for SERP is that, unlike the annual expense for the qualified pension expense, SERP pension expense is not offset by financial market gains on the assets contributed to the pension fund. The return on pension fund assets is a major component of qualified defined benefit pension expense that significantly reduces annual expense. That reduction, because a SERP is not funded, is not present with the calculation of SERP expense using an accrual basis of accounting. Use of an accrual basis of accounting for SERP significantly overstates the actual or true SERP expense incurred by Ameren Missouri.

MANAGEMENT EXPENSE ADJUSTMENT

Q. Summarize OPC's propose Management Expense Adjustment

A. In the test year, Ameren Missouri has recorded excessive, unreasonable, imprudent and improperly documented and allocated management expenses related to travel, meals, entertainment, and other purchases in its books. Just a sample of these charges by only three Ameren employees are shown in Schedule CRH-D-3, CRH-D-4, and CRH-D-5.

The expenses charged to the utility that are listed on these schedules were incurred and charged by senior Ameren executives. These are the individuals who are supposed to set the "Tone at the Top" for the types and amount of expense report charges that are considered reasonable by the Company.

Based on my review of the lack of effective internal controls over management expense report reimbursements, the excessive level of charges incurred and the excessive number of local meals charged to Ameren Missouri's customers, OPC is proposing an adjustment to account 921 of $1,177,992. OPC is also proposing an additional $531,106 be removed from plant construction work orders that charged with these expenses during the test year.

Q. What is the purpose of OPC's adjustment?

A. OPC's adjustment is designed to limit the risk of Ameren Missouri's customers being held financially responsible for imprudent management expenses. In my direct testimony below, I will provide three recommendations to the Commission designed to reduce the risk that Ameren Missouri's management will continue to incur and charge ratepayers excessive, imprudent, unreasonable, and improperly allocated management expenses.

<u>PROPOSED MANAGEMENT EXPENSE POLICY CHANGES</u>

Q. In addition to proposing a rate case adjustment in this case, is OPC recommending the Commission order Ameren Missouri to make changes in how it incurs and pays certain management expenses?

A. Yes. The Commission's primary obligation and responsibility is to protect ratepayers. One way it does this is by allowing only reasonable, necessary, and prudent costs to be included in utility rates a utility charges to its customers. I believe ordering adoption of these three recommendations is the minimum action needed to be taken by the Commission in this case to reduce the risk of further inapposite charges to ratepayers.

OPC offers the following policies and procedures related to management expense reimbursements:

> OPC Recommendations:
> 1. Cease utility reimbursement of non-travel meal costs, such as costs of management employee meals in the St. Louis, Missouri area from rates.
> 2. Adopt a per diem management meal expense policy for meals, lodging and other costs incurred while on business travel.
> 3. Make mandatory a company rule that no cost of alcoholic beverage will be charged to ratepayers under any circumstances.

Q. Please describe your first recommendation concerning Ameren Missouri's management's incurrence of local meal charges.

A. Ameren Missouri's charges to ratepayers what I estimate to be hundreds of local meals each year in St. Louis, Missouri. An example of some of these charges are included in Schedule CRH-D-3 to this testimony.

There is, or at least there should be, an expectation that management employees are responsible for paying for their own meals while in the local area and not in travel status. There is even a greater expectation that Ameren Missouri officers, individually compensated annually by its ratepayers in the hundreds of thousands of dollars, can afford to buy their own lunch. Ameren Missouri's management does not appear to share that expectation as they assume ratepayers should pay for meals consumed by management employees in the local area.

Q. Please describe your second recommendation concerning ordering Ameren Missouri to adopt a per diem management meal expense policy for meal costs incurred while on business travel.

A. Since it is unlikely that Ameren Missouri will voluntarily adopt a per diem travel expense policy, the Commission should order Ameren Missouri to adopt a per diem meal reimbursement policy for employees in travel status. OPC believes the adoption of such a policy will go a long way in addressing Ameren Missouri' incurrence and reimbursement of excessive and unreasonable meal and travel expense charges.

Q. Should a per diem meal reimbursement policy be considered a best practice for utility companies?

A. Yes. If Missouri utility companies are serious about controlling costs, a per diem policy provides strong cost control standards on meal and travel expenses incurred by utility management. It does little good for a utility to promote itself as a serious cost controller and then incur extravagant meal and travel charges. There is a high degree of hypocrisy inherent in such behavior.

In past KCPL rate cases I reviewed utility contracts with vendors where KCPL required vendors to use a per diem meal policy of no more than $50 per day. This is a very sound internal control adopted by KCPL's Procurement Department that should also be adopted by Ameren Missouri for management travel expenses. My review of Ameren Missouri's management expenses shows that there are currently no limits on costs management may incur and charge to ratepayers while on travel status, or in any status, for that matter.

Q. Describe your third and final recommendation concerning reimbursement for alcoholic beverages in management expense reports.

A. OPC's position is that under no circumstances should any utility company charge its regulated utility customers for the cost of alcoholic beverages. In the test year, Ameren Corporation and Ameren Missouri management incurred costs for alcoholic beverages at meals and other events and charged the cost to Ameren Missouri's ratepayers. That practice needs to stop. OPC is requesting Ameren Missouri voluntarily adopt a company-wide policy that no Ameren Missouri employee will be reimbursed for the purchase of alcohol beverages and no cost of alcoholic beverages will be directly charged or allocated to Ameren Missouri by any other Ameren employee.

Q. Do you believe adoption of these recommendations are significant enough to OPC that they must be addressed in this rate case or any settlement agreement reached in this rate case?

A. Yes, I do.

CAPITAL STRUCTURE

Q. Is OPC recommending a specific capital structure in its direct testimony?

A. No. However, OPC supports the Commission's consideration and use of a utility holding company capital structure as it ordered in previous KCPL and KCPL-Greater Missouri Operations ("GMO") rate cases. In those rate cases, the Commission consistently ordered the use of Great Plains Energy's ("GPE") actual consolidated utility holding company capital structure in setting rates for KCPL and GMO customers. GPE is like Ameren Corporation (Ameren Missouri's parent company) as it is a public utility holding company as defined by the Public Utility Holding Company Act of 2005.

Unless it can be shown that Ameren Corporation's actual consolidated capital structure is not appropriate for setting rates in this rate case, OPC supports the past practice of the Commission in using actual utility holding company's consolidated capital structures in setting utility rates.

Q. What is one reason why Ameren Corporation's utility holding company consolidated capital structure would not be appropriate for setting rates in this rate case?

