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**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. ER-2019-0335**

**REBUTTAL TESTIMONY**

**OF**

**TOM BYRNE**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY**

**D/B/A AMEREN MISSOURI**

St. Louis, Missouri  
January 2020

Ameren Exhibit No. 3  
Date 3/11/20 Reporter ShnB  
File No. ER-2019-0535

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**REBUTTAL TESTIMONY**

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1                   **I.        INTRODUCTION**

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

3                   **A.**     My name is Tom Byrne. My business address is One Ameren Plaza, 1901  
4     Chouteau Ave., St. Louis, Missouri.

5                   **Q.**     Are you the same Tom Byrne that submitted direct testimony in this  
6     case?

7                   **A.**     Yes, I am.

8                   **Q.**     To what testimony or issues are you responding?

9                   **A.**     I am responding to several issues. First, I am responding to the direct testimony  
10   of Office of the Public Counsel ("OPC") witness Robert Schallenberg regarding Ameren  
11   Missouri's alleged violations of the Missouri Affiliate Transaction Rule applicable to electric  
12   utilities (20 CSR 4240-20.015) ("Rule"). Second, I will address the proposed treatment of  
13   Ameren Missouri's rate case expense in the Staff Cost of Service Report, and the direct  
14   testimony of OPC witness Amanda Conner. Third, I will respond to Staff's proposed  
15   disallowance of the dues Ameren Missouri paid to certain organizations during the test year.  
16   Fourth, I will address the importance of regulatory consistency as one consideration in the  
17   Commission's evaluation of the Staff's proposal to use a hypothetical capital structure for  
18   Ameren Missouri, and OPC witness Lena Mantle's proposal to change the sharing percentage  
19   under Ameren Missouri's fuel adjustment clause ("FAC"). Fifth, I will address Sierra Club

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1        witness Avi Allison's comments regarding the Commission's current FAC process. Sixth, I will  
2        address Staff's allegations that Ameren Missouri acted imprudently in donating and then re-  
3        acquiring a facility located in Eldon, Missouri. Seventh, I will respond to the recommendations  
4        of the Missouri Department of Natural Resources—Division of Energy regarding the funding  
5        and administration of Ameren Missouri's income-eligible weatherization assistance program as  
6        well as recommendations regarding the Company's Keeping Current program from OPC and  
7        Consumers Council of Missouri ("CCM").

8              **II.        AFFILIATE TRANSACTION RULE ISSUES**

9              **Q.        OPC witness Schallenberg alleges that Ameren Missouri has**  
10        **consistently violated the Commission's Affiliate Transaction Rule applicable to**  
11        **electric utilities since it was enacted in 2000, and he implies that these alleged**  
12        **violations have adversely impacted Ameren Missouri's customers. Do you agree?**

13              A.        No. It is not clear whether Ameren Missouri has materially violated the  
14        Affiliate Transaction Rule at all. The purpose of the Rule is to prevent utilities regulated  
15        by the Commission from subsidizing their unregulated affiliates to the detriment of the  
16        utility's customers. The Rule is focused on discreet, individual transactions between  
17        corporations, and it requires the application of "asymmetric pricing" (whereby the Missouri  
18        utility gets the "better" of fair market price or fully distributed cost in any transaction) in  
19        order to prevent such harmful subsidization of an unregulated affiliate. In determining  
20        whether Ameren Missouri has violated any provisions of the Rule, the following facts  
21        should be considered:

- 22              •        Ameren Missouri has no material level of transactions with unregulated  
23        affiliates. Nearly all of the services Ameren Missouri receives from affiliates

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(about 97% of the dollars) are with Ameren Services Company ("AMS"), which provides corporate support services to Ameren Missouri on a continuous basis. In addition, Ameren Missouri engages in some discreet cost-based transactions with its regulated affiliates Ameren Illinois ("AI"), Ameren Transmission Company of Illinois ("ATXI") and Ameren Transmission Corporation ("ATX"). Finally, Ameren Missouri has very few transactions in which it provides services to its parent, Ameren Corporation, and other minor unregulated Ameren Corporation subsidiaries. These services include shared software and some labor-related expenses. The total of such services billed by Ameren Missouri to its parent and its unregulated affiliates during the test year was very small—approximately .067% of Ameren Missouri's revenue requirement.

- In 1997, when Ameren Corporation was formed, this Commission approved the Ameren Corporation holding company structure, which explicitly included utilization of a service company (AMS) to provide corporate support services to Ameren Missouri at cost with no mark-up. That structure has undergone no material change since it was approved.
  - Until 2005 federal law, specifically the Public Utility Holding Company Act of 1935 ("PUHCA"), required corporations that owned multiple regulated utilities to form not-for-profit service companies like AMS to provide corporate support services at cost. In fact, under PUHCA the holding company could not own more than one utility unless doing so would serve the public interest by fostering the economical and efficient development of an integrated public

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1                   utility system. 15 U.S.C. § 79j(c)2 (now repealed). The reason PUHCA required  
2                   use of centralized service companies providing services at cost with no mark-  
3                   up was to capture economies of scale and avoid duplication of corporate support  
4                   functions at multiple utilities owned by the same parent company. Because  
5                   federal law required service companies to bill at cost, to the extent the  
6                   asymmetric pricing provisions of the Rule might require different pricing, they  
7                   would be inconsistent with federal law.

- 8                   • In 2005, PUHCA was repealed. Parent corporations of multiple utilities are no  
9                   longer *required* to utilize not-for-profit services companies to provide corporate  
10                  support services. However, they are allowed to do so and if they do so, federal  
11                  law still requires that the utilities take the services at cost for exactly the same  
12                  reason as had been required by PUHCA. To the extent the asymmetric pricing  
13                  provisions of the Rule might require different pricing, they would still be  
14                  inconsistent with federal law.
- 15                  • The manner in which AMS operates causes its costs to be reflective of market  
16                  conditions. With respect to labor costs, which are the majority of AMS' costs,  
17                  AMS sets its wages, salaries, and benefits using market-based compensation  
18                  and benefit surveys, as discussed in the direct testimony of Company witness  
19                  Kelly Hasenfratz. Indeed, when the Rule was being considered, the Staff, of  
20                  which Mr. Schallenberg was then a member, agreed that "the fair market value  
21                  of corporate support employees is the salary that they are paid."<sup>1</sup> With respect  
22                  to non-labor costs, AMS utilizes procurement policies and procedures to ensure

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<sup>1</sup> Staff Reply Comments, August 2, 1999, File No. EX-99-442, p. 29.

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1                   that it is acquiring goods and services it needs to provide its services at market-  
2                   based costs. This means that a strong case exists that Ameren Missouri is  
3                   receiving services from AMS at both cost and market, which are the same.

4                   • The use of not-for-profit service companies for utilities is widespread  
5                   throughout the U.S. In a recent review of Federal Energy Regulatory  
6                   Commission ("FERC") filings, which Ameren Missouri witness John Reed  
7                   addressed in his direct testimony, there are 45 service companies serving 869  
8                   separate affiliates, including many utilities.

9                   **Q.       Have Ameren Missouri's affiliate transactions adversely impacted its  
10          customers?**

11                  A.       No. To the contrary, in my opinion, Ameren Missouri's customers have  
12          reaped substantial benefits from the economies of scope and scale resulting from the  
13          Company's use of a not-for-profit service company to obtain the kind of corporate support  
14          it would have to provide for itself if the service company did not exist. If Ameren Missouri  
15          had to form its own separate accounting, environmental, legal, human resources, IT,  
16          shareholder services, corporate governance, and other corporate support functions, there  
17          are many reasons to conclude that the cost to customers would have been much higher over  
18          the past 22 years. Mr. Reed discusses some of those reasons in his direct and rebuttal  
19          testimonies. In addition, Ameren Missouri's limited transactions with its other regulated  
20          affiliates, which generally involve support during severe weather events, exchanges of  
21          inventory items, facility and software rentals, or sale of excess power or gas pipeline  
22          capacity in transparent, competitive markets, make Ameren Missouri operations more  
23          efficient. I also addressed some of these issues in my direct testimony in File No. EO-2017-

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1      0176, including in Schedule TMB-D1 to that testimony, which addresses the justification  
2      for the variances sought in that docket.<sup>2</sup>

3           **Q.      Have other parties been aware of Ameren Missouri's affiliate**  
4      **transactions of the kind Mr. Schallenberg points to now since the Rule became**  
5      **effective approximately 20 years ago?**

6           A.      Yes they have. Ameren Missouri has submitted a Cost Allocation Manual  
7      ("CAM") to the Commission Staff and the Office of the Public Counsel every year since  
8      the Rule was enacted, including all of the information prescribed by subsection (4) of the  
9      Rule. This includes a list of all affiliate transactions which occurred during the previous  
10     year. In addition, all of Ameren Missouri's costs and revenues have been comprehensively  
11     examined in eight electric rate cases and four gas rate cases filed since the Rule was first  
12     adopted. The Commission Staff, the Office of the Public Counsel, and all parties who  
13     actively participated in Ameren Missouri's rate cases have been well aware of Ameren  
14     Missouri's use of a service company to provide corporate support services and how those  
15     services are charged, and well aware of transactions between Ameren Missouri and its  
16     regulated affiliates, such as support provided during severe weather events and inventory  
17     transfers that I previously mentioned.

18           **Q.      At the beginning of your testimony, you stated that the Rule was written**  
19      **for the purpose of preventing utilities regulated by the Commission from subsidizing**

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<sup>2</sup> As noted in my direct testimony in File No. EO-2017-0176, while I do not believe a variance respecting AMS transactions is necessarily required under the Rule, at the same time the Rule arguably does not accommodate or contemplate use of a service company very well and it was (and remains) the Company's judgment that it makes sense to formalize the variances sought in that case. As discussed later, my direct testimony in File No. EO-2017-0176 is attached to this testimony as Schedule TMB-R2.

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1     **their unregulated affiliates to the detriment of the utility's customers. What support**  
2     **do you have for that statement?**

3           A.     For one thing, the Missouri Supreme Court made this point when they  
4     affirmed the legality of the Rule in 2003, when it said:

5           In its brief, the PSC explained that the rules are a reaction to the emergence  
6     of a profit-producing scheme among public utilities termed "cross-  
7     subsidiization," in which utilities abandon their traditional monopoly  
8     structure and expand into non-regulated areas. This expansion gives utilities  
9     the opportunity and incentive to shift their non-regulated costs to their  
10    regulated operations with the effect of unnecessarily increasing the rates  
11    charged to utilities' customers. *See United States v. Western Elec. Co.*, 592  
12    F. Supp. 846, 853 (D.D.C. 1984) ("As long as a [public utility] is engaged  
13    in both monopoly and competitive activities, it will have the incentive as  
14    well as the ability to "milk" the rate-of-return regulated monopoly affiliate  
15    to subsidize its competitive ventures..."). To counter this trend, the new  
16    rules—and in particular, the asymmetrical pricing standards — prohibit  
17    utilities from providing an advantage to their affiliates to the detriment of  
18    rate-paying customers. In addition, to police compliance, the rules require  
19    the utilities to ensure that they and their affiliates maintain records of certain  
20    transactions.<sup>3</sup>

21          The Commission itself has also recognized that the purpose of the Rule is to prevent  
22    detrimental cross-subsidization of unregulated affiliates. For example, on July 1, 2008 in  
23    File No. EM-2007-0374, the Commission granted KCPL Greater Missouri Operations  
24    Company ("GMO") and Kansas City Power & Light Company ("KCPL") a variance from  
25    the Rule for all transactions between GMO and KCPL, except for wholesale power  
26    transactions, which would be based on rates approved by the FERC. At page 264 of its  
27    Report and Order, the Commission noted that "the purpose of the Commission's Affiliate

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<sup>3</sup> *State ex rel. Atmos Energy Corp. v. Public Service Comm'n*, 103 S.W.3d 753 (Mo. banc 2003). Mr. Schallenberg claims to have quoted *Atmos* in his direct testimony, but what he characterized as a quote was in fact a paraphrase of the Supreme Court's statement, including by omitting the Supreme Court's reference to the *Western Union* decision. That reference is important because *Western Union* involved the former Bell companies' desire to both provide regulated telephone service and to engage in other *competitive businesses* involving selling goods or services to consumers in unregulated competitive marketplaces. As discussed below, Ameren Services Company does no such thing.

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1 Transaction Rule is to prevent cross-subsidization of regulated utility's non-regulated  
2 operations, not to prevent transactions at cost between two regulated affiliates." In 2018,  
3 when the Commission approved the merger of Great Plains Energy (GMO's and KCPL's  
4 parent) and Westar Energy, the Commission essentially extended that variance to Westar  
5 Energy's affiliated utility in Kansas operating under the supervision of the Kansas  
6 Corporation Commission.

7 This goal of preventing detrimental cross-subsidization of unregulated affiliates is  
8 also reflected in the language of the Rule itself. The very first sentence of the "purpose"  
9 section of the Rule states: "This rule is intended to prevent regulated utilities from  
10 subsidizing their non-regulated operations." It is hard to imagine how it could be made any  
11 clearer that this is the purpose of the Rule. The Rule also recognizes the special role that  
12 corporate support functions play. Section 2(B) of the Rule states: "*Except as necessary to*  
13 *provide corporate support functions*, the regulated electrical corporation shall conduct its  
14 business in such a way as not to provide any preferential service, information or treatment,  
15 to an affiliated entity over another party at any time" (emphasis added). The Rule defines  
16 "corporate support functions" as "joint corporate oversight, governance, support systems  
17 and personnel, involving payroll, shareholder services, financial reporting, human  
18 resources, employee records, pension management, legal services and research, and  
19 development activities."

20 Since Ameren Missouri engages in only a very minor level of transactions with  
21 non-regulated affiliates (these transactions were less than \$2 million of services provided  
22 by Ameren Missouri to these affiliates in 2018), and since all of its transactions with its

1 service company and its regulated sister companies are at cost, these transactions do not  
2 contravene the central purpose of the Rule.

3           **Q.     Is there other context that you can provide regarding why the Rule was**  
4 **adopted that supports the conclusion that Ameren Missouri's activities simply do not**  
5 **violate the central purpose of the Rule?**

6           A.     Yes, that context is provided by the circumstances existing in the utility  
7 industry in general and Missouri in particular when the Rule was proposed. A significant  
8 driver of the Rule's adoption was the fact that retail competition was being implemented  
9 or proposed in a lot of states including Missouri. There was concern that holding companies  
10 would get into competitive businesses and either subsidize them by pushing costs onto  
11 traditional utilities like Ameren Missouri, or that those competitive businesses would in  
12 other ways gain an unfair advantage over their competitors due to their affiliation with  
13 traditional utilities. This was OPC's motivation in the rulemaking, as evidenced by the  
14 following comments made by OPC in support of adoption of affiliate rules:

15           • "OPC believes that the increasing trend towards diversification into  
16 additional areas of business is occurring as utilities prepare themselves for  
17 [retail] competition by offering non-regulated products. This diversification  
18 has led to the need for affiliate rules to set standards for pricing of affiliate  
19 transactions and conduct in competitive areas." Initial Comments of OPC,  
20 July 1, 1999, p. 5, File No. EX-99-442.<sup>4</sup>

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<sup>4</sup> This same concern was cited by Staff as justification for affiliate rules: "The move of regulated utilities into nonregulated business increases the probability that the costs of the affiliate may be allocated to the regulated entity resulting in cross subsidization." Reply Comments of Staff, Aug. 2, 1999, p. 1

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- 1           • "In establishing the current rulemaking . . . the Missouri Public Service  
2           Commission and its Staff appear to have appropriately recognized the  
3           problems and pitfalls that can accompany utility diversification efforts. Left  
4           unattended, utilities could end up significantly subsidizing non-utility/non-  
5           regulated products, services, and business lines." *Id.*, pp. 1-2.  
6           • The "cleanest and most certain solution to [address cross subsidization and  
7           market power problems] is to require structural separation of the  
8           *competitive affiliates* from the regulated monopolist." *Id.*, p. 2 (emphasis  
9           added).

10          With respect to AMS, which appears to be Mr. Schallenberg's chief target for  
11       criticism, AMS is not a "competitive affiliate" and is not in the business of offering non-  
12       utility services subsidized by Ameren Missouri, or any other Ameren affiliate. Instead,  
13       AMS exists for one reason and one reason alone: to capture economies of scale by  
14       eliminating duplicative corporate support functions that each regulated Ameren  
15       Corporation subsidiary — including Ameren Missouri — needs for the benefit of those  
16       subsidiaries and their customers.

17          Indeed, OPC's position in the rulemaking was that sharing of the kinds of services  
18       AMS provides made sense. OPC stated that it "does not oppose restricted sharing of certain  
19       'governance' or 'support' functions or activities that will enable the affiliate to enjoy certain  
20       economies of scale and 'back office' support as a result of the utility's size and established  
21       business practices." *Id.*, p. 21. That concept and rationale clearly applies to the use of a  
22       service company and payment for those services at cost.

1           In fact, OPC which itself proposed a corporate support exception, had this to say  
2       about AMS and the General Services Agreement ("GSA") that governs Ameren Missouri's  
3       receipt of services from AMS: "The OPC would agree that, absent an 'exception' being  
4       granted for 'corporate support functions,' Ameren's existing GSA would be inconsistent  
5       [with] the Proposed Rules. However, OPC believes that if the exception is granted for  
6       corporate support functions, the discrepancies between the GSA and the affiliate  
7       transactions rules would be de minimus or non-existent."<sup>5</sup> As I noted earlier, a corporate  
8       support exception was adopted in the Rule.

9           **Q.       Even if Ameren Missouri's activities do not contravene the central**  
10      **purpose of the Rule, has Ameren Missouri consistently violated the letter of the**  
11      **Affiliate Transaction Rule as Mr. Schallenberg alleges?**

12           A.       In my opinion, no. Mr. Schallenberg alleges violations of the Rule that  
13       generally fall into four categories. First, he alleges violations with respect to transactions  
14       between Ameren Missouri and AMS. Second, his allegations would also apply to  
15       transactions between Ameren Missouri and its other affiliates. Third, he alleges a violation  
16       due to Ameren Missouri's failure to keep its books and records separate from those of its  
17       affiliates. Finally, he alleges violations related to Ameren Missouri's failure to have a  
18       Commission-approved CAM. I will address each of these categories in turn.

19           With regard to Ameren Missouri's transactions with AMS, I believe there has been  
20       no violation of the Commission Rule. First of all, the Commission approved the commonly-  
21       used service company structure, in which corporate support services are provided at cost,  
22       when it approved the creation of Ameren Corporation in 1997; indeed, it approved a

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<sup>5</sup> Reply Comments of OPC, August 2, 1999, File No. EX-99-442, page 26.

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1 stipulation resolving that case that specifically contemplated the general services  
2 agreement that governs AMS transactions with its affiliates, including Ameren Missouri.  
3 Second, under federal law, transactions between AMS and Ameren Missouri must be at  
4 cost, with no mark-up or profit for AMS. Third, for the reasons I discussed earlier, there is  
5 a strong case that AMS' costs are equal to the market rate for the services and goods that  
6 it provides. Fourth, AMS provides corporate support functions and the rulemaking record  
7 strongly suggests that doing so would not violate the Rule. Finally, the Office of the Public  
8 Counsel as well as all other parties to Ameren Missouri rate cases and CAM submissions  
9 have been well aware of the service company structure Ameren Missouri has employed for  
10 approximately 20 years without raising this issue. For these reasons, I believe that cost-  
11 based transactions with AMS do not violate the Affiliate Transaction Rule.

12 The relatively small number of cost-based transactions between Ameren Missouri  
13 and its regulated sister companies have to be viewed on a case-by-case basis to determine  
14 whether they complied with literally every element of the Affiliate Transaction Rule. With  
15 regard to these transactions, the Commission should take into account the purpose of the  
16 Rule—preventing regulated utilities from subsidizing their unregulated operations to the  
17 detriment of customers—and the fact that the Commission has granted  
18 KCPL/GMO/Westar a waiver to allow all such transactions to occur at cost, finding that  
19 the purpose of the Rule simply does not apply to such transactions. Any violations of the  
20 Rule that involve cost-based transactions between regulated affiliates should be viewed as  
21 technical violations that do not contravene the central goal of the Rule, and which do not  
22 harm our customers. In the very few cases where Ameren Missouri had minor transactions

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1       with unregulated affiliates, each transaction would have to be reviewed on a case-by-case  
2       basis to determine whether there was a violation of the Rule.

3           With respect to the separation of books and records, there has been no violation of  
4       the Rule. Although, in the electronic age, books and records are no longer kept in separate  
5       physical ledger books or file cabinets, Ameren Missouri's electronic records produce  
6       separate income statements, balance sheets, and other financial records for Ameren  
7       Missouri alone. This satisfies the Rule's requirement to maintain separate records. Laura  
8       Moore addresses this issue in greater detail in her rebuttal testimony.

9           Finally, Mr. Schallenberg has alleged that Ameren Missouri violated the Rule by  
10      failing to get a Commission-approved CAM each year. However, the Rule is unclear, and  
11      in fact internally inconsistent regarding whether a CAM must be approved since the  
12      information that a CAM contains is, under the Rule, to be submitted to the Staff and Public  
13      Counsel, and not filed with the Commission. Therefore, I do not believe that this constitutes  
14      a violation of the Rule. Specifically, in discussing recordkeeping requirements, the Rule  
15      states that "[e]ach regulated electrical corporation shall maintain the following information  
16      in a mutually agreed-to electronic format (i.e. agreement between the staff, Office of the  
17      Public Counsel and the regulated electrical corporation) regarding affiliate transactions on  
18      a calendar year basis *and shall provide such information to the commission staff and the*  
19      *Office of the Public Counsel on, or before, March 15 of the succeeding year.*"<sup>6</sup> Thereafter,  
20      the Rule lists all of the information contained in the CAM. Typically, Commission  
21      regulations use the word "file" to indicate a case filing is required. By saying the  
22      information should be "provided" typically means sent to Staff (and here, OPC) outside of

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<sup>6</sup> 20 CSR 240-20.015(4)(B) (emphasis added).

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1       a docketed case, perhaps via email or within the non-docketed portion of Electronic Filing  
2       Information System ("EFIS").

3           Beginning with the effective date of the Rule, Ameren Missouri and all of the other  
4       Missouri utilities followed this procedure and provided their CAMs to the Staff and OPC  
5       each year. As further evidence that the Rule does not contemplate approval of a CAM,  
6       consider that the Commission's EFIS system is set up to accept these annual *submissions*,  
7       but those submissions do not create a docket and are not a filing with the Commission.  
8       Neither the Staff, the OPC, nor any other party objected to this process of providing the  
9       CAM to Staff and OPC, which was explicitly explained in the Rule, and which was  
10      followed by all utilities in the state for many years.

11           **Q.       Then where does the claimed approval requirement come from?**

12           A.       There was another sentence in the Rule that mentions a "commission-  
13      approved CAM."<sup>7</sup> This would appear to contradict the provision that indicates that the  
14      CAM is simply to be provided to Staff and Public Counsel each year and it contradicts 20-  
15      plus years of applying the Rule, including how the Commission's EFIS system is set up to  
16      handle the submission of CAMs. Because of the inconsistency in the language of the Rule,  
17      Ameren Missouri does not believe that it (or any of the other Missouri utilities) violated  
18      Section (3)(D) of the rule by following the specific procedure set forth therein in submitting  
19      its CAM to the Staff and OPC. Further, to the best of my knowledge, the Commission has  
20      never found that a utility was in violation of its regulations because it had not received  
21      Commission approval of its CAM.

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<sup>7</sup> 20 CSR 4240-20.015 Section (3)(D).

1           **Q.     Is this the first time that affiliate transaction issues have been raised in**  
2   **an Ameren Missouri proceeding?**

3           A.     No. As part of the settlement of the Company's previous electric rate case,  
4   File No. ER-2016-0179, the parties agreed to establish a separate case to address affiliate  
5   transaction issues (the case I mentioned earlier—File No. EO-2017-0176). Following many  
6   months of extensive negotiation between Ameren Missouri, Staff and the OPC, Ameren  
7   Missouri and the Staff reached a settlement, whereby Ameren Missouri would file for  
8   approval of its CAM, be given certain waivers from the provisions of the Rule to eliminate  
9   uncertainty about the Company's compliance, and it would employ certain mechanisms,  
10   beyond what was required by the Rule, to provide greater transparency and additional  
11   assurance that costs were being appropriately allocated among it and its affiliates.  
12   Unfortunately, the settlement could not resolve the case since OPC objected to the  
13   settlement. The case has been suspended pending the Commission's review of its Affiliate  
14   Transaction Rules, which is currently the subject of a workshop proceeding (File No. AW-  
15   2018-0394). In that proceeding, Staff has circulated a draft rule that would explicitly  
16   exempt non-profit service companies. Although the settlement in File No. EO-2017-0176  
17   was objected to by OPC, Ameren Missouri is implementing many of the measures that it  
18   agreed to, other than those that depend on approval of the settlement. I am attaching as  
19   Schedule TMB-R1 a copy of the settlement. I am also attaching, as Schedule TMB-R2, a  
20   copy of my direct testimony filed in that case, which provides an exhaustive history of the  
21   Rule, Ameren's corporate structure, and the various CAM proceedings that have occurred  
22   at the Commission to provide some additional context for the issue.

1           **Q. If Ameren Missouri is in compliance with the Rule, why did the**  
2           **settlement between the Company and the Staff provide for variances of the Rule?**

3           A.     As previously stated, the Rule was written to address detrimental cross-  
4        subsidization of non-regulated entities by regulated entities. Application of the Rule to a  
5        not-for-profit service company, or even transactions between regulated utilities, is like  
6        trying to fit a square peg into a round hole. Parties (like OPC) might argue that there have  
7        been technical violations of the Rule — and indeed OPC is doing that now — so the  
8        settlement, and the variances of the Rule contained therein, were designed to resolve any  
9        such issues that might be raised.

10          **Q. Mr. Schallenberg also criticizes Ameren Missouri for leasing its**  
11        **headquarters to AMS and ATXI, and allowing them to use other regulated assets**  
12        **without Commission authorization.<sup>8</sup> How do you respond?**

13          A.     Section 393.190.1, RSMo., prohibits an electrical corporation from selling,  
14        assigning, leasing, transferring, mortgaging or otherwise disposing of the whole or any part  
15        of its franchise, works or system necessary or useful to the performance of its duties to the  
16        public. To the extent that Ameren Missouri is leasing space in Ameren Missouri  
17        headquarters building to AMS, the building is being used by Ameren Missouri to provide  
18        service to customers through the corporate support services AMS provides. Ameren  
19        Missouri is not leasing any space in its headquarters to ATXI, contrary to Mr.  
20        Schallenberg's allegation.

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<sup>8</sup> Schallenberg, Direct, page.6, lines 17-21.

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1        By leasing portions of the building to AMS, Ameren Missouri is optimizing the use  
2        of the headquarters building for its customers' benefit. This use of the building is not  
3        prohibited by Section 393.190.1, RSMo., and it is a prudent use of the building. To be  
4        clear, AMS is paying rent and that rent is offsetting Ameren Missouri's revenue  
5        requirement in this and all of its other rate cases.

6           **Q.        Mr. Schallenberg recommends that the Commission disallow \$218**  
7       **million of costs that Ameren Missouri incurred for AMS services. This would be the**  
8       **full cost of all of the support services AMS provided to Ameren Missouri during the**  
9       **test year, such as legal, environmental, IT, human resources and other essential**  
10       **services. Is that an appropriate "penalty" for his allegation that the Rule was**  
11       **violated?**

12          A.        Of course not. Mr. Schallenberg did not allege that the costs Ameren  
13        Missouri paid to AMS were in any way imprudent or excessive, that Ameren Missouri did  
14        not receive the services it paid for, or that the work done by AMS is work that Ameren  
15        Missouri doesn't need in order to provide service to its customers. He is simply proposing  
16        to disallow hundreds of millions of dollars based on his thinly-supported allegation that the  
17        Rule was violated. Proposing such an adjustment is inappropriate and extremely  
18        irresponsible. The remedy for claimed violations of Commission rules is for the  
19        complaining party to file a complaint with the Commission. If the Commission sustains the  
20        complaint, it could require compliance or it could authorize the Commission's General  
21        Counsel to seek penalties authorized by statute. The issue in *this* case is what cost and  
22        revenue components should be included to establish a revenue requirement on which just  
23        and reasonable rates can be based. The services AMS provides are needed and the costs

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1 incurred for them were prudent. Costs for these services will continue to be incurred once  
2 rates are set — accounting, legal, etc. will still need to take place. Ignoring these costs in  
3 calculating the revenue requirement would abdicate the Commission's responsibility to set  
4 just and reasonable rates. Mr. Schallenberg's adjustment should be summarily rejected.

5 Q. What would be the consequences if Mr. Schallenberg's  
6 recommendations were adopted in this case?

7       A. Ignoring these substantial, legitimate, and necessary costs the Company  
8 incurs to provide service to its customers when setting rates would be catastrophic to  
9 Ameren Missouri, but the consequences to the state would be significant as well. If such a  
10 disallowance were approved it would likely adversely impact the view of Missouri  
11 regulation throughout the financial community, impacting the availability and cost of  
12 capital to all Missouri utilities. Moreover, if Mr. Schallenberg's position were adopted, it  
13 would effectively preclude the use of the service company model for providing common  
14 corporate support services in Missouri. As Mr. Reed discusses in his rebuttal testimony,  
15 this would be bad for Ameren Missouri and its customers because it would materially  
16 reduce the ability of utilities to efficiently provide service to customers, and materially  
17 increase the costs customers must pay.

### III. RATE CASE EXPENSE

19 Q. Turning to the second issue you are addressing, rate case expense, what  
20 are the recommendations of the Staff and of Ms. Conner?

