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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2021-0240

DIRECT TESTIMONY

OF

LAURA M. MOORE

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
March 2021**

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DIRECT TESTIMONY

OF

LAURA M. MOORE

FILE NO. ER-2021-0240

I. INTRODUCTION

1

2 **Q. Please state your name and business address.**

3 A. My name is Laura Moore and my business address is One Ameren Plaza,
4 1901 Chouteau Avenue, St. Louis, Missouri 63103.

5 **Q. What is your position with Ameren Missouri?**

6 A. I am Controller for Union Electric Company d/b/a Ameren Missouri
7 ("Ameren Missouri" or the "Company").

8 **Q. Please describe your educational background and employment**
9 **experience.**

10 A. I received a Bachelor of Science degree in Accounting from the University
11 of Missouri at Columbia in May 1991 and a Masters of Business Administration from St.
12 Louis University in May 1997. I am a Certified Public Accountant, licensed to practice in
13 the state of Missouri. From 1992 to 1994, I worked for Preferred Pipe Products, Inc., in St.
14 Louis, Missouri, in various capacities, including Staff Accountant in 1992 and Accounting
15 Manager from 1992 to 1994. I worked with Eagleton Enterprises in St. Louis, Missouri, as
16 an Accounting Manager from 1994 to 1995. I worked with Merit Behavioral Care in
17 St. Louis, Missouri, as an Accountant from 1995 to 1997. I worked with Clark Refining
18 and Marketing in St. Louis, Missouri, as a Financial Analyst from 1997 to 1999. From
19 1999 to 2002, I worked at Emerson Tool Company in St. Louis, Missouri, in the Financial

1 Analysis Department, first as an Analyst and then as the Manager. I have worked for
2 Ameren Missouri or one of its affiliates since 2002.

3 During my tenure at Ameren, I have worked in various roles. I started in Ameren
4 Services Company as a Financial Specialist and then worked in supervisory roles in Plant
5 Accounting and Fuel Accounting. In 2012, I transferred to Ameren Missouri to work in
6 Regulatory Accounting. I worked in Regulatory Accounting until I became Ameren
7 Missouri's Controller in 2019.

8 I am a former Vice Chairperson of the Edison Electric Institute's ("EEI") Property
9 Accounting and Valuation Committee. Prior to that, I was a member of the Leadership
10 Committee for EEI's Property Accounting and Valuation Committee.

11 **Q. What is the purpose of your direct testimony?**

12 A. The purpose of my direct testimony is to (a) outline the manner in which
13 Ameren Missouri determines the nature and extent of the Ameren Services Company
14 ("AMS") products and services it will need each year in support of operating its regulated
15 electric and gas utility businesses (see Sections II and III);¹ and (b) address the small
16 (relative to the level of AMS transactions) exchanges of goods or services between Ameren
17 Missouri and its rate-regulated affiliates (see Section IV).

18 **Q. Are there formalized processes in place by which Ameren Missouri**
19 **determines the nature and extent of the AMS services it needs to support its business**
20 **operations each year?**

¹ Ameren Missouri witness John P. Reed's direct testimony addresses the service company approach relied upon by Ameren Missouri and its other affiliates, the prudence of utilizing that approach to obtain the kind of services Ameren Missouri relies upon from AMS, and why that approach benefits Ameren Missouri and its customers.

1 A. Yes, there are two complementary and, to some extent, overlapping
2 processes used by AMS and the affiliates its serves (including by Ameren Missouri) that
3 allow Ameren Missouri to determine the nature and extent of the services it will receive
4 from AMS each year. These processes occur as annual budgets are developed each year.
5 These processes do not, however, stop with the approval of each annual budget. Rather,
6 each process also involves ongoing review, oversight, and feedback from the affiliates
7 receiving the AMS services (pertinent to this testimony, including Ameren Missouri) after
8 budgets are finalized and as the budgets are being implemented. Specifically, we utilize
9 both a Joint Planning and Procurement process and a separate but complementary Demand
10 Planning process. I will discuss each of them below.