A. One reason is if its use results in a cost of service for Ameren Missouri that is higher than the cost of service produced by a reasonable and prudent utility stand-alone capital structure.

Q. Should any capital structure investment used to support Goodwill be excluded from any capital structure adopted by the Commission to set rates for Ameren Missouri?

A. Yes. While Goodwill may be considered an asset for financial reporting purposes, it is not an asset for utility regulatory or ratemaking purposes. Therefore Goodwill and should not be included in rate base and the investment supporting Goodwill should not be reflected in a utility's capital structure.

Q. How is OPC's recommendation for the consideration of Ameren Corporation's consolidated capital structure in this rate case consistent with the Commission's longstanding practice in KCPL and GMO rate cases?

A. The Commission has consistently ordered the use of GPE's consolidated capital structure in KCPL rate cases since KCPL's 2006 rate case, No. ER-2006-0314. In KCPL's most recent rate case, No. ER-2014-0370, the Commission continued with this position.

The Commission issued its Report and Order in Case No. ER-2014-0370 ("2014 Order") on September 2, 2015. At page 20 of its 2014 Order, the Commission stated it has historically used the actual capital structure of GPE in determining the capital structure of KCPL. The Commission also specifically noted that the Kansas Corporation Commission also used GPE's consolidated capital structure when setting KCPL's electric utility rates in Kansas.

In its 2014 Order, the Commission concluded that, in calculating KCPL's cost of capital, the correct capital structure to use is the actual capital structure of GPE as of May 31, 2015. The Commission noted, at page 17, that all the expert witnesses on the capital structure issue in KCPL's 2014 rate case - except one - recommended using GPE's actual consolidated holding company capital structure to set electric utility rates for KCPL.

CASH WORKING CAPITAL

Q. How has Ameren Missouri determined its Cash Working Capital ("CWC") estimate for inclusion in rate base in this case?

A. The Company made use of a lead-lag study of CWC. A lead-lag study measures the timing of cash flows through the company to determine if "cash" is collected from customers more quickly or more slowly than the Company is required to pay "cash" to its employees, vendors, taxing authorities, and creditors. If a utility can collect its cash revenues more quickly than it must pay its cash expenses, a negative CWC value is included in rate base to recognize that the Company can finance part of its operations from favorable timing of cash flows from operations. Alternatively, if the utility collects cash revenues more slowly than it must pay cash expenses, a positive rate base value for CWC in rate base is recognized. Rate base recognition is made to reflect and compensate this specific type of investor-supplied capital.

Q. What is Ameren Missouri's requested cash working capital for rate base inclusion?

A. Attached to the Direct Testimony of Ameren Missouri witness Laura Moore are schedules LMM-5 *Total Electric Cash Working Capital* and LMM-6, *Total Electric Federal and State Income Tax and City Earning Tax Cash Requirements and Interest Expense Cash Requirement*. These schedules show Ameren Missouri included a positive $19,329,000 million of CWC in its original cost rate base in its direct filing. This amount is also reflected in test year schedule LMM-15 *Total Electric Net Original Cost Rate Base and Revenue Requirement* lines 6 through 10.

Q. Did you audit the expense and revenue lags used in the calculation of the Company's CWC requirement?

A. No, I did not. Therefore, I express no opinion on the accuracy and appropriateness of the methodology used to calculate the components of the revenue lag or the various expense lags in the Company's analysis. I understand, however, that the expense lags proposed by Ameren Missouri are consistent with the lags that were used by Staff in Ameren previous rate cases, including Ameren Missouri's 2014 rate case.

Q. Is OPC proposing adjustments to Ameren Missouri's proposed CWC rate base addition?

A. Yes. OPC is proposing two adjustments. The first adjustment relates to removing non-cash elements included in the study. The second adjustment recommends an averaging of the collection lag developed in Ameren Missouri's 2014 rate case and this 2016 rate case to reduce its inherent volatility.

Q. Describe OPC's first adjustment to Ameren Missouri's proposed CWC requirement.

A. The first adjustment is the correction to cash working capital to remove the effects of non-cash expense elements included in Ameren Missouri's analysis. In its CWC calculation, Ameren Missouri included amounts for federal and state income cash payments. However, Ameren Missouri did not make material income tax payments in the test year and is not expected to make any material income tax payments until 2019. As described above, a CWC lead-lag study is performed to measure cash flow. If there are no cash payments to measure, there is no cash flow. An item without a cash flow should not be included in a CWC analysis.

As Ameren Corporation stated at page 59 of its Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2015 ("2015 Form 10-K"), Ameren Missouri does not pay current income taxes:

> As of December 31, 2015, Ameren had $453 million in tax benefits from federal and state net operating loss carryforwards (Ameren Missouri – $39 million and Ameren Illinois – $131 million) and $144 million in federal and state income tax credit carryforwards (Ameren Missouri – $26 million and Ameren Illinois – $2 million).

> In addition, Ameren has $37 million of expected state income tax refunds and state overpayments.
>
> Consistent with the tax allocation agreement between Ameren and its subsidiaries, these carryforwards are expected to partially offset income tax liabilities for Ameren Missouri until 2019 and Ameren Illinois until 2021. Ameren does not expect to make material federal income tax payments until 2021. These tax benefits, primarily at the Ameren (parent) level, when realized, would be available to fund ATXI transmission investments. (emphasis added)

Q. Are utility income tax payments typically included in a CWC lead-lag cash flow study?

A. Yes. When a utility makes cash payments to the taxing authorities, it has been customary to include such income tax cash payments in a CWC cash flow analysis in a rate case. However, with the availability of bonus depreciation tax deductions and other factors, many utilities in Missouri and across the nation do not currently generate net taxable income and are not making cash income tax payments. As noted above, if no cash payments are made, no CWC impact is warranted.

Q. What is the revenue requirement impact of Ameren Missouri's CWC requirement including and excluding federal and state income tax payments from the CWC calculation?

A. Using the Company's forecasted December 31, 2016 capital structure and proposed common equity, debt, and preferred stock cost rates, Ameren Missouri's CWC rate base increase for its CWC is $2,113,991 when including the non-cash income tax component in the analysis. However, a corrected CWC analysis removing the non-cash elements results in a $1,865,396 increase to rate base. The net revenue requirement impact of including non-cash items in a cash working capital analysis approximately $248,595.

Q. Describe OPC's second adjustment to Ameren Missouri's proposed CWC requirement relating to the collection lag component of the CWC revenue lag.

