

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Establishment of a Working Case for the Review and Consideration of Rewriting and Writing of Existing and New Affiliate Transaction Rules and HVAC Affiliate Transaction Rules. ) ) ) ) ) ) File No. AW-2018-0394

**AMEREN MISSOURI’S RESPONSE TO ORDER  
REQUESTING COST OF COMPLIANCE RESPONSES**

COMES NOW Union Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”), and as requested by the Commission’s August 11, 2023 *Order Requesting Estimated Cost of Compliance Responses*, provides the following response regarding the cost of compliance with the Staff’s draft rule included as Appendix A to the Staff Status Report and Request for Comments on the Estimated Cost Impacts Regarding Draft Affiliate Transactions and HVAC Rules:<sup>1</sup>

1. As a preliminary matter, Ameren Missouri notes that the above-referenced draft rule is substantially similar to Staff’s third draft rule. Consequently, the following response regarding compliance costs with the latest Staff draft rule will largely mirror the Company’s March 20, 2020 Response to Order Request Cost of Compliance Responses which was directed to the third Staff draft rule.

2. While Ameren Missouri has not operated under a rule identical to that reflected in the Staff’s latest draft, it has endeavored to develop an estimated annual cost (on average, over the first few years of such rule’s operation) for compliance with an affiliate transactions rule that would be identical to the latest Staff draft. Portions of the estimate are quantifiable with a fair degree of accuracy (based upon what is known today). Other portions are less certain and as addressed below, are not capable of estimation at all.

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<sup>1</sup> This Response is for total compliance with the draft rule, assuming it is adopted by the Commission and there are no variances in place on an ongoing basis.

3. Major cost components quantifiable with a fair degree of accuracy:<sup>2</sup>
  - a. Maintenance of a position dedicated to affiliate transaction rule compliance — for Ameren Missouri, that position is its Cost Allocation Manual (“CAM”) Manager: \$150,000 annually;<sup>3</sup>
  - b. Accounting, budgeting, other meetings and involvement of Company or service company (Ameren Services Company) personnel or counsel as needed in addressing and ensuring compliance on a day-to-day basis: \$100,000;
  - c. Employee training: \$ \$210,000 - 420,000.<sup>4</sup>
4. Other activities that are more difficult to estimate but which will likely be required from time-to-time, including:
  - a. Additional affiliate transaction-related work in general rate proceedings, which would likely occur on average as often as approximately every two years but at intervals no longer than every four years: \$50,000 (a normalized average, assuming rate cases are filed every two years on average).
5. Other activities which could have a cost but the cost of which cannot be estimated would include all non-service company transactions which, absent a variance, could require significant market testing efforts. These efforts would involve the commitment of significant Company and AMS employee time, with the associated cost, and possibly outside consultant assistance with things such as requests for proposal or benchmarking and related services.

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<sup>2</sup> Annual costs.

<sup>3</sup> Salary, benefits, and overhead. Note that all figures cited in this filing are in nominal 2023 dollars and that these estimates do not account for inflation likely to occur in future years.

<sup>4</sup> A range is provided because the cost depends on the duration of the training, which could vary.

Respectfully submitted,

*/s/ James B. Lowery*

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Dated: September 11, 2023

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been emailed to the parties of record on this 11<sup>th</sup> day of September, 2023.

*/s/ James b. Lowery*  
**James B. Lowery**