21           A. There are separate recommendations regarding the cost of the Company's  
22 depreciation study and the other rate case expenses, so I will address them separately. With  
23 regard to the Company's depreciation study costs, Staff recommends that they be amortized

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1 over five years because that is the required time interval for the Company to conduct a  
2 depreciation study. Staff used the costs of the Company's last depreciation study submitted  
3 in File No. ER-2014-0258 of \$272,254 as a proxy for the cost of the current depreciation  
4 study, without accounting for inflation. The five-year amortization of this amount results  
5 in an annual amount of \$54,451, which Staff has included in its revenue requirement. Staff  
6 proposes no sharing of these costs.<sup>9</sup> Ameren Missouri agrees with Staff's treatment of the  
7 cost of the depreciation study.

8 Ms. Conner proposes to allow recovery of only the depreciation study costs for the  
9 current case that were actually incurred by September, 2019, which equals \$87,984.84. Ms.  
10 Conner recommends that Ameren Missouri either amortize those costs over five years, or  
11 wait until it files its next rate case to seek recovery of these costs.<sup>10</sup> OPC witness John A.  
12 Robinett makes a recommendation that is inconsistent with his colleague Ms. Conner  
13 regarding depreciation study costs—he recommends that no such costs be included in the  
14 Company's revenue requirement until the Company's depreciation study is amended to  
15 include retirement dates for the Company's combustion turbine generators ("CTGs"), either  
16 individually or by location.<sup>11</sup> Both proposals are unreasonable and should be rejected. The  
17 depreciation study costs incurred in this case as of September, 2019 are not a reasonable  
18 representation of the full costs of filing a Commission-required depreciation study and  
19 defending it. Moreover, Ameren Missouri should not have to wait until a future rate case  
20 to recover these costs. Finally, the fact that Ameren Missouri did not provide individual  
21 retirement dates for its CTGs does not justify the exclusion of the costs of the depreciation

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<sup>9</sup> Staff Report pp. 93-94.

<sup>10</sup> Conner Direct testimony, pp. 5-6.

<sup>11</sup> Robinette, Direct testimony, page. 2.

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1 study, which is required by the Commission's rules. Indeed, as Company witness John  
2 Spanos explains in his rebuttal testimony, (a) there is in fact no violation of the rules, and  
3 (b) Mr. Spanos has provided such dates if the Commission wants to change the past practice  
4 of not using life span treatment for these CTGs. The Commission should adopt the  
5 recommendation of Staff and the Company, and allow a five-year amortization of the costs  
6 of Ameren Missouri's last depreciation study, which is a reasonable, albeit conservative,  
7 proxy for the cost of the Company's current depreciation study. Ameren Missouri should  
8 be ordered to create a regulatory asset for that amount and be required to amortize that  
9 regulatory asset over five years.

10           **Q.       What are the positions of the Staff and Ms. Conner with regard to the  
11 remaining rate case expenses?**

12           A.       Staff is recommending a 50/50 split of rate case expenses between Ameren  
13 Missouri's customers and shareholders. In support of its position, Staff cited the  
14 Commission's decision in File No. ER-2014-0370, in which the Commission required the  
15 sharing of rate case expenses in a KCPL rate case based on the outcome of the case, and  
16 the Commission's more recent decision in a Spire Missouri ("Spire") rate case, File Nos.  
17 GR-2017-0215 and GR-2017-0216, in which the Commission ordered a 50/50 split of rate  
18 case expenses. Staff calculated its allowance for rate case expenses by averaging the  
19 expenses incurred by Ameren Missouri in its last three rate cases—\$1,621,919, reducing  
20 the cost by 50% to \$810,959.50, and then "normalizing" the cost over two years because  
21 of the historical frequency of Ameren Missouri rate cases. As a consequence, Staff included  
22 \$405,480 in its revenue requirement for these rate case expenses.<sup>12</sup>

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<sup>12</sup> Staff Report, Page 93.

1           Ms. Conner's position on non-depreciation study related rate case expenses is much  
2   less clear. Ms. Conner states that she supports sharing rate case expenses and she believes  
3   that no more than 50% of the Company's rate case expenses should be recovered from  
4   customers under any circumstances. She also states that all unreasonable costs should be  
5   removed, and that the balance of rate case expenses should be allocated in accordance with  
6   the KCPL order, whereby costs are allocated based on the rate case outcome (presumably  
7   subject to her 50% cap).<sup>13</sup> However, in the KCPL case, costs were shared based on the  
8   percentage of the requested rate increase that was eventually ordered. Ms. Conner does not  
9   explain how this methodology would or could be applied to a case, like this one, where the  
10   utility is requesting a rate decrease. Finally, it is not clear how Ms. Conner is proposing to  
11   normalize any small amount of rate case expenses she would allow to be recovered. In one  
12   place in her testimony, she indicates that the allowable costs should be spread over four  
13   years.<sup>14</sup> In another place she says that they should be recovered in one year, because the  
14   Company expects to file another rate case in about a year.<sup>15</sup> In summary, it is not clear how  
15   Ms. Conner would calculate the amount of the rate case expense she would allow, or over  
16   what period she is proposing to normalize those costs.

17           **Q.       Is it the general policy of the Commission that rate case expenses must  
18   be shared between customers and shareholders in every rate case?**

19           A.       No, it is not. The Commission has historically permitted the recovery of  
20   100% of a utility's prudently incurred rate case expenses. The Commission has never  
21   ordered any type of rate case expense sharing in an Ameren Missouri rate case. In the recent

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<sup>13</sup> Conner, Direct testimony, pp. 3-4.

<sup>14</sup> Conner, Direct testimony, pp. 3, lines 13-14.

<sup>15</sup> Conner, Direct testimony, page. 5, lines 13-15.

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1 KCPL and Spire cases, the Commission departed from this historic treatment of rate case  
2 expenses and ordered a sharing of those expenses based on the specific facts of those two  
3 cases, but it did not adopt a new policy of general applicability that rate case expenses must  
4 be shared in every case.

5           **Q.     How do you know that the Commission was not adopting a new policy**  
6       **when it ordered the sharing of rate case expenses in those two cases?**

7           A.     In its appeal of the Commission's decision of the KCPL rate case to the  
8 Missouri Court of Appeals for the Western District, KCPL argued that the Commission  
9 had engaged in unlawful rulemaking because it had adopted a new policy of general  
10 applicability (the sharing method) without going through the steps required for a  
11 rulemaking. The Commission responded in its brief by stating: "Contrary to KCPL's  
12 assertions, the Commission did not announce a new rule applicable to all utilities in this  
13 case. KCPL asserted during the rate case that the Commission was engaging in a  
14 rulemaking through an adjudicatory order. (LF 1522). The Commission expressly denied  
15 that it was announcing a general change in policy regarding rate case expense in this Report  
16 and Order (LF 1522). The Commission instead set just and reasonable rates under the  
17 particular facts of this case and did not engage in improper rulemaking. (LF 1522) The  
18 Commission may handle rate case expense differently in future rate cases." *In the Matter*  
19 *of Kansas City Power & Light Co v. Pub. Serv. Comm'n et al.*, Case No. WD79125 et al.,  
20 Brief of Respondent Public Service Commission in Response to Kansas City Power &  
21 Light Company's Brief, pp. 52-53.

22           Ultimately, the Court of Appeals determined that the Commission had the power to  
23 require sharing which upheld its disallowance of about 25% of KCPL's non-depreciation

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1 study rate case expenses (\$247,510 of the \$961,417 total) but only "because the method  
2 devised to determine a just and reasonable inclusion of rate case expenses *was tied to the*  
3 *facts of this case and was not a statement of general applicability*" (Emphasis added). *In*  
4 *the Matter of Kansas City Power & Light Co.*, Mo. App. LEXIS 886, \*38 (Mo. App. W.D.  
5 Sept. 6, 2016).

6 Specifically, the Court quoted the following case-specific facts which the  
7 Commission claimed justified the imposition of sharing in that case, but which did not  
8 reflect a policy of general applicability:

9 The evidence shows that the expenses in this case are driven  
10 primarily by issues raised by KCPL, which has complete control over the  
11 content and methodologies proposed when it files its rate cases. In this case,  
12 KCPL has requested three new trackers, two of which have never been  
13 requested before in Missouri. KCPL has also requested recovery in rates of  
14 the expenses from the Clean Charge Network, which is a type of expense  
15 that has never been raised in a rate case before the Commission. Each of  
16 these issues are unique to KCPL, and while KCPL always has the  
17 opportunity to pursue new and unique issue in a rate case, the decision to  
18 do so is entirely with[in] KCPL's power. In addition, KCPL has pursued  
19 some issues that only directly benefit share-holders, such as the La Cygne  
20 accounting authority and, of course, a higher ROE. In recent rate cases,  
21 KCPL has incurred rate case expenses substantially higher than historical  
22 levels and higher than utilities in Missouri.

23 **Q. Do the case-specific facts that justified the sharing of rate case expenses  
24 in the KCPL case apply to this case?**

25 A. No, the facts are readily distinguishable:

- 26 • KCPL was requesting a rate increase, whereas Ameren Missouri is requesting  
27 a rate decrease.
- 28 • KCPL pursued a large amount of costs for the Clean Charge Network, an issue  
29 that the court said was never raised before in a rate case. There is no analogous  
30 new expense in this rate case.

- 1           • KCPL also sought an accounting order, which has no analog in this case.
- 2           • KCPL was criticized for requesting a high return on equity ("ROE"). In this
- 3           case, Ameren Missouri is requesting an ROE closer to ROEs that the
- 4           Commission has ordered in recent cases, and closer to the national average of
- 5           ROEs ordered for integrated electric utilities than the specific ROEs that the
- 6           other parties that filed ROE testimony are recommending.
- 7           • KCPL was also criticized for incurring rate case expenses that were
- 8           substantially higher than those incurred in recent rate cases, and that were
- 9           higher than rate case expenses incurred by other utilities in Missouri. Those
- 10          criticisms do not apply to Ameren Missouri's rate case expense in this case.

11          In short, the KCPL factors are not generally applicable to this case – in fact, the lower

12         rates of counsel for Ameren Missouri's rate case as compared to those charged by attorneys

13         for KCPL were specifically cited by OPC in an effort to disallow rate case costs for

14         KCPL.<sup>16</sup>

15          **Q.       What about the Spire case in which the Commission required a 50/50**

16         **sharing of rate case expenses? Did that signal a new policy of general applicability**

17         **that the Commission was adopting?**

18          A.       No. Again, if the Commission were to adopt a policy of general applicability

19         to all utilities it would have to undertake a rulemaking proceeding. In the Spire case, similar

20         to the KCPL case, the Court of Appeals upheld the Commission's decision to require

21         sharing of an amount of rate case expenses Spire incurred which exceeded \$1.3 million

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<sup>16</sup>Report and Order, File No. ER-2014-0370 et al, page 65.

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1 because it was based on the specific facts of the Spire rate case. I outlined those facts in  
2 detail in my direct testimony and will not repeat them here. But, as I stated, in general, they  
3 do not apply in this case.

4 Ameren Missouri has been diligent in keeping its rate case expenses low. We have  
5 minimized the use of outside experts; we are using in-house counsel to litigate many issues;  
6 we have hired outside counsel from mid-Missouri where hourly rates are reasonable; and  
7 we have not raised unusual issues and are in fact proposing a rate reduction. The bottom  
8 line is that the circumstances of this case are substantially different from those in the KCPL  
9 and Spire cases, and they do not justify the imposition of the sharing of rate case expenses.

10 **Q. Are there any other considerations specific to this rate case that the  
11 Commission should take into account?**

12 A. Yes. In contrast to Ameren Missouri, some other parties are taking extreme  
13 and unusual positions in this case. For example, OPC witness Schallenberg is taking the  
14 position that 100% of the costs incurred by Ameren Missouri for corporate support services  
15 (\$218 million) should be disallowed. This is an extreme position, but Ameren Missouri  
16 must defend it. In addition, the Sierra Club is proposing that all of Ameren Missouri's  
17 capital costs and certain claimed "losses" related to certain coal-fired generation be  
18 disallowed. Again, an extreme position that Ameren Missouri must defend. Finally, Staff  
19 is proposing the use of a hypothetical capital structure for Ameren Missouri, even though  
20 no such capital structure has been ordered for Ameren Missouri, at least in recent cases,  
21 and even though the Commission rejected a similar recommendation in the recent Spire  
22 case. Again, Ameren Missouri has no choice but to defend its position that its actual capital  
23 structure should be used in setting rates.

1           **Q.     OPC witness Conner has criticized Ameren Missouri for filing this case**  
2     because the Company is only proposing a negligible reduction to rates.<sup>17</sup> How do you  
3     respond to that criticism?

4           A.     Ameren Missouri filed this rate review to adjust its rates to more accurately  
5     reflect its cost of service. This involves not only the approximately \$800,000 reduction to  
6     the overall revenue requirement, but also a significant reduction in the Net Base Energy  
7     Cost ("NBEC") and an offsetting increase to the non-fuel portion of the revenue  
8     requirement. The Company was also required to file this rate case to stay in compliance  
9     with Missouri law.

10          **Q.     Why was Ameren Missouri required to file this rate review to stay in**  
11     **compliance with Missouri law?**

12          A.     Section 386.266.4(3) RSMo. requires electric utilities that utilize a fuel  
13     adjustment charge to file a general rate case with the effective date of new rates to be no  
14     later than four years after the effective date of the order approving the fuel adjustment  
15     charge mechanism. The Commission's order approving the Company's last fuel adjustment  
16     charge was effective April 1, 2017, which means the Company is required to file a general  
17     rate case no later than approximately May 1, 2020, to ensure that new rates would take  
18     effect on or before April 1, 2021, after an 11-month suspension.

19          **Q.     Why couldn't the Company wait until approximately May 1, 2020 to**  
20     **file the general rate case that was required by the statute?**

21          A.     Ameren Missouri has two large wind projects that are projected to be in  
22     service in the latter half of 2020, and are required to be in service by December 31, 2020

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<sup>17</sup> Conner, Direct testimony, page 6.

1       in order to qualify for production tax credits, which will significantly reduce their cost. If  
2       the Company filed a rate case on or about May 1, 2020, the in-service dates for those wind  
3       projects would potentially be after the cut-off date for known and measurable changes in  
4       that rate case. To avoid experiencing significant regulatory lag on those major projects,  
5       Ameren Missouri will have to file a rate case later than May 1, 2020, but still in 2020. As  
6       a consequence, Ameren Missouri was required to file this rate review to stay in compliance  
7       with Section 386.266.4(3). This too should be taken into account in determining whether  
8       rate case expenses should be allocated in this case.

9              **Q.     Are rate case expenses commonly allocated between customers and  
10   shareholders in other jurisdictions?**

11            A.     As I discussed in my direct testimony, the answer is no. If the Commission  
12       were to adopt a general policy of allocating rate case expenses to shareholders via a  
13       rulemaking proceeding, it would be placing itself far outside the mainstream of regulatory  
14       practice in the United States. As I also mentioned in my direct testimony, in 2011, the  
15       Commission opened a workshop docket, File No. AW-2011-0330, to investigate how rate  
16       case expenses have been or should be treated in rate cases. As part of that proceeding Staff,  
17       investigated the treatment of rate case expenses across the country, and it was unable to  
18       cite even a single example of a jurisdiction that had required utility shareholders to pay a  
19       portion of prudently incurred rate case expenses.<sup>18</sup> There is extensive case law on this topic  
20       dating back to the 1930's which holds that reasonable and prudently-incurred rate case  
21       expenses should be included in rates, even in cases where the utility does not prevail, and

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<sup>18</sup> See Staff Report, August, 2013.

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1 specifically rejects the sharing of such expenses.<sup>19</sup> See, e.g., *W. Ohio Gas Co. v. Pub.*  
2 *Util. Comm'n*, 294 U.S. 63, 73 (1935); *Oncor Elec. Delivery Co. LLC v. Pub. Util.*  
3 *Comm'n*, 406 S.W.3d 253, 263–64 (Tex. App. 2013) (citing *Suburban Util. Corp. v. Pub.*  
4 *Util. Comm'n*, 652 S.W.2d 358, 362–63 (Tex. 1983)); *People ex rel. Madigan v. Ill.*  
5 *Commerce Comm'n*, 964 N.E.2d 510, 517 (Ill. App. 2011); *Kan. Indus. Consumers Grp.*  
6 *v. Kan. Corp. Comm'n*, 138 P.3d 338, 357–58 (Ks. App. 2006); *In re PNM Gas Servs.*, 1  
7 P.3d 383, 406 (N.M. 2000) (citing *Driscoll v. Edison Light & Power Co.*, 307 U.S. 104,  
8 120–21 (1939)); *Me. Water Co. v. Pub. Utils. Comm'n*, 482 A.2d 443, 453 (Me. 1984);  
9 *Butler Twp. Water Co. v. Pub. Util. Comm'n*, 473 A.2d 219, 221 (Pa. Commw. Ct. 1984).  
10 In contrast, aside from the Court of Appeals cases in which the Commission's case-specific  
11 sharing of KCPL's and Spire's rate case expenses was upheld, we could find no cases  
12 supporting the assignment of rate case expenses to shareholders. As a consequence, sharing  
13 of rate case expenses is inappropriate.

14           **Q.      What approach should be utilized by the Commission when dealing**  
15 **with rate case expense in a rate case?**

16           A.     The Commission should use the same approach utilized for all of the  
17 expenditures that make up a utility's costs: recognition of prudently incurred costs in setting  
18 the revenue requirement. While there are ratemaking concepts that can be employed  
19 regarding rate case expense (e.g. normalizing the expense as proposed by the Staff), what  
20 the Commission cannot do is arbitrarily force sharing of *prudently-incurred* rate case  
21 expenses on a utility absent unusual circumstances like those in the KCPL and Spire cases.

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<sup>19</sup> Counsel for the Company will further address the legality of rate case expense sharing when this case is briefed.

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1           Ameren Missouri prudently evaluates its needs for services in rate cases, such as  
2 legal services or services from consultants, in properly preparing, processing, and trying  
3 its rate cases. We negotiate billing rates with our outside counsel and they typically freeze  
4 those rates for a period of time. Moreover, we require thorough documentation for the work  
5 of our service providers, and the General Counsel department reviews and approves all  
6 invoices, utilizing CounselLink software owned by LexisNexis. The software requires  
7 outside service providers to submit their bills electronically, subject to extensive billing  
8 guidelines and CounselLink's ability to flag as exceptions instances where an invoice  
9 departs from those guidelines. I am also very familiar with the work performed by our  
10 service providers on this rate case and previous rate cases, and am involved in approving  
11 the engagement of those providers and in reviewing their work. Given the quantity and  
12 complexity of the work required to process and litigate rate cases involving dozens of  
13 witnesses and a myriad of issues – including issues not raised by the utility and not  
14 infrequently, issues that were not anticipated – their work is a reasonable and necessary  
15 part of our ability to seek to establish rates that are just and reasonable.

16           **Q.     How do you respond to the contention that rate case expense partially  
17     benefits shareholders, or that achieving a higher rate increase in a rate case benefits  
18     shareholders and thus rate case expense ought to be shared?**

19           A.     As I noted earlier, the courts have consistently held that prudently-incurred  
20 rate case expenses cannot simply be ignored, which is what sharing does. In discussing  
21 why rate case expense must be recognized in setting rates (and not shared, absent proper  
22 findings of imprudence), the Supreme Court said:

23           [W]e think they [rate case expenses] must be included among the costs of  
24 operation in the computation of a fair return. The company had complained

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1           to the commission that an ordinance regulating its rates was in contravention  
2           of the statutes of the state and of the Constitution of the nation. In that  
3           complaint it prevailed. The charges of engineers and counsel, incurred in  
4           defense of its security and perhaps its very life, were as appropriate and  
5           even necessary as expenses could well be.

6     *Id.* at 73.

7           Note that the Supreme Court was talking about a rate case, i.e., the "complaint" by  
8           the utility was that the utility's rates were too low. Note also that the Court wa not  
9           foreclosing a utility commission's ability to disallow imprudent rate case expenses. The  
10          Court continued: "A different case would be here if the company's complaint [rate increase  
11          request] had been unfounded, or if the cost of the proceeding had been swollen by untenable  
12          objections." *Id.* at 73.

13          But where the rate case was appropriately brought and where the utility's objections  
14          were not "untenable," the expenditures must be recognized:

15          There is neither evidence nor even claim that the conduct of the company's  
16          representatives was open to that reproach. The statute laid a duty on the  
17          commission, when it found the ordinance unjust, to prescribe its own  
18          schedule. The [schedule the commission] adopted, though higher than the  
19          one condemned, did not satisfy the company, but *there was nothing  
20          unreasonable or obstructive in laying before the commission whatever data  
21          might be helpful* to that body in reaching a considered judgment . *Id.* At 74.

22          Arbitrarily using a ratio of the ultimate award versus the initial request has no basis  
23          in any claim of imprudence or untenable objection. Consequently, no sharing of rate case  
24          expenses should be applied, and Ameren Missouri should be allowed to recover the full  
25          cost of its non-depreciation study related rate case expenses, which Staff has estimated to  
26          be \$1,621,919 based on an average of costs incurred in the Company's last three rate cases.  
27          Ameren Missouri agrees with this amount.

28          **Q.       What normalization is appropriate for rate case expenses in this case?**

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1           A.     As previously stated in this testimony and as acknowledged by OPC witness  
2     Conner, Ameren Missouri will need to file another rate case in 2020 in order to include  
3     significant wind generation investment in its rate base. As a consequence, a level of rate  
4     case expense that accounts for the fact that a rate case will be filed in 2020 should be  
5     reflected in the revenue requirement. Therefore, the full amount of the normalized level of  
6     rate case expenses should be included in the revenue requirement in this case.

7           **Q.     In your direct testimony you recommended that rate case expenses be  
8     amortized over three years. Why are you now recommending recovery of the full cost  
9     of the rate case in the Company's revenue requirement?**

10          A.     I have been informed that it is not appropriate to establish a regulatory asset  
11     based on an average of rate case expenses over the last three cases. A regulatory asset  
12     generally has to be based on a specific amount actually spent by a utility and accounted for  
13     on its books. As a consequence, I agree that rate case expense must be "normalized" so  
14     that the amount is reflective of the time period between rate cases. In this instance, since  
15     the Company will be filing another rate case in 2020, the full amount of the rate case  
16     expense should be included in the revenue requirement.

17          **Q.     Please summarize your position on rate case expense.**

18          A.     The cost of conducting a depreciation study should be amortized over five  
19     years as recommended by Staff and the Company. A normal level of other costs of filing  
20     and prosecuting a rate case should be included in the revenue requirement and should not  
21     be shared. Rate case expenses are normal costs of doing business for a regulated utility.  
22     They are a legitimate part of a utility's cost of service, just as is paying salaries, rent, for  
23     supplies, to build assets, etc. If the utility was prudent in making an expenditure, it is

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1 entitled to recognition of that expenditure when its rates are set. No party has claimed any  
2 imprudence in our rate case expenses. The considerations that led the Commission to order  
3 the sharing of rate case expenses in the KCPL and Spire cases are not present here. There  
4 is no basis to share Ameren Missouri's rate case expenses or otherwise reduce them for  
5 ratemaking purposes. Because Ameren Missouri will be filing another rate case in 2020 to  
6 recover the cost of its wind projects, the non-depreciation study related rate case costs  
7 should be included in the revenue requirement.

8                   **IV. DUES FOR ORGANIZATIONS**

9                 **Q. Staff witness Paul K. Amenthor has proposed to disallow dues paid by**  
10                 **Ameren Missouri to various groups that provide assistance to the Company in its**  
11                 **environmental compliance efforts. How much of a disallowance of these costs does**  
12                 **Mr. Amenthor propose?**

13                 A. Mr. Amenthor proposes to disallow approximately \$497,624 of these dues.

14                 **Q. What is the rationale for Mr. Amenthor disallowing these dues?**

15                 A. Mr. Amenthor states on page 94, line 11, of the Staff Report that "Staff  
16 proposed adjustments to disallow various dues and donations to organizations that were  
17 incurred during the test year because they are not necessary for the provision of safe and  
18 adequate service."

19                 **Q. Do you disagree with Staff witness Amenthor's recommended**  
20                 **disallowances of memberships in these environmental groups?**

21                 A. To a large degree, yes. Mr. Amenthor's workpapers indicate that \$497,624  
22 for membership in these groups should be disallowed because he claims that the primary  
23 objective of these groups is lobbying and that they do not provide a "direct benefit" to

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1       customers. The groups for which Mr. Amenthor proposes disallowances include the Utility  
2       Water Act Group, the Utility Air Regulatory Group, the United Solid Waste Activities  
3       Group, the Midwest Ozone Group, the Regulatory Environmental Group for Missouri and  
4       the Illinois Environmental Regulatory Group. I agree with Mr. Amenthor's disallowance  
5       of \$279,174 in dues for the Utility Air Regulatory Group. Ameren Missouri excluded  
6       \$267,315 of these costs from its revenue requirement in its direct filing and we agree that  
7       the additional \$11,859 included in Mr. Amenthor's calculation should also be excluded.  
8       Ameren Missouri is no longer a member of the organization and won't be incurring those  
9       expenses once rates are reset. However, I do not agree with his disallowance for dues paid  
10      to the other organizations because they actually do benefit Missouri customers and will  
11      continue to provide benefits in the future. The charters of at least two of these groups  
12      expressly prohibit them from lobbying and one of the other groups expressly indicates that  
13      the dues it charges contain no lobbying-related charges. There is a small portion of the dues  
14      for one of the other groups that reflects the lobbying portion of its activities, and we agree  
15      that those amount should be excluded from the revenue requirement.

16           **Q.       How do Ameren Missouri customers benefit from Ameren Missouri's  
17       membership in these environmental groups?**

18           A.       Below is a brief description of the activities of each of these groups and the  
19       benefits the Company's customers receive.

20           ***Utility Water Act Group ("UWAG")***

21           The UWAG is a voluntary, ad hoc, non-profit, unincorporated group of individual  
22       electric power generation and/or transmission and distribution companies and three  
23       national industry trade associations – EEI, the National Rural Electric Cooperative

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1      Association ("NRECA"), and the American Public Power Association ("APPA"). UWAG  
2      was formed to obtain legal advice and representation on regulatory matters arising under  
3      the Clean Water Act ("CWA") and other relevant statutes addressing water-related issues.  
4      UWAG advocates on behalf of its members on regulatory matters under the CWA. By  
5      tracking all stages of key federal rulemakings and litigation and certain state rulemakings,  
6      UWAG provides members with timely information they can then use in permitting and  
7      interpretation of regulations as well as in working with their states to implement major  
8      United States Environmental Protection Agency ("EPA") initiatives under the CWA.  
9      UWAG also responds to individual members' questions about the scope and content of  
10     CWA rulemakings and litigation. UWAG provides additional support to members by  
11     providing technical and legal expertise in a cost-effective manner.

12        UWAG's overall goal is to advance cost-effective and flexible CWA policies that  
13      protect human health and the environment while assuring reliable electric power supplies.  
14      It does so by advocating on legal issues and related policy, scientific, and technical matters  
15      arising from water-related regulations, policies, and guidance affecting electricity  
16      generation, transmission, and distribution facilities. UWAG coordinates closely with EEI,  
17      APPA, NRECA, the Electric Power Research Institute ("EPRI"), and other utility and  
18      industry groups in areas of common interest.

19        UWAG informs, evaluates, and represents the interests of the membership in  
20      matters primarily relating to rulemakings and policies of the EPA and the United States  
21      Army Corps of Engineers ("USACE") under the CWA. Advocacy before other federal  
22      agencies or state authorities also is considered at the request of members or as they relate  
23      to the CWA. UWAG advocates on behalf of its membership by fostering constructive

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1 working relationships with agencies, industry trade associations, and other advocacy  
2 groups. Specific activities to support this purpose include: providing legal and related  
3 factual, technical, and policy comments on proposed regulations and emerging issues;  
4 providing member education on emerging issues through workshops and conference calls,  
5 as needed; engaging in litigation over rulemakings or decisions by EPA, USACE, or other  
6 federal or state regulators when deemed critical to the interests of UWAG members; and  
7 providing members with up-to-date information about CWA compliance.

8 Key areas of focus include: CWA section 316(a) and 316(b) cooling water system  
9 regulations and state implementation; "waters of the US" interpretation and rulemaking;  
10 EPA, USACE and state permitting programs; storm water and non-point source water  
11 management and permitting; water quality standards including steam electric effluent  
12 guideline limitations; and water quality analytical methods.

13 The UWAG group *prohibits any legislative lobbying activities* as stated in its  
14 charter.

15 It is obvious that the Company must plan for and comply with the many water-  
16 related regulations that impact its business, and it is equally obvious that the advice,  
17 advocacy and services UWAG provides benefits the Company and, consequently, its  
18 customers. The dues paid to UWAG during the test year of \$107,379 should be included  
19 in the Company's revenue requirement.

20 ***Utility Solid Waste Activities Group ("USWAG")***

21 The Utility Solid Waste Activities Group includes over 130 utility operating  
22 companies, power producers, energy companies and industry associations, including EEI,  
23 NRECA, APPA and the American Gas Association. USWAG provides experienced legal

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1 and technical resources on utility solid waste management issues. More specifically,  
2 USWAG addresses waste, byproduct and chemical management and transportation issues  
3 on behalf of the utility industry. USWAG's core mission is to support the industry's efforts  
4 to comply with federal environmental regulations, protect the environment and serve its  
5 customers. As part of that effort, USWAG engages in regulatory advocacy, regulatory  
6 analysis and compliance assistance, and information exchange pertaining to the  
7 Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"),  
8 Resource Conservation and Recovery Act ("RCRA"), Toxic Substances Control Act  
9 ("TSCA") and Hazardous Materials Transportation Act ("HMTA").

10 Of specific value to Ameren Missouri and its customers, are the cost-effective  
11 resources available as a result of its participation in the group. Ameren Missouri has access  
12 to legal and technical expertise in solid waste management issues that would be much more  
13 expensive if Ameren Missouri acquired the resources independently. As a consequence,  
14 the dues paid to USWAG during the test year of \$32,428 should be included in the  
15 Company's revenue requirement.