A. Ameren Missouri witness Brenda Weber correctly describes the revenue lag and its components at page 3 of her direct testimony in this case:

> The revenue lag refers to the elapsed time between the delivery of the Company's product (i.e., electricity) and its ability to use the funds received as payment for the delivery of the product. The revenue lag actually consists of three components, as follows: the service lag, which is the number of days from the mid-point of the service period to the meter reading date; the billing lag, which is the time between when the meter is read and the bill is sent; and the <u>collections lag, which is the time between when the bill is sent to the customer and when the customer's payment is received by the Company. (emphasis added)</u>

Ameren is proposing a base collection lag before adjustments of 28 days based on a review of an internal report it refers to as a "CURCT617 report". As noted, I did not review the merits of using this report for developing a collection lag and do not in any way support such a use in this rate case.

The proposed 28 day collection lag is included in Ameren Missouri's July 1, 2016 rate case filing. Less than two years ago, on July 3, 2014, Ameren filed its 2014 rate case, File No. ER-2014-0258. In that 2014 rate case Ameren hired a consultant, Mr. Joseph Weiss of Concentric Energy Advisors, to perform its CWC analysis. Using the CURCT617 report Mr. Weiss calculated a collection lag of 25.79 days. Ameren Missouri's collection lag of 28 days in this current rate case is 8.6% higher than it was just two years ago.

Q. Did you discuss this issue with Ms. Weber and Mr. Weiss in a meeting at Ameren Missouri's St. Louis Headquarters on December 2, 2016?

A. Yes I did. Neither Ms. Weber, who is Ameren Missouri's CWC witness in this rate case, nor Mr. Weiss, who was Ameren Missouri's CWC witness in the 2014 rate case, could provide any reason for the 8.6 percent increase in the collection lag over this 2-year time period.

Q. In previous testimony did Mr. Weiss note the inherent variability in the collection lag?

A. Yes. Mr. Weiss stated at page 5 of his direct testimony in Ameren Missouri's 2014 rate case that it "has been our experience that the collections lag fluctuates based on various external factors that impact customer payment patterns."

Q. Did Ms. Weber note the very same inherent variability at page 5 of her direct testimony in this rate case?

A. Yes. In her testimony, Ms. Weber stated it "has been our experience that the collections lag fluctuates from time-to-time based on various external factors that impact customer payment patterns."

Q. Did Ms. Weber also note in testimony that Ameren Missouri is not aware of any factors that could have changed the collection lag from the 2014 rate case to this 2016 rate case?

A. Ms. Weber stated at page 4 of her direct testimony in this rate case that "[F]rom discussions with Company personnel, I determined that there were no significant changes in Ameren Missouri's operations affecting the expense leads or revenue lags that had been used to set rates in File No. ER-2014-0258." She then noted two changes to the 28 day collection lag that Ameren is proposing in this case. I will address these separate proposals in my rebuttal testimony in this case.

Q. Give the admitted variability and the lack of any known reason for the 8.6 percent change in the base collection lag, what is the most appropriate way to reflect this change in Ameren's CWC calculation in this rate case?

A. The most appropriate method would be to average the two collection lag calculations of 25.79 days and 28 days to develop an average of 26.9 days. For the purposes of Ameren Missouri's revenue lag calculation in this rate case, OPC is recommending a base collection lag of 26.9 days.

Q. Does this conclude your direct testimony?

A. Yes, it does.

Ameren SERP Overview

Ameren, including Ameren Missouri and Ameren Services, provides pension benefits to all full time employees. Ameren Missouri and Ameren Services, just like the rest of Ameren, provide non-union employees a cash balance pension formula with a base annual credit of 3%-8% of pay based upon the employee's age through the Ameren Retirement Plan.

Under Federal law, the Ameren Retirement Plan can only provide pension benefits on the first $265,000 of an employee's compensation in 2016. Ameren, like many other utilities and large employers, has elected to restore the underlying pension benefit lost due to this pay cap through a supplemental executive retirement plan (SERP.) Ameren's SERP, which covers Ameren Missouri and all of Ameren's companies, does not provide for any benefits beyond restoration of the underlying pension plan. All employees who make over $265,000 receive a benefit from this plan. Note that the SERP provides for only a small portion of Ameren's overall pension benefits – the SERP's liability is less than 1% of the PBO liability of the Ameren Retirement Plan at 1/1/2016.

There is one other key distinction between the broad-based Ameren Retirement Plan and the Ameren SERP – namely, Federal law provides for more favorable treatment for prefunding of a broad-based pension plan than it does for a SERP since such funding is required for a broad-based, tax-qualified pension plan. Thus, the Ameren Retirement Plan is prefunded via contributions to a trust. The balance sheet liability and annual expense of this plan reflect the plan's prefunding. The Ameren SERP is unfunded, with the full liability of the plan reflected on Ameren's books.

Rate Reimbursement

Because of this distinction, the most recent rate ruling's Missouri Tracker for Pension and Other Post-Employment Benefits has drawn a distinction between the expense for the broad-based Ameren Retirement Plan and the SERP:

Qualified Plan: Ameren accrues the cost of the plan under US GAAP and a contribution is made annually to a trust in this amount. This annual cost is included in the Tracker.

SERP: Ameren accrues the cost of the plan under US GAAP, but it does not prefund the plan due to less favorable tax rules. Instead, the plan is funded on a pay as you go basis by making the plan's benefit payments when they are due.

Ameren Missouri filed an annualized 2016 amount in this case. See LMM-WP-349.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 **for the Quarterly Period Ended June 30, 2008**

OR

( ) Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ____ to ____.

Commission File Number	Exact name of registrant as specified in its charter; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-14756	**Ameren Corporation** (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-1723446
1-2967	**Union Electric Company** (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-0559760
1-3672	**Central Illinois Public Service Company** (Illinois Corporation) 607 East Adams Street Springfield, Illinois 62739 (888) 789-2477	37-0211380
333-56594	**Ameren Energy Generating Company** (Illinois Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	37-1395586
2-95569	**CILCORP Inc.** (Illinois Corporation) 300 Liberty Street Peoria, Illinois 61602 (309) 677-5271	37-1169387
1-2732	**Central Illinois Light Company** (Illinois Corporation) 300 Liberty Street Peoria, Illinois 61602 (309) 677-5271	37-0211050
1-3004	**Illinois Power Company** (Illinois Corporation) 370 South Main Street Decatur, Illinois 62523 (217) 424-6600	37-0344645

Exhibit 10.1

AMEREN SUPPLEMENTAL RETIREMENT PLAN

WHEREAS, Ameren Corporation ("Ameren") previously adopted the Ameren Supplemental Retirement Plan ("Plan"); and

WHEREAS, Ameren reserved the right to amend the Plan in Section 5.3 thereof; and

WHEREAS, effective January 1, 2008, unless indicated otherwise, Ameren desires to amend the Plan to incorporate provisions required by Section 409A of the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, effective January 1, 2008, unless indicated otherwise, the Plan is amended and restated in its entirety as follows:

AMEREN SUPPLEMENTAL RETIREMENT PLAN

PREAMBLE

The principal objective of this Ameren Supplemental Retirement Plan ("Plan") is to ensure the payment of a competitive level of retirement income in order to attract, retain and motivate selected executives. The plan is designed to provide a benefit which, when added to other retirement income of the executive, will meet the objective described above. This restated plan will become effective on January 1, 2005, unless indicated otherwise, and will be effective as to each participant on the date he or she is designated as such hereunder.