11 **II. JOINT PLANNING WITH AMS**

12 **Q. Please explain the Joint Planning process and how it relates to the**
13 **Demand Planning process.**

14 A. The Joint Planning process is governed by a Joint Planning and
15 Procurement Policy, which was previously provided to the Commission as part of the direct
16 testimony of Ameren Missouri's Cost Allocation Manual ("CAM") Team Manager Ben
17 Hasse, in File No. EO-2017-0176. The policy is attached to my testimony as Schedule
18 LMM-D1. The Joint Planning process is designed to allow Ameren Missouri to determine
19 its need for, the nature of, and the value of the services it receives from AMS, as well as to
20 consider alternatives to receiving a service or part of a service from AMS where
21 appropriate. As I noted earlier, there is some overlap between Joint Planning (the primary
22 focus of which is on those AMS services that reflect operations and maintenance ("O&M")
23 costs for Ameren Missouri), and Demand Planning (which is focused primarily on services

1 that produce capital expenses).² Taken together, the Joint Planning and Demand Planning
2 processes allow Ameren Missouri to evaluate and understand the services that are
3 available, their cost, alternatives, and to ultimately decide what services to take and at what
4 level consistent with Ameren Missouri's business needs.

5 **Q. Do you have a role in each process?**

6 A. Yes. As Ameren Missouri's Controller, I am deeply involved in both
7 processes each year, including the test year in this case (2020) and in 2021.³

8 **Q. Please provide additional details on the Joint Planning Process.**

9 A. The Joint Planning process exists as a means to ensure that Ameren
10 Missouri is receiving the mix and level of services it needs from AMS, and to do so in a
11 manner that is transparent and that allows for a continued focus on opportunities for
12 improvement, both in terms of cost levels and the efficiency of operations. While the
13 process has existed for many years, it was reduced to the formal written policy in
14 collaboration with the Staff in File No. EO-2017-0176, as we worked with Staff in reaching
15 agreement on the Stipulation among the Company and the Staff filed in that docket. Early
16 in each year's budget process (generally in the spring or early summer), detailed
17 information is provided to Ameren Missouri (and the other affiliates AMS serves) about
18 AMS' services. This includes what those services are (changes from prior years would be
19 highlighted), and may involve identification of possible opportunities for Ameren Missouri
20 to consider alternatives. Such alternatives could range from the possibility of outsourcing

² As Mr. Reed discusses, most (more than 90%) of the non-capital AMS costs incurred by Ameren Missouri can be further classified as administrative and general ("A&G") costs.

³ I assumed my role as Ameren Missouri's Controller in April, 2019, and did not participate as meaningfully in the Demand Planning Process until a couple of months later. I did, however, participate in that process through its conclusion in 2019, including finalization and approval of the 2020 Ameren Missouri budget.

1 a service (in whole or in part) instead of having AMS provide it in the upcoming year, or
2 may involve information about ways that AMS could increase the value of a service(s) or
3 reduce the cost of a service(s), or both. AMS provides projected AMS costs to Ameren
4 Missouri based on a continuation of the products and services it has historically taken from
5 AMS. These projected costs are provided in the aggregate for the upcoming annual period,
6 and by product and service. AMS also provides Ameren Missouri with year-over-year
7 comparisons, also in the aggregate and by product and service.

8 **Q. What happens after AMS provides this detailed information?**

9 A. Ameren Missouri leaders, myself included, review the information in detail,
10 consult with various Ameren Missouri personnel (directors and other subject matter
11 experts), and ultimately get prepared for specific meetings with representatives from each
12 of the AMS functions to discuss the information, address questions, and discuss concerns,
13 ideas for improvement, and alternatives (such as whether there are alternatives for the
14 services AMS is offering, or alternative levels of the services, or other ideas for how
15 Ameren Missouri can get the support it needs in an efficient and cost-effective manner).
16 These discussions are collaborative, but at the same time, they often involve challenges
17 from Ameren Missouri regarding whether costs can be eliminated or reduced or provided
18 in some other, more efficient or cost-effective manner. After this initial round of meetings
19 involving all AMS areas, there may be (and often are) follow-up meetings with certain
20 AMS representatives, as well as follow-up consultations among Ameren Missouri
21 personnel. Ultimately, Ameren Missouri determines, as part of its final budgeting process,
22 what level of each service it will procure from AMS in the upcoming budget year. Those
23 decisions are then reflected in Ameren Missouri's approved budget.