16 ***Midwest Ozone Group ("MOG")***

17 The Midwest Ozone Group is an affiliation of companies, trade organizations, and  
18 associations that have drawn upon their collective resources to advance the objective of  
19 seeking solutions to the development of a legally and technically sound national ambient  
20 air quality program. It is the primary goal of MOG to work with policymakers in evaluating  
21 air quality policies by encouraging the use of sound science. As members of the business  
22 community, the MOG members also have a keen interest in assuring that policymakers are

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1 appropriately assessing the data and information required to accurately evaluate their  
2 emission control strategies.

3 Of specific value to Ameren Missouri and its customers, are the cost-effective  
4 resources that are available as a result of its participation in the group. Ameren Missouri  
5 has access to both legal and technical expertise in air quality issues that would be much  
6 more expensive if Ameren Missouri acquired the resources independently. The resources  
7 made available by membership in MOG are utilized as an extension of the Company's staff.  
8 Specific areas of support include monitoring of federal air quality regulations that will  
9 impact Missouri, development of scientific data critical to influencing cost-effective  
10 compliance strategies, and assistance in interpreting regulations, and fully understanding  
11 compliance obligations. Air quality regulations include the Cross State Air Pollutant Rule,  
12 Regional Haze Rule and National Ambient Air Quality Standards.

13 The dues paid to MOG during the test year of \$68,750 should be included in the  
14 Company's revenue requirement.

15 ***Regulatory Environmental Group for Missouri ("REGFORM")***

16 The REGFORM is a Missouri non-profit corporation organized to promote and  
17 advance the interests of its members in matters involving environmental regulations.  
18 REGFORM members are regulated facilities engaged in industry, commerce,  
19 manufacturing, mining, research, higher education, energy, agribusiness, and  
20 transportation.

21 REGFORM's mission is to ensure the development and negotiation of  
22 environmental regulations, laws, and policies are grounded on sound science and designed  
23 to produce demonstrated environmental improvements commensurate with the cost of

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1 compliance. REGFORM provides members with an increased opportunity to provide  
2 critical, facility-specific input into the rulemaking process; access to timely information  
3 including meeting summaries of various environmental commission meetings, Missouri  
4 Department of Natural Resources ("MDNR") programs advisory forums and stakeholder  
5 meetings; quarterly membership meetings, as well as seminars and training opportunities  
6 in specific environmental areas such as air quality, water quality and waste management.

7 Of specific value to Ameren Missouri and its customers, are the cost-effective  
8 resources that are available as a result of the Company's participation in REGFORM. This  
9 gives the Company access to specific expertise in air quality, water quality and waste  
10 management that would be much more expensive if Ameren Missouri acquired the  
11 resources independently. The resources made available by membership in REGFORM are  
12 utilized as an extension of the Company's staff. REGFORM provides Ameren Missouri  
13 with timely information that its staff can then use to manage compliance with  
14 environmental regulations as well as facilitating dialogue with the state agencies and  
15 stakeholders to implement environmental initiatives in a timely, environmentally  
16 responsible and cost effective manner.

17 The REGFORM 2018 dues invoice states that their program for 2018 does not  
18 involve lobbying.

19 The dues paid to REGFORM during the test year of \$6,500 should be included in  
20 the Company's revenue requirement.

21 ***Illinois Environmental Regulatory Group ("IERG")***

22 The primary objective of the Illinois Environmental Regulatory Group is the  
23 development and negotiation of environmental regulations in Illinois. IERG is committed

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1 to the principle that environmental regulation and policy be grounded on sound science and  
2 produce demonstrated environmental improvements commensurate with the costs involved  
3 for compliance. IERG is involved with an ever expanding universe of state agencies and  
4 departments, and on behalf of IERG members, its staff is involved early in the effort to  
5 provide sound and technically defensible input throughout the regulatory or policy process.

6 IERG provides members with an increased opportunity to provide critical, facility-  
7 specific input into the rulemaking process; access to timely information, including meeting  
8 summaries of various state regulatory environmental meetings, Illinois Environmental  
9 Protection Association ("IEPA") and Illinois Department of Natural Resources ("IDNR")  
10 programs, forums and stakeholder meetings; quarterly membership meetings as well as  
11 seminars and training opportunities in specific environmental areas such as air quality,  
12 water quality and waste management.

13 Of specific value to Ameren Missouri and its customers, are the cost-effective  
14 resources that are available as a result of the Company's participation in IERG. This gives  
15 the Company access to technical experts with specific expertise in air quality, water quality  
16 and waste management that would be much more expensive if Ameren Missouri acquired  
17 the resources independently. The resources made available by membership in IERG are  
18 utilized as an extension of the Company's staff and provide direct benefits to cost effective  
19 operation of Ameren Missouri generating assets in Illinois. IERG provides Ameren  
20 Missouri with timely information that its staff can then use to manage compliance with  
21 environmental regulations as well as facilitating dialogue with the state agencies and  
22 stakeholders to implement environmental initiatives in a timely, environmentally  
23 responsible and cost effective manner.

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1           Ameren Missouri only pays a portion of the dues to IERG. IERG states in their  
2 annual dues invoice that their total annual lobbying expenses are less than 1% of their  
3 revenue. We agree that it is appropriate to exclude 1% of Ameren Missouri's share of the  
4 dues (\$34) from the revenue requirement.

5           The dues paid to IERG during the test year of \$3,393, less \$34, should be included  
6 in the Company's revenue requirement.

7           ***EEI Dues***

8           **Q.      Staff witness Amenthor recommended disallowance of the EEI dues**  
9      **that Ameren Missouri recorded in the test year. On what does Mr. Amenthor base**  
10     **his disallowance?**

11          A.      First, Mr. Amenthor notes that some (unidentified) part of EEI activity  
12 necessarily includes representing the electric utility industry in legislative and regulatory  
13 matters, the costs of which Staff traditionally proposes to disallow. Next, he cites two prior  
14 Commission rate orders where EEI membership dues were excluded (Case Nos. ER-83-49  
15 and EO-85-185). Since those cases were decided 35 years ago, Staff has taken the position  
16 that such dues should be excluded unless the utility could quantify the benefits of  
17 membership. Mr. Amenthor's disallowance implies he did not believe that there were any  
18 benefits gained from the Company's EEI membership.

19          **Q.      Is Mr. Amenthor's disallowance of the EEI dues recorded in the**  
20     **Company's test year justifiable?**

21          A.      No, it is not justifiable. Ameren Missouri paid \$681,646 of EEI dues in the  
22 test year. As for lobbying, Mr. Amenthor failed to account for the fact that Ameren  
23 Missouri *already placed below-the-line* \$94,384 worth of EEI dues that related to EEI's

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1 lobbying efforts. That portion of the dues was never included by the Company in its  
2 revenue requirement. Since no part of the \$587,262 of EEI dues recorded above-the-line in  
3 the test year by the Company relates to lobbying costs, no part of that amount should be  
4 disallowed based on the claim that EEI lobbies.

5 As to non-lobbying membership costs, one of the cases cited by Mr. Amenthor  
6 explicitly states non-lobbying costs may be recoverable, depending upon the benefits that  
7 accrue to ratepayers and shareholders through the Company's EEI membership.<sup>20</sup>  
8 Mr. Amenthor's blanket disallowance is not justified because he failed to take into  
9 consideration whether the Company's EEI membership confers such benefits.

10       **Q.     Do Ameren Missouri's customers benefit from Ameren Missouri's  
11 membership in EEI?**

12       A.     Yes, they do. By pooling resources and information with other EEI  
13 members, the Company can more efficiently and effectively address issues and challenges  
14 it has in common with other members of the utility industry than if the Company addressed  
15 those issues on its own.

16       **Q.     Can you provide some examples?**

17       A.     Yes. Personnel in various Ameren Missouri departments have provided the  
18 following examples of benefits they derive from EEI membership.

19       *Information Technology:*

20       • The EEI Technology Advisory Committee serves to keep members abreast of  
21 emerging strategic information technology and business issues that impact the  
22 energy industry. Participation allows Ameren Missouri to receive updates on

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<sup>20</sup> In Case No. ER-83-49, *In the Matter of Kansas City Power & Light Co.*, 26 Mo. P.S.C. (N.S.) 233 (Aug. 30, 1983).

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- 1           federal and state actions as they happen, allowing us to take action or begin  
2           planning on issues relating to topics that impact our ability to provide service  
3           efficiently (e.g., cyber security, information security, including security of  
4           customer information).
- 5           • Attending committee meetings provides opportunities to meet with other  
6           industry professionals to:
- 7               o Discuss similar issues and work to develop common solutions;
- 8               o Learn from the experience of other utilities;
- 9               o Benefit from expert speakers who discuss the future of  
10              legislation/regulations, which allows us to remain proactive in our  
11              compliance efforts by planning early and before requirements are  
12              mandatory;
- 13               o Share resources to gain insight on pending governmental policies and  
14              regulations more efficiently and at a lower cost than if those resources  
15              had to be duplicated;
- 16               o Collaborate on evolving industry issues relative to the North American  
17              Electric Reliability Council ("NERC") Reliability Standards  
18              Infrastructure Protection requirements, smart grid deployment, cyber  
19              security, and emergency response, among others;

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- 1                   o Participate in the Chief Information Security Officer  
2                   ("CIO") Executive Advisory Committee and the Electric Sector  
3                   Coordinating Council ("ESCC") Advisory Committee which provides  
4                   information sharing across the industry, particularly related to cyber  
5                   security and telecommunications challenges. The cross-industry  
6                   collaboration is extremely helpful and instrumental in improving cyber  
7                   defense and response capabilities across investor-owned utilities,  
8                   municipals and co-ops;
- 9                   o The Cyber Security Working Group discusses emerging cyber security  
10                  issues. EEI is currently working with member companies and various  
11                  Congressional committees in crafting legislation to address cyber-  
12                  attacks against the electric power grid and to identify vulnerabilities that  
13                  could be exploited;
- 14                  o We continually get updates from the North American Electric  
15                  Reliability Council Critical Infrastructure Protection ("NERC CIP")  
16                  drafting teams as they develop the new regulations;
- 17                  o EEI began facilitating the formation of the cyber mutual assistance  
18                  program, initiated by the ESCC. This program is intended to be similar  
19                  to the mutual assistance program for storm recovery. Ameren Missouri  
20                  is actively engaged in establishing the framework and procedures for  
21                  this program.

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1        All of the above helps Ameren Missouri to more efficiently and effectively use  
2 information technology as part of providing service to customers, which helps us operate  
3 with lower costs than we could absent these benefits.

4        Early notice of federal/state regulations also helps us be more proactive in response,  
5 and avoid penalties for noncompliance.

6        *Controller's Function:*

7           • EEI provides value to the Controller's function in many ways, including  
8 providing educational forums that allow for the maintenance of utility-specific  
9 skills for accounting staff. Accurate financial statements allow the Commission  
10 to properly set rates and are necessary to procure the capital necessary to invest  
11 and operate Ameren Missouri. EEI members receive discounts at their  
12 sponsored forums.

13          • Committees that allow for the sharing of questions and information related to  
14 various accounting topics, which assure we are properly thinking about and  
15 accounting for various utility-specific issues. Accurate financial statements  
16 allow the Commission to properly set rates and are necessary to procure the  
17 capital necessary to invest and operate Ameren Missouri. Use of EEI reduces  
18 Company staff that may be necessary to respond.

19          • Coordinate responses with other leaders in the industry to accounting standard  
20 setters for requested comments on potential new accounting standards. Use of  
21 EEI reduces Company staff that would be necessary to respond and allows for  
22 responses that represent the industry rather than an individual company.

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- 1        • Daily Energy News service assures that our staff is up-to-date on industry  
2                  issues. Use of EEI reduces Company staff that may be necessary to stay abreast  
3                  of emerging developments.
- 4        • Coordinate forums for interaction with investors that provide capital to utilities.  
5                  These forums are an efficient method of meeting investors and potential  
6                  investors versus multiple trips and other targeting methods.
- 7        • EEI regularly has meetings with the Financial Accounting Standards Board  
8                  ("FASB"), the Securities and Exchange Commission ("SEC") and FERC to  
9                  discuss industry accounting issues, helping these bodies better understand the  
10                 utility industry's issues and helping the utility industry understand their  
11                 viewpoints resulting in higher quality financial reporting. Examples include:
- 12                 o Leases: Application of the New Leasing Standard for Utilities - The  
13                         FASB issued a new leasing standard that fundamentally changed the  
14                         lease accounting model. EEI commented on various drafts of the  
15                         standard and subsequent updates, shared best practices, authored  
16                         whitepapers on specific industry issues, and provided utility specific  
17                         training materials.
- 18                 o Retirement Benefits: Improving the Presentation of Net Periodic  
19                         Pension Cost and Net Periodic Postretirement Benefit Cost - The FASB  
20                         has proposed new guidance that would require an entity to present  
21                         pension service cost in the same line item as other employee  
22                         compensation costs, and present the remaining components of pension

1                   net benefit cost in a separate line item outside operating items. In  
2                   addition, the proposed guidance would limit the components of net  
3                   benefit cost eligible to be capitalized to service cost. These proposed  
4                   amendments could result in significant implementation costs for the  
5                   utility industry (and ultimately customers), and possible FERC to  
6                   Generally Accepted Accounting Principles ("GAAP") reporting  
7                   differences. EEI has submitted a comment letter response to the FASB  
8                   that states we believe that the net benefit cost should continue to be  
9                   recognized in operating expenses as compensation costs, and that with  
10                  respect to the electric and gas utility industry, the proposed presentation  
11                  would be inconsistent with the economic effects of cost-of-service rate  
12                  regulation and regulatory accounting principles. While we do not know  
13                  whether the FASB will accept our suggestions, our ability to participate  
14                  in EEI's comment letter process and respond holistically as an industry  
15                  helps our comment letter to be strongly considered by the FASB in its  
16                  standard setting process.

- 17                  ○ Revenue Recognition: Revenue from Contracts with Customers - The  
18                  FASB issued new guidance that changes the criteria for recognizing  
19                  revenue from a contract with a customer, and replaces most industry-  
20                  specific guidance with a new five-step model. In order to provide  
21                  implementation guidance, the FASB is working with The American  
22                  Institute of Certified Public Accountants ("AICPA") to develop a guide  
23                  for several industries. EEI has a task force that is working directly with

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the AICPA task force to draft the utility chapter in this guide, and to provide feedback to the FASB on amendments needed to its revenue recognition guidance.

- 4       • EEI has been an effective forum to influence tax legislation and administrative  
5              rulemaking to minimize tax burdens on customers, especially in the area of  
6              capital recovery through depreciation and repairs.

## 7 Energy Efficiency:

8 Ameren Missouri utilizes the services of EEI's Institute for Electric Innovation  
9 ("IEI") on a regular basis. IEI was created in 2008 to focus on accelerating the electric  
10 power industry's energy efficiency efforts and increasing the industry's associated  
11 investments. IEI works with the electric utility industry, regulators, policymakers and other  
12 stakeholders to advance customer-side solutions for energy management, including energy  
13 efficiency, demand response, distributed power, and customer focused technologies. The  
14 IEI resources were invaluable to Ameren Missouri in creating its Missouri Energy  
15 Efficiency Investment Act ("MEEIA") filings. IEI has resources to provide detail on the  
16 demand-side management ("DSM") cost recovery regulatory frameworks for every state  
17 that the Ameren Missouri team reviewed and utilized in the development of its proposed  
18 Demand-Side Investment Mechanism.

19 *Environmental:*

20 Ameren Missouri faces numerous critical environmental, natural resources and  
21 clean energy policy issues that impact our strategic planning, and decision making. EEI  
22 works closely with member company staff to assess potential implications of, and  
23 opportunities relative to, the current environmental, natural resources and clean energy

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1      landscape. EEI provides updates on federal and state actions related to environmental  
2      issues as they develop. This information helps us develop compliance strategies and take  
3      action to prepare for environmental regulations and issues that impact our industry in a  
4      proactive manner before requirements are mandatory. This enhances our ability to provide  
5      service efficiently and minimize cost impact to our customers. EEI provides dedicated  
6      environmental staff that is available to support members as well as coordinate the activities  
7      of committees on specific environmental topics such as air quality, water quality, land and  
8      natural resource management and climate policy. The environmental committees provide  
9      information sharing across the industry particularly related to environmental issues and  
10     challenges.

11           Attending the committee meetings allows us to meet with others from the industry  
12    which helps us to:

- 13           • Discuss similar issues and work to develop common solutions.
- 14           • Learn from the experience of other utilities.
- 15           • Benefit from expert speakers who discuss the future of legislation/regulations.
- 16           • Share resources to gain insight on pending governmental policies and  
17        regulations more efficiently and at a lower cost than if those resources had to  
18        be duplicated.
- 19           • Collaborate on current environmental issues affecting the industry, such as air  
20        quality regulations; water quality regulations; coal combustion residuals;  
21        climate and energy policy.

- 1        Specific examples include the following:
- 2            • EEI initiated an effort to urge EPA to regulate coal ash and other coal  
3            combustion byproducts as non-hazardous waste and achieve a balance  
4            between ensuring environmental protection and cost impacts on customers.  
5            EPA published the final Coal Combustion Residuals ("CCR") rule in April  
6            2015, regulating CCR as a non-hazardous waste under Subtitle D of the  
7            Resource Conservation and Recovery Act ("RCRA"). The industry, led by  
8            Edison Electric Institute ("EEI"), has continued efforts to address and  
9            improve the CCR rule and implement beneficial revisions to the regulations.
- 10           • Likewise, EEI initiated a campaign to avoid a one-size-fits-all cooling tower  
11           requirement. If a one-size-fits-all cooling tower requirement arose, it would  
12           result in higher capital investment and operating expenses for Ameren  
13           Missouri and ultimately its customers. The final rule issued by the EPA has  
14           provided for a state to use discretion in setting compliance requirements,  
15           largely as a result of the industry position developed through EEI.
- 16           • EPA recently proposed to repeal and replace the Clean Power Plan ("CPP")  
17           and EEI coordinated with the industry in those rulemakings. The Affordable  
18           Clean Energy ("ACE") rule was proposed in August, 2018 and finalized in  
19           July, 2019. EEI's comments reiterated industry's views that, while any CPP  
20           replacement rule should reflect a source-based, inside-the-fenceline  
21           approach, any final rule must also provide significant flexibility to states in  
22           developing their compliance plans for covered units. EPA proposed

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1                   revisions to the NSR program, which would provide coal-fired power plants  
2                   more latitude to make efficiency improvements consistent with BSER  
3                   without triggering NSR permit requirements, have been severed and moved  
4                   to a separate rulemaking on a different timetable than the ACE rule. The  
5                   final ACE rule includes several beneficial components that were supported  
6                   by EEI and the industry to achieve cost-effective CO<sub>2</sub> emission reductions  
7                   in a practical and achievable manner.

8                   *Other:*

9                   EEI continues to support distributed generation and net energy metering policies  
10                  that would end cost-shifting and ensure all electricity customers who use the grid share  
11                  equitably in the costs of maintaining it.

12                  EEI is leading the industry's efforts on physical security, helping to develop  
13                  standards for protecting critical assets from attack.

14                  EEI sponsors the T&D Distribution, Transmission and Metering Conference held  
15                  twice annually. This conference allows utility members to share experiences and gain  
16                  insights into the latest technology.

17                  RestorePower is an EEI workgroup that promotes continuous improvement of  
18                  mutual assistance, emergency preparedness and emergency response among utilities and  
19                  serves as a resource for participants of the Regional Mutual Assistance Groups. The EEI  
20                  also sponsors a Mutual Assistance Conference twice a year where utilities meet to discuss  
21                  issues, concerns, experiences and processes required during emergency response. The EEI  
22                  has taken a supporting role in the National Event Response ("NER") that has been in  
23                  development since Super Storm Sandy.

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1       EEI is an active member of the Electricity Subsector Coordinating Council. The  
2       ESCC serves as the principal liaison between the federal government and the electric power  
3       sector coordinating efforts to develop and support industry-wide energy grid security and  
4       resilience initiatives in preparation for, and responding to, national-level disasters or threats  
5       to critical infrastructure.

6       EEI also continued to advocate for increased Low Income Home Energy Assistance  
7       Program ("LIHEAP") funding.

8       EEI led a multi-faceted aggressive campaign to retain lower dividend tax rates. The  
9       lower dividend tax rates benefit both Ameren Missouri and its customers who own  
10      common stock. EEI is still working to ensure a standard on rate-regulated accounting is  
11      maintained in the event that International Financial Reporting Standards ("IFRS") is  
12      required.

13       EEI worked closely with NERC to streamline the process for addressing minor  
14      reliability violations that do not pose a threat to bulk power reliability, which will free up  
15      Company resources to focus on more important reliability matters.

16       EEI has developed an online compliance training module that Ameren Missouri  
17      uses to help ensure compliance with anti-market manipulation rules.

18       EEI's Rail Transport workgroup coordinates the utilities' responses to issues  
19      related to railroad transportation, including rail transportation capacity, competition,  
20      reliability, rate reasonableness, and grievance resolution.

21       EEI worked with the Occupational Safety and Health Administration ("OSHA") on  
22      the final safety standard amendments governing the industry's operations, maintenance,  
23      and construction activities. EEI will continue to work with OSHA, member companies and

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1 the International Brotherhood of Electric Workers ("IBEW") to limit adverse impacts on  
2 the industry and to obtain clarification in key areas.

3 EEI Information Resources Center ("IRC") is a centralized service that EEI  
4 members use for help with finding information or connecting with EEI subject specialists.

5 The IRC provides readily available information and/or makes referrals to additional  
6 sources or contacts to support EEI members' research needs.

7 EEI is developing a framework for transportation electrification which includes  
8 charging infrastructure deployment, residential managed charging and commercial  
9 charging.

10 **Q. Is it possible to quantify a dollar benefit for these many beneficial  
11 activities engaged in by, and support provided by, EEI?**

12 A. Obviously, it is not.

13 **Q. In sum, why should the Commission reflect approximately \$587,262 of  
14 EEI dues in the Company's revenue requirement?**

15 A. The Commission should allow recovery of the non-lobbying portion of the  
16 Company's EEI dues because, while it is not possible to quantify a dollar benefit of any  
17 one of the above items, based on the scope of EEI's activities and the support EEI provides,  
18 common sense dictates the conclusion that EEI membership provides very substantial  
19 benefits to Ameren Missouri's customers, and that those benefits easily exceed the EEI  
20 membership fees requested in this case.

21 **V. REGULATORY CONSISTENCY**

22 **Q. At the beginning of your testimony, you said you would address the  
23 importance of regulatory consistency in the Commission's consideration of the Staff's**

1      **proposed use of a hypothetical capital structure for Ameren Missouri and OPC**  
2      **witness Lena Mantle's proposed change to the sharing percentage under the Fuel**  
3      **Adjustment Clause ("FAC"). First of all, what do you mean by the term regulatory**  
4      **consistency?**

5            A.     As a general matter, regulatory consistency means that a commission  
6      applies its rules and enabling statutes to all of the utilities under its jurisdiction in a fair,  
7      consistent, and predictable manner. It also generally means that in rate cases, the  
8      Commission makes consistent and predictable decisions for cases involving different  
9      utilities, and it makes consistent and predictable decisions for the same utility from rate  
10     case to rate case.

11          Q.     **Does that mean the Commission can never change its mind on an issue**  
12     **or rule differently on the same issue from rate case to rate case?**

13          A.     No. But if the Commission rules differently on an issue for different utilities  
14     or for the same utility from case-to-case, there should be a factual basis (or perhaps a  
15     change in the law) that justifies the different rulings. If the Commission decides to change  
16     its position on an issue, particularly a major issue, there should be a substantial justification  
17     for that change, such as a material change in circumstances.

18          Q.     **Why is regulatory consistency important?**

19          A.     All stakeholders—from utilities, to consumer advocates, to financial  
20     markets—rely on the Commission to make fair, consistent and predictable decisions. Such  
21     decisions make settlement of cases more possible. They also improve a utility's access to  
22     capital, because investors and analysts favor a predictable regulatory environment. For

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1 these reasons, the Commission should only make inconsistent decisions on an issue from  
2 case-to-case if there is substantial justification supporting the change.

3           **Q. How does this discussion apply to the Staff's proposed use of a**  
4 **hypothetical capital structure for Ameren Missouri?**

5           A.     Staff's proposed use of a hypothetical capital structure is clearly inconsistent  
6 with decisions the Commission has made in the past on that issue with essentially no  
7 justification. The rebuttal testimony of Darryl Sagel outlines in detail why this is true, but  
8 for purposes of this discussion a) the Commission has not used a hypothetical capital  
9 structure for Ameren Missouri in any rate case over the past 30 years at least; b) the  
10 Commission explicitly approved the use of Ameren Missouri's actual capital structure in  
11 the Company's recent gas rate case (File No. GR-2019-0077); c) Ameren Missouri's  
12 current capital structure is consistent with capital structures approved by the Commission  
13 in the past; and d) the Commission has recently approved at least one capital structure with  
14 a higher equity ratio for Spire. (See File No. GR-2017-0215, 0216). Utilizing a hypothetical  
15 capital structure in this case would be entirely inconsistent with the Commission's  
16 treatment of Ameren Missouri in past rate cases, and inconsistent with its treatment of other  
17 utilities. For this reason, as well as the reasons explained in the rebuttal testimony of  
18 Company witness Darryl Sagel, Staff's proposal should be rejected.

19           **Q. How does this discussion apply to OPC witness Mantle's proposal to**  
20 **change the FAC sharing percentage from 5% to 15%?**

21           A.     Ms. Mantle's proposal, if adopted, would be another egregious example of  
22 regulatory inconsistency. The FAC provides a method for Missouri's electric utilities to  
23 recover their prudently-incurred net energy costs. Because only prudently incurred

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1 fuel/power costs and revenues (and associated transportation) are included, Ameren  
2 Missouri initially opposed the use of any sharing percentage. When the FAC was initially  
3 proposed, we pointed out that fuel riders, which are used in most other jurisdictions, do not  
4 have any sharing percentage at all. However, the Commission approved the FAC with 5%  
5 sharing and has consistently re-approved that same mechanism for all Missouri electric  
6 utilities that have opted to use an FAC; as Company witness Andrew Meyer points out in  
7 rebuttal testimony, it has in fact rejected litigated attempts to change the percentage on  
8 more than 10 different occasions in roughly the past 11 to 12 years. Ameren Missouri and  
9 the other electric utilities have accepted the 5% sharing that the Commission ordered. Ms.  
10 Mantle has not. She has filed testimony in case after case, trying to increase the sharing  
11 percentage and has been rejected time after time, for good reason. If Ms. Mantle's proposal  
12 is accepted, the sharing percentage will be an issue up-for-grabs in every electric rate case.  
13 Sharing percentages will be inconsistent for utilities from rate case to rate case, and they  
14 will be inconsistent between utilities. For example, if Ms. Mantle's sharing percentage were  
15 to be accepted in this case, Ameren Missouri would have a sharing percentage of 15%,  
16 while Evergy and Empire would still have a sharing percentage of 5%. This is regulatory  
17 inconsistency at its worst.

18           **Q.     Ms. Mantle points out that Ameren Missouri might over-recover its net  
19 energy costs if the sharing percentage were increased and that this actually justifies  
20 her proposal. How do you respond to that point?**

21           A.     The fuel adjustment clause should not be a vehicle for Ameren Missouri to  
22 over- or under-recover its costs. It is designed to allow Ameren Missouri to recover its  
23 prudently incurred net fuel costs. Ms. Mantle's proposal undermines that central purpose.

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1 Q. Ms. Mantle points out that the General Assembly recently enacted  
2 Senate Bill 564 ("SB 564"), which allows electric utilities opting to use plant-in-service  
3 accounting ("PISA") to defer 85% of the return and depreciation associated with  
4 qualifying rate base additions that are placed in service between rate cases, and she  
5 suggests that this supports her position that the FAC sharing percentage should be  
6 increased to 15%. Do you agree?

7       A.     No. The goal of SB 564 was to remove the disincentive for utilities to invest  
8     in capital assets that is caused by regulatory lag. The General Assembly determined that  
9     deferral of 85% of those costs was sufficient to remove that disincentive, but capital assets  
10    are much different than net energy costs. Capital assets earn a return for the utility, 85% of  
11    which is deferred between rate cases. Net energy costs in contrast are passed through dollar  
12    for dollar with no return component. The utility gains nothing by incurring prudent net fuel  
13    costs. They are different in kind from the capital assets addressed by SB 564. The political  
14    compromise that led to 85% in SB 564 has nothing to do with whether a percent sharing  
15    incentive to keep net energy costs as low as possible is needed. The Company's position is  
16    that such an incentive is not needed but, as noted, the Company has accepted the  
17    Commission's now-longstanding view that 5% sharing is appropriate. Ms. Mantle's  
18    argument that SB 564 supports her proposed sharing percentage is completely meritless.

## VI. FAC PROCEDURES

20 Q. Sierra Club witness Avi Allison makes certain recommendations  
21 "regarding Ameren's FAC process" at p. 43, ll. 4-22 of his direct testimony. Please  
22 address his recommendations.

1           A.     Mr. Meyer's rebuttal testimony addresses Mr. Allison's recommendations  
2     regarding additional minimum filing requirements, and I will address the remainder of Mr.  
3     Allison's recommendations.

4           The central problem with Mr. Allison's remaining recommendations is that  
5     adoption of them would turn the three periodic FAC rate adjustments the Company<sup>21</sup> files  
6     each year into a litigated referendum on commitment and dispatch practices during each 4-  
7     month accumulation period that underlies the adjustment.<sup>22</sup> This is directly contrary to the  
8     terms of the Commission's FAC rules (now and from their inception in 2006). If Sierra  
9     Club thought the rules should be different, it should have participated in the multi-year  
10    FAC rule workshop process that preceded the formal FAC rulemaking. Sierra Club is well-  
11    versed in the Commission's proceedings and processes, having been a party to many cases  
12    in the past several years and it had a full opportunity to advocate for FAC rule changes.