SECTION 1

Definitions

1.1. "Ameren" means Ameren Corporation.

1.2. "Ameren Deferred Compensation Plan" means the Ameren Deferred Compensation Plan, as amended, renamed or restated from time to time.

1.3. "Code" means the Internal Revenue Code of 1986, as amended.

1.4. "Company" means Ameren Services Company, as agent for Ameren and administrator of the Plan.

1.5. "Employee" means a person who is classified as a salaried employee by the Employer and who is a participant in the Retirement Plan.

1.6. "Employer" means Ameren or any of its subsidiaries which adopts the Plan with the consent of Ameren and which has employees who are participants in the Retirement Plan.

1.7. "Participant" means an Employee who has satisfied the eligibility requirements of Section 2.

1.8. "Plan" means the Ameren Supplemental Retirement Plan.

1.9. "Plan Year" means the 12-month period commencing January 1 and ending on December 31.

1.10. "Retirement" means termination of employment after attainment of at least age 55.

1.11. "Retirement Plan" means the Ameren Retirement Plan as in effect as of the date a determination of benefits is made under this Plan.

1.12. "Specified Employee" means a key employee (as defined in Code Section 416(i) without regard to Code Section 416(i)(5)) determined in accordance with the meaning of such term under Code Section 409A and the regulations promulgated thereunder.

SECTION 2

Eligibility For and Vesting of Benefits

2.1 Eligibility.

Any individual who was a Participant in the Plan on December 31, 2007 shall continue as a Participant in this Plan on January 1, 2008. On or after January 1, 2008, each Employee whose benefits under the Retirement Plan:

(a) are limited (1) by operation of Code Section 415 or Code Section 401(a)(17) or (2) due to the exclusion of earnings deferred under the Ameren Deferred Compensation Plan or

(b) would be entitled to an increased benefit under the Retirement Plan due to additional service credits for benefit purposes granted to such Employee by a written employment agreement executed between the Employer and such Employee,

shall be eligible to be designated a Participant in this Plan as of any January 1 following the date his or her Retirement Plan benefits are limited or enhanced as described above. The Company shall designate those Employees who meet such requirements as eligible and shall indicate the effective date of their participation in accordance with procedures established by the Company. After being designated as eligible, an Employee shall become a Participant on the following January 1.

2.2 Vesting.

A Participant shall be vested under this Plan as of the date each such Participant is vested under the Retirement Plan.

SECTION 3

Amount and Form of Retirement Benefit

3.1 In General.

Any Participant who terminated or who terminates employment with the Employer before January 1, 2005 shall be entitled to receive benefits in accordance with the Plan as in effect on December 31, 2004. A Participant not described in the preceding sentence shall be entitled to receive benefits in accordance with Sections 3.2 through 3.4.

3.2 Benefits for Retirement Plan Participants on or after January 1, 2005.

The amount of benefits payable to a Participant covered under this Section 3.2 will equal the excess (if any) of A. minus B. below:

A. The amount which would have been payable to the Participant under the Retirement Plan (as of the date benefits commence under this Plan or, if an election to defer under 3.4B is applicable, as of the date the Participant terminates employment) without regard to the limitations of Code Section 415 and Code Section 401(a)(17) but including, for such purpose, any amounts deferred by the Participant under the Ameren Deferred Compensation Plan.

B. The amount payable to the Participant under the Retirement Plan (as of the date benefits commence under this Plan or, if an election to defer under 3.4B is applicable, as of the date the Participant terminates employment).

3.3. Death Benefit.

A. If a Participant dies after attaining at least age 55 but prior to receiving benefits under the Plan, the Company shall commence distribution of the Participant's benefits to the Beneficiary according to the method selected by the Participant under Section 3.4B, equal to the amount which would have been payable to the Participant under the Plan as if he or she had terminated employment on the date of his or her death, calculated in accordance with Section 3.2. If a Participant dies prior to attaining age 55 and prior to receiving benefits under the Plan, the Company shall commence distribution of the Participant's benefits to the Beneficiary in a lump sum. The benefits shall commence no later than 30 days after the date of the Participant's death. Neither the Participant nor a beneficiary shall have a right to designate the taxable year of the payment.

B. If a Participant dies after commencement of his or her benefits under the Plan, payments (if any) to his or her Beneficiary shall be determined in accordance with the form of payment elected by the Participant.

C. Beneficiary means the person or persons designated by a Participant to receive the death benefits (if any) payable under Section 3.3; provided that, a designation of a Beneficiary other than the Participant's spouse shall be effective only if (i) the Participant's spouse consents to such designation in writing which consent has been notarized or witnessed by a Plan representative or (ii) the Participant establishes to the satisfaction of the Plan Administrator that the consent may not be obtained because there is no spouse or because the spouse cannot be located. If the Beneficiary fails to survive the Participant, or if the Participant does not designate a Beneficiary, the amounts otherwise payable to a Beneficiary shall be paid to the person or persons in the first of the following classes of successive preference: (1) the spouse of the Participant, (2) the Participant's surviving children, equally, (3) the Participant's surviving parents, equally, (4) the Participant's surviving brothers and sisters, equally, or (5) the Participant's executors or administrators.

3.4 Timing and Form of Payment.

A. In General. Subject to an election under Section 3.4B2, benefits under this Section 3 shall be payable in the form of a lump sum, regardless of the form of payment elected by the Participant or Beneficiary with respect to benefits payable under the Retirement Plan. Subject to Sections 3.4B and 3.4D, benefits under this Section 3 shall commence on the first day of the month following the month in which the Participant terminates employment or as soon as administratively practicable in accordance with Section 3.4F.