1 **Q. Does the process end there?**

2 A. No, Joint Planning is an ongoing, yearlong process. Once the process is
3 completed for an upcoming budget year – and that budget is finalized –Ameren Missouri
4 engages in ongoing monitoring of its AMS costs to ensure that the services AMS is
5 providing, and the costs Ameren Missouri is incurring for those services, are consistent
6 with the decisions Ameren Missouri made as part of the annual budgeting process. AMS
7 representatives meet with me and other members of the CAM Team on a quarterly basis to
8 discuss variances in the approved products and services. The results of those quarterly
9 meetings are then presented to and discussed with the President of Ameren Missouri and
10 his lead team to get their feedback. I, or others as appropriate, then follow-up with AMS
11 on any action items, questions, or concerns that might arise from this quarterly review
12 process including, if necessary, adjustments to AMS' work on behalf of Ameren Missouri
13 to align with the budget as approved, or as it may be changed by Ameren Missouri as the
14 year proceeds. It should be noted that I, along with members of my team, and other Ameren
15 Missouri leaders as appropriate, also have ongoing discussions with AMS as needed
16 throughout the year regarding the services AMS provides.

17 **III. DEMAND PLANNING WITH AMS**

18 **Q. Please describe the Demand Planning process.**

19 A. As indicated, the focus of demand planning is on capital projects on which
20 AMS works, as opposed to work that generates O&M expenses. The basic purpose of
21 Demand Planning is the same as for Joint Planning: to follow an annual process so that
22 Ameren Missouri gets cost-effective capital project work from AMS functions where
23 appropriate, and to include that contemplated capital work in Ameren Missouri's approved

1 budget. As discussed further below, the process also includes ongoing review as the
2 approved budget year progresses. While there is some AMS work on capital projects
3 outside the Digital (formerly called "IT") function, a high percentage of the capital work at
4 AMS for Ameren Missouri is in the Digital function. Consequently, the Demand Planning
5 process between Digital and Ameren Missouri is more structured and detailed, and I will
6 devote most of the remainder of my direct testimony to discussing Demand Planning as it
7 pertains to the Digital function. I will also address the application of the process to the other
8 capital work performed by AMS, albeit in less detail.

9 **Q. How does the process of determining what capital work from Digital is**
10 **needed by Ameren Missouri work?**

11 A. The Digital Demand Planning process is broken down into different steps,
12 as follows: (a) kick-off meetings; (b) opportunity gathering sessions; (c) business case
13 development; (d) reviews involving Ameren Missouri and Digital leadership; and (e)
14 execution planning. I should note that as is the case with Joint Planning, Digital goes
15 through a similar process with other Ameren affiliates, and in many cases the meetings or
16 sessions involve Digital and other affiliates, since many Digital Projects involve capital
17 software or hardware projects that benefit both Ameren Missouri and others. Examples
18 include Workday (the new HR system), Income Tax Control Analysis, Customer Service
19 System Cyber Enhancements, and Physical Security Information Management. At other
20 times, Digital meets separately with Ameren Missouri, when the focus of the discussions
21 is for an Ameren Missouri-specific project.

1 **Q. Please explain the process in more detail, starting with the kick-off**
2 **meetings.**

3 A. The process starts off with kick-off meetings between Digital and with
4 Ameren Missouri, Ameren Illinois Company ("AIC"), and/or Ameren Transmission
5 Company of Illinois ("ATXI"). There are separate kick-off meetings across the different
6 Digital "portfolios."⁴ At a minimum, Ameren Missouri participants in these meetings
7 include members of the Ameren Missouri Capital Governance team, which reports to
8 Ameren Missouri Senior Vice-President Mark Birk, and myself. The kick-off meetings are
9 used to outline the steps necessary to successfully complete the demand planning process
10 so that the projects that are ultimately approved meet each affiliate's needs.