13           But even had it so participated, Mr. Allison's recommendation lacks merit and is, I  
14    believe, likely unlawful. Moreover, it is completely unnecessary. I believe such an  
15    approach is likely unlawful because converting the routine periodic FAC rate adjustment  
16    process into a litigated matter about the prudence of commitment and dispatch practices  
17    (or the prudence of fuel procurement strategies, etc.) is clearly contrary to the spirit, and  
18    reading the FAC statute as a whole, the letter of the FAC enabling statute in Missouri. FAC  
19    adjustments (like PGA adjustments) are by their very nature automatic adjustments if the  
20    adjustment is calculated correctly and complies with the underlying tariff, here the FAC  
21    tariff. That has always been the only inquiry in FAC and PGA adjustments. The statute

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<sup>21</sup> And the periodic adjustments of the three other utilities that have FACs.

<sup>22</sup> For that matter, it would turn every periodic adjustment into a referendum on everything a utility does that impacts net energy costs tracked in an FAC.

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1 recognizes this by specifically requiring a separate periodic prudence review process. It is  
2 in that mandated statutory process where questions about whether a utility's unit  
3 commitment or dispatch practices were appropriate must take place.

4 As to his alternative suggestion of reviewing the issues about which he is concerned  
5 annually, this too would change the FAC prudence review process from an every-18-month  
6 process to an every-12-month process. Such a change is also unnecessary. By the nature of  
7 the FAC periodic adjustment process (as reflected in the current FAC rules), past FAC rate  
8 adjustments remain subject to change as a result of the current periodic prudence review  
9 process. There is no time limit on a prudence review. Staff has 180 days to conduct its audit  
10 and file a report, but other parties can request a hearing in response after that report is filed.  
11 If a request for hearing is submitted, a procedural schedule on terms and for a duration  
12 determined appropriate by the Commission would be put in place and discovery, testimony,  
13 etc., and ultimately a hearing could then occur. Any party, Sierra Club included, that has  
14 complaints about unit commitment or dispatch, will get its day in court. There is no reason  
15 that this should occur every single year for every single utility as compared to the current  
16 every-18- months process (which is dictated by the FAC statute). I should also note that  
17 the Staff has already indicated that it will use the prudence review process to examine unit  
18 commitment issues. Mr. Allison's recommendation is a solution in search of a problem.

19                   **VII. DONATION OF ELDON, MO PROPERTY**

20           **Q. Please explain Staff's allegations about the property located at 701**  
21           **Colorado Ave., Eldon, Missouri, that the Company donated in 2007 to the American**  
22           **Legion and repurchased in 2018.**

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1           A.     Staff witness Jason Kunst contends that it was imprudent and inappropriate  
2     for the Company to donate the property without obtaining Commission authorization prior  
3     to making the donation. Mr. Kunst alleges Ameren Missouri did not obtain fair market  
4     value for the property that could have been used to offset the majority of the cost of  
5     constructing replacement facilities (at 804 South Walnut in Eldon, Missouri). As a  
6     consequence, Mr. Kunst proposes to replace the price Ameren Missouri paid for the  
7     property in 2018 with the updated net book value of the property when donated in 2007,  
8     which results in a reduction of rate base of \$159,978.

9           **Q.     How do you respond to Mr. Kunst's allegations?**

10          A.     First, Mr. Kunst's allegations regarding the donation of the Eldon, Missouri  
11     building are extremely untimely. The 2007 donation has been reflected in the Company's  
12     rate base in several previous gas and electric rate cases. Staff did not challenge the donation  
13     when the facility was removed from the Company's rate base in its 2010 gas rate case (File  
14     No. GR-2010-0363), nor did Staff challenge the donation in five separate electric rate cases  
15     that have occurred since the donation—File Nos. ER-2010-0036, ER-2011-0028, ER-  
16     2012-0166, ER-2014-0258, and ER-2016-0179. Staff did not allege that Commission  
17     approval was required for the donation and did not question the prudence of the Company's  
18     decision to donate the property in any of those cases. Instead, Staff waited until more than  
19     a decade later when facility needs changed triggering the Eldon property to be acquired  
20     again to try to challenge the donation. Prudence must be evaluated when the donation  
21     occurred, with the information known at the time of the donation, and not with the benefit  
22     of hindsight.

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1           Second, even with the benefit of hindsight, the facts support the prudence of both  
2   the donation of the facility in 2007 and the re-acquisition of the facility over a decade later.  
3   When the facility was donated in 2007, it was not needed for Ameren Missouri's operations.  
4   In fact, only four employees worked at the building (two gas employees and two electric  
5   employees), and they could more efficiently be transitioned to another facility. The  
6   property was on the market for fifteen years, but no potential buyers expressed interest in  
7   the property over that period. Although the Company did not receive any payment for the  
8   donation of the property, it did benefit from the donation. In particular, the donation  
9   provided tax benefits (\$11,938) and it allowed the Company to avoid incurring operations  
10   and maintenance expenses for an unneeded facility (estimated at \$10,613 per year). In  
11   addition to those savings, which inured to the benefit of customers when accounted for in  
12   several rate cases, the lower rate base caused by the donation also lowered Ameren  
13   Missouri's revenue requirement and thus its rates in the rate cases I listed earlier. The  
14   donation of the property in 2007 was clearly a prudent decision.

15           The re-acquisition of the property over a decade later was also prudent. By that  
16   time, Ameren Missouri's facility needs had changed and it was able to consolidate two  
17   other operating centers into the re-acquired Eldon facility. This arrangement also improved  
18   the efficiency of Ameren Missouri's operations.

19           The bottom line is that Mr. Kunst has provided no evidence of the Company's  
20   imprudence, either when the Eldon property was donated over a decade ago, or when it  
21   was re-acquired. Consequently, the costs of the Eldon facility should be included in  
22   Ameren Missouri's rate base with no offset.

1           **Q.     Mr. Kunst criticizes Ameren Missouri for donating the Eldon facility**  
2     **in 2007 without Commission approval. Was Commission approval required for that**  
3     **donation?**

4           A.     No, Section 393.190.1, RSMo. (2016), requires Commission approval prior  
5     to a gas or electric corporation selling or otherwise disposing of the whole or any part of  
6     its "franchise, works or system, necessary or useful in the performance of its duties to the  
7     public..." However, Section 393.190.1 goes on to state: "Nothing in this subsection  
8     contained shall be construed to prevent the sale, assignment, lease or other disposition by  
9     any ... public utility of a class designated in this subsection of property, which is not  
10    necessary or useful in the performance of its duties to the public...." The Eldon facility is  
11    not subject to this statute for two reasons: first, it is not part of Ameren Missouri's  
12    "franchise, works or system" and second, it was not "necessary or useful in the performance  
13    of [Ameren Missouri's] duties to the public" at the time that it was donated.

14          **Q.     Why was the Eldon facility not part of Ameren Missouri's "franchise,**  
15     **works or system"?**

16          A.     Ameren Missouri's "franchise" is its legal authorization to conduct business.  
17     The Eldon facility clearly does not fall within that definition. The Company's "works or  
18     system" is comprised of generators, substations, transformers, poles and wires that deliver  
19     electricity to customers. But it does not include a building where four employees work in  
20     Eldon, Missouri.

21          **Q.     Why do you say that the Eldon facility was not "necessary or useful in**  
22     **the performance of [Ameren Missouri's] duties to the public" when it was donated in**  
23     **2007?**

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1           A.     The Eldon facility was not necessary or useful because the Company had  
2     determined that the property was no longer needed to support operations, and the four  
3     employees who were housed there could more efficiently be housed in another location.  
4     The Company had the property on the market for fifteen years. It's hard to imagine how a  
5     property could be less necessary or useful than that. For this reason as well, this property  
6     is clearly not covered by Section 393.190.1, and there is no public policy reason that the  
7     Commission should be required to approve the disposal of every facility that is no longer  
8     necessary or useful to every utility's operations.

9           **VIII. LOW INCOME WEATHERIZATION AND KEEPING CURRENT**

10          Q.     You previously stated that you would address the recommendations of  
11       the Missouri Department of Natural Resources-Division of Energy ("DE") regarding  
12       the funding and administration of Ameren Missouri's Income-Eligible  
13       Weatherization Assistance Program ("IEWAP"). Please summarize the testimony of  
14       DE witness Marcy Oerly on this subject.

15          A.     Ms. Oerly recommends the retention of the current funding levels of  
16     IEWAP at \$1.2 million, but suggests that administration of the program be collaboratively  
17     transitioned from DE to the Company. Ms. Oerly states that DE is willing to continue to  
18     provide advisory support for the program, and requests the Company hold at least one  
19     annual in-person meeting with weatherization agencies and any interested stakeholders to  
20     review the budget and expenditures, program implementations, and opportunities for  
21     improvement in program delivery and customer service.

22          Q.     Does the Company agree with these recommendations?

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1           A.     DE made a similar recommendation in Ameren Missouri's recent natural  
2     gas rate case (File No. GR-2019-0077). In that case, Ameren Missouri agreed to the  
3     following in Paragraph 13 of the *First Amended Stipulation and Agreement*:

4               ...The Company shall take over administration of the IEWAP from DE, and  
5     will work with DE to smoothly transition administration of the IEWAP to  
6     the Company. The current budget for the IEWAP ... shall continue to be  
7     used for the weatherization subprogram. Since the administrative functions  
8     and the funding for IEWAP are not federally sourced, the agencies need not  
9     adhere to the same strict guidelines for spending these funds as necessary  
10    for spending federally administered or sourced funds; therefore, Agencies  
11    will not have to adhere to the US DOE guidelines for weatherization.  
12    Agencies, at their discretion, can use funds to weatherize properties that  
13    have historically been passed over due to eligibility related to date-last-  
14    weatherized or reasonable health and hazard conditions. Participating  
15    Agencies are required to document use of discretionary funds and number  
16    of properties completed annually with invitations extended to Agencies to  
17    participate once a year (by phone or in person) in one of the two bi-annual  
18    collaborative energy efficiency meetings. During the collaborative energy  
19    efficiency meetings, stakeholders shall discuss any guidelines that may be  
20    necessary for the Agencies to implement. The Company will provide  
21    regular updates to the MEEAC-Low-Income Workgroup regarding funds  
22    spent and measures installed through the weatherization subprogram.

23           Ameren Missouri is willing to maintain the current electric-side funding levels for  
24    IEWA of \$1.2 million, and to take over the administration of the program under the same  
25    terms as it is taking over the program administration for the gas business. It makes sense  
26    that if the Company is taking over the administration, that it do so for both sides of its  
27    utility business under consistent terms.

28           **Q.     Finally, CCM and OPC made several recommendations regarding the**  
29   **Company's Keeping Current ("KC") program.   Do you support those**  
30   **recommendations?**

31           A.     Both CCM and OPC appear to believe that the Company's KC program is  
32     worthwhile and that it provides assistance to our low income customers. Ameren Missouri  
33     agrees.

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1           In addition, both CCM and OPC suggest an expansion of the program, something  
2       that was not discussed in-depth at any of the collaborative meetings. Ameren Missouri  
3       would agree to discuss whether and how to expand this successful program, but doesn't  
4       believe the place to have that discussion much less to make this decision is in this docket.  
5       However, if the Collaborative comes to an agreement, the needed details of such an  
6       expansion (more funding, auto-enrollment, etc.) can be included in the Company's next  
7       rate case. In fact, OPC makes the valid point that a formal study may be helpful in making  
8       the determination of whether and/or how to expand this program. OPC does not provide a  
9       cost estimate for this study, but Ameren Missouri believes that the Collaborative should  
10      talk about what such a study should encompass. CCM suggests increasing the funding of  
11      the program to \$5 million, to increase funding to the agencies who administer the program,  
12      and to add an auto-enroll mechanism, among other options. The Company cannot agree to  
13      a blanket increase in funding at this time, especially without more of a basis for the  
14      increase. The auto-enrollment idea may be helpful in further reducing disconnections, but  
15      again, this issue has not been dealt with at any of the Collaborative meetings. Ameren  
16      Missouri suggests that these issues be moved to the Collaborative for further discussion  
17      and then, if agreement is reached, proposed in a rate case (to the extent Commission  
18      approval of any changes is needed.)

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

20           **A.       Yes, it does.**

**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 Decrease Its Revenues for ) File No. ER-2019-0335  
Electric Service. )

## **AFFIDAVIT OF TOM BYRNE**

**STATE OF MISSOURI )  
CITY OF ST. LOUIS )**

COMES NOW Tom Byrne, and on his oath declares that he is of sound mind and lawful age; that he has prepared the foregoing *Rebuttal Testimony*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Tom Byrne

Subscribed and sworn to before me this 21<sup>st</sup> day of January, 2020.

Wen A. Best  
Notary Public

**My commission expires;**



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

In the Matter of a Union Electric Company d/b/a Ameren Missouri's Cost Allocation Manual (CAM). ) File No. EO-2017-0176

**STIPULATION AND AGREEMENT**

COME NOW Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company") and the Staff of the Missouri Public Service Commission ("Staff") (Ameren Missouri and Staff are collectively referred to herein as the "Signatories" or individually as a "Signatory"), pursuant to 4 CSR 240-2.115, and hereby request Commission approval of this Stipulation and Agreement ("Stipulation"), as follows:

**I. Background**

1. The Commission opened this docket by issuing its December 21, 2016, *Order Approving Stipulation and Agreement Regarding Cost Allocation Manual and Affiliate Transactions* in File No. ER-2016-0179.<sup>1</sup> That stipulation provided, among other things, for the creation of a separate docket to address the development and approval of a Cost Allocation Manual ("CAM") for Ameren Missouri's electric operations, and to address other matters respecting the Commission's electric Affiliate Transactions Rule (4 CSR 240-20.015).

2. As requested in that stipulation, the Commission adopted a procedural schedule in this docket which, among other things, called for Ameren Missouri to develop a draft CAM, for comments thereon to be provided by Staff and OPC, and for a series of technical conferences. The procedural schedule also established a deadline of July 21, 2017, for the Company, Staff and OPC to either file an agreed-upon CAM or, absent agreement, direct testimony, which would

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<sup>1</sup> The Signatories to that stipulation were the Company, Staff, and the Office of the Public Counsel ("OPC"). It was treated by the Commission as unanimous under 4 CSR 240-2.115.

then be followed by additional rounds of testimony and a hearing to occur September 26-28, 2017.

3. The Company prepared and circulated a draft CAM as required, and several conferences were promptly held at the Commission's offices in Jefferson City to discuss it as well as to discuss related Affiliate Transactions Rule issues. By Order dated July 3, 2017, the Commission (at the parties' request) cancelled the procedural schedule, afforded the parties additional time to see if a resolution of this docket could be reached, and required the filing of a status report by October 31, 2017.

4. Thereafter, the parties continued to meet to discuss the CAM and a resolution of this docket. After these additional meetings, the Staff then filed a status report on October 31, 2017, which reflected the parties' request that they be afforded additional time for further discussions. The Commission granted that request and required that another status report be filed by March 1, 2018. The parties exchanged additional drafts of a proposed CAM that accounted for the items they had discussed in the series of meetings occurring during the preceding months, followed by the Staff's filing of a second status report on March 1, 2018. The March 1, 2018 status report indicated the Staff's recommendation that the parties continue to work together toward agreement on a CAM and that another status report be required by May 31, 2018.

5. Thereafter, the parties met again and continued to exchange information and drafts. On May 31, 2018, Staff filed a third status report in which it indicated that Staff and OPC were in the process of reviewing the latest draft of a proposed CAM and most appendices. The Staff further indicated that it was its opinion that the best course of action was for the parties to continue to work toward an agreed upon CAM. The Commission extended the date for a further status report to July 31, 2018.

6. The parties met again on June 21, 2018, and continued their exchange of information and ideas clarifying and narrowing remaining issues. Ameren Missouri and Staff were by then also working on a Stipulation. On July 31, 2018, Staff filed a fourth status report requesting that the Commission issue an Order directing the parties to file an agreed upon CAM with the Commission by September 30, 2018, or, alternatively, file with the Commission, by that date, a further status report respecting the progress made by the parties in this docket and a proposed revised procedural schedule to resolve any outstanding and necessary CAM issues remaining. The Commission extended the date for a further status report to October 1, 2018. On October 1, 2018, the parties filed a fifth status report with the Commission requesting that the Commission issue an Order directing the parties to file an agreed upon CAM with the Commission by October 31, 2018, and/or a recommendation what further course of action they suggest the Commission to direct.

7. On October 31, 2018, the parties filed a sixth status report with the Commission requesting that the Commission issue an order directing the parties to file at least a non-unanimous agreed upon CAM based on the all parties' (Ameren Missouri, Staff, and the Office of the Public Counsel's) opinion that the best course of action was for all parties to continue to work at producing an agreement on a CAM and report back on November 30, 2018. The Commission granted the request by order dated November 2, 2018.

8. The Signatories have now reached agreement on resolving this docket, including on a specific CAM for Ameren Missouri's operations, which is attached hereto as Exhibit A.

## **II. Terms of the Ameren Missouri CAM**

9. The agreed-upon CAM is substantially more detailed and specific than the CAMs Ameren Missouri has submitted each year since the Affiliate Transactions Rules first became effective in 2003. It contains specific provisions covering all aspects of Affiliate Transactions

Rules compliance, and outlines certain variances from portions of both the electric and gas Affiliate Transactions Rules (4 CSR 240-20.015 and 4 CSR 240-40.015, respectively) which the Signatories support for good cause shown, as addressed later in this Stipulation. If approved by the Commission as requested by this Stipulation, it will replace the CAMs for the Company's electric and gas operations filed by the Company on March 15, 2018 (which reported information for calendar year 2017).

10. Among other things, the agreed-upon CAM:

- a. Requires any affiliate marketing materials and advertisements that an Ameren Missouri affiliate might utilize to sell goods or services to Missouri residents to be made available to Staff prior to their use;
- b. Codifies recordkeeping and access to records requirements, including documentation of affiliate transactions, and the continued provision of detailed affiliate transaction reporting for all products and services provided by Ameren Missouri's affiliate, Ameren Services Company ("Ameren Services") not just to Ameren Missouri, but to all Ameren Missouri affiliates;
- c. Codifies certain detailed reporting requirements;
- d. Requires that all affiliate transactions be conducted under a written contract between Ameren Missouri and the affiliate;
- e. Requires extensive training respecting Affiliate Transactions Rules compliance, and sharing of training materials with Staff prior to their use so that they may provide their input (training to be in place by March 1, 2019);
- f. Requires the formation and implementation of an Ameren Missouri CAM Team (by February 1, 2019) to aid in Ameren Missouri's compliance with the Affiliate Transactions Rules, subject to approved variances;

- g. Requires annual audits by the CAM Team in conjunction with the Internal Audit Department respecting compliance with the CAM and the Affiliate Transactions Rules, with the audit results to be provided to Staff within 30 days of finalization; and
- h. Reflects specific provisions to ensure the effective enforcement of Ameren Missouri's responsibilities under the Affiliate Transactions Rules, subject to approved variances.

### **III. Specific Approvals Sought**

11. The Signatories agree that the Commission should issue an Order in this docket that:

- a. Approves this Stipulation, and specifically:
  - i. Approves the CAM attached hereto as Exhibit A, subject to item iii below;
  - ii. Grants the variances from the electric and gas Affiliate Transactions Rules (4 CSR 240-20.015 and 4 CSR 40.015) reflected in Tab G of the CAM for good cause shown; and
  - iii. Makes the following requirements reflected in the CAM effective on the following dates:
    - 1. Training requirements to be in place by February, 2019;
    - 2. CAM Team to be in place by February, 2019;
    - 3. General Office Building ("GOB") space study completed and rentals based on the same by January 1, 2019;
    - 4. Annual audit requirements to commence in 2020 (for calendar year 2019);

5. Purchasing rate costs and inventory handling loading studies completed by December 31, 2019 (and results implemented in 2020); and
6. Contracts with affiliates other than Ameren Services to be in place and effective by January 1, 2019, subject, however, to any required approvals by the Illinois Commerce Commission for contracts with affiliates subject to Illinois Commerce Commission jurisdiction (transactions covered by approved variances or otherwise in compliance with the Affiliate Transactions Rules can occur in the absence of such contracts until the same become effective).<sup>2</sup>

#### **IV. Good Cause for Variances**

11. The CAM, in Tab G, sets forth the terms of variances from certain provisions of the Affiliate Transactions Rules. Exhibit B hereto outlines Ameren Missouri's support for a determination by the Commission that good cause exists to grant the requested variances, as contemplated by 4 CSR 240-20.015(10) and 4 CSR 240-40.015(10). The Staff agrees that good cause exists to grant the requested variances.

By expressing this stance, Staff is not expressing an opinion regarding the reasonableness of any costs incurred or revenues received by Ameren Missouri, or an opinion about the allocation of any costs, and reserves the right to challenge such costs, revenues, or allocations in a proper proceeding respecting Ameren Missouri's rates. Also, as in Tab G page 5 of its CAM, Ameren Missouri has agreed that if it employs an alternative allocation or pricing methodology

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<sup>2</sup> Transactions with affiliates not covered by a written contract pending such approvals shall be reported on Tab Q, Appendix 9.

which it contends will be in the best interests of its customers receiving regulated utility service, such alternative methodology, among other things, will be subject to review and adjustment in any subsequent MoPSC case proceeding, similarly a variance granted by the MoPSC in one proceeding will be subject to review for prospective purposes in any subsequent Ameren Missouri CAM proceeding.

#### **V. Fully Distributed Cost (“FDC”) Study**

12. The Signatories agree that it would be beneficial for Ameren Missouri to complete a study (which the Signatories refer to as an “FDC Study”), to evaluate whether the current costing methods applicable to affiliate transactions between Ameren Missouri and Ameren Services are the most appropriate methods, and to also evaluate the current and future allocation of Ameren Services costs that cannot be direct charged to a single affiliate.

13. Such a study is not, however, strictly a component of the CAM and its design and completion is not necessary to finalize the CAM. The Signatories have agreed, however, on a process so that such a study can be designed and implemented, as follows:

- a. The parties will collaborate on the design of such a study and report back to the Commission within 90 days of approval of this Stipulation on whether they have reached agreement as to how the study should be conducted, and on a timeline for completion of the study and finalization of its results.
- b. If agreement has been reached, the study will proceed as agreed.
- c. If agreement has not been reached, the Signatories will refer any disagreement to the Commission for resolution.
- d. Pending completion of the study (whether on an agreed-upon timeline or while the Commission resolves any disagreement) Staff will not (a) claim in any Commission proceeding that the Company’s calculation of FDC for the services it receives from

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Ameren Services are in violation of or otherwise inconsistent with the requirements of the Affiliate Transactions Rules, or (b) that the allocation of Ameren Services costs not directly charged to a given affiliate is in violation of or otherwise inconsistent with the requirements of the Affiliate Transactions Rules; provided, that Staff's agreement in this subparagraph d shall not affect its ability to claim in a general rate proceeding that some portion of Ameren Services costs charged to Ameren Missouri are unreasonable.

## **VI. Gas Operations**

14. At the present time, in lieu of a separate Ameren Missouri gas CAM, the Signatories agree that Ameren Missouri will utilize one CAM and shall continue to supply to Staff CAM reports in the format itemized in the Stipulation and Agreement in File No. ER-2014-0258, with the data that is provided further split by gas and electric utility costs. Although the data in CAM reports is on a monthly basis, the data is supplied quarterly, which is acceptable. Also, Ameren Missouri shall submit the information for Appendix 4 to the CAM disaggregated between electric and gas affiliate transactions. (The amounts should tie to the general ledgers.) Furthermore, if Ameren Missouri decides to utilize a natural gas marketing, pipeline, or storage affiliate entity, Ameren Missouri agrees to implement Commission approved Gas Supply and Transportation Standards of Conduct ("SOC") prior to conducting affiliate transactions which impact Ameren Missouri's PGA/ACA costs. The Signatories' agreement for Ameren Missouri to utilize one CAM and provide the above-referenced data in lieu of a separate gas CAM does not limit any right to additional information Staff has respecting information/data such as that contained in the Ameren Missouri 2016 and 2017 gas CAMs that were submitted by Ameren Missouri in EFIS. Also, the Signatories agree that the Fully Distributed Cost ("FDC")

Study provided for herein shall consider gas affiliate transactions in addition to electric affiliate transactions.

## VII. General Provisions

15. This Stipulation is being entered solely for the purpose of settling this docket. Except as explicitly agreed otherwise herein, none of the Signatories shall be deemed to have approved or acquiesced in any question of Commission authority, ratemaking or procedural principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence that may underlie this Stipulation or for which provision is made in this Stipulation. Except as explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation in this or any other proceeding.

16. If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void thereon, neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has to a hearing on the issues presented by the Stipulation, regarding cross-examination or a decision in accordance with Section 536.080.1 RSMo. 2016 or Art. V, Section 18 Mo. Const. The Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that may have been offered or received in support of or in opposition to this Stipulation shall thereupon become privileged as reflecting the substantive content of settlement discussions, and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

17. To assist the Commission in its review of this Stipulation, the Signatories also request that the Commission advise them of any additional information that the Commission may desire from the Signatories related to the matters addressed in this Stipulation, including any procedures for furnishing such information to the Commission.

18. If requested by the Commission, the Staff shall submit to the Commission a memorandum responsive to the Commission's request. Each Signatory shall be served with a copy of any memorandum and shall be entitled to submit to the Commission within five (5) days of receipt of the Staff's memorandum, a responsive memorandum which shall also be served on all Parties. The contents of any memorandum provided by any Signatory are its own and are not acquiesced in or otherwise adopted by the other Signatory to this Stipulation, whether or not the Commission approves and adopts this Stipulation.

19. The Staff also shall provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests. The Staff shall, to the extent reasonably practicable, provide the other Signatories with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

20. Except as specified herein, the Signatories to the Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding, should the Commission decide not to approve the Stipulation or in any way condition its approval of the same, except as stated herein. Because this is a Stipulation for the purpose of settling matters in this case, it shall not be cited as precedent or referred to in

testimony in any subsequent or pending judicial or administrative proceeding, except that this shall not be construed to prohibit reference to its existence in future proceedings, including proceedings to enforce compliance with its terms.

21. The provisions of this Stipulation have resulted from extensive discussions and negotiations among the Signatories and are interdependent and non-severable. If the Commission does not approve this Stipulation unconditionally and without modification, or if the Commission approves the Stipulation with modifications or conditions to which a Signatory objects, then this Stipulation shall be void and none of the Signatories shall be bound by any of the agreements or provisions hereof.

22. In the event the Commission accepts the specific terms of this Stipulation, the Signatories waive their respective rights: a) to cross-examine witnesses pursuant to Section 536.070(2) RSMo.; b) to present oral argument and written briefs pursuant to Section 536.080.1 RSMo.; c) to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo.; and d) to judicial review pursuant to Section 386.510 RSMo. This waiver applies only to a Commission Order respecting this Stipulation issued in this proceeding approving this Stipulation unconditionally and without modification, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation.

23. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

24. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigatory powers or other statutory powers which the Commission presently has. Thus, nothing in this Stipulation is intended to

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impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information.

WHEREFORE, the Company and Staff respectfully request that the Commission issue its order approving this Stipulation and, specifically granting the approvals outlined in Section III hereof.

Respectfully submitted,

/s/ James B. Lowery  
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**Attorneys for the Staff of the  
Missouri Public Service Commission**

**CERTIFICATE OF SERVICE**

The undersigned certifies that true and correct copies of the foregoing have been e-mailed or mailed, via first-class United States Mail, postage pre-paid, to the service list of record of this case on this 30<sup>th</sup> day of November, 2018.

*James B. Lowery*  
James B. Lowery

**Ameren Missouri**

**2017 Cost Allocation Manual**

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**Ameren Missouri**

**INTRODUCTION**

The Missouri Public Service Commission ("MoPSC") adopted the Affiliate Transactions Rules found at 4 CSR 240-20.015 and 4 CSR 240-40.015 (the "Rules") in 2000.<sup>1</sup> The Rule describes a cost allocation manual ("CAM") as including the criteria, guidelines and procedures the utility will follow to comply with the Rule. The Rule relates that the CAM shall set forth cost allocation, market valuation and internal cost methods respecting transactions between electrical corporations and gas corporations and their affiliates.

The purpose of this CAM is to aid Union Electric Company d/b/a Ameren Missouri ("UEC" or "Ameren Missouri") in complying with the requirements of the Rule and in doing so, to provide the MoPSC with transparency into processes and procedures that govern how costs are determined, allocated and assigned among UEC and its affiliates, to define how fair market price ("FMP") and fully distributed cost ("FDC") are to be calculated, and to set forth certain variances from the requirements of the Rule.

The CAM, including all Appendices, and associated information that must be provided under subsection (4)(B) of the Rule shall be submitted through the MoPSC's EFIS filing system in accordance with the timelines outlined in the Rule and as otherwise

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<sup>1</sup> Throughout this cost allocation manual there will be references to the Rule 4 CSR 240-20.015 and reference to the "Rule" will list the electric Affiliate Transactions Rule provision. Generally, the gas Affiliate Transaction Rule 4 CSR 240-40.015 is also referenced. References to Rule 4 CSR 240-20.015 are also intended to constitute a reference to the gas Affiliate Transactions Rule 4 CSR 240-40.015 counterpart which, with respect to all specific electric Affiliate Transactions Rule provisions expressly referenced herein are identical to the electric Rule with the exception that the gas Rule refers to "gas corporations" instead of "electrical corporations." At the beginning of many of the following Tab sections, electric Affiliate Transactions Rule provisions are quoted. The gas Affiliate Transactions Rule counterparts are not quoted although they may be deemed to be applicable.

TAB A

1 specified in this CAM, subject to MoPSC-approved variances to the Rule. Any changes  
2 to this CAM shall be filed with the MoPSC for approval. All contracts and agreements  
3 between UEC and one or more of its affiliates shall be maintained and made available  
4 to Staff during their effectiveness and for at least six years afterwards, on mutually  
5 agreeable terms. Ameren Missouri agrees to provide Staff copies of all General Service  
6 Agreements Ameren Services Company ("AMS") has with other Client Companies and  
7 other agreements Ameren Missouri may have with other Client Companies relating to  
8 products or services Ameren Missouri provides to or receives from such other Client  
9 Companies.