B. Election to Defer. A Participant may elect to defer his or her payment from the Plan in accordance with one of the following options:

1. Deferred Lump Sum. The Participant may elect to receive his or her single lump sum payment on March 1 of the calendar year following the calendar year in which the Participant terminates employment with the Employer.

2. Installments. The Participant may elect to receive either monthly or annual installment distributions for a period of five (5), ten (10) or fifteen (15) years. The Participant may elect to receive the first installment on the date he or she terminates employment or on March 1 of the calendar year following the calendar year in which the Participant terminates employment with the Employer. If the Participant's lump sum benefit under the Plan as of the date installments are to commence is less than or equal to $20,000, an election to receive installments shall be void, and such Participant's benefit shall be paid in a lump sum on the date installment payments would have otherwise commenced.

A Participant's election of an alternate payment arrangement in accordance with this Section 3.4B shall be effective only upon the Participant's Retirement. If the Participant terminates employment prior to Retirement, an election of an alternate payment arrangement shall be void. Moreover, an Employee must make an election of an alternate payment arrangement in accordance with the procedures established by the Company, but in no event later than the later of (a) December 31, 2008 or (b) any date preceding the date the Company designates him or her as eligible to participate in the Plan in accordance with Section 2.1. If a Participant makes an election to defer in accordance with this Section 3.4B2, interest on the amount of the Participant's benefits under the Plan shall accrue once installment payments commence at an annual effective rate of interest equal to the average of Mergent's A long-term bond rates for the previous calendar year. Such interest accrual shall continue up to the date full distribution of his benefits under the Plan has been made.

On and after January 1, 2009, a Participant may elect to change his method of distribution in accordance with rules established by the Company. If a Participant makes such election, then (a) such election shall not take effect until at least 12 months after the date on which such election is made, and submitted to the Company; (b) the first payment with respect to which such election is made shall be deferred for a period of not less than 5 years from the date such payment would otherwise have been made; (c) any election related to a payment that was otherwise to be made at a specified time may not be made less than 12 months prior to the date of the first scheduled payment; and (d) with respect to a change in payment form, such change may not impermissibly accelerate the time or schedule of any payment under the Plan, except as provided in regulations promulgated by the Secretary of Treasury.

C. Specified Employee Restriction. Notwithstanding the above, payment of benefits, other than death benefits payable under Section 3.3, shall not be made under this Section 3 prior to the date which is 6 months after the date of a Participant's termination of employment in the case of a Participant who is determined to be a Specified Employee as of the date he or she has a termination of employment.

D. Transition Rules. If a Participant commenced benefits under the Plan prior to January 1, 2005, his or her benefits shall continue to be distributed in accordance with the terms of the Plan in effect as of December 31, 2004. If a Participant commences benefits under the Retirement Plan in 2005, 2006, 2007 or 2008, benefits under this Section 3 shall commence on the same date that benefits commence under the Retirement Plan. If a Participant terminates employment prior to January 1, 2009, but does not elect to commence benefits under the Retirement Plan prior to January 1, 2009, his or her benefits under this Section 3 shall commence in the form of a lump sum as of December 1, 2009, unless he or she elects, on or before December 31, 2008, to receive payment in a different form (if he or she was at least age 55 as of the date of retirement) and/or as of an earlier date in 2009.

E. Termination of Employment and Transfers. A Participant shall be deemed to have terminated employment if the Company and the Participant reasonably anticipate a permanent reduction in his or her level of bona fide services to a level less than 50% of the average level of bona fide services provided by the Participant in the immediately preceding 36 months. Notwithstanding the preceding sentence, no termination of employment shall occur (1) while the Participant is on military leave, sick leave, or other bona fide leave-of-absence which does not exceed six months or such longer period during which the Participant retains a right to reemployment with the Company pursuant to law or by contract; or (2) while the Participant is on a leave-of-absence due to a medically determinable physical or mental impairment that can be expected to last for a continuous period of six months or more and results in the Participant being unable to perform services for the Company in his or her position or a substantially similar position and that does not exceed 29 months. A leave of absence will be a bona fide leave-of-absence only if there is a reasonable expectation that the Participant will return to perform services for the Company. A Participant shall not be deemed to have terminated employment if he or she transfers to an entity which the Company would be aggregated with under Section 414 of the Code, using an ownership percentage of 20% instead of 80% thereunder.

F. Fixed Payment Date. All payments due and payable under this Plan on a fixed date shall be deemed to be made upon such fixed date if such payment is made on such date or a later date within the same calendar year or, if later, by the fifteenth day of the third calendar month following the specified date (provided the Participant or beneficiary is not entitled, directly or indirectly, to designate the taxable year of the payment). In addition, subject to any delays required under Section 3.4C, a payment is treated as made upon a fixed date under this Plan if the payment is made no earlier than 30 days before the designated payment date and the Participant or beneficiary is not permitted, directly or indirectly, to designate the taxable year of the payment.

G. Disability Payment. In the event that it is determined by a duly licensed physician selected by the Company that, because of ill health, accident or other disability, a Participant is no longer able, properly and satisfactorily, to perform his regular duties and responsibilities, and therefore, such Participant has been placed on long term disability ("LTD"), benefits under this Section 3 shall commence on the first day of the month following the month in which the Participant's LTD effective date occurs or as soon as administratively practicable in accordance with Section 3.4F. Notwithstanding the above, benefits shall be distributed under this Section 3.4G only if the Participant is disabled within the meaning of Code Section 409A(a)(2)(C). Where a Participant had elected a deferral option under Section 3.4B, payments will be made in the same form as elected (i.e., lump sum or installment).

SECTION 4

Administration and Claims Procedure

4.1 Powers.

The Company shall have the discretionary authority to construe, interpret and administer all provisions of the Plan. A decision of the Company may be made by a written document signed by an authorized employee of the Company.

4.2 Claim for Benefits.

A Participant who believes that he is being denied a benefit to which he is entitled (hereinafter referred to as "Claimant"), or his representative, may file a written request for such benefit with the Plan Administrator of the Plan setting forth his claim. The request must be addressed to: Ameren Services Company, Employee Benefits Department, P.O. Box 66149, MC 533, St. Louis, Missouri 63166-6149, Attention: Plan Administrator, Supplemental Retirement Plan.

