

**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 a)
Rewriting and Writing of Existing and) File No. AW-2018-0394
New Affiliate Transaction Rules)
and HVAC Affiliate Transaction Rules.)

COMMENTS OF UNION ELECTRIC COMPANY
d/b/a AMEREN MISSOURI

COMES NOW Union Electric Company d/b/a Ameren Missouri (“Company” or “Ameren Missouri”), and submits the following comments:

A. Introduction

1. These comments are submitted in this workshop docket in response to the Commission’s July 11 order indicating that if a party wished to file written comments on the draft rule included with the Staff’s June 27 motion to open this docket, it should do so no later than August 10.

2. In general, the Staff draft reflects an update to the existing Affiliate Transactions Rule and the Company does not have major concerns about the Staff draft.¹

B. Specific Comments on the Staff’s Draft

3. 4 CSR 240-10.XXX(1)(L) – Definition of “Information”. It is clear the intention of this definition is to ensure that a regulated utility does not give commercially valuable information to its affiliates without being fairly compensated, and that it not pay its affiliate for commercially valuable information at an unfair price. The Company takes no issue with this intent. However, the

¹ The Company’s lack of major concerns is related to the progress it believes is being made through discussions with the Staff and the Office of the Public Counsel in File No. EO-2017-0176 to develop a revised Cost Allocation Manual for the Company’s electric operations. If a formal rulemaking proceeds regarding the Affiliate Transactions Rule based upon the Staff draft, the Company may have additional concerns or comments not expressed here.

definition is far too broad and would prevent beneficial information sharing between affiliates that the Commission should encourage. For example, Ameren Missouri and Ameren Illinois Company (“AIC”) employees routinely “compare notes” on a variety of practices, such as approaches to customer service, how to become more efficient when “truck rolls” for a service call are needed, whether a particular piece of equipment that one of the companies may be using is better than another, and so on. The point is that one of the advantages of being part of a utility holding company is that the affiliates in the holding company family can share “lessons learned.” AIC may encounter a situation with a customer, with a distribution circuit issue, with maintaining equipment, or with a host of other potential issues and it can then share what it learned with Ameren Missouri, or vice-versa.

To address the undue breadth of the definition without undermining its true intention, Ameren Missouri recommends that “Information” be defined to completely exclude best practices shared among affiliates. In addition, “Information” that is covered by the rule should have material commercial value. In the Company's opinion, the rule should specify that it must have a commercial value of more than \$1 million if it were marketed to third parties.

4. 4 CSR 240-10.XXX(1)(O) – Definition of “Nonregulated operations”. The Company suggests that this phrase be changed to “Non-jurisdictional operations” to avoid possible confusion since most affiliates are regulated by other agencies, e.g., AIC is regulated by the Illinois Commerce Commission and is also a public utility within the meaning of the Federal Power Act enforced by the Federal Energy Regulatory Commission (“FERC”); Ameren Transmission Company of Illinois is also a FERC-regulated transmission company, etc.

5. 4 CSR 240-10.XXX(2)(F) – Marketing Materials. The Company fully understands why the Commission would not want Missouri customers to hear or see advertisements by an affiliate of a Commission-regulated entity (e.g., AIC) and be confused into thinking it is an Ameren Missouri

ad and that the Commission has oversight over the ad. However, as literally written, AIC would have to put a disclaimer on its marketing materials even if the marketing is entirely directed to Illinois customers (albeit, it is not clear how the Commission could enforce this on AIC). Consequently, this provision should be modified to read as follows (addition is underlined):

Marketing materials, information or advertisements by an affiliate entity if the affiliate entity is marketing to Missouri residents that shares and exact or similar name, logo or trademark of the covered utility shall...

6. 4 CSR 240-10.XXX(4)(E) – Employee Transfers. The Company has no substantive objection to providing notice if a transfer of this level of its employees was to be made to an affiliate. However, the Company has two concerns. First, the rule should make clear that the notice shall be confidential – to the point of how it is labeled in EFIS – and that any filings made by any party in response to or based on the notice shall also be confidential. This is out of respect for the affected employees who may not be aware of the impending transfer at the time a notice is filed. Second, and related to the first concern, it could very well be the case that such a transfer would need to occur less than 90 days after the decision to make the transfer is made. It is highly likely that a 30-day notice would not present such concerns, so we recommend that the notice period be reduced to 30 days.

7. 4 CSR 240-10.XXX(11)1 – Variances. Given the addition from the current rule made to this provision indicating that a transaction cannot be engaged in at all prior to obtaining a variance, this provision should be clarified to recognize that under 10.XXX(11)2, a transaction can be engaged in before the variance is obtained. To address this drafting issue, the 10.XXX(11)1 should read (addition underlined) as follows:

A covered utility may request a variance . . . but, except as provided for in subsection 2 of this section, it may not engage in such an affiliate transaction . . . unless . . . for good cause shown; or

WHEREFORE, the undersigned respectfully requests that the Commission take these comments under advisement.

Respectfully submitted,

/s/ James B. Lowery _____

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Dated: August 10, 2018

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been e-mailed to the parties of record on this 10th day of August, 2018.

/s/ James B. Lowery _____

James B. Lowery