10 This document constitutes the initial MoPSC-approved UEC CAM consistent with  
11 the Rule. UEC is an electric and natural gas utility corporation serving Missouri retail  
12 customers under the jurisdiction of the MoPSC. UEC receives and provides information,  
13 assets, goods, and services in transactions with affiliated companies. This CAM is a  
14 requirement of the Rule, which is intended to prevent regulated utilities from subsidizing  
15 their nonregulated operations. UEC shall not participate in any affiliate transactions  
16 unless they are in compliance with the Rule, MoPSC-approved variances from the Rule,  
17 and this CAM. The Rule and its effective enforcement will provide the public assurance  
18 that UEC's rates are not adversely impacted by its nonregulated activities.

19 This CAM includes the criteria, guidelines, and procedures UEC will follow to  
20 comply with the Rule and MoPSC approved variances from its requirements. The  
21 variances set forth in Tab G of this CAM have been granted for good cause shown  
22 because the variance would better satisfy the stated purpose of the Rule, i.e., rates will  
23 not be adversely impacted by the utility's nonregulated activities and the affiliate

1 transactions covered by the variances are in the best interest of the utility's regulated  
2 customers. The use of benchmarks is addressed in Tab G.

3 This CAM is divided into two (2) sections designed to address the two (2)  
4 components of the MoPSC's stated purpose for the Rule. The two sections will address  
5 1) protections regarding affiliate or nonregulated activity abuse, and 2) effective  
6 enforcement to assure the protections are in place and fully functioning.

7 The first section contains standards that must be satisfied for UEC to participate in  
8 an affiliate transaction (4 CSR 240-20.015(2)(D) and 4 CSR 240-40.015(2)(D)). These  
9 standards include the utility receiving/offering its best interest pricing terms (4 CSR 240-  
10 20.015(2)(A) and 4 CSR 240-40.015(2)(A))<sup>2</sup>; limited preferential service afforded affiliates  
11 only as necessary to provide corporate support functions (4 CSR 240-20.015(2)(B) and 4  
12 CSR 240-40.015(2)(B)); parameters for providing specific customer information to other  
13 entities (4 CSR 240-20.015(2)(C) and 4 CSR 240-40.015(2)(C)); conditions regarding the  
14 provision of affiliate information (4 CSR 240-20.015(2)(E) and 4 CSR 240-40.015(2)(E));  
15 and requirements for affiliate marketing material, information, or advertisements that share  
16 an exact or similar name, logo or trademark with UEC (4 CSR 240-20.015(2)(F) and 4  
17 CSR 240-40.015(2)(F)).

18 The second section of the CAM addresses the enforcement of the Rule to provide  
19 assurance of UEC's compliance, and is contained in Tabs H through P. The MoPSC's  
20 enforcement of, and UEC's compliance with, the Rule only ensures that the affiliate  
21 transactions engaged in by UEC are not subsidizing the nonregulated operations of UEC's  
22 affiliates. Compliance with the Rule does not in any way serve as an indication that an

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<sup>2</sup> Also referred to as asymmetrical pricing.

1 affiliate transaction is a prudent transaction. The prudence of individual affiliate  
 2 transactions may be addressed in the rate case in which the issue of the prudence of an  
 3 affiliate transaction is relevant. The nature of the affiliate transactions and their value  
 4 determine the criteria, guidelines, and procedures that are needed by UEC to comply with  
 5 the Rule. As UEC's transactions and their value change in the future, the criteria,  
 6 guidelines, and procedures regarding UEC's activities may need to change to ensure  
 7 relevance, appropriateness, and congruity with the Rule.

#### 8                   **Affiliate Transactions from UEC to Affiliates in 2017**

9                 The first chart shows 2017 values UEC recorded as Accounts Receivable -  
 10 Associated Companies (Account # 146) for the information, assets, goods, and services  
 11 provided to the indicated specific affiliates:

12

Affiliate	Dollar Amount
Ameren Illinois Company (AIC)	\$27,890,264
Medina Valley Cogen Company	\$102,642
Ameren Transmission Company of Illinois (ATXI)	\$23,863
Ameren Services (AMS)	\$26,841,854
Missouri Central Railroad (MCR)	\$4,676
<b>TOTAL</b>	<b><u>\$54,863,299</u></b>

13                 The above chart shows the relative value of the goods and services UEC provides  
 14 to AMS in relation with the goods and services UEC provides to other affiliates.

1                   **Affiliate Transactions to UEC from Affiliates in 2017**

2         The second chart shows 2017 values UEC recorded as Accounts Payable -  
 3 Associated Companies (Account # 234) for the information, assets, goods, and services  
 4 received from the indicated specific affiliates:

5

Affiliate	Dollar Amount
Ameren Illinois Company (AIC)	\$4,773,535
Ameren Services (AMS)	\$206,052,567
<b>TOTAL</b>	<b><u>\$210,826,102</u></b>

6         The above chart shows that UEC received affiliate goods and services from two  
 7 affiliates allowing this CAM to focus on these two affiliates. Revisions to future CAMs may  
 8 be required if UEC receives goods or services from additional affiliates in the future.

9                   **UEC Affiliates With No Transactions With UEC in 2017**

10 The following UEC affiliates (which are shown on Appendix 1 of Tab Q) were reported as  
 11 having no transactions with UEC in 2017:

- 12                   1) Ameren Corporation
- 13                   2) Ameren Development Company;
- 14                   3) Ameren Transmission Company;
- 15                   4) Ameren EIP Investment;
- 16                   5) QST Enterprises;
- 17                   6) Ameren Accelerator Investments LLC
- 18                   7) Ameren Transmission Company East; and
- 19                   8) Ameren Transmission Company Southwest.

1        All other Ameren Missouri affiliates are shown in Tab Q, Appendix 1, which enables  
2 Ameren Missouri to identify affiliates it must consider in evaluating its AMS charges.

3                      **Major UEC Affiliate Description & Relationship**

4        Ameren Corporation ("Ameren" or "AMC"), headquartered in St. Louis, Missouri, is  
5 the parent company which consists of AMC and all its subsidiaries on a consolidated basis.  
6 AMC was a registered public utility holding company under the Public Utility Holding  
7 Company Act of 2005 ("PUHCA 2005") with its primary assets being its equity interests in  
8 its subsidiaries. AMC subsidiaries are financially reported as separate, independent legal  
9 entities with separate businesses, assets, and liabilities. AMC's income consists of  
10 dividends paid to it by its subsidiaries.

11        AMC's principal subsidiaries are UEC, Ameren Illinois Company ("AIC"), and  
12 Ameren Transmission Company of Illinois ("ATXI"). AMC has various other subsidiaries  
13 that conduct other activities, such as provision of shared services.<sup>3</sup> UEC and AIC are two  
14 wholly-owned direct utility subsidiaries providing retail electric and gas service under the  
15 regulation of state public utility commissions. AMC also has three wholly-owned direct  
16 Federal Energy Regulatory Commission ("FERC") rate regulated subsidiaries, and three  
17 wholly-owned direct non-state regulated subsidiaries, including a service company,  
18 Ameren Services Company ("AMS"). All AMC subsidiaries and affiliates are shown on the  
19 Organization Chart in Tab Q, Appendix 1. Only UEC, AIC, and AMS have employees.  
20 Charges for AMS products and services that are not directly chargeable to a UEC affiliate  
21 are allocated to AMC and each of its direct subsidiaries. Any AMS charges for products  
22 or services provided to a subsidiary of one of AMC's direct subsidiaries are charged to its

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<sup>3</sup> Page 5 of Ameren's 2016 10K to the Security and Exchange Commission (SEC).

- 1 parent (e.g., an AMS charge pertaining to Missouri Central Railroad Company is charged
  - 2 to Ameren Development Company), except for ATX Southwest, LLC and ATX East LLC
  - 3 to which AMS costs are allocated directly.

## Ameren Employees by Affiliate

5 The following table presents the total number of employees by Ameren affiliate at  
6 December 31, 2017:

Ameren Affiliate	Number of Employees
UEC	3,639 [ 344 in GOB 1901 Chouteau]
AIC	3,423 [ 32 in GOB 1901 Chouteau]
AMS	1,553 [1,380 in GOB 1901 Chouteau]
Ameren Total	8,615

8 The above chart shows that the consolidated Ameren operations are performed by  
9 two state regulated electric/gas utilities (i.e., UEC and AIC) with the remaining affiliates,  
10 including the parent company, being operated or maintained by AMS. This information  
11 identifies a unique feature in UEC's affiliate transactions with AMS. UEC and AIC have a  
12 relationship with AMS greater than all other Ameren affiliates. UEC and AIC utilize AMS  
13 for certain facets of their operations, while AMC and its other affiliates receive all of the  
14 services they require from AMS for all facets of their operations.

**TAB A**

1        UEC is a MoPSC regulated electric and gas utility serving approximately 1.2 million  
2 electric and approximately 131,000 gas customers as of December 2017, in Missouri.  
3 UEC has transactions with Ameren affiliates as both a buyer and seller. The Rule applies  
4 to UEC. The electric and gas operations are run as distinct, individual lines of business  
5 within UEC and thus are not based on affiliate transactions. UEC does report at times on  
6 the basis of gas and electric activities with common costs. These common costs relate to  
7 both UEC's electric and gas operations. The assignment of these UEC common costs  
8 between its electric and gas operations does not directly involve the Rule.

TAB B

Ameren Missouri  
UEC BEST INTEREST PRICING TERMS

4 CSR 240-20.015(2) Standards states in part:

(A) A regulated electrical corporation shall not provide a financial advantage to an affiliated entity. For the purposes of this rule, a regulated electrical corporation shall be deemed to provide a financial advantage to an affiliated entity if—

1. It compensates an affiliated entity for goods or services above the lesser of—

A. The fair market price; or

B. The fully distributed cost to the regulated electrical corporation to provide the goods or services for itself; or

2. It transfers information, assets, goods or services of any kind to an affiliated entity below the greater of—

A. The fair market price; or

B. The fully distributed cost to the regulated electrical corporation.

\* \* \* \*

4 CSR 240-20.015(3) Evidentiary Standards for Affiliate Transactions states in part:

(A) When a regulated electrical corporation purchases information, assets, goods or services from an affiliated entity, the regulated electrical corporation shall either obtain competitive bids for such information, assets, goods or services or demonstrate why competitive bids were neither necessary nor appropriate.

(B) In transactions that involve either the purchase or receipt of information, assets, goods or services by a regulated electrical corporation from an affiliated entity, the regulated electrical corporation shall document both the fair market price of such information, assets, goods and services and the FDC to the regulated electrical corporation to produce the information, assets, goods or services for itself.

(C) In transactions that involve the provision of information, assets, goods or services to affiliated entities, the regulated electrical corporation must demonstrate that it—

1. Considered all costs incurred to complete the transaction;

2. Calculated the costs at times relevant to the transaction;

- 1           3. Allocated all joint and common costs appropriately; and
  - 2           4. Adequately determined the fair market price of the information,
  - 3           assets, goods or services.
- 4           (D) In transactions involving the purchase of goods or services by the  
5           regulated electrical corporation from an affiliated entity, the regulated  
6           electrical corporation will use a commission-approved CAM which sets forth  
7           cost allocation, market valuation and internal cost methods. This CAM can  
8           use benchmarking practices that can constitute compliance with the market  
9           value requirements of this section if approved by the commission.

## 10 ASSET TRANSFERS

11           For asset transfers requiring Commission approval UEC shall comply with Section  
12 393.190, RSMo., the MoPSC's rules and the terms of this CAM (including any MoPSC-  
13 approved Rule variances)

**TAB C**

1

**Ameren Missouri**  
**LIMITS ON AFFILIATE PREFERENTIAL TREATMENT**

3

4 CSR 240-20.015(2)(B) states: Except as necessary to provide corporate support  
functions, the regulated electrical corporation shall conduct its business in such a  
way as not to provide any preferential service, information or treatment to an  
affiliated entity over another party at any time.

7

4 CSR 240-20.015(1)(D) states: Corporate support means joint corporate  
oversight, governance, support systems and personnel, involving payroll,  
shareholder services, financial reporting, human resources, employee records,  
pension management, legal services, and research and development activities.

11

4 CSR 240-20.015(1)(H) states: Preferential service means information or  
treatment or actions by the regulated electrical corporation which places the  
affiliated entity at an unfair advantage over its competitors.

14

4 CSR 240-20.015(1)(J) states: Unfair advantage means an advantage that cannot  
be obtained by nonaffiliated entities or can only be obtained at a competitively  
prohibitive cost in either time or resources.

**TAB D**

1                   **Ameren Missouri**  
2                   **CUSTOMER INFORMATION**

3                  4 CSR 240-015(2)(C) states:

4                  Specific customer information shall be made available to affiliated or  
5                  unaffiliated entities only upon consent of the customer or as otherwise  
6                  provided by law or commission rules or orders. General or aggregated  
7                  customer information shall be made available to affiliated or unaffiliated  
8                  entities upon similar terms and conditions. The regulated electrical  
9                  corporation may set reasonable charges for costs incurred in producing  
10                 customer information. Customer information includes information provided  
11                 to the regulated utility by affiliated or unaffiliated entities.

12                 Use of customer information by AMS in connection with its provision of services to  
13                 UEC shall be governed by the UEC/AMS General Services Agreement. UEC shall ensure  
14                 that it prohibits access by affiliates, subsidiaries, and third parties to customer specific  
15                 information (such as lists of customer names, addresses, phone numbers, electricity usage,  
16                 etc.) possessed by UEC unless specifically authorized by the customer in writing, or the  
17                 affiliate, subsidiary, or third party is performing a utility related service on UEC's behalf.  
18                 UEC shall maintain complete documentation of all such authorizations.

19                 The remaining provisions of this Tab D apply to non-AMS third party entities.

20                 When UEC contracts with a third party entity to perform a utility related service on  
21                 UEC's behalf and that particular service requires specific customer information, UEC will  
22                 provide that third party entity with specific customer information without customer consent  
23                 under the contractual terms specified in Tab Q, Appendix 3, Section 12.

24                 When a third party entity contracts with UEC to perform a non-utility related service  
25                 and that particular service requires specific customer information, UEC will provide that

## **TAB D**

1 third party entity with specific customer information only with documented written customer  
2 consent.

3 All matters regarding treatment of customer information and release of specific  
4 customer information without customer consent must be a matter of written contract with  
5 the conditions specified in Tab Q, Appendix 3, Section 12.

TABLE

**Ameren Missouri**

4 CSR 240-20.015(2)(E) states:

If a customer requests information from the regulated electrical corporation about goods or services provided by an affiliated entity, the regulated electrical corporation may provide information about its affiliate but must inform the customer that regulated services are not tied to the use of an affiliate provider and that other service providers may be available. The regulated electrical corporation may provide reference to other service providers or to commercial listings, but is not required to do so. The regulated electrical corporation shall include in its annual Cost Allocation Manual (CAM), the criteria, guidelines and procedures it will follow to be in compliance with this rule.

When a customer requests information concerning the goods or services provided by an affiliated or nonregulated entity, UEC will provide customers with an oral or written disclaimer indicating that regulated services are not tied to the use of the affiliated or nonregulated entity and that other service providers may be available.

TAB F

Ameren Missouri  
**AFFILIATE MARKETING MATERIALS**

4 CSR 240-20.015(2)(F) states:

Marketing materials, information or advertisements by an affiliate entity that share an exact or similar name, logo or trademark of the regulated utility shall clearly display or announce that the affiliate entity is not regulated by the Missouri Public Service Commission.

Any marketing materials or advertisements of UEC affiliates with similar names, logos or trademarks, if the affiliate is not regulated by the MoPSC and if the affiliate seeks to sell or provide the goods or services that are covered by the marketing materials or advertisements to Missouri residents, will state and clearly display, in a font size no smaller than the smallest font size on the page, that it is "Not Regulated by the Missouri Public Service Commission."

Copies of all such marketing material and advertisements for each reporting period will be listed in Tab Q, Appendix 8 and be available for review by Staff on or before the submittal date of the CAM.

TAB G

Ameren Missouri  
VARIANCES

4 CSR 240-20.015(10) Variances states:

(A) A variance from the standards in this rule may be obtained by compliance with paragraphs (10)(A)1. or (10)(A)2. The granting of a variance to one regulated electrical corporation does not constitute a waiver respecting or otherwise affect the required compliance of any other regulated electrical corporation to comply with the standards. The scope of a variance will be determined based on the facts and circumstances found in support of the application.

1. The regulated electrical corporation shall request a variance upon written application in accordance with commission procedures set out in 4 CSR 240-2.060(11)<sup>4</sup>; or

2. A regulated electrical corporation may engage in an affiliate transaction not in compliance with the standards set out in subsection (2)(A) of this rule, when to its best knowledge and belief, compliance with the standards would not be in the best interests of its regulated customers and it complies with the procedures required by subparagraphs (10)(A)2.A. and (10)(A)2.B. of this rule—

A. All reports and record retention requirements for each affiliate transaction must be complied with; and

B. Notice of the noncomplying affiliate transaction shall be filed with the secretary of the commission and the Office of the Public Counsel within ten (10) days of the occurrence of the non-complying affiliate transaction. The notice shall provide a detailed explanation of why the affiliate transaction should be exempted from the requirements of subsection (2)(A), and shall provide a detailed explanation of how the affiliate transaction was in the best interests of the regulated customers. Within thirty (30) days of the notice of the noncomplying affiliate transaction, any party shall have the right to request a hearing regarding the noncomplying affiliate transaction. The commission may grant or deny the request for hearing at that time. If the commission denies a request for hearing, the denial shall not in any way prejudice a party's ability to challenge the affiliate transaction at the time of the annual CAM filing. At the time of the filing of the regulated electrical corporation's annual CAM filing the regulated electrical corporation shall provide to the secretary of the commission a listing of all non-complying affiliate transactions which occurred between the period of the last filing and the current filing. Any affiliate transaction submitted pursuant to this section shall remain interim, subject to disallowance, pending final commission

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<sup>4</sup> The correct MoPSC rule citation is now 4 CSR 240-2.060(4).

## TAB G

1 determination on whether the noncomplying affiliate transaction resulted in  
2 the best interests of the regulated customers.

3 **Variances**

4 The Rule variance process is described in 4 CSR 240-20.015(10) above (and 4  
5 CSR 240-40.015(10)). This CAM also reflects variances approved by the MoPSC in File  
6 No. EO-2017-0176 from certain portions of the Rule. The approved variances consist of  
7 two (2) variances for UEC and AMS transactions and five (5) variances for UEC  
8 transactions with Ameren operating companies other than AMS, particularly AIC. These  
9 variances are as follows:

10 **A. Variances For Transactions Between UEC And AMS**

11 1. Transactions between UEC and AMS where UEC obtains or provides goods,  
12 services, information, or assets from or to AMS may be completed at FDC,

13 and

14 a. Shall not be subject to the pricing standards in 4 CSR 240-  
15 20.015(2)(A) and 4 CSR 240-40.015(2)(A);

16 b. Shall be deemed to comply with 4 CSR 240-20.015(2)(B) and 4 CSR  
17 240-40.015(2)(B); and

18 c. In lieu of following the evidentiary standards in 4 CSR 240-  
19 20.015(3)(A) – (C) and 4 CSR 240-40.015(3)(A) – (C) for such  
20 transactions, AMS and UEC will continue to monitor AMS costs using  
21 the benchmarking studies (or their equivalent) described in the direct  
22 testimonies of UEC witnesses Jeff Dodd and Kelly Hasenfratz  
23 submitted in File No. ER-2016-0179. With the exception of the  
24 Gartner (Unite) benchmarking, the benchmarking studies will be

## TAB G

1                   made available for Staff's review at UEC's headquarters at mutually  
2                   agreeable times upon request. Due to restrictions in the Gartner  
3                   agreement, UEC will provide reasonable information it distills from  
4                   the Gartner information in the same manner as it did in File No. ER-  
5                   2016-0179. AMS shall also adhere to following sourcing policies and  
6                   procedures when acquiring goods, assets, or services for itself or as  
7                   agent for UEC.

8                 2.      Rentals for the UEC-owned buildings shall be at FDC. See also the Building  
9                 Rents Section of Tab Q, Appendix 10.

10          B.     **Variances For Transactions Between UEC And Ameren Operating Companies  
11                   Other Than AMS**

12                 Except as otherwise noted, the following transactions between UEC and other  
13                 Ameren operating companies that are affiliates of AMC shall not be subject to the pricing  
14                 standards in 4 CSR 240-20.015(2)(A) and 4 CSR 240-40.015(2)(A), and may be  
15                 completed at FDC. Such transactions shall also be deemed to comply with 4 CSR 240-  
16                 20.015(2)(B) and (3) and 4 CSR 240-40.015(2)(B) and (3). The transactions for which a  
17                 variance applies under this Item B are as follows:

18                 1.      Individual transactions involving exchanges of (a) employee labor-related  
19                 costs and related employee expenses for services provided, (b) inventory  
20                 transfers, (c) meter and line transformer transfers, (d) facility charges under  
21                 the May 2, 2005 Facility Use Agreement between Ameren Missouri and  
22                 Ameren Illinois Company ("AIC"), (e) lab testing services, and (f) software  
23                 rentals, so long as the fully distributed cost ("FDC") of each of the electric

## TAB G

- 1 transactions is less than or equal to \$650,000, and for gas transactions is  
2 less than \$60,000.<sup>5</sup>
- 3 2. Transactions arising from emergencies where life or property damage is  
4 threatened or has occurred, including storm response and electric and/or  
5 gas restoration efforts.
- 6 3. Rentals by UEC affiliates of space in UEC-owned buildings.
- 7 4. Sales of energy or capacity to AIC at market rates set pursuant to a  
8 competitive bidding process such as, but not limited to, the process utilized  
9 by the Illinois Power Agency, even if those market rates are lower than  
10 UEC's FDC so long as the sale of energy covers UEC's marginal costs of  
11 providing the energy (this Item 4 is a variance from the following provisions  
12 of the electric Affiliate Transactions Rule only (4 CSR 240-20.015(2)(A) and  
13 4 CSR 240-20.015(2)(B) and (3)).
- 14 5. The release or acquisition of natural gas pipeline transportation capacity  
15 done pursuant to FERC regulations.

16 C. Variance for Annual Filing Date

17 To better align the preparation and submittal of annual submittals required by the  
18 Rule with the preparation of annual submittals to FERC, a variance of 4 CSR 240-20.015(4)

---

<sup>5</sup> Categories (a) to (f) apply to electric transactions. Categories (a) to (c) and (f) apply to gas transactions (with respect to category (c), only meter transfers take place for the Company's gas operations).

## TAB G

1 and 4 CSR 240-40.015(4) has been granted to allow reporting under the Rule to occur by  
2 May 15 of each year.

3 **D. Exceptions to Application Of Methodologies**

4 UEC may employ a different allocation or pricing methodology than those  
5 described herein in the event it determines to its best knowledge and belief that  
6 application of the methodologies or costing principles described herein would not be in  
7 the best interests of its customers receiving regulated utility service, provided that UEC  
8 shall maintain information sufficient to show how costs would have been allocated to such  
9 services pursuant to the methodologies set forth in the MoPSC approved CAM, and  
10 provided further that such alternative methodology will be subject to review and  
11 adjustment in any subsequent MoPSC case proceeding. In the event UEC enters into a  
12 non-complying affiliate transaction, it shall document such transaction and file a notice of  
13 that transaction with the MoPSC with a copy to OPC within 10 days of doing so as  
14 required by 4 CSR 240-20.015(10)(A)2 and 4 CSR 240-40.015(10)(A)2 for variances  
15 from the Rule.

16 **E. Staff Or Any Other Entity Challenge**

17 Nothing in UEC's CAM prevents the Staff or any other entity from challenging  
18 whether the prices charged for specific transactions are consistent with the pricing  
19 methodology set forth in this CAM and in the Rule (subject to MoPSC-approved  
20 variances), or from suggesting changes in such methodology or in the allocation  
21 methodology used to assign costs between UEC and its affiliates during an appropriate  
22 case before the MoPSC.

**TAB G**

- 1        A variance granted by the MoPSC in one proceeding will be subject to review for
- 2        prospective purposes in any subsequent UEC CAM proceeding.

**TAB H**

1                   **Ameren Missouri**  
2                   **RECORDKEEPING REQUIREMENTS**

3                  4 CSR 240-20.015 (4) Record Keeping Requirements states in part:

4                  (A) A regulated electrical corporation shall maintain books, accounts and  
5                  records separate from those of its affiliates. [See Tab Q, Appendix 3,  
6                  Section 2.]  
7                  \*                  \*                  \*                  \*

8                  (C) In addition, each regulated electrical corporation shall maintain the  
9                  following information regarding affiliate transactions on a calendar year  
10                 basis:

- 11                 1. Records identifying the basis used (e.g., fair market price, FDC,  
12                 etc.) to record all affiliate transactions; and
- 13                 2. Books of accounts and supporting records in sufficient detail to  
14                 permit verification of compliance with this rule.

15                 [See Tab Q, Appendix 3, Section 11.]

16                 UEC shall maintain its books, accounts, and records in accordance with Tab Q, Appendix  
17                 3, Section 11. UEC will maintain such separate books and records in a manner so that  
18                 UEC's affiliate transactions are auditable. Affiliate transaction records will document the  
19                 cost of transactions, the methods used to assign costs, and descriptions of the services  
20                 provided. See Tab Q, Appendix 3, Section 11. Affiliate transactions will be retained for a  
21                 period of at least six years or as required to meet the Affiliate Transactions Rule. See Tab  
22                 Q, Appendix 3, Section 11.

23                 UEC shall maintain on a monthly basis books of accounts and supporting records  
24                 in sufficient detail to permit verification of compliance with this CAM and shall provide  
25                 access to all information and personnel necessary to audit individual transactions  
26                 between it and its affiliates to ensure UEC complies with the requirements set forth in this  
27                 CAM.

## TAB H

1           Concurrently with the annual CAM filing, the following information will be provided  
2 to Staff:

3           1)     A description and dollar amount of all AMS Service Request transactions  
4 using the reporting agreed upon in the March 3, 2015 *Amended Non-Unanimous*  
5 *Stipulation and Agreement Regarding Certain Revenue Requirement Issues* approved by  
6 the Commission in File No. ER-2014-0258.

7           2)     A list of affiliate transactions without a written contract, if any. See Tab Q,  
8 Appendix 9.

9           3)     The basis used for pricing the affiliate transactions (FDC or FMP).

10          4)     A Code of Conduct/Ethics. See Tab Q, Appendix 2.

11          5)     A schedule listing all substantive changes from the last CAM filing,  
12 excluding nonsubstantive changes in numbers from year-to-year, if the changes  
13 are different than the changes reported in the related U.S. Securities and Exchange  
14 Commission ("SEC") 10K filings made by UEC. SEC filings made by or on UEC's behalf  
15 may be found at <http://www.amereninvestors.com/financial-info/sec-filings/default.aspx>.  
16 See Tab Q, Appendix 16 for reporting of substantive changes not included in public filings  
17 referenced in public links provided to the MoPSC.

TAB I

Ameren Missouri  
REPORTING PERIOD RESULTS

4 CSR 240-20.015(4)(B) states:

Each regulated electrical corporation shall maintain the following information in a mutually agreed-to electronic format (i.e., agreement between the staff, Office of the Public Counsel and the regulated electrical corporation) regarding affiliate transactions on a calendar year basis and shall provide such information to the commission staff and the Office of the Public Counsel on, or before, March 15 of the succeeding year:

1. A full and complete list of all affiliated entities as defined by this rule; [See Tab Q, Appendix 1]

2. A full and complete list of all goods and services provided to or received from affiliated entities [Tab Q, Appendix 7];

3. A full and complete list of all contracts entered with affiliated entities; [See Tab Q, Appendix 5]

4. A full and complete list of all affiliate transactions undertaken with affiliated entities without a written contract together with a brief explanation of why there was no contract; [See Tab Q, Appendix 9]

5. The amount of all affiliate transactions by affiliated entity and account charged; [See Tab Q, Appendix 4]

6. The basis used (e.g., fair market price, FDC, etc.) to record each type of affiliate transaction; [The basis shall be provided by category of cost]

In addition, UEC shall maintain (and provide upon request) the following items (which are not listed in 4 CSR 240-20.015(4)(B)):

7. Certain monthly data regarding AMS costs (March 3, 2015 Stipulation and Agreement in File No. ER-2014-0258) as referenced in Tab H;

8. AIC Compliance Filings submitted in ICC Docket No. 16-0287;

9. The reporting specified in Tab O;

10. List of Affiliate Marketing Material, if any; See Tab Q, Appendix 8; and

11. A report of transactions covered by the variances provided for in Item B of Tab G.

**TAB I**

1        Recitation of the annual reporting/maintenance requirements listed above is not  
2 intended to preclude the Staff from requesting, in accordance with applicable statutes and  
3 rules, additional information from UEC and its affiliates regarding any aspect of UEC's  
4 compliance with the Rule and the MoPSC-approved CAM at any time or to preclude UEC  
5 or its affiliates from objecting to the provision of such additional information, consistent  
6 with the MoPSC's Order resolving File No. EO-2017-0176.

TAB J

**Ameren Missouri  
AFFILIATE RECORDS**

4 CSR 240.-20.015 (5) Records of Affiliated Entities states:

(A) Each regulated electrical corporation shall ensure that its parent and any other affiliated entities maintain books and records that include, at a minimum, the following information regarding affiliate transactions:

1. Documentation of the costs associated with affiliate transactions that are incurred by the parent or affiliated entity and charged to the regulated electrical corporation;

2. Documentation of the methods used to allocate and/or share costs between affiliated entities including other jurisdictions and/or corporate divisions;

3. Description of costs that are not subject to allocation to affiliate transactions and documentation supporting the nonassignment of these costs to affiliate transactions;

4. Descriptions of the types of services that corporate divisions and/or other centralized functions provided to any affiliated entity or division accessing the regulated electrical corporation's contracted services or facilities:

5. Names and job descriptions of the employees from the regulated electrical corporation that transferred to a nonregulated affiliated entity:

6. Evaluations of the effect on the reliability of services provided by the regulated electrical corporation resulting from the access to regulated contracts and/or facilities by affiliated entities:

7. Policies regarding the availability of customer information and the access to services available to nonregulated affiliated entities desiring use of the regulated electrical corporation's contracts and facilities; and

8. Descriptions of and supporting documentation related to any use of derivatives that may be related to the regulated electrical corporation's operation even though obtained by the parent or affiliated entity.