4.3 Review of Claim.

Upon receipt of a claim, the Plan Administrator shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall in fact deliver such reply within such period. However, the Plan Administrator may extend the reply period for an additional ninety (90) days for reasonable cause. If the claim is denied in whole or in part, the Plan Administrator will adopt a written opinion using language calculated to be understood by the Claimant setting forth:

1. the specific reason or reasons for denial,

2. specific references to pertinent Plan provisions on which the denial is based,

3. a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation why such material or such information is necessary,

4. appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review, including a statement of the Claimant's right to bring a civil action following an adverse benefit determination on review, and

5. the time limits for requesting a review and for the actual review.

4.4 Right of Appeal.

Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Plan Administrator review its determination. The Claimant or his duly authorized representative may submit written comments, documents, records or other information relating to the denied claim, which shall be considered in the review under this subsection without regard to whether such information was submitted or considered in the initial benefit determination. The Claimant or his duly authorized representative shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his claim. If the Claimant does not request a review of the Plan Administrator's determination within such 60-day period, he shall be barred and estopped from challenging its determination.

4.5 Review on Appeal.

Within sixty (60) days after the Plan Administrator's receipt of a request for review, it will review its prior determination. After considering all materials presented by the Claimant, the Plan Administrator will render a written opinion setting forth the specific reasons for his decision and containing specific references to the pertinent Plan provisions on which his decision is based. If special circumstances require that the 60-day period be extended, the Plan Administrator will so notify the Claimant and will render the decision as soon as possible but not later than one hundred twenty (120) days after receipt of the request for review. If the Plan Administrator makes an adverse benefit determination on review, the Plan Administrator will render a written opinion using language calculated to be understood by the Claimant setting forth:

1. the specific reason or reasons for denial,

2. specific references to pertinent Plan provisions on which the denial is based,

3. a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his claim, and

4. a statement of the Claimant's right to bring a civil action following an adverse benefit determination on review.

SECTION 5

Miscellaneous

5.1 Service of Legal Process. The General Counsel of Ameren shall be the agent for service of legal process for the Plan.

5.2 Company Rights. The Board of Directors of Ameren may, in its sole discretion, terminate, suspend or amend this Plan at any time or from time to time, in whole or part, subject to any restrictions or requirements applicable under Code Section 409A and the regulations promulgated thereunder. No attempt to terminate the Plan shall be effective unless such termination complies with the restrictions and requirements applicable under Code Section 409A and the regulations promulgated thereunder in effect at the time of such termination. However, no amendment or suspension of the Plan will affect a retired Participant's right or the right of a Beneficiary to continue to receive a benefit in accordance with this Plan as in effect on the date such Participant commenced to receive a benefit under this Plan.

5.3 Employee Rights. Nothing contained herein will confer upon any Participant the right to be retained in the service of the Employer, nor will it interfere with the right of the Employer to discharge or otherwise deal with Participants without regard to the existence of this plan.

5.4 Unfunded Plan. This Plan is unfunded, and the Employer will make Plan benefit payments solely on a current disbursement basis. All payments to a Participant under the Plan shall be made from the general assets of the Participant's Employer. The rights of any Participant to payment shall be those of an unsecured general creditor of his Employer.

5.5 Spendthrift. To the maximum extent permitted by law, no benefit under this Plan shall be assignable or subject in any manner to alienation, sale, transfer, claims of creditors, pledge, attachment or encumbrances of any kind.

5.6 Governing Law. This Plan is established under and will be construed according to the laws of the State of Missouri.

5.7 Interpretation of Plan. All provisions of this Plan shall be interpreted in a manner so as to be consistent with Section 409A of the Code and the regulations issued thereunder. When used in this Plan, the masculine gender will be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates the contrary.

IN WITNESS WHEREOF, this amendment and restatement is executed as of this 13th day of June, 2008.

AMEREN CORPORATION

By: /s/ Donna K. Martin

Title: Senior Vice President and Chief Human Resources Officer (Ameren Services Company)