11 **Q. Please explain the opportunity gathering sessions.**

12 A. Following the kick-off meetings, the next few months entail collecting
13 details from the Ameren Missouri Capital Governance Team, and/or other functional
14 groups from Ameren Missouri, to identify investment needs. Other affiliates follow a
15 similar process. These working sessions capture the high level scope details and benefits
16 of the capital projects identified. As noted earlier, if the projects benefit affiliates other than
17 Ameren Missouri, those other affiliates are also involved in those sessions. Once the needs
18 are identified, the applicable participants review and determine which investments are
19 priorities. At the end of this process, a list of investments is produced to move to the
20 business case development process. Specific to Ameren Missouri, this list is developed
21 with the input of Ameren Missouri's functional areas (e.g., Customer Experience, Energy

⁴ A Digital portfolio is a functional grouping of digital systems. The functional groupings are as follows: Transmission, HR, Foundational, Customer, Other, Cyber, Generation/Nuclear, Supply Chain, Run the Business, and Finance.

1 Delivery, Generation), and in collaboration with the Ameren Missouri Capital Governance
2 team and of course with Digital.

3 **Q. Please explain the next step.**

4 A. The next step is the business case development process. Each affiliate's
5 functional representatives continue to meet with Digital to gather additional details to
6 complete an appropriate business case, which would include deeper development of details
7 on the needs for the project, and its costs and benefits. Once the appropriate business cases
8 are developed, the Digital team leverages the information developed and compiles a
9 consolidated list of all of the potential investments.

10 **Q. What is the next step in the process?**

11 A. After the consolidated list of all of the investments across all of the different
12 functional areas is complete, the reviews with each affiliate and Digital leadership begin.
13 Before the review meetings, the Digital groups review the list of all the potential
14 investments and consider the feasibility, cost and potential value of each investment in
15 order to develop recommendations. Digital makes a preliminary list of potential projects at
16 this stage that it believes may not be as high priority as some of the other candidate projects,
17 either for technical reasons, due to resource or timing constraints, or because not all
18 projects could be pursued while also staying within investment targets set by each affiliate.
19 While I referred to this as the "next step" in the process, in reality Digital meets several
20 times with the Ameren Missouri Financial Services and Capital Governance teams prior to
21 finalizing Digital's recommendations. The recommendations list is refined several times as
22 a result of these additional discussions. Once Digital settles on its "final" recommendations,

1 those projects are then reviewed in detail with the leadership of the affiliates. Once those
2 reviews are complete, final decisions are made.

3 **Q. Please explain the final step of demand planning.**

4 A. Digital leadership then shares the approved list or plan with the entire
5 Digital organization so there was a complete understanding of what investments were
6 approved for funding by the affiliates for the year and what resources are needed to support
7 the investments. Also, at this point, the investments are entered into the budget system for
8 AMS and for each affiliate, including Ameren Missouri, and the affiliates perform a final
9 review of the portion of the investments that they will be covering (100% for affiliate-
10 specific work or their allocated share of projects that benefit more than one affiliate) before
11 their budgets are finalized.

12 **Q. Is the demand planning process only used for Digital?**

13 A. No. There are two other AMS functions involving AMS services that
14 involve capital project work for Ameren Missouri: Facilities and Transmission. A similar
15 review process occurs in these functions, but without the same kind of set, detailed process
16 followed by Digital. While projects in the Facilities and Transmission groups were still
17 reviewed and scoped with Ameren Missouri (and other affiliates), the process varies from
18 the Digital process primarily because most of these projects have longer planning periods
19 prior to any work being done, eliminating the need to go through the same kind of process
20 used for Digital. Put another way, these projects are generally not confined to a single
21 budget cycle, which means there is ongoing collaboration between Facilities and
22 Transmission and the applicable affiliate as the projects are developed and proceed. By
23 contrast, Digital projects get approved and other than the ongoing reviews that take place,

1 as discussed further below, Digital for the most part simply goes ahead and executes the
2 projects without the same kind of ongoing collaboration that is needed for the longer-term
3 Facilities and Transmission work.

4 **Q. Does Demand Planning end with the finalization of the budget?**

5 A. No. As a year progresses, emerging needs for capital work may arise, or
6 needs may change in a way that could eliminate, reduce, or defer capital work. Meetings
7 and other communications occur on a regular basis with the applicable AMS function, my
8 team, the Ameren Missouri Capital Governance Team, or other Ameren Missouri
9 functions.