TAB K

**Ameren Missouri**  
**ACCESS TO RECORDS OF AFFILIATED ENTITIES**

4CSR 240-20.015 (6) Access to Records of Affiliated Entities states:

(A) To the extent permitted by applicable law and pursuant to established commission discovery procedures, a regulated electrical corporation shall make available the books and records of its parent and any other affiliated entities when required in the application of this rule.

(B) The commission shall have the authority to—

1. Review, inspect and audit books, accounts and other records kept by a regulated electrical corporation or affiliated entity for the sole purpose of ensuring compliance with this rule and making findings available to the commission; and

2. Investigate the operations of a regulated electrical corporation or affiliated entity and their relationship to each other for the sole purpose of ensuring compliance with this rule.

(C) This rule does not modify existing legal standards regarding which party has the burden of proof in commission proceedings.

19 UEC will conduct all of its transactions with an affiliate under a written contract which shall  
20 specify that the affiliate will provide access to its books and records consistent with the  
21 requirements of 4 CSR 240-20.015(6) or 4 CSR 240-40.015(6) with specific provision in  
22 TAB Q, Appendix 3, Section 11.

**TAB L**

1                   **Ameren Missouri**  
2                   **RECORD RETENTION**

3                  4 CSR 240-20.015(7)(A) Record Retention states:

4                  Records required under this rule shall be maintained by each  
5                  regulated electrical corporation for a period of not less than six (6)  
6                  years.

7                  UEC shall have a written policy that its books and records required by 4 CSR 240-20.015  
8                  and 4 CSR 240-40.015 shall be maintained for at least six (6) years. UEC contracts with  
9                  affiliates respecting affiliate transactions shall contain a provision that regarding such  
10                 transactions, the affiliate shall maintain all its books and records for at least six (6) years as  
11                 required by 4 CSR 240-20.015 and 4 CSR 240-40.015. See Tab Q, Appendix 3, Section  
12                 11. UEC will not participate in an affiliate transaction until it is assured the affiliate records  
13                 related to the transaction will be maintained for a period of not less than six (6) years unless  
14                 UEC has received a variance from the Rule, in compliance with 4 CSR 240-20.015(10) or  
15                 4 CSR 240-40.015(10).

## TAB M

### Ameren Missouri TRAINING

4 CSR 240-20.015 (9) states:

The regulated electrical corporation shall train and advise its personnel as to the requirements and provisions of this rule as appropriate to ensure compliance.

All UEC employees engaged in or supporting affiliate transactions will be required to complete training regarding proper compliance with the Rule, including approved variances. The training is mandatory for all UEC employees engaged in or supporting affiliate transactions and requires passing a test following completion of the training and a compliance questionnaire and certification.

#### AMS TRAINING

All AMS employees (including new hires, supervisors and executives) who will be involved in the production or exchange of goods, services, information, or assets between UEC and its affiliates or UEC's non-state electric or gas regulated operations shall receive overall training regarding the Rules and the provisions of this CAM. All AMS employees (including new hires, supervisors and executives) who will be involved in the production or exchange of goods, services, information, or assets with UEC affiliates or non-regulated operations will be given training materials that (1) identify all the goods, services, information, or assets identified in service agreements with affiliates that may be exchanged between UEC and its affiliates and (2) indicate that goods, services, information, or assets are not to be exchanged between UEC and its affiliates in the absence of a written agreement (subject, however, to this CAM's provisions, in Tab Q,

**TAB M**

1 Appendix 9, which contemplate that UEC shall provide an explanation of why a written  
2 agreement was not utilized).

3 Training materials will be provided to the Staff for review and comment prior to  
4 their use.

**TAB N**

1                   **Ameren Missouri**  
2                   **GLOSSARY OF TERMS**

3     This Glossary is included to provide information and explain terms to help promote greater  
4     understanding and achievement of UEC's compliance with and enforcement of the Rule.

5       **Affiliate Transactions Rules** – Missouri Public Service Commission (MoPSC)  
6       Rules (4 CSR 240-20.015 and 4 CSR 240-40.015) which are intended to prevent  
7       electric and gas regulated utilities from subsidizing their non-regulated operations.

8       **AMC** – Ameren Corporation.

9       **Ameren** – Ameren Corporation.

10      **Ameren Accelerator Investments, LLC** – a subsidiary of Ameren Development  
11     Company that operates in partnership with the University of Missouri System to  
12     assess, mentor and invest in energy technology startup companies. It currently  
13     has investments in four startup companies: /blossom, LLC, Omega Grid, LLC,  
14     SensrTrx, LLC, and Rebate Bus, Inc.

15      **Ameren Development Company** – an Ameren Corporation subsidiary owning  
16     certain assets or investments that are unrelated to the MoPSC, ICC, and FERC-  
17     regulated operations of other Ameren affiliates.

18      **Ameren EIP Investment, LLC** – a subsidiary of Ameren Development Company  
19     that was formed to facilitate an investment in Energy Impact Partners, LP, a  
20     strategic investment firm that has partnered with a number of utility and energy  
21     companies to focus on investments in energy-related technology companies.

## TAB N

1       **AmerenEnergy Medina Valley Cogen, LLC** – an Ameren Corporation subsidiary  
2       that owns a now-retired merchant cogeneration facility located near Mossville,  
3       Illinois.

4       **Ameren Illinois** – Ameren Illinois Company (AIC), an Ameren subsidiary that  
5       operates an Illinois Commerce Commission (ICC) and Federal Energy Regulatory  
6       Commission (FERC) rate-regulated electric and natural gas transmission and  
7       distribution business in Illinois.

8       **AIC** – Ameren Illinois Company.

9       **Ameren Transmission Company, LLC** – an Ameren Corporation subsidiary that  
10      is the parent company of two separate limited liability companies formed for the  
11      sole purpose of developing transmission projects in the footprints of the PJM  
12      Interconnection and the Southwest Power Pool.

13      **Ameren Transmission Company of Illinois** – an Ameren Corporation subsidiary  
14      that owns and operates regional transmission projects in the footprint of the  
15      Midcontinent Independent System Operator, Inc.

16      **ATX East, LLC** - a subsidiary of Ameren Transmission Company, LLC that  
17      develops transmission projects in the footprint of the PJM Interconnection.

18      **ATX Southwest, LLC** – a subsidiary of Ameren Transmission Company, LLC that  
19      develops transmission projects in the footprint of the Southwest Power Pool.

20      **Ameren Missouri** – Union Electric Company d/b/a Ameren Missouri, (UEC or  
21      Ameren Missouri), an Ameren subsidiary that operates a MoPSC and FERC rate-

## TAB N

1 regulated electric generation, transmission and distribution business, and a rate-  
2 regulated natural gas transmission and distribution business in Missouri.

3 **Ameren Services** – Ameren Services Company (AMS), an Ameren subsidiary that  
4 provides support products and services to Ameren and its affiliates, such as  
5 Ameren Missouri.

6 **AMS** – Ameren Services Company.

7 **UEC CAM Team** – Designated personnel with responsibility to ensure that all  
8 affiliate transactions are either consistent with the Rule, as promulgated, or comply  
9 with the terms of the variances outlined in Tab G of this CAM and, where applicable,  
10 that UEC otherwise has followed the variance procedures provided for in the Rule  
11 for any non-complying affiliate transactions engaged in by UEC.

12 **Client Companies** – Ameren affiliates to which AMS provides support services.

13 **Commission** – The Missouri Public Service Commission.

14 **Cost Allocation Manual (CAM)** – a document that includes the criteria, guidelines  
15 and procedures a regulated utility will follow to be in compliance with the MoPSC's  
16 Affiliate Transactions Rules (4 CSR 240-20.015 and 4 CSR 240-40.015).

17 **FDC** – Fully Distributed Cost, which has the meaning given it in 4 CSR 240-  
18 20.015(1)(F) and 4 CSR 240-40.015(1)(F).

19 **FERC** – Federal Energy Regulatory Commission, a governmental agency of the  
20 United States of America that, among other things, regulates interstate  
21 transmission and wholesale sales of electricity and gas and related matters.

## TAB N

- 1      **Fuelco LLC** – a limited liability company owned equally by Ameren Missouri and  
2      Pacific Gas & Electric formed to share market intelligence about and quality  
3      oversight of the nuclear fuel fabrication process.
- 4      **FMP** – Fair Market Price, which has the meaning given it in Tab Q, Appendix 11.
- 5      **General Services Agreement** – The Amended and Restated General Services  
6      Agreement dated \_\_\_\_\_ between AMS and UEC, which is included as Tab  
7      Q, Appendix 3 of the CAM.
- 8      **GSA** – General Services Agreement.
- 9      **ICC** – Illinois Commerce Commission.
- 10     **Missouri Central Railroad Company** – a subsidiary of Ameren Development  
11    Company that owns a now-decommissioned rail line corridor across a significant  
12    portion of Missouri.
- 13     **MoPSC** - The Missouri Public Service Commission.
- 14     **OPC** – The Missouri Office of the Public Counsel.
- 15     **Peoria Chiefs Community Baseball Club, LLC** – the single A minor league  
16    baseball affiliate of the St. Louis Cardinals.
- 17     **QST Enterprises, Inc.** – a subsidiary of Ameren Development Company that  
18    retains the interest and liabilities of former non-regulated Ameren, and its  
19    predecessor companies, and their subsidiaries.
- 20     **SEC** – United States Securities and Exchange Commission.

## TAB N

1       **Services Company** – Ameren Services Company, an Ameren subsidiary that  
2       provides products and services to Ameren and its affiliates, such as Ameren  
3       Missouri.

4       **Staff** – The Staff of the MoPSC.

5       **STARS Alliance, LLC** – a limited liability company owned equally by the owners  
6       of the Pinnacle West, Wolf Creek, Diablo Canyon, and Callaway Nuclear plants to  
7       provide each owner with assistance in obtaining more cost-effective procurement  
8       of non-fuel related services.

9       **UEC** – Union Electric Company d/b/a Ameren Missouri, an Ameren subsidiary that  
10      operates a MoPSC and FERC rate-regulated electric generation, transmission and  
11      distribution business, and a rate-regulated natural gas transmission and  
12      distribution business in Missouri.

TAB O

Ameren Missouri  
**TESTS**

3        UEC will complete the following tests and report the results of the tests in its annual  
4        CAM filing as a function of internal control and its Rule noncompliance risk assessment  
5        for each future reporting period:

- 6             • Employees who complete or assist in the completion of IRS Form 851 are to  
7                notify the UEC CAM Team within five business days of any material changes  
8                in the mix or composition of affiliates from the prior year tax return filing. The  
9                UEC CAM will be checked to see whether entities identified in the Form 851  
10          are addressed in the CAM or an explanation is included in the CAM and  
11          justifying the basis for AMS costs assigned to entities that are included on the  
12          Form 851.
- 13             • A UEC officer will affirm that he/she examined the monthly AMS statements  
14          and intercompany bills and to the best of his/her knowledge, information and  
15          belief, all statements, information and material contained in these bills are  
16          complete and correct in compliance with the MoPSC's Affiliate Transactions  
17          Rules, 4 CSR 240-20.015 and 4 CSR 240-40.015, subject to any variances  
18          reflected in this CAM or otherwise granted under 4 CSR 240-20.015(10) and  
19          4 CSR 240-40.015(10).
- 20             • The UEC CAM Team, under the direction of the responsible officer, will be  
21          responsible to ensure that:
  - 22                1) all contracts that exist are reported in the CAM;
  - 23                2) all contracts reported in the CAM are currently in effect;

TAB O

- 3) all contracts no longer in effect during the reporting period have been removed from the CAM;
  - 4) all affiliates that engage in transactions with UEC have a current contract or the CAM includes an explanation of why no contract exists and a certification that this treatment (engaging in transactions with no written contract) is consistent with the treatment UEC provides to non-affiliated entities;
  - 5) to the extent UEC finds that contracts exist that were not reported and contracts reported in the CAM are no longer effective, UEC will take action to correct the discrepancies and institute appropriate controls to minimize the likelihood of future discrepancies;
  - 6) internal controls are created and employed to ensure that employees who provide or assist in the provision of affiliate services are charging time to the affiliates; and
  - 7) all documents used to support affiliate transaction fair market price determinations when applicable are reasonable and current.

If no AMS charges are assessed to a direct Ameren Corporation subsidiary during the reporting year, UEC will ensure that AMS provides an explanation of how AMS did not provide any goods or services to that entity or its subsidiaries during that reporting year.

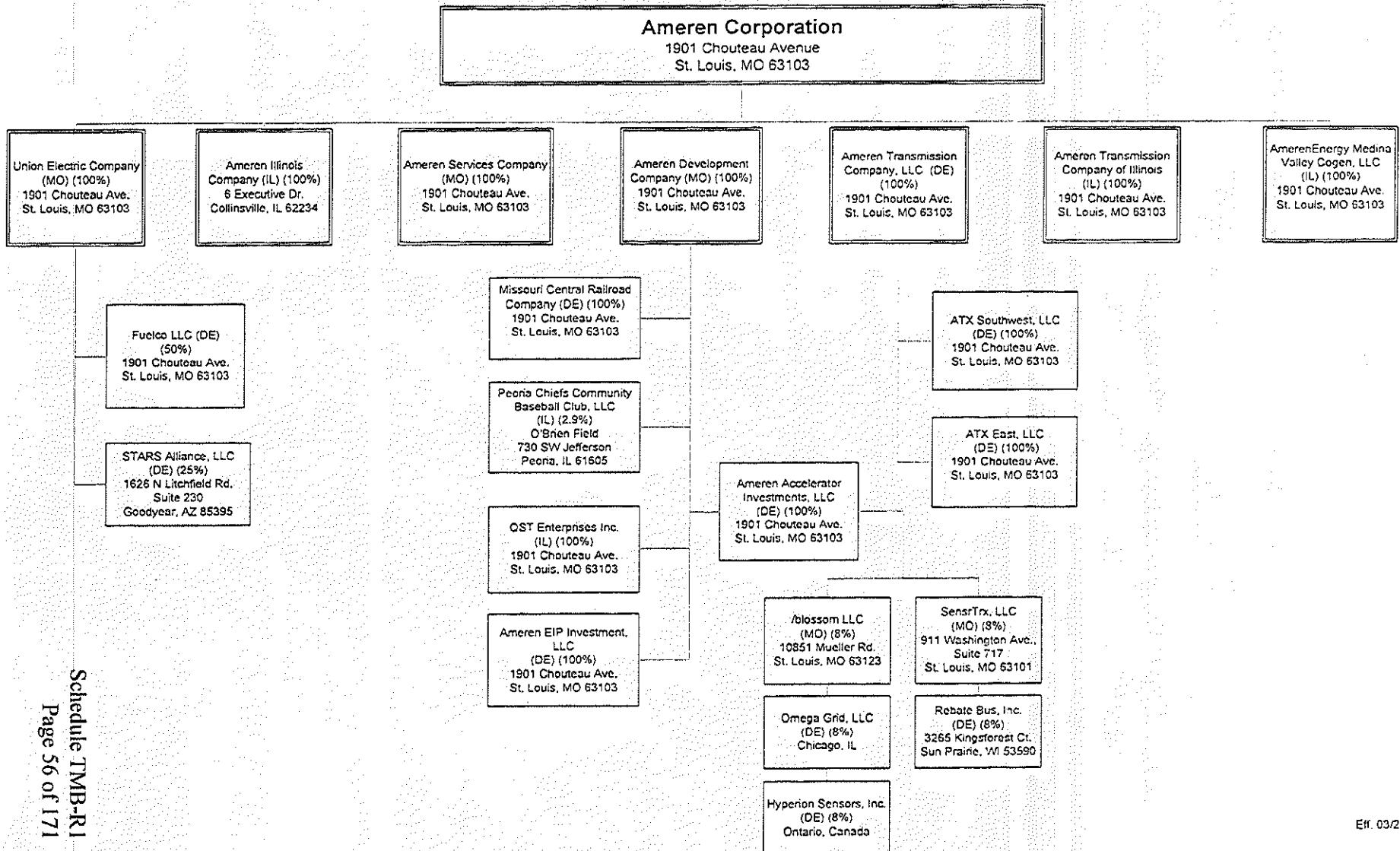
**TAB P**

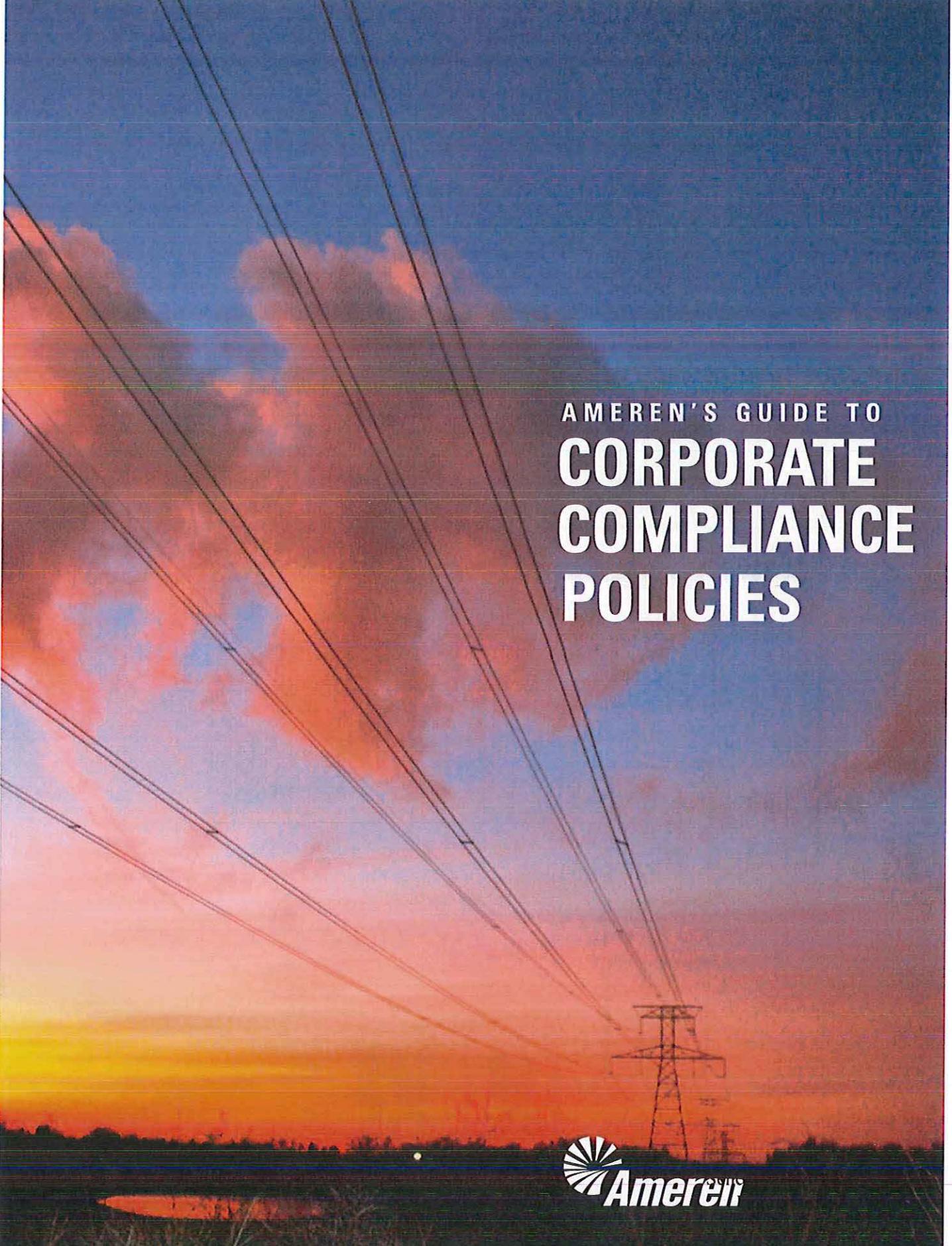
**Ameren Missouri  
AUDITS**

The UEC CAM Team in conjunction with the Internal Audit Department shall develop a plan for annual audits to be conducted to address the UEC CAM Team's risk assessment and actual events regarding compliance with the Rule. This Audit Plan and related modifications to the Audit Plan will be provided to the Staff within thirty (30) days of finalization. The Audit Plan will address scheduled audits of transactions with AMS and AIC, UEC's affiliate contracts, UEC's TAB O Tests, and its affiliate transactions policies, operating procedures, and controls. The Internal Audit Department may conduct an annual audit regarding the level of UEC's compliance with its approved CAM. If these Internal Audits detect material non-compliance with the Rule (subject to approved variances) or the CAM, UEC will seek a variance as specified in 4 CSR 240-20.015(10) and 4 CSR 240-40.015(10), and, if the variance is not approved, will make such financial adjustments with its affiliate to bring the transaction into compliance with the Rule. In the event UEC needs such an audit for its Rule attestation, then the attestation should note that it is based entirely or in part on these audits. Audit results will be provided to the Staff within thirty (30) days of finalization and supporting documentation will be made available upon request.

## APPENDIX 1

TAB Q



A photograph of a power line tower with multiple sets of wires stretching across a sky at sunset. The sky is a gradient of orange, yellow, and blue. The power lines create diagonal lines across the frame.

AMEREN'S GUIDE TO  
**CORPORATE  
COMPLIANCE  
POLICIES**





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# INTRODUCTION

The Company has adopted this Guide to help you understand the standard of conduct all co-workers, officers and directors must uphold. This Guide is intended to help you make ethical decisions about your conduct so that it aligns with the Company's values. The Company's core values are integrity, respect, accountability, stewardship, teamwork and commitment to excellence.

This Guide outlines the Company's core compliance policies and procedures. In many instances, the topics covered in the Guide are treated in more detail in separate standalone Company policies and procedures. In addition, other standalone Company policies and procedures govern additional compliance issues beyond those addressed in this Guide. Please refer to applicable separate Company policies and procedures to determine the specific rules that apply with respect to a given policy issue. **Exhibit 1** to this Guide includes a list of key Company policies and procedures that impact corporate compliance.

Please read this Guide carefully. We expect you to comply with all applicable policies and procedures. We also expect you to contribute to an environment that encourages compliance across the Company. Therefore, we ask you to:

- » **Make sure you understand this Guide and how it applies to you;**
- » **Participate in any training and educational programs we organize related to your duties;**
- » **Refer to applicable specific Company policies and procedures for more detailed information on policies and procedures that apply to you;**
- » **Seek guidance if you are not sure how a requirement in this Guide applies or what you should do to comply — you can seek this guidance from our General Counsel;**
- » **Talk to your co-workers and ensure your team feels comfortable raising issues about compliance with this Guide;**
- » **Speak up if you notice any issue that could violate any requirement in this Guide — we have set up resources to help you do this anonymously if you wish;**
- » **Cooperate fully with any investigation about a compliance issue; and**
- » **Appreciate if one of your co-workers raises a compliance issue or concern — never retaliate against anyone for raising a compliance issue or concern.**

In this Guide, "we," "our," "us" and "the Company" refer to Ameren Corporation, together with its subsidiaries. Many other words used in this Guide also have special meanings, which are set out in the Glossary. A contact list of people mentioned in this Guide is also provided on page 29.

This Guide sets out important rules to guide your conduct. However, the Guide does not comprehensively set out all the possible behaviors expected of Company co-workers, officers and directors. We expect you to always exercise good judgment and ensure your behavior reflects the Company's values. Although the Company's Code of Ethics for Principal Executives and Senior Financial Officers (available on the Company's Intranet site – Scholar (Employee Center / Policies, Procedures & Forms / Corporate Policies) applies only to certain key executives and officers, it provides standards to which all our co-workers, officers and directors should aspire.

This Guide does not displace or override any other Company policies that might apply to you or obligations you might have (including legal requirements and professional obligations). For example, specific policies might apply within your department or because of your particular duties — you are expected to comply with those too. In addition, in accordance with federal labor law, this Guide is not intended to modify or supersede any applicable employment terms or conditions that were collectively bargained by the Company and a union. You must comply with the law, even if it conflicts with the specific provisions in this Guide or another Company policy. Remember that no one, at any level of the Company, has the authority to tell you to do something illegal or unethical.

We may change this Guide at any time, so it is important you keep up-to-date with any changes. Finally, while this Guide is an important part of your employment or service, it does not create any contract of employment, contractual right or promise about how we will treat any specific situation.

#### **WHO HAS TO COMPLY WITH THIS GUIDE?**

This Guide applies to each co-worker, officer and director of the Company (unless the particular section of this Guide states otherwise). If you are a supervisor, you have a special responsibility to lead by example and ensure that co-workers you supervise read and are familiar with this Guide. We also expect our contractors, consultants and business partners to behave in accordance with the Company's values and the terms contained in their contracts with the Company, which may incorporate specific standards of conduct like those set forth in this Guide. This Guide will continue to apply to you while you are on a leave of absence from the Company, and certain provisions of this Guide will apply to you even after your employment with the Company has ended.

Not every section of this Guide will be applicable to you, depending on your duties and responsibilities. If you are unsure whether a section of this Guide applies to you, please contact our General Counsel.

#### **REPORTING AND RESPONDING TO VIOLATIONS**

It is everyone's responsibility to ensure that our workplace reflects our values and is safe, professional, ethical and free from unlawful discrimination, harassment or retaliation. The Principles further discuss the Company's policy on reporting and responding to violations of this Guide or the Principles.

Often your supervisor can help determine the best course of action in a particular situation. If you do not feel comfortable discussing the incident with your supervisor (or your complaint is about your supervisor), you can always contact the appropriate Human Resources Services and Employee Relations representative for your business segment. If you want to discuss the situation anonymously, you can do so by contacting our 24 hours a day, 7 days a week hotline (1-866-294-5492) or by using the link found on Scholar (Employee Center / Policies, Procedures & Forms / Corporate Compliance Policy Reporting) to email the office of the General Counsel. You may also make a formal report by emailing the office of the General Counsel or anonymously through the reporting hotline.

Nothing in this Guide or in any other Company policy limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the Department of Justice or any other federal, state or local governmental agency or commission ("Government Agencies"). Nothing in this Guide or in any other Company policy limits your ability to communicate directly with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information not otherwise protected from disclosure by any applicable law or privilege, without first seeking Company authorization or notifying the Company of any such communication. Your right to contact, communicate or file a charge or complaint with Government Agencies takes precedence over

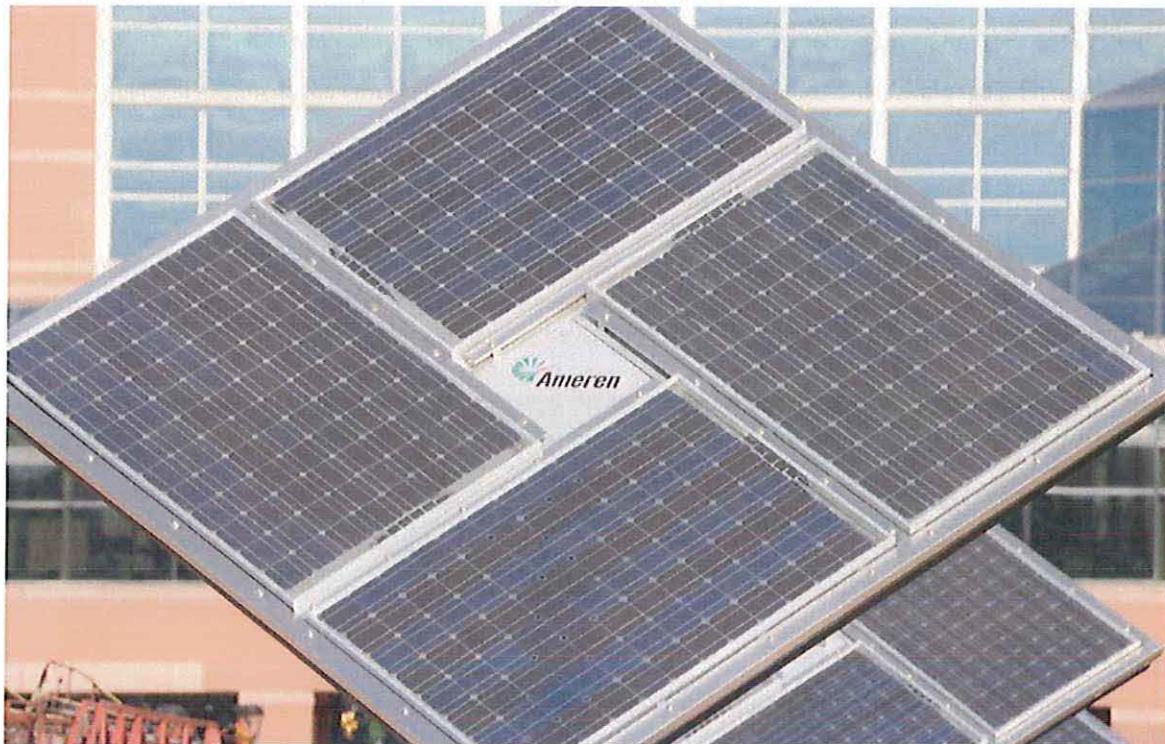
your obligation to respect confidentiality, with the exception of information that is protected from disclosure by any applicable law or privilege. Neither this Guide, the Principles nor any other Company policy limits your right to receive an award for information provided to any Government Agency.

#### **Disclosure of Trade Secrets**

Pursuant to 18 U.S.C. § 1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

We want to encourage a culture where everyone feels safe to speak up if something seems wrong. Accordingly, you must not retaliate against a person for:

- » Raising a complaint of a potential violation of this Guide, another Company policy or law — even if the complaint is ultimately unfounded;
- » Opposing a practice that is unlawful or violates this Guide or another Company policy; or
- » Making an allegation or charge, or testifying, assisting or participating in an investigation, proceeding or hearing about a potential violation of law, this Guide or another Company policy.