Date	Meal	Restaurant & Location	Amount	# of people	per person	Account
April 24, 2016 Europe Trip	Dinner	Sonnenberg Restaurant - Zurich	$1,099.90	6	$183.32	921001
April 24, 2016 Europe Trip	Dinner	Taillevent - Paris	$733.94	6	$122.32	921001
April 24, 2015	Dinner	The Capital Grille - Washington, DC	$726.20	5	$145.24	921001
April 24, 2015	Lunch	Schlafly's - STL, MO	$20.58	1	$20.58	921001
May 4, 2015	Room Service	Four Seasons Hotel - Boston, MA	$49.85	1	$49.85	921001
May 4, 2015	Room Service	Four Seasons Hotel - Boston, MA	$44.10	1	$44.10	921001
May 4, 2015	Room Service	St. Regis - Atlanta, GA	$106.16	2	$53.08	921001
May 4, 2015	Room Service	St. Regis - Atlanta, GA	$84.76	1	$84.76	921001
May 4, 2015	Room Service	St. Regis - Atlanta, GA	$58.60	1	$58.60	921001
May 4, 2015	Dinner	Dominic's Trattoria - Clayton, MO	$1,735.50	12	$144.63	921001
May 26, 2015	Room Service	JW Marriott - Washington, DC	$97.52	2	$48.76	921001
May 26, 2015	Lunch	Vin de Set - STL, MO	$38.81	2	$19.41	921001
May 26, 2015	Room Service	Hilton Anatole - Dallas, TX	$196.83	3	$65.61	921001
June 25, 2015	Breakfast	Great American Bar - STL, MO	$11.55	1	$11.55	921001
June 25, 2015	Dinner	Lucques - STL, MO	$663.39	5	$132.68	921001
June 25, 2015	Lunch	Lambert Airport - STL, MO	$14.00	1	$14.00	921001
June 25, 2015	Snacks	Lambert Airport - STL, MO	$10.00	1	$10.00	921001
June 25, 2015	Dinner	Hilton Branson - Branson, MO	$183.63	2	$91.82	921001
August 24, 2015	Lunch	Gourmet to Go - STL, MO	$40.52	2	$20.26	921001
September 4, 2015	Room Service	InterContinental - KC, MO	$116.00	1	$116.00	921001
September 4, 2015	Lunch	Lambert Airport - STL, MO	$12.00	1	$12.00	921001
September 4, 2015	Room Service	The Ritz-Carlton - San Francisco, CA	$60.96	1	$60.96	921001
September 4, 2015	Room Service	The Ritz-Carlton - San Francisco, CA	$41.84	1	$41.84	921001
September 4, 2015	Room Service	The Ritz-Carlton - San Francisco, CA	$43.84	1	$43.84	921001
September 4, 2015	Lunch	Lambert Airport - STL, MO	$11.00	1	$11.00	921001
September 4, 2015	Drinks	Meadows - Kohler, WI	$22.00	2	$11.00	921001
September 4, 2015	Drinks	Straights - Kohler, WI	$23.00	2	$11.50	921001
September 4, 2015	Lunch	Gourmet to Go - STL, MO	$64.20	4	$16.05	921001
October 2, 2015	Snacks	Lambert Airport - STL, MO	$12.00	1	$12.00	921001
October 2, 2015	Room Service	The Broadmoor - Colorado Springs, CO	$67.38	1	$67.38	921001
October 2, 2015	Room Service	The Broadmoor - Colorado Springs, CO	$32.70	1	$32.70	921001
October 2, 2015	Room Service	The Drake - Chicago, IL	$101.62	2	$50.81	921001
November 2, 2015	Snacks	Lambert Airport - STL, MO	$8.00	1	$8.00	921001
November 2, 2015	Room Service	InterContinental - KC, MO	$40.90	1	$40.90	921001
November 2, 2015	Room Service	InterContinental - KC, MO	$52.83	1	$52.83	921001
November 2, 2015	Dinner	Legal Sea Foods - Boston, MA	$371.18	4	$92.80	921001
November 2, 2015	Breakfast	The Waldorf Astoria - Boston, MA	$404.42	6	$67.40	921001
November 2, 2015	Breakfast	Lambert Airport - STL, MO	$12.00	1	$12.00	921001
November 2, 2015	Room Service	Chatroom Lounge - Westin - Toronto, ON	$22.37	1	$22.37	921001
November 2, 2015	Dinner	Pure Spirits - Toronto, ON	$144.68	2	$72.34	921001
November 2, 2015	Room Service	Chatroom Lounge - Westin - Toronto, ON	$21.59	1	$21.59	921001
November 2, 2015	Room Service	Westin - Toronto, ON	$96.24	1	$96.24	921001
November 2, 2015	Lunch	Mike Shannon's Steaks & Seafood - STL, MO	$63.88	2	$31.94	921001
November 2, 2015	Lunch	Vin de Set - STL, MO	$44.29	2	$22.15	921001
November 2, 2015	Lunch	Lambert Airport - STL, MO	$16.00	1	$16.00	921001
November 25, 2015	Room Service	Marriott - KC, MO - World Series	$26.00	1	$26.00	921001
November 25, 2015	Room Service	InterContinental - Atlanta, GA	$50.26	1	$50.26	921001
November 25, 2015	Room Service	InterContinental - Atlanta, GA	$90.50	2	$45.25	921001
November 25, 2015	Dinner	Doral Golf Resort - Miami, FL	$97.48	1	$97.48	921001
November 25, 2015	Dinner	Billy's Stone Crabs - Hollywood, FL **Spouse	$238.97	2	$119.49	921001
November 25, 2015	Dinner	GG's Waterfront - Hollywood, FL **Spouse	$189.94	2	$94.97	921001
November 25, 2015	Room Service	Diplomat Resort & Spa - Hollywood, FL	$175.99	1	$175.99	921001
November 25, 2015	Breakfast	Fort Lauderdale, FL Airport	$12.00	1	$12.00	921001
November 25, 2015	Dinner	Billy's Stone Crabs - Hollywood, FL **Spouse	($119.49)	1	($119.49)	921001
November 25, 2015	Dinner	GG's Waterfront - Hollywood, FL **Spouse	($94.97)	1	($94.97)	921001
November 25, 2015	Dinner	Doral Golf Resort - Miami, FL	($48.74)	1	($48.74)	921001
January 27, 2016	Dinner	Bill's Bar & Burger - NYC, NY**Alcohol	$87.24	2	$43.62	921001
January 27, 2016	Lunch	Lambert Airport - STL, MO	$12.00	1	$12.00	921001
January 27, 2016	Room Service	Fairmount Scottsdale Princess - Scottsdale, AZ	$48.23	1	$48.23	921001
January 27, 2016	Room Service	Fairmount Scottsdale Princess - Scottsdale, AZ	$37.69	1	$37.69	921001
February 25, 2016	Dinner	801 ChopHouse - Clayton, MO	$556.17	3	$185.39	921001
February 25, 2015	Lunch	Vin de Set - STL, MO	$40.83	2	$20.42	921001
February 25, 2016	Lunch	Hilton St. Louis Frontenac - STL, MO	$41.32	2	$20.66	921001
February 25, 2016	Dinner	801 Fish - STL, MO	$498.38	3	$166.13	921001
February 25, 2016	Dinner	801 Fish - STL, MO	$1,002.65	8	$125.33	921001
February 25, 2016	Lunch	Vin de Set - STL, MO	$78.08	3	$26.03	921001

Date	Meal	Restaurant & Location	Amount	Account
March 27, 2015	Breakfast	Café Che - Germany	$13.69	921001
March 27, 2015	Dinner	Casual Food - Germany - 2 people	$38.06	921001
March 27, 2015	Dinner	Yamazato - Amsterdam ** includes Alcohol - 3 guests	$580.78	921001
March 27, 2015	Dinner	CaviarHouse Seefood B. - Amsterdam	$245.86	921001
March 27, 2015	Breakfast	Starbuck's - Amsterdam	$9.91	921001
March 27, 2015	Dinner	Mastro's - NYC, NY - 5 guests	$800.67	921001
March 27, 2015	Dinner	Joe's American Bar & Grill - Boston, MA	$236.67	921001
March 27, 2015	Coffee	Starbuck's - STL, MO	$5.30	921001
March 27, 2015	Coffee	Café Che - Germany	$7.51	921001
April 17, 2015	Dinner	Forge - NYC, NY - 3 people	$310.39	921001
May 19, 2015	Dinner	Banister House - STL, MO - 4 people	$40.38	921001
June 4, 2015	Snack	JW Marriott - LA, CA	$91.73	921001
June 4, 2015	Snack	Mid City Kitchen - Phoenix, AZ	$4.32	921001
June 4, 2015	Dinner	Soulards - STL, MO - Mentor Lunch - 2 people	$42.70	921001
June 26, 2015	Lunch	Vin de Set - STL, MO - 2 people	$48.23	921001
June 26, 2015	Lunch	PW Pizza - STL, MO	$20.81	921001
June 26, 2015	Room Service	JW Marriott - LA, CA	$517.44	921001
October 7, 2015	Dinner	Estiatorio Milos - NYC, NY **Includes Alcohol - 3 people	$442.04	921001
October 7, 2015	Room Service	South Gate Dinner Beer - Marriott - NYC, NY	$26.86	921001
October 7, 2015	Snack	HudsonNews	$6.83	921001
October 7, 2015	Lunch	KCPL Dinner Meeting - STL	$15.81	92101
October 7, 2015	Snack	HudsonNews	$6.83	921001
October 7, 2015	Dinner	The Tenderloin Room - 18 people	$2,546	
December 9, 2015	Dinner	Michael Jordon's SteakHouse Bar - Chicago, IL	$51.00	921001
December 9, 2015	Room Service	Intercontinental - Chicago, IL	$73.09	921001
December 9, 2015	Room Service	Intercontinental - Chicago, IL	$156.61	921001
December 9, 2015	Room Service	Intercontinental - Chicago, IL	$40.37	921001
December 9, 2015	Lunch	Welcome to the Café - Hollywood, FL	$38.18	921001
December 9, 2015	Breakfast	Starbuck's - STL, MO	$12.26	921001
December 9, 2015	Room Service	Diplomat Resort & Spa - Hollywood, FL - 8 people Meeting	$571.35	921001
December 9, 2015	Lunch	Soulards - STL, MO - Mentor Lunch - 2 people	$46.45	921001
December 9, 2015	Room Service	Diplomat Resort & Spa - Hollywood, FL	$31.54	921001
December 9, 2015	Lunch	Soulards - STL, MO - Mentor Lunch - 2 people	$38.04	921001
January 26, 2016	Snack	Dunkin' Donuts-Baskin Robbins - STL, MO	$4.15	921001
January 26, 2016	Lunch	Buffalos - The Ritz-Carlton - Avon, CO	$30.04	921001
January 26, 2016	Snack	Starbuck's Dumont	$9.42	921001