10 The Ameren Missouri Financial Services and Capital Governance teams, and other
11 Ameren Missouri representatives as appropriate, meet with Digital on a monthly basis to
12 discuss progress on the projects in the budget as well as any emerging demands. Any
13 requests for additional funding must be approved by the Ameren Missouri Financial
14 Services and Capital Governance teams, in consultation with Ameren Missouri leadership.
15 Similarly, Ameren Missouri might find it necessary to adjust the scope or timing of a
16 project.

17 Regarding Facilities, the Ameren Missouri Financial Services team, the Ameren
18 Missouri Capital Governance team, and if necessary other Ameren Missouri
19 representatives, meet with Facilities every quarter. Like Digital, they discuss current
20 projects, as well as upcoming planned projects or any emerging demands, if necessary.
21 Other project plans or budget adjustments are also discussed as necessary.

22 For Transmission, the ongoing review is done more on an ad hoc basis, but
23 material variances from the budget or material scope changes are discussed with the

1 Ameren Missouri Capital Governance team, and/or other Ameren Missouri
2 representatives, as needed.

3 **Q. What other processes are in place regarding capital work performed**
4 **by AMS?**

5 A. My team, with input from the Ameren Missouri Capital Governance team,
6 reviews all capital spending for Ameren Missouri every month and prepares a monthly
7 variance analysis of actual spend to budgeted spend. This report is shared and reviewed
8 with Ameren Missouri leadership monthly as well. If those reviews raise any concerns, the
9 Capital Governance team takes the lead on communications with AMS to address any
10 concerns or changes that need to be made.

11 **Q. Earlier you mentioned that Joint Planning and Demand Planning are**
12 **complementary and may overlap in certain respects. Can you please elaborate?**

13 A. Yes. As the Demand Planning process proceeds, which projects are
14 undertaken, the extent to which they are undertaken, and which projects may not be
15 undertaken can have an impact on AMS' O&M costs. This can occur, for example, if a
16 capital project that would have reduced O&M in a given year is not done, or there are
17 capital projects that will require ongoing O&M once they are complete. Ameren Missouri
18 coordinates with AMS across the Joint Planning and Demand Planning processes to make
19 sure we are cognizant of the interplay between capital projects and O&M.

20 **IV. TRANSACTIONS WITH OTHER RATE-REGULATED AFFILIATES**

21 **Q. Does Ameren Missouri transact with affiliates other than AMS?**

22 A. Yes. As I have outlined before, including in my direct testimony in File No.
23 EO-2017-0176, there are routine transactions with other rate regulated affiliates involving

1 things like inventory exchanges, meter and line transformer exchanges, building and
2 software rentals, storm support between the utilities, other miscellaneous support work,
3 and energy/capacity sales.

4 **Q. Aside from the energy/capacity sales, can you please give the**
5 **Commission a sense of the level of these transactions?**

6 A. Yes, in the test year, the net impact of the non-AMS affiliate transactions
7 was approximately \$9 million received by Ameren Missouri.⁵ Regarding energy/capacity
8 sales, those sales occur as a result of Ameren Missouri's competitive bidding into the
9 Illinois Power Auction as a means of making additional off-system sales at the market
10 prices established by that auction. Therefore, while technically the transaction is with an
11 "affiliate" in the sense that the ultimate buyer ends up being AIC, practically speaking, the
12 sales are made pursuant to a market process, and Ameren Missouri's bids are always above
13 its marginal cost.

14 **Q. Were there any recent non-routine transactions of this type?**

15 A. Yes, involving the software needed to operate Ameren Missouri's new
16 AMI⁶ meters. AIC installed AMI a few years ago and at that time it was necessary to
17 develop the software needed to operate and otherwise take advantage of the benefits and
18 features AMI offers. The software project that led to that functionality was a capital asset
19 on AIC's books. Ameren Missouri had a need for the same software functionality, and it
20 made sense to buy part of AIC's software asset from AIC at its cost instead of paying to

⁵ These amounts are preliminary pending the completion of the annual Federal Energy Regulatory Commission ("FERC") Form 1 and 2 for Ameren Missouri. These are the kinds of regulated utility to regulated utility transactions that the Commission has found do not present affiliate subsidy-type concerns. See orders in File Nos. EM-2007-0374 and EM-2018-0012.