## **WHEN ARE WAIVERS GRANTED?**

This Guide and the Company's policies provide general rules. They are not intended to cover every situation you might face, and we understand they may not be appropriate in every circumstance.

Accordingly, co-workers can apply to the General Counsel for a waiver of a requirement in this Guide or another Company policy. Directors and officers may apply for a waiver from the Nominating and Corporate Governance Committee (except for members of the Nominating and Corporate Governance Committee, who must apply to the Board of Directors instead).

If you are a director or executive officer, we may have to disclose the granting of a waiver to shareholders in accordance with law or the New York Stock Exchange rules.

## **BUSINESS ETHICS**

As the Company's co-workers, officers and directors, you must exercise the highest standards of professional conduct in your dealings with the Company, its customers and suppliers, government officials, other co-workers and any other people you deal with.

### **COMPLYING WITH LAW AND ETHICAL OBLIGATIONS**

You must always respect and comply with all laws, rules and regulations of the federal, state and local governments of areas in which the Company conducts business or which are applicable to your employment or service. You must always act in an ethical manner and avoid acting in a way that could damage the Company's reputation.

If you suspect that any law, rule or regulation of the federal, state or local government of an area in which we conduct business is being violated, you must contact our General Counsel.

### **FAIR DEALING**

You must deal fairly with the Company's customers, suppliers, competitors and co-workers. The submission to a customer of a proposal, quote, or other document or statement that is false, incomplete or misleading can result in civil and/or criminal liability for the Company and any involved co-workers.

#### **FOR EXAMPLE**

You would not be dealing fairly with a customer if you took advantage of it through manipulation, concealment of material information, abuse of privileged information or misrepresentation of material facts. You would not be dealing fairly with a competitor if you fraudulently obtained and misused its confidential information or if you made false statements about how it does business.

### **PROPER USE OF COMPANY ASSETS**

You must protect the Company's property, facilities, equipment and other assets and ensure they are used properly. All Company property, facilities, equipment and other assets must be used only for legitimate business purposes and as we instruct. They must not be used for personal interest, gain or enterprise, or be modified (for example, by installing unauthorized software or hardware) or used in a way that would be offensive, unlawful, Schedule TMB-R1

or improper, although the Company's assets may be used on an occasional basis for incidental personal use when such use does not interfere with your duties to the Company. The Company maintains separate policies regarding personal use of Company assets; please refer to these separate policies. For example, the Company maintains separate policies regarding personal use of Company tools, materials and supplies, as well as use of the Company's information technology, that describe certain limited circumstances under which Company assets may be used for personal interest.

#### FOR EXAMPLE

Company internet access, computers and telephones are Company resources that must be used responsibly and for legitimate business purposes. However, you may use company internet access, computers and telephones on an occasional basis for incidental personal use when such use does not interfere with your ability to perform your duties to the Company.

A co-worker must not offer Company property, funds or unpaid services to others without specific, prior written approval from the vice president to whom you report (directly or indirectly). If you use Company housing for your vacation or other personal use with permission, then you are required to reimburse the Company for such use at fair market value.

The following are examples of improper and prohibited uses of Company assets:

- » Use of any poles, cross arms, wires, materials or supplies, whether new or used, for purposes other than those specifically authorized by the appropriate management personnel;
- » Use of vehicles, equipment, tools, computers, etc., for purposes other than those specifically authorized by the appropriate management personnel;
- » Borrowing or lending Company funds to co-workers, officers or directors without proper authorization;
- » Guarantees by the Company of obligations of co-workers, officers or directors without proper authorization;
- » Unauthorized adjustments to customers' accounts;
- » Using Company information systems for unauthorized personal use or to access inappropriate or improper content; and
- » Unauthorized payments to vendors or others.

#### COMPANY-PROVIDED ENTERTAINMENT AND FACILITIES

The Company may provide you with entertainment-related benefits, such as access to Company suites at entertainment venues, facilities and club memberships. The primary purpose of such benefits is to advance the legitimate business interests of the Company (for example, to allow you to provide business courtesies as permitted under *Conflicts of Interest–Limitations on Business Courtesies to and from Non-Governmental Parties* below). If you, your co-workers or your guests choose to consume alcohol in Company suites or at a Company-provided entertainment event, we expect that you will do so responsibly and make plans for safe transportation after the event.

You may also enjoy these benefits for your personal use, provided that:

- » Any personal use is reasonable and infrequent (meaning that the primary use of the entertainment-related benefits must always be to advance the legitimate business interests of the Company);
- » The use does not in any way affect the ability of such benefits to be used for the legitimate business interests of the Company. For example, if you reserve the use of a Company suite for personal reasons,

- you should be aware that you may have to cancel that reservation if there is a later, conflicting request for the use of the suite for legitimate business purposes;
- » You comply with the other requirements of this Guide in relation to such use; and
  - » In relation to Company suites, you must book the use of the suites in accordance with the Company's procedures. The form used for the booking collects information that may be provided to a number of different Company departments to ensure compliance with any taxation and regulatory requirements relating to such use, including whether such use needs to be disclosed in the Company's publicly filed documents.

### PROPRIETARY AND CONFIDENTIAL INFORMATION

You must maintain the confidentiality of all proprietary and confidential information to which you gain access or that is entrusted to you by the Company, or any person dealing with the Company, except when disclosure is authorized by the Company or legally required. Proprietary information and confidential information are defined in the glossary.

Customer lists, customer files, personnel files, computer records, financial and marketing data, process descriptions, research plans, formulas, and trade secrets are examples of confidential information. Information about wages, hours, benefits and working conditions is not considered confidential information.

Except as otherwise provided on page 5 (Reporting and Responding to Violations), you must not:

- » **Disclose** proprietary or confidential information to anyone inside the Company unless they are authorized to receive and have a need to know such information to perform their duties;
- » **Disclose** proprietary or confidential information to anyone outside the Company (including members of your family) without authorization and proper protections in place (e.g., a confidentiality agreement); or
- » **Use** proprietary or confidential information in any manner except as required by your job.

You have a duty to protect and safeguard our proprietary and confidential information. You must also ensure all our proprietary data and technology is kept confidential and adhere to any related Company policies, procedures and business guidelines, as well as any other policies established with respect to specific confidential or proprietary information. These obligations apply during and after your term of employment, including during any leave of absence. When your employment ends, whether voluntary or involuntary, all proprietary or confidential information in your possession or control must be returned to the Company. To avoid loss or misuse of Company property, including its intellectual property, all co-workers must observe good security practices both inside and away from the office. You are required to keep proprietary and confidential information secure from outside visitors and all other persons who do not have legitimate reason to see or use such information.

It is also our policy to respect the proprietary and confidential information of others. Therefore, you must not obtain proprietary or confidential information of any other company or person through improper means.

#### FOR EXAMPLE

You must not obtain confidential information by theft or other breaches of the law, industrial espionage, or by asking someone to disclose information about their employer or a previous employer.

If you have questions about whether it is ethical to obtain or use another company's or person's confidential information, please contact our General Counsel.

## **INTELLECTUAL PROPERTY**

The Company's intellectual property is a valuable asset. You must respect and protect it.

### **FOR EXAMPLE**

You must ensure trademarks, service marks, registered marks, copyrighted works and patented materials are all clearly identified as such. You must not disclose the Company's intellectual property to third parties except as required by your job. You must not take any of the Company's intellectual property with you when you cease employment or service with the Company.

You must also respect the intellectual property of others. You must not copy, improperly use or distribute copyrighted work without the owner's permission.

This could include, for example, making copies of computer software or emailing copies of a book or magazine article.

The Company owns, and is entitled to receive all of the results and proceeds of, all items and materials produced or created by its co-workers (including, without limitation, inventions, patents, trademarks, copyrights, literary material and any other intellectual property), alone or in collaboration with others, that:

- » Relate to the Company's business, if produced or created during the term of their employment (whether during or after working hours); or
- » Are produced or created through the use of the Company's facilities, resources, information, materials, technology or equipment.

These items and materials are the sole and exclusive property of the Company, and co-workers have no right, title or interest in or to any such items or materials. If you have entered into an agreement with the Company with regard to ownership of material, this policy does not supersede the terms of that agreement.

If you have questions about intellectual property, please contact our General Counsel.

## **EXPENSES**

All co-workers must comply with the Employee Expense Reporting Policy, which can be found on Scholar. Among other things, this policy specifies that no co-worker approve expenses for himself, a peer, or a higher-level position, with the exception of meals for on-site group meetings attended by at least 10 individuals. Additionally, group meals must be paid by the senior-most co-worker present, by corporate title, of the department hosting the meal.

## **ACCOUNTING, RECORDS AND AUDITING MATTERS**

All accounting entries, books and records must properly and fairly reflect our assets, liabilities and results of operation. Accordingly, if you are responsible for preparing or overseeing the Company's financial records, you must:

- » **Account** for every transaction by, or with, the Company in accordance with our prescribed accounting policies and procedures, generally accepted accounting principles and any applicable government regulations; and
- » **Ensure** no charge is made to a contract that is incorrect, unallowable, or otherwise improper.

#### FOR EXAMPLE

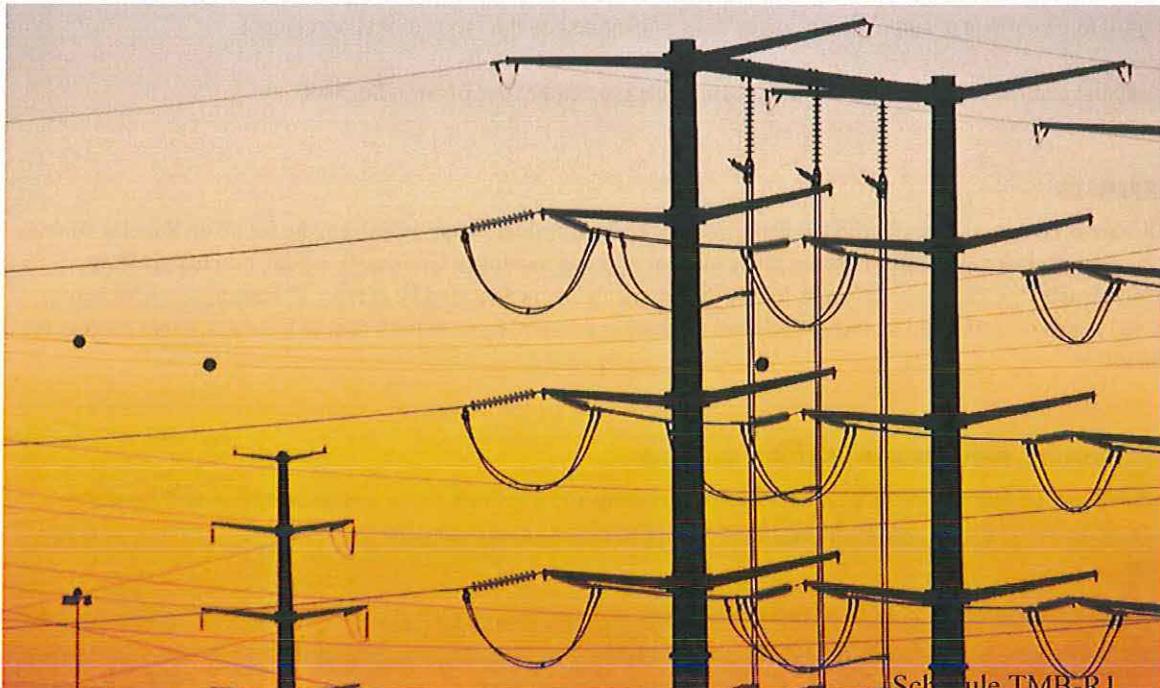
If a rule requires specific approval or additional record keeping for transactions above a certain amount, you must not divide a transaction above that amount into several smaller transactions in order to avoid the application of the rule.

You must not allow any fund to be created or maintained by or on behalf of the Company for any purpose that is not properly reflected in its books and records. You also must not alter our records without proper authorization.

The shifting of charges or costs to inappropriate contracts or accounts is prohibited and punishable by law.

The following special procedures apply when you wish to report concerns about accounting, internal accounting controls or auditing matters:

- » You should notify the Chairman of the Audit and Risk Committee in writing;
- » If you wish, you may request of the Chairman of the Audit and Risk Committee not to disclose your name, except to the other members of the Committee, to any successor Chairman, or as may be required by law; and
- » You are entitled to report your concerns anonymously by using the hotline. Any anonymous concern will be investigated by the Chairman of the Audit and Risk Committee on the same basis as any other complaint or concern.



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Concerns about accounting, internal accounting controls or auditing matters can be raised by contacting the Chairman of the Audit and Risk Committee at: [arc.chair@ameren.com](mailto:arc.chair@ameren.com).

## RECORDS MANAGEMENT

You must follow Company policies on records retention.

You must comply with any requests from our Legal Department to preserve documents. If you learn of any possible lawsuit, investigation or proceeding relevant to us, tell the Legal Department as soon as possible so that any required documents can be preserved consistent with the Company's records retention policies.

## REGULATORY REQUIREMENTS

You must comply with all applicable FERC, NERC, MPSC and ICC rules and the Company's related policies and procedures.

If you would like additional information about FERC, NERC, MPSC and ICC rules, the Company policies to comply with those rules, and how they apply to you, please contact our Legal Department for guidance. If you suspect that any FERC, NERC, MPSC and ICC rule is being violated, you must promptly contact our General Counsel.

## PUBLIC DISCLOSURES

The Company has a responsibility to provide full and accurate information in our public disclosures, in all material respects, about the Company's financial condition and results of operations. Our reports and documents filed with or submitted to the Securities and Exchange Commission and our other public communications must include full, fair, accurate, timely and understandable disclosure.

## CONFLICTS OF INTEREST

The Company's co-workers, officers and directors have a duty of loyalty to the Company and must act in the Company's best interest consistent with that duty. Consequently, you must avoid situations where your personal interests could conflict, or could even appear to conflict, with the interests of the Company (except as provided in this Guide or the Company's other policies). This means you must not have any financial interest or engage in any business relationship that impairs or prevents the proper discharge of your duties to the Company.

In limited circumstances, a conflict or potential conflict may be appropriate, but the conflict must be disclosed to the Company, and the conflict must be determined, in accordance with the Company's applicable policies (for example, the Policy and Procedures with Respect to Related Person Transactions), to be appropriate.

Conflicts of interest or the appearance of conflicts of interest can occur in many situations. For example, a conflict of interest or the appearance of a conflict of interest could arise where you or one of your family members:

- » Has a financial investment in another company which competes with or supplies products or services to the Company; or
- » Serves as an officer, director or co-worker of or consultant for (or has some other type of paid relationship with) a company that competes with or supplies products or services to the Company.

The appearance of a conflict of interest can arise in many situations, not only formal supplier arrangements.

#### **FOR EXAMPLE**

If you can influence decisions over the purchase of grounds maintenance services, there could be the appearance of a conflict of interest if you choose or encourage the Company to choose a service provider with whom you have a close personal relationship.

You are responsible for disclosing possible conflicts of interest to the Company. Our General Counsel is responsible for distributing and reviewing conflict of interest disclosures.

However, the limitations on conflicts of interest do not apply to:

- » Ownership in a publicly traded company constituting less than 1% of its outstanding equity;
- » Ownership in private companies that do not provide goods or services to the Company, as long as such ownership does not interfere with your responsibilities to Ameren; or
- » Other investments in which neither you nor a family member has any direct or indirect ability to control the day-to-day operations of the business or its business policies, and which business does not provide goods or services to the Company.

#### **FOR EXAMPLE**

If you own 1% of the stock in one of our suppliers, this will not necessarily breach the Company's requirements, so long as neither you nor a family member exercises control over that supplier. However, if you or one of your family members does exercise control (for example, if you or one of your family members sits on its Board of Directors, or you are a major stockholder) you must notify our General Counsel.

### **RELATED PERSON TRANSACTIONS**

In addition to the requirements set out in this section, our "Policy and Procedures with Respect to Related Person Transactions" apply to certain types of transactions in which the Company is a participant, and where a person related to the Company has a direct or indirect interest.

A copy of the policy is available at:

<http://www.ameren.com/-/media/corporate-site/Files/Investors/RelatedPersonTransactionPolicy.pdf>.

### **IMPROPER PAYMENTS**

The payment and acceptance of bribes is absolutely prohibited. You must not be involved in paying or accepting, directly or indirectly, a bribe, kickback, facilitation (or "grease") payment, or any other payment intended to influence a business decision, to or from any person (including to a government official (as defined in the glossary), a co-worker of another entity, or any other person). This prohibition applies whether the payment is made from the Company's funds/assets or yours. No intermediary, whether hired to interact with others on behalf of the Company or not, may be used to do something that you may not do directly.

You must take adequate measures to prevent our funds and assets from being used fraudulently.

The Company is required to comply with the FCPA, which governs our conduct with non-U.S. government officials, if any. Under the FCPA, it is unlawful to offer, promise, give or authorize the giving of anything of value,

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directly or indirectly, to a non-U.S. government official, intending to influence official action in order to secure a business advantage. For these purposes, "anything of value" may include excessive entertainment. In addition, the Company is required to comply with the FCPA's accounting controls and books and records provisions. See *Interactions with Government Officials; Political Activities* for additional information.

### LIMITATIONS ON BUSINESS COURTESIES TO AND FROM NON-GOVERNMENTAL PARTIES

As a general rule, you must not offer, give or accept gifts, meals, discounts, or other things of value to or from a vendor, customer, government official, or co-worker, or other third party doing business or seeking to do business with the Company (including paying for a third party's travel expenses). There are limited exceptions to this general rule. We understand that giving and receiving business courtesies of nominal value (such as inexpensive gifts, meals, drinks, tickets, or promotional items) can be an important and appropriate way to build and maintain business relationships. Business courtesies are permissible only if they comply with the guidelines below. Additional requirements apply to giving business courtesies to government officials, as outlined in *Interactions with Government Officials; Political Activities*. Bribes or kickbacks of any kind are prohibited.

You and your family members (as defined in the glossary) must not knowingly give business courtesies to, or accept business courtesies from, third parties doing business or seeking to do business with the Company, unless:

- » The giving and acceptance of such business courtesies are permissible under all applicable laws and are not sexually oriented, unsavory or unethical;
- » Except as discussed below with respect to certain wellness programs, such business courtesies are not provided in cash or the equivalent of cash (e.g., a gift card, gift certificate or prepaid credit card, no matter how small the amount);
- » Such business courtesies are of nominal value only (meaning they are valued below \$250) unless prior written approval is obtained from the CEO of the Company; and
- » Such business courtesies are not intended to influence (and would not appear to be intended to influence) or compromise the business judgment of you or the other party and are not given for the purpose of influencing you or the other party.

#### FOR EXAMPLE

If an outside vendor with whom you do business sends you a holiday fruit basket valued at \$75, may you keep it? Yes. Assuming the fruit basket was not given to you in an attempt to influence your business judgment, the fruit basket complies with the above guidelines (i.e., it is a legal, non-cash, business courtesy of nominal value).

If you attend an industry conference where you enter – and win – a random drawing for a tablet computer that is valued at \$300, may you keep it? No. The value of the tablet computer exceeds the nominal value permitted under the Company's business courtesies policy. Drawing or "door" prizes in the form of cash, gift certificates or other cash equivalents – in any amount – would also be prohibited under the Company's policy.

From time to time, co-workers may be invited to participate in wellness programs sponsored by the Company or its insurance carriers. Nominal incentives, awards, prizes and gifts (including in the form of cash or cash-equivalents) resulting from co-workers' participation in these wellness programs are permissible.

You must not give anything of value to a union or labor organization, or its representatives or agents, unless permitted by law and specifically approved in advance and in writing by our General Counsel.

» **Additional Requirements for Giving Business Courtesies**

You must ensure that all business courtesies provided to third parties are supported by appropriate documents properly describing the purpose of the business courtesy.

» **Additional Requirements for Receiving Business Courtesies**

You must not, in any circumstances, solicit any business courtesies or allow travel expenses for you or your family members to be paid by a Company supplier without express written approval from your supervisor. Moreover, you and your family members may only purchase products and services from entities that do business with the Company on prevailing market terms (including price) and conditions. If you receive a gift that you cannot accept, please thank the person offering the gift and refuse to accept it, or return it and let the person know why you cannot accept it. If returning the gift is not practical, contact the General Counsel for advice.

In addition, if you are invited to meals, entertainment (e.g., sporting or cultural events) or other business events hosted by an existing or prospective customer, supplier or other third party, you may attend such events so long as:

- » There is an underlying legitimate business purpose associated with attendance at the event (i.e., to establish or maintain the business relationship);
- » The event is not lavish or frequent. The measure of whether an event is "lavish" or "frequent" is whether your supervisor would approve the expense if you charged it to your own expense account; and
- » The event is customarily associated with the development and/or maintenance of a business relationship.

You are also permitted to accept reimbursement for certain expenses, such as travel expenses, from a third party that relate solely to your service as an officer or director of such third party even if that third party is also a client, vendor or customer of the Company.

If you have any question about the appropriateness of giving or accepting a business courtesy, seek approval from the General Counsel. Approval by your immediate supervisor does not constitute approval by the General Counsel.

### **LIMITATIONS ON RECEIVING PRODUCTS AND SERVICES**

You and your family members can only receive products and services from entities that do business with the Company if you obtain them on prevailing market terms and conditions.

### **INTERACTIONS WITH GOVERNMENT OFFICIALS: POLITICAL ACTIVITIES**

We are committed to maintaining and enhancing strong and productive relationships with government officials through lawful participation in the political process.

The laws, rules and regulations governing transactions with governmental entities impose special rules and may have requirements not usually found in transactions with private parties. In addition, federal law places limits on a corporation's ability to participate in the political process. Many states impose similar restrictions. These limits may include restrictions on monetary and "in kind" contributions, such as the use of facilities, tickets to receptions, payments for meals and lodging, and business courtesies to public officials. Accordingly, a business courtesy that you could give to a private party could be illegal if given to a government official. As noted under *Improper Payments* above, the payment and acceptance of bribes is absolutely prohibited.

In addition, you must not offer or provide anything of value to a government official or a political party:

- » In any amount without prior approval from the Company's General Counsel;
- » With an expectation to receive favorable treatment in the award or performance of a government contract, or to induce any other kind of official action or secure any other kind of improper advantage. To do so is a serious violation of government laws, rules and regulations and can result in heavy fines and imprisonment;
- » As an inducement to have a law, rule or regulation enacted, defeated or violated or to affect the outcome of any governmental proceeding or matter;
- » If it could result in a conflict of interest (or the reasonable appearance of such conflict), unless despite such conflict or potential conflict, the situation has been determined, in accordance with the Company's applicable processes and policies, to be in the best interests of the Company and its shareholders; or
- » If it would be a violation of the governmental entity's own rules concerning business courtesies.

## POLITICAL CONTRIBUTIONS

You must comply with all federal, state and local laws relating to political contributions or expenditures using corporate funds, as well as the Company's Political Contributions Policy, which can be found on Scholar. This requirement applies solely to the use of corporate funds and is not intended to discourage or prevent individual co-workers, officers or directors from making political contributions or engaging in political activities on their own behalf. No one may be reimbursed directly or indirectly by the Company for personal political contributions.

## SEEKING PERSONAL GAIN

You and your family members must not seek or accept, directly or indirectly, personal gain from any person or firm:

- » **Soliciting** or doing business with the Company, if you have any involvement or business with that person or firm; or
- » **In business competition** with the Company.

### FOR EXAMPLE

You may not receive any personal compensation from a potential supplier to the Company if you are involved in the Company's decision of whether to use that supplier.

You may only receive business courtesies if they comply with the rules regarding business courtesies under *Limitations on Business Courtesies to and from Non-Governmental Parties* above.

## COMPROMISING THE COMPANY'S OPPORTUNITIES

You owe a duty of loyalty to the Company. Therefore, you must not:

- » **Take for yourself** (or direct to a third party) personal or business opportunities that you identify through the Company's property, by using our information or by virtue of your position with the Company, even if your employment with the Company has ended;
- » **Take for yourself** any fees you collect from third parties for functions or responsibilities you perform for or on behalf of the Company;
- » **Manipulate** or inappropriately use the Company's property, systems, processes, protocols, information or your position for your own or others' personal gain;

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- » Direct the Company's business, contracts, funds or other property to family members without fully disclosing the relationship to our General Counsel; or
- » Compete with the Company.

#### **FOR EXAMPLE**

If you undertake a speaking engagement for or on behalf of the Company and you are paid any fee for such an engagement, you must provide that fee to the Company.

As a co-worker, officer or director, you owe a duty to the Company to advance its business interests when the opportunity to do so arises.

#### **FOR EXAMPLE**

If you learn about or identify a business or investment opportunity through your work at the Company, you must notify the Company of the opportunity, and you may not pursue or take advantage of that business opportunity unless and until the Company has had an opportunity to evaluate it and has chosen not to pursue it.

You must make full and timely disclosure to the Company's General Counsel if you or any of your family members have any interest in a business entity that seeks to do or does business with the Company (other than ownership of stock in a publicly held corporation).

#### **EMPLOYMENT OF FAMILY MEMBERS**

You must comply with the Company's Policy Regarding Employment of Family Members, which can be found on Scholar.

#### **OUTSIDE EMPLOYMENT OR DIRECTORSHIPS**

While you are a co-worker of the Company, you must not accept or engage in any outside employment, officership, directorship (even of a nonprofit organization), consultancy, independent contracting or other business that could:

- » Interfere with your duties to the Company;
- » Reflect negatively on the Company's reputation; or
- » Create a real or the reasonable perception of a conflict of interest, unless despite such conflict or potential conflict, the situation has been determined, in accordance with the Company's applicable processes and policies, to be in the best interests of the Company and its shareholders.

If your employment is subject to a collective bargaining agreement, you should also refer to that agreement and talk with your supervisor or your union representative before accepting employment outside of Ameren.

#### **FOR EXAMPLE**

You may not perform work in competition with the Company, either through self-employment or as a person employed or retained by one of our competitors, while you are employed by us. However, with the necessary prior approval, you may be permitted to run your own unrelated small business or perform unrelated work not in competition or conflict with the Company. If you are a co-worker, the Vice President to which you report, directly or indirectly, will decide whether to grant approval; officers must seek approval from the General Counsel. This could depend on factors such as the activities of the business and whether it affects the time and energy you bring to your **Schedule TMB-R1**.

If you are an officer of the Company, you must obtain prior approval before accepting an outside directorship, as follows:

- » If you are an officer other than the CEO of the Company, you must obtain approval from the CEO of the Company with respect to any non-affiliated, for-profit organization or any not-for-profit organization; or
- » If you are the CEO of the Company, you must obtain approval from the Nominating and Corporate Governance Committee with respect to any non-affiliated, for-profit organization.

In addition, you may not accept a directorship with a non-affiliated, for-profit organization if the chief executive officer or other executive officer of that organization is serving as a director of the Company.

Even if we permit you to accept an outside position, you must not use the Company's assets for work related to that position or violate any requirement of this Guide or any other Company policy.

These policies do not apply to employment or activities in connection with an individual's position as a union representative since such employment and activities are subject to federal labor law.

#### **OUTSIDE POLITICAL INVOLVEMENT**

You are permitted to contribute to political activities in your personal capacity that are unrelated to your duties to the Company and that do not create a potential conflict of interest or the appearance of a conflict of interest (or where despite such conflict or potential conflict, the situation has been determined, in accordance with the Company's applicable processes and policies, to be in the best interests of the Company and its shareholders). However, you must not use your job title or affiliation with the Company in connection with those political activities without permission (unless required by law). You also must not:

- » Use the Company's resources or assets to carry out your personal political activities; or
- » Solicit contributions from other co-workers, officers or directors, or ask them to perform activities, to support your personal political activities.

**FOCUSED ENERGY. *For life.***

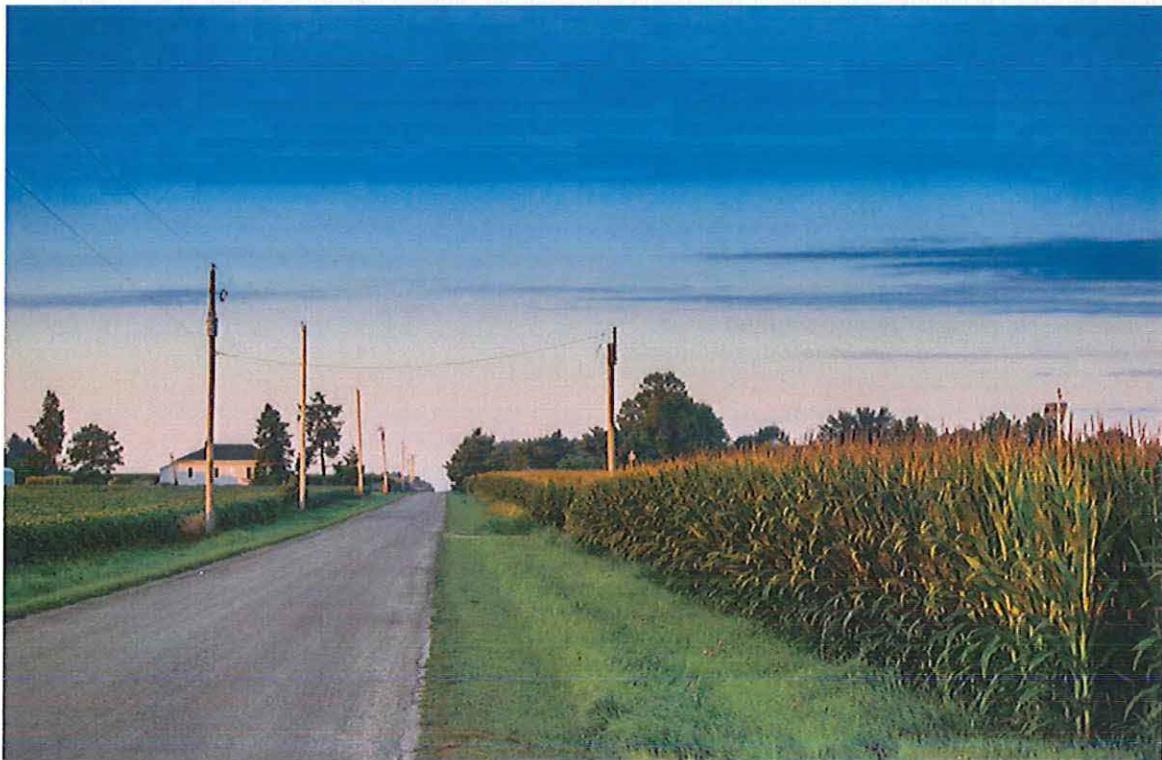
If you hold a public office, you must recuse yourself from any discussions or decision-making processes that directly involve the Company.