Date	Meal	Restaurant & Location	Amount	# of people	per person	Account
April 28, 2015	Lunch	Lombardo's Trattoria - STL, MO	$52.50	2	$26.25	921001
April 28, 2015	Dinner	Eleven Eleven - STL, MO	$448.67	8	$56.08	921001
April 28, 2015	Dinner	Tony's - STL, MO **Alcohol	$516.92	4	$129.23	921001
April 28, 2015	Breakfast	Starbuck's - STL, MO	$8.78	1	$8.78	921001
April 28, 2015	Lunch	Beaches - The Boca Raton Resort - FL - Personal will refund	$51.40	2	$25.70	921001
May 27, 2015	Lunch	Tucker's Place Soulard - STL, MO	$25.37	1	$25.37	921001
May 27, 2015	Lunch	Eleven Eleven - STL, MO	$36.03	2	$18.02	921001
June 30, 2015	Lunch	Lao Sze Chuan - Chicago, IL	$22.00	1	$22.00	921001
June 30, 2015	Breakfast	Starbuck's - STL, MO	$4.93	1	$4.93	921001
June 30, 2015	Dinner	Shanghai Terrace - Chicago, IL	$95.56	1	$95.56	921001
June 30, 2015	Dinner	The Peninsula - Chicago, IL **Alcohol	$75.71	1	$75.71	921001
July 30, 2015	Breakfast	Break-n-Egg Diner - STL, MO	$26.03	2	$13.02	921001
July 30, 2015	Dinner	801 ChopHouse - Clayton, MO	$269.29	2	$134.65	921001
July 30, 2015	Lunch	Vin de Set - STL, MO	$29.98	3	$9.99	921001
July 30, 2015	Lunch	Eleven Eleven - STL, MO	$46.39	3	$15.46	921001
August 31, 2015	Lunch	Lemon Grass - STL, MO	$43.33	4	$10.83	921001
August 31, 2015	Dinner	Café Napoli - STL, MO	$636.06	5	$127.21	921001
September 25, 2015	Lunch	Mastro's Steakhouse - Washington, DC	$241.30	4	$60.33	921001
September 25, 2015	Breakfast	Starbuck's - STL, MO	$8.94	1	$8.94	921001
September 25, 2015	Lunch	Vin de Set - STL, MO	$33.55	2	$16.78	921001
November 3, 2015	Lunch	Eleven Eleven - STL, MO	$30.97	2	$15.49	921001
November 3, 2015	Lunch	Vin de Set - STL, MO	$82.56	4	$20.64	921001
November 3, 2015	Lunch	Eleven Eleven - STL, MO	$84.72	4	$21.18	921001
November 25, 2015	Lunch	Vin de Set - STL, MO	$29.76	2	$14.88	921001
November 25, 2015	Lunch	Vin de Set - STL, MO	$29.76	2	$14.88	921001
November 25, 2015	Lunch	Eleven Eleven - STL, MO	$41.33	2	$20.67	921001
November 25, 2015	Breakfast	Break-n-Egg Diner - STL, MO	$26.03	2	$13.02	921001
November 25, 2015	Breakfast	Starbuck's - STL, MO	$9.53	1	$9.53	921001
November 25, 2015	Lunch	Lemon Grass - STL, MO	$43.63	1	$43.63	921001
November 25, 2015	Dinner	Perking Duck House - NYC, NY	$94.66	1	$94.66	921001
December 21, 2015	Lunch	Vin de Set - STL, MO	$33.23	1	$33.23	921001
December 21, 2015	Breakfast	Starbuck's - STL, MO	$5.68	1	$5.68	921001
January 25, 2016	Breakfast	Starbuck's - STL, MO	$9.21	1	$9.21	921001
January 25, 2016	Lunch	Oceanaire Seafood Room - Washington, DC	$80.00	2	$40.00	921001
February 24, 2016	Dinner	Joe's Seafood **Alcohol - Washington, DC	$420.24	4	$105.06	921001
February 24, 2016	Breakfast	Break-n-Egg Diner - STL, MO	$27.77	2	$13.89	921001
February 24, 2016	Lunch	Eleven Eleven - STL, MO	$47.72	2	$23.86	921001
February 24, 2016	Lunch	Gio's - STL, MO	$112.75	4	$28.19	921001
February 24, 2016	Lunch	Lombardo's Trattoria - STL, MO	$46.30	2	$23.15	921001
February 24, 2016	Lunch	Vin de Set - STL, MO	$33.55	2	$16.78	921001
March 24, 2016	Dinner	Gibson's Bar & Steakhouse **Alcohol - Chicago, IL	$256.87	2	$128.44	921001
March 24, 2016	Breakfast	Starbuck's - STL, MO	$8.78	1	$8.78	921001
April 24, 2016	Lunch	Sqwires Restaurant - STL, MO	$56.70	4	$14.18	921001