⁶ Advanced Metering Infrastructure, which are sometimes referred to as "smart meters."

1 develop a separate (but essentially identical) software asset for Ameren Missouri unless for
2 some reason Ameren Missouri could develop its own asset more cheaply. To see which
3 option was more cost-effective, Ameren Missouri commissioned a third-party study, which
4 concluded that it was significantly cheaper to buy the asset from AIC at its cost than to
5 develop its own software. The purchased software went into service on Ameren Missouri's
6 books during the test year.

7 **Q. Does this conclude your direct testimony?**

8 A. Yes, it does.



Joint Planning and Procurement Procedure for Purchasing Ameren Services Company Products and Services

Effective Date: 9/26/18

Approved By:  Date: 9/26/18

**Michael Moehn
President – Ameren Missouri**

Approved By:  Date: 9/26/18

**Marty Lyons
President – Ameren Services Company**

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1.0 Purpose

- 1.1 The purpose of this document is to establish the procedure used by Ameren Missouri for planning for and purchasing products and services from Ameren Services Company (AMS) in an efficient process.

This process is designed to allow Ameren Missouri to determine its need for, the nature of, and the value of the products and services offered by AMS. This process contemplates that Ameren Missouri will analyze and evaluate practical alternatives, if any, including performing the service or developing the product within Ameren Missouri, before Ameren Missouri makes commitments to purchase AMS products and services from AMS. This procedure allows Ameren Missouri to explore additional opportunities for obtaining the products or services it needs, and to increase the value of the products and services AMS provides to Ameren Missouri by either reducing the cost or increasing the service level.

- 1.2 It is understood that Ameren Missouri is responsible to perform adequate review and evaluation to support its decision to procure specific AMS products and services for the current year as well as the following budget year. It is understood that Ameren Missouri is responsible to ensure AMS provides all necessary information to facilitate a review of the products, services, and billings received from AMS, in order to determine whether Ameren Missouri should dispute or question AMS charges.

2.0 Scope

- 2.1 This procedure applies to all expenditures made by Ameren Missouri for AMS products and services, whether charged to balance sheet or income statement accounts.
- 2.2 This procedure does not apply to transactions under the Money Pool Agreement, under the Tax Allocation Agreement, or to products or services purchased by AMS as agent for Ameren Missouri on Ameren Missouri's behalf.
- 2.3 This procedure applies to current year AMS expenditures charged to Ameren Missouri and to development of the annual budget of AMS expenditures charged to Ameren Missouri for the following year.

3.0 AMS Joint Planning and Procurement Process

- 3.1 AMS planning and procurement is done on an annual basis, beginning no later than the end of September, so that it may be completed prior to the final Ameren Missouri board meeting of the year, normally held in December.
- 3.2 An initial comprehensive joint planning and procurement meeting is held between representatives of Ameren Missouri and AMS.

3.2.1 The President of Ameren Missouri, the Sr. Vice President – Customer and Power Operations, the Sr. Vice President and Chief Nuclear Officer, and the Vice President – External Affairs and Communications will ensure that they have obtained the views of employees within their organizations as necessary to properly evaluate the products and services available from AMS.

3.2.2 AMS Officers (Vice President or Sr. Vice President) representing each AMS organization providing products or services to Ameren Missouri will ensure that they have obtained information from employees in their organizations as necessary to properly provide Ameren Missouri with relevant information regarding the products and services available from AMS.

3.2.3 By a deadline to be determined by Ameren Missouri each year, AMS will provide to Ameren Missouri detailed information for Ameren Missouri to review in advance of the initial comprehensive planning and procurement meeting. This deadline shall be far enough in advance of the meeting to allow for in-depth review by Ameren Missouri leaders and for broader dissemination and in-depth review by Ameren Missouri employees at lower levels of the Company. The information provided by AMS shall include:

3.2.3.1 Descriptions of the individual services and products AMS is willing to provide Ameren Missouri, with details defining what is included in the product or service,

3.2.3.2 AMS' assessment of opportunities for Ameren Missouri to consider alternatives for obtaining the product or service or to increase the value derived from each product and service to Ameren Missouri by reducing the cost or increasing the service level.

3.2.3.3 Projected aggregate annual AMS costs related to its products and services provided to Ameren Missouri, including year-over-year comparisons,

3.2.3.4 Projected annual costs for each AMS product and service offered, including year-over-year actual historical costs comparisons.

3.2.3.4 Records of AMS' exercise of its authority as agent for Ameren Missouri during the prior year.

3.2.3.5 Any additional information requested by Ameren Missouri from AMS needed to prepare for the initial comprehensive planning and procurement meeting. Ameren Missouri and AMS are expected to document and communicate their current positions regarding AMS transactions at the time any material issue/matter develops and not wait until this annual initial comprehensive planning and procurement meeting.

3.2.4 Ameren Missouri will assign company resources as necessary to review the detailed information in advance of the initial comprehensive planning and procurement meeting, and ensure that:

3.2.4.1 Ameren Missouri understands the full nature of the products and services that AMS offers to Ameren Missouri.

3.2.4.2 Ameren Missouri evaluates the nature and extent of the products and services it will receive for the coming year.

3.2.4.3 Ameren Missouri evaluates practical alternatives, if any, such as providing them within Ameren Missouri or outsourcing them to third parties other than AMS, to determine if such actions would increase the value derived from the products and services.

3.2.4.4 Ameren Missouri assesses and provides feedback to AMS on opportunities for AMS to increase the value of products and services it is willing to provide to Ameren Missouri, either by reducing costs or increasing service levels.

3.2.4.5 Ameren Missouri assesses and provides feedback to AMS on opportunities for AMS to provide value to Ameren Missouri and other Ameren affiliates by providing new or additional products and services needed by Ameren Missouri, at a lower cost or with a higher service level than Ameren Missouri could otherwise do on its own.

3.2.4.6 Ameren Missouri assesses and provides feedback to AMS regarding the nature and extent of AMS' historical exercise of its authority as Ameren Missouri's agent and provides instructions with respect to any limits on such authority or consultation required by AMS with Ameren Missouri with respect to exercise of such authority during the upcoming year.

3.2.5 If the first meeting is not conclusive regarding the products, services, and price terms between AMS and Ameren Missouri, follow-up actions will be agreed to by AMS and Ameren Missouri, which may include additional meetings of the appropriate Ameren Missouri and AMS representatives.

3.3 Once Ameren Missouri agrees to the purchase of specific AMS products and/or services, Ameren Missouri will adjust its budgets to reflect the results of decisions made in this joint planning and procurement process and ensure that appropriate parties enter these results in the budget system before required deadlines.

3.4 Ameren Missouri will ensure that the individual products and services that AMS is to provide to Ameren Missouri are documented contemporaneously and also reflected in Ameren Missouri's next CAM filing.

4.0 Oversight/Approval Process

4.1 Ameren Missouri understands its responsibility to ensure payments to AMS are consistent with the products and services approved by Ameren Missouri. In order to support payments to AMS, Ameren Missouri will establish a monitoring process documenting the receipt of the specified product and/or service from AMS, as agreed to with Ameren Missouri, as well as Ameren Missouri's level of satisfaction with the received product or service as compared to the specified conditions for the received product or service outlined in the Ameren Missouri – AMS General Services Agreement, and will establish a monitoring process for AMS' exercise of agency authority on Ameren Missouri's behalf. Ameren Missouri shall ensure that its agreement with AMS includes a billing format that facilitates the Ameren Missouri approval process.

5.0 Internal Audit

5.1 Ameren Missouri shall initially conduct annual audits to assess the level of compliance with this procedure and to identify corrective actions, if any, necessary to ensure ongoing compliance and satisfaction of Ameren Missouri's stated responsibilities. After three years and upon a showing of a high level of compliance and responsibility satisfaction, these audits may be conducted not less than once every four years.