## TRADING IN SECURITIES

You must comply with the Company's Insider Trading Policy, which can be found on Scholar. In addition, the Company's directors and officers that are subject to Section 16 of the Securities Exchange Act of 1934 must comply with the Company's Section 16 Trading Reporting Program, which can also be found on Scholar.

## MEDIA STATEMENTS AND SOCIAL MEDIA

You must comply with the Company's Social Media Policy, which can be found on Scholar.



## THE ENVIRONMENT

The Company is committed to protecting the environment and complying with all applicable environmental laws, rules and regulations. We believe that a sound environmental policy benefits our customers, shareholders and co-workers by enhancing the communities we serve.

You must perform your job duties in a manner that facilitates the Company's compliance with applicable environmental laws, permits, rules and regulations. It is the responsibility of each operating group to ensure such compliance with all permit conditions applicable to our facilities as well as other regulatory requirements. Such regulatory requirements include restrictions on the disposal, handling and shipment of hazardous waste, the discharge of pollutants into the water and river systems, and the monitoring and measurement of emissions of contaminants into the air and water. If you are aware of practices which could result in an unauthorized release into the environment, you must report them promptly to our General Counsel.

Failure to comply with applicable environmental laws, permits, rules and regulations could expose the Company (and, under certain circumstances, you personally) to civil and criminal enforcement. Accordingly, you must conduct the Company's business operations so as to comply with these laws, permits, rules and regulations.



## HEALTH, SAFETY AND SECURITY

The Company's commitment to protecting our co-workers, the public and the environment is a corporate value. We take seriously our responsibility to conduct business in a manner that protects the safety, health and security of our co-workers, others involved in our operations and the people of the communities we serve.

Consistent with your responsibility for the health and safety of yourself and others, you must:

- » **Comply** with all applicable health and safety rules and regulations as well as the Company's health and safety policies at all times;
- » **Work** in a manner to prevent personal injuries to yourself and others;
- » **Contribute** to creating and maintaining a safe working environment consistent with our commitments above, and hold others accountable for doing the same; and
- » **Encourage** reporting of work-related illnesses and injuries and never retaliate against any co-worker who reports a work-related illness or injury.

## FAIR EMPLOYMENT AND WORKPLACE PRACTICES

We are committed to the fair and equal treatment and consideration of all people in the workplace environment and in our business dealings. All employment by the Company will comply with all applicable laws, rules and regulations. Treatment of all people in our workplace and business dealings must be without regard to race, color, religion, sex, national origin, ethnicity, age, disability, genetic information, military service or status, pregnancy, marital status, sexual orientation, gender identity or expression, or any other factor protected by law.

### NONDISCRIMINATION AND HARASSMENT

We are committed to maintaining a workplace that is:

- » **Free** from unlawful discrimination, harassment or intimidation; and
- » **Prohibits** all forms of unlawful discrimination and harassment,

whether based on race, color, religion, sex, national origin, ethnicity, age, disability, genetic information, military service or status, pregnancy, marital status, sexual orientation, gender identity or expression, or any other reason prohibited by law.

The Company prohibits discrimination in hiring, promotion, training, pay, benefits, terms, conditions or privileges of employment on the basis of an individual's race, color, religion, sex, national origin, ethnicity, age, disability, genetic information, military service or status, pregnancy, marital status, sexual orientation, gender identity or expression, or any other reason prohibited by law.

You must not engage in conduct that unlawfully discriminates, harasses or intimidates another co-worker, director, supplier, customer or anyone else who deals with the Company. "Harassment" and "intimidation" include creating a hostile or offensive work environment, unreasonably interfering with another person's ability to perform their

duties, or inappropriately affecting a person's employment opportunities at the Company. We expect you to carry out your duties in a responsible and professional manner.

#### **FOR EXAMPLE**

Conduct that is not acceptable includes offensive conduct of a sexual nature, for example, repeated sexual advances, requests for sexual favors, sexually explicit language or remarks or innuendo about a person's body, or offensive remarks about a person's race. Conduct can be unacceptable in the workplace even if it is consensual or is not intended to be offensive.

You must report, or take appropriate action to address, any conduct that may constitute unlawful discrimination or harassment.

The Company has no tolerance for any act, language or other material that makes a reasonable person feel unsafe, threatened or intimidated or that harms another person in the workplace. You must not carry any weapon on Company property, on Company business or on premises controlled by the Company. You must not possess or display content that is sexual, malicious, obscene, threatening, intimidating, that disparages others in a way that equates with harassment or bullying, connected to unprotected or illegal conduct, abusive, defamatory, libelous, fraudulent or invasive of another's privacy.

If you think you are or if you think someone could be in immediate danger, call law enforcement officials right away. When it is safe to do so you should also call our Security Department.

#### **COMPLIANCE WITH WORKPLACE LAWS**

We are committed to complying with all applicable workplace laws, rules and regulations (for example, dealing with wages, rest breaks and other workplace entitlements). We encourage you to report to your supervisor, manager, human resources representative or human resources leader any concerns you may have regarding the Company's compliance with workplace laws. As an alternative, you can always report to the Company's hotline (1-866-294-5492) that also allows complete anonymity in reporting.

#### **PRIVACY AND PERSONAL INFORMATION**

We may provide you with access to email and the Internet for business purposes. Email messages, including attachments, sent and received on the Company's equipment are the property of the Company. We may monitor the use of the Company's networks, assets and communications tools. Accordingly, when you are using the Company's networks, assets or communications tools, you should not expect that any of your communications will be private (except where required by law). You must use these networks, assets and tools in an ethical and professional manner.

We have the right to conduct searches on all Company property or assets at any time.

You must ensure any confidential information of co-workers, customers or others you obtain in the course of your duties with the Company is kept confidential in accordance with the information under *Business Ethics–Propriety and Confidential Information* above. You must only access and use personal information (for example, account information about our customers) for legitimate business purposes and as required by your job. You must comply with any applicable privacy and data protection laws. Confidential information does not include wages, hours, benefits and other Ameren working conditions and as such, this type of information can be discussed among co-workers and between co-workers and union representatives, but should not otherwise be disclosed outside the Company.

### **FOR EXAMPLE**

If you must keep personal information about co-workers of the Company as part of your job, you must make sure this information cannot be accessed by others without authorization. For example, you could physically secure printed records or password protect electronic records.

### **DRIVING**

No operating condition or urgency of service can ever justify endangering the life of anyone. If you drive a vehicle while on Company business, whether the vehicle is personally owned, Company-owned, rented or otherwise, you are responsible for the safe operation of the vehicle. Accordingly, you must:

- » Comply with all applicable federal, state and local laws while driving, including but not limited to laws regarding speed limits and seat belt restraints.
- » Never operate devices of any kind while driving in extreme weather, school zones, construction speed zones, heavy traffic or any other situations involving elevated risk.
- » Where otherwise permitted by law and this Guide, use of mobile devices while driving is permissible as long as conditions allow and the device is used in "hands-free" mode and otherwise in a safe and responsible manner.

### **GAMBLING**

Consistent with the Company's commitment to comply with all laws, you must not participate in gambling or any games of chance (including illegal raffles, sports pools, illegal sweepstakes or lotteries) on Company premises, while on Company business or using Company systems.

### **ALCOHOL, TOBACCO AND OTHER DRUGS**

Use of alcohol, tobacco and other drugs can create safety risks in the workplace and may be illegal. It can also affect your productivity. You must comply with any laws, rules and regulations relating to the use of alcohol, tobacco and other drugs that may be applicable to you, as well as any applicable Company policies and collective bargaining agreement provisions. If you have questions regarding the laws, rules, regulations, policies or provisions that may apply to you, speak with your supervisor or contact the Legal Department for more information.



## COMPETITION/ANTITRUST

The Company is committed to fair competition and fully supports laws prohibiting restraints of trade, unfair practices or abuse of economic power. To help the Company compete fairly, you must comply with these laws. The Company considers antitrust violations and charges to be very serious.

Antitrust laws are strict and vigorously enforced. In addition to the consequences of violating any other section of this Guide or any other Company policy or procedure, if you fail to comply with antitrust laws, you may:

- » Be personally subject to substantial fines and jail terms; and
- » Cause serious damage to the Company's success and reputation.

This section sets out a broad outline of the types of behavior that may violate antitrust laws. If you have questions about antitrust laws and policies, please contact our General Counsel.

### RESTRICTIONS ON DEALINGS WITH COMPETITORS

Antitrust laws prohibit agreements or arrangements with competitors that:

- » Fix prices;
- » Impose production restrictions;
- » Divide markets; or
- » Constitute joint refusals to do business with a given vendor or customer.

You must contact our General Counsel if you suspect that a proposed or existing business arrangement could violate antitrust laws or have antitrust implications.

The Company may participate in legitimate industry forums and activities with competitors. However, these must not be used to discuss confidential information with competitors, limit competition, agree to the Company's pricing or undertake any of the matters set out above. If in doubt, contact our General Counsel to seek advice about which topics are appropriate to discuss with our competitors.

## **BUSINESS PRACTICES**

Certain other business transactions and practices may violate antitrust laws if they "unreasonably" restrain trade or damage a competitor or if they might be deemed to create or maintain a monopoly. You must consult our General Counsel if you suspect a proposed transaction or business practice might have this effect.

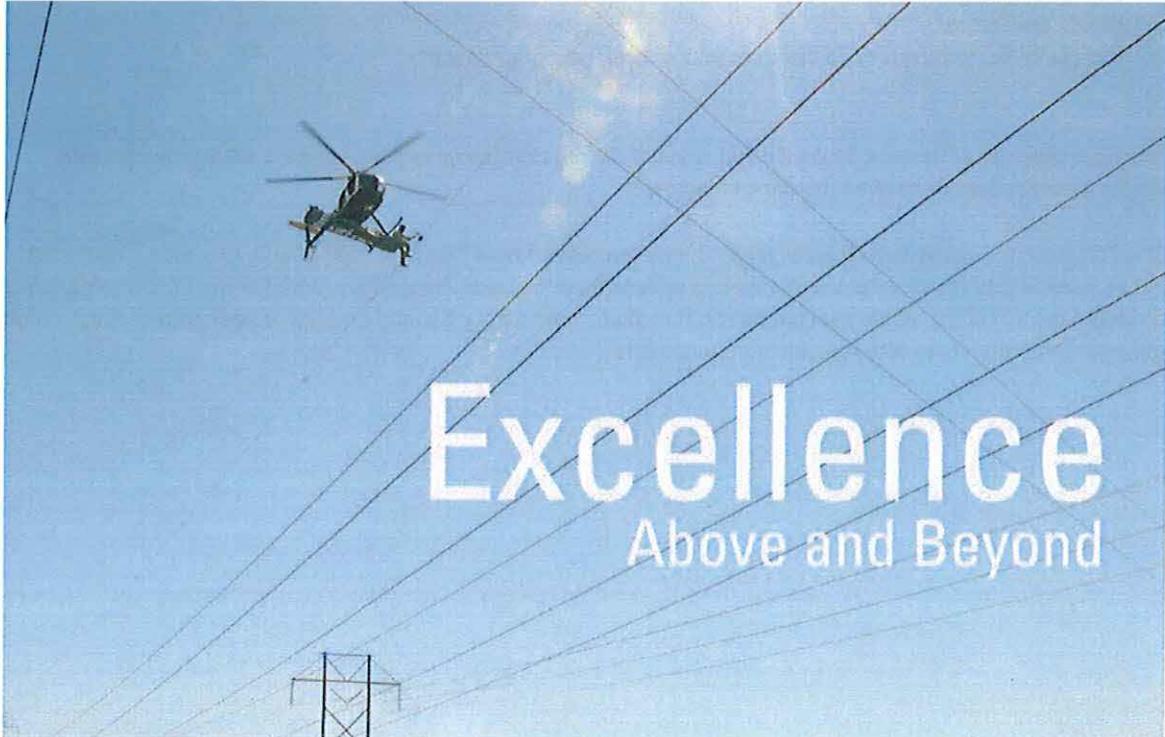
For example, you must consult our General Counsel to discuss competition concerns in connection with:

- » **Acquiring or disposing of a business;**
- » **Meeting with competitors on confidential or competitively sensitive matters, such as pricing or production; or**
- » **Any proposal for the Company to sell products or services below their actual costs.**

## **INVITATIONS TO VIOLATE ANTITRUST LAWS**

You must report to the Company's General Counsel any overture or suggestion made by a competitor to a Company co-worker, officer or director that the Company engage in a prohibited activity, such as price fixing or territorial allocations.

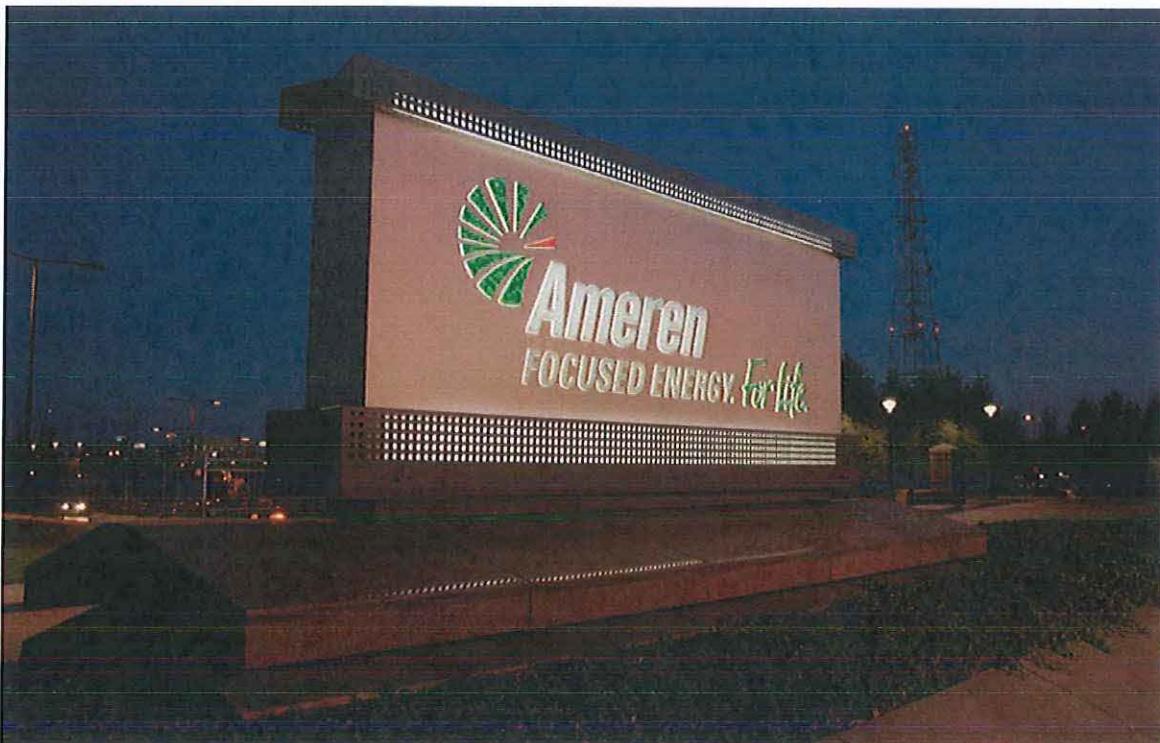
If you have any questions regarding the Company's antitrust policies, please contact the General Counsel.



## CORPORATE CITIZENSHIP, COMMUNITY AND CHARITABLE ACTIVITIES

In supporting community and charitable causes, we ask that you:

- » **Comply** with our requirements about avoiding real or apparent conflicts of interest. For example, although you may bring charitable or community contribution opportunities to the Company's attention, you may not exercise inappropriate influence over the Company's decisions about making such contributions;
- » **Not use** Company resources or your work time for community or charitable efforts unless you have received advanced, express authorization to do so;
- » **Not present** yourself as a representative of the Company without approval;
- » **Avoid** soliciting funds from co-workers, including by using Company resources such as email, without approval in accordance with the Company's charitable solicitation guidelines; and
- » **Not disrupt** the work environment.



## IMPLEMENTATION OF THIS GUIDE AND OTHER COMPANY POLICIES

Our General Counsel, together with the Nominating and Corporate Governance Committee and the Audit and Risk Committee, maintains the overall responsibility for this Guide and our other Company policies (including their interpretation).

The Company will enforce its standards of conduct, as highlighted throughout this Guide, consistently by imposing appropriate discipline on individuals responsible for an offense, and, as appropriate, on individuals responsible for the failure to detect an offense.

The Board of Directors has approved this Guide effective as of January 1, 2018 and will review it regularly.

## GLOSSARY

**BUSINESS COURTESIES**

Gifts, funds, services, loans, payment guarantees, special treatment, in-kind gifts or other items of value received from, or given to, third parties.

**COMPANY**

Ameren Corporation, together with its subsidiaries.

**CONFIDENTIAL INFORMATION**

Any Company information that is not known generally to the public or the industry. It may include information that you receive from us, our suppliers, or any other third-party. Some examples (and there are many more) include, without limitation, Ameren trade secrets, project plans and reports, sensitive customer, supplier, or other third-party data, strategic alliance agreements, unpublished internally-generated business data, certain network drawings, audit reports, or another's medical or information covered by HIPAA. Even though it is not written down, this information may still be confidential and must not be disclosed to third parties. Information about wages, hours, benefits and working conditions is not considered confidential information, but may only be disclosed within the Company and on a need-to-know basis.

**FAMILY MEMBER**

The family members of a person include that person's child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, and any person (other than a tenant or co-worker) sharing that person's household.

**FCPA**

Foreign Corrupt Practices Act.

**FERC**

Federal Energy Regulatory Commission.

**GOVERNMENT OFFICIAL**

"Government official" has a broad meaning and includes:

- » Any officer or co-worker of a government department, agency, legislature, judiciary or instrumentality at any level, or of a public international organization;
- » Any person who exercises a public function for or acts in an official capacity for a government or public international organization; and
- » Any political party, official or candidate.

You should assume that a company that is partially or wholly owned or controlled by a government, such as a government-owned airline, is a government "instrumentality."

**GUIDE**

The Company's Guide to Corporate Compliance Policies approved by the Board of Directors and effective as of January 1, 2017.

**HIPAA**

Health Insurance Portability and Accountability Act.

**ICC**

Illinois Commerce Commission.

**INTELLECTUAL PROPERTY**

Intangible creations such as documents, inventions, logos, designs, symbols and photographs. Any document or information created for Company purposes could be or include intellectual property.

**MPSC**

Missouri Public Service Commission

**NERC**

North American Electric Reliability Corporation.

**PRINCIPLES**

The Company's Principles of Business Conduct approved by the Board of Directors and effective as of January 1, 2018.

**PROPRIETARY INFORMATION**

All information obtained by Company co-workers during the course of their work.

**WE OR US**

Ameren Corporation, together with its subsidiaries.

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## CONTACT LIST

Although this contact list (and the Guide as a whole) will be updated from time to time, we would always suggest checking Scholar for the most up-to-date contact information.

### **Audit and Risk Committee**

**Audit and Risk Committee**

**Ameren Corporation**

**1901 Chouteau Avenue**

**St. Louis, Missouri 63103**

### **Chairman of Audit and Risk Committee**

Email // [arc.chair@ameren.com](mailto:arc.chair@ameren.com)

### **General Counsel**

Email // [general.counsel@ameren.com](mailto:general.counsel@ameren.com)

### **Human Resources Services and Employee Relations**

Email // [human.resources@ameren.com](mailto:human.resources@ameren.com)

### **Legal Department**

Email // [legal.department@ameren.com](mailto:legal.department@ameren.com)

### **Nominating and Corporate Governance Committee**

**Nominating and Corporate Governance Committee**

**Ameren Corporation**

**1901 Chouteau Avenue**

**St. Louis, Missouri 63103**

### **Reporting Hotline**

Phone // (866) 294-5492

### **Security Department**

Email // [security@ameren.com](mailto:security@ameren.com)

## **EXHIBIT 1: KEY COMPANY POLICIES AND PROCEDURES REGARDING CORPORATE COMPLIANCE MATTERS**

Please reference the applicable specific Company policies and procedures listed below for more detailed information on how the Company's policies apply to you. These policies can be found on the Company's Intranet site – Scholar (Employee Center / Policies, Procedures & Forms).

Cybersecurity Policy

Device Travel Policy

Drug and Alcohol Policy

EEO and Anti-Harassment Policy

Employee Expense Reporting Policy

Insider Trading Policy

Mobile Device Usage Policy

NERC Cyber Security Policy

Personal Usage of Tools, Materials and Supplies Policy

Policy and Procedures with Respect to Related Person Transactions

Policy Regarding Employment of Family Members

Political Contributions Policy

Regulation FD Policy

Section 16 Trading Reporting Program

Social Media Policy

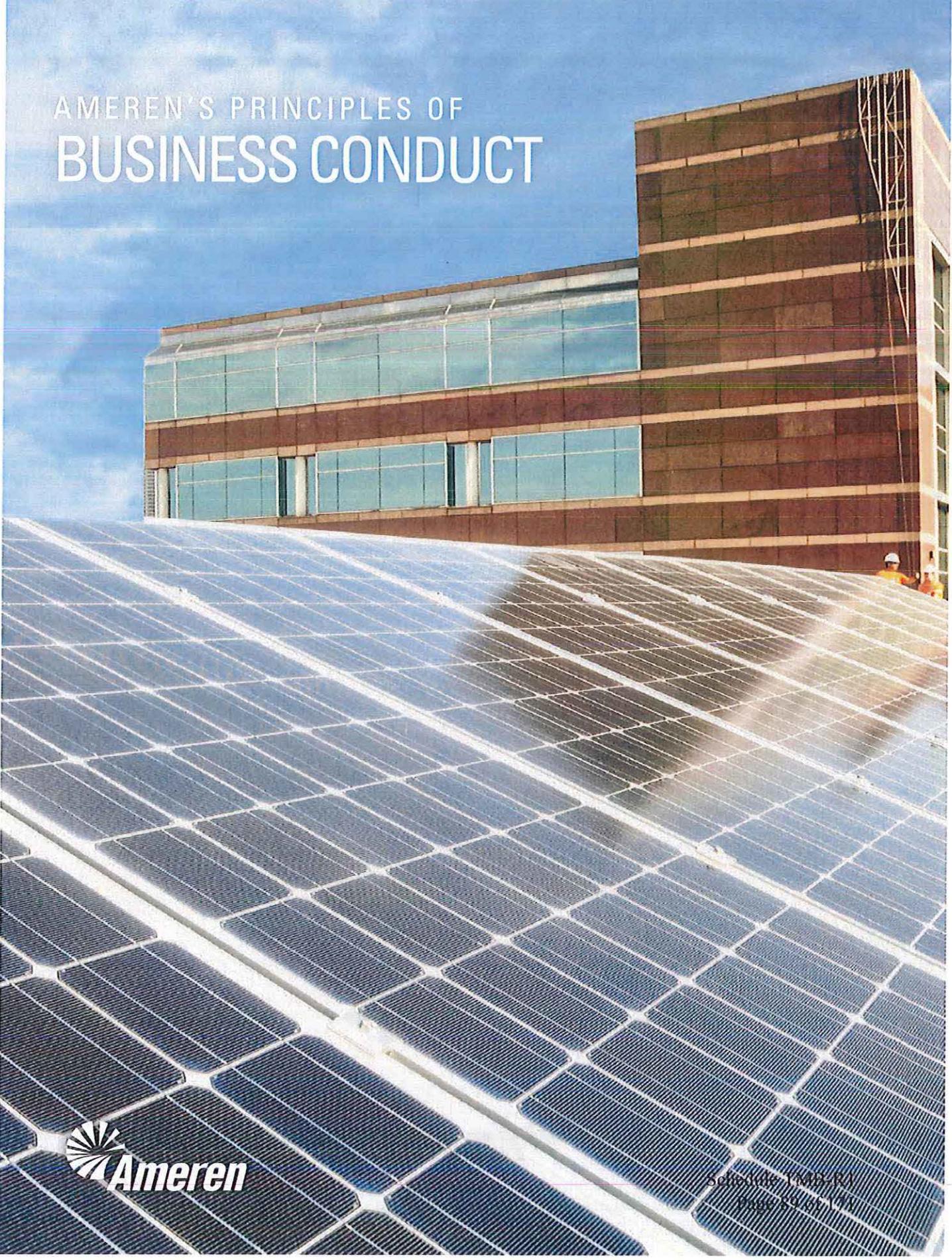
Information Resources Acceptable Use Policy

Internet/Intranet Usage Policy





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# AMEREN'S PRINCIPLES OF BUSINESS CONDUCT



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Index C-07/07



## INTRODUCTION

The core values of Ameren Corporation and its subsidiaries are integrity, respect, accountability, stewardship, teamwork and commitment to excellence. We refer to Ameren Corporation and its subsidiaries as the "Company," "we," "our" or "us."

The Company has adopted a Guide to Corporate Compliance Policies (the "Guide") to help you understand the standard of conduct you must uphold in the course of your position with the Company, and to help you make ethical decisions about your conduct so that your conduct is consistent with the Company's values. These Principles of Business Conduct (these "Principles") summarize some of the key overarching principles that form the basis for the more detailed rules in the Guide.

Please read these Principles, the Guide and other applicable Company policies carefully. The Guide and other Company policies provide more details and examples about how the Company expects you to apply these Principles. A list of other Ameren policies can be found on the Company's Intranet site – Scholar (Employee Center / Corporate Policies). A list of the Company's key compliance policies is also attached to these Principles (although we recommend referring to the Company's Intranet site for the most up-to-date information).

The Company expects all co-workers, officers and directors to follow these Principles and to encourage others to do the same. If you are a director, officer or supervisor, you have a special responsibility to lead by example.

The Principles will continue to apply to you while you are on a leave of absence, and certain Principles may apply to you even after your employment with the Company has ended.

In some instances, you can apply for a waiver if you think the application of a Principle, or a requirement in the Guide or other Company policies, is inappropriate in a specific circumstance. Co-workers may apply for a waiver of any provision of the Principles or the Guide from the General Counsel. Members of the Company's Board of Directors and officers may apply for a waiver from the Nominating and Corporate Governance Committee (except for members of the Nominating and Corporate Governance Committee, who must apply to the Board of Directors instead). Any waivers of the Principles or the Guide for directors or officers will be promptly disclosed to shareholders if required by law or New York Stock Exchange rules.

Management co-workers, officers and directors are required to sign the attached Certificate of Compliance each year to acknowledge that they have read and agree to comply with these Principles.

Many of the laws, regulations and policies discussed in these Principles are complex. If you have any questions please contact our General Counsel.

## REPORTING AND RESPONDING TO VIOLATIONS

It is everyone's responsibility to ensure that our workplace reflects our values. The key principles that govern the Company's approach to complaints are the following:

- » **Your obligation to report:** You are expected to report any potential criminal violations. You must also comply with any external reporting obligations you may have (for example, a professional responsibility to report a legal violation).
- » **How you can report:** You have a range of options available to make a formal complaint (including contacting our General Counsel, calling our anonymous reporting hotline 1-866-294-5492, and using the link found on the Company's Intranet site - Scholar (Employee Center / Policies, Procedures & Forms / Corporate Compliance Policy Reporting) to email the office of the Corporate Compliance Policy Reporting).
- » **Your right to make reports confidentially:** If you choose to report possible violations confidentially, we will honor your request to the extent reasonably possible. All reports of alleged harassment, discrimination or retaliation will be handled confidentially to the extent possible.
- » **How we will respond:** We will investigate reported possible violations and take remedial action if appropriate. We may take disciplinary action (including dismissal and referral for potential criminal prosecution) against a person that violates a requirement or does not cooperate with an investigation.
- » **We will not tolerate retaliation:** We are committed to fostering a corporate culture where you feel safe to speak up. We take very seriously any suspected retaliation against individuals who report allegations of wrongdoing. A person who retaliates against someone who reports or opposes a practice that violates applicable laws, rules or regulations or these Principles, the Guide or any other Company policy, may be subject to disciplinary action.

Nothing in these Principles or in other Company policies limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, the Department of Justice or any other federal, state or local governmental agency or commission ("Government Agencies") regarding a possible violation of law or regulation. Nothing in these Principles or in other Company policies limits your ability to communicate directly with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information not otherwise protected from disclosure by any applicable law or privilege, without first seeking Company authorization or notifying the Company of any such communication. Your right to contact, communicate or file a charge or complaint with any Government Agencies takes precedence over your obligation to respect confidentiality, with the exception of information that is protected from disclosure by any applicable law or privilege. Neither these Principles, the Guide nor any other Company policy limits your right to receive an award for information provided to any Government Agency.

## BUSINESS ETHICS

As the Company's co-workers, officers and directors, you must exercise the highest standards of professional conduct. The following principles are intended to reflect this commitment:

- » **Respect the law and act ethically:** You must respect and comply with all applicable laws, rules and regulations. You must act in an ethical manner and avoid acting in a way that could damage the Company's reputation.
- » **Protect the Company's assets:** You must protect the Company's assets and ensure they are used only for legitimate business purposes. Personal use of the Company's assets is only permitted in limited circumstances.
- » **Respect confidentiality:** You must maintain the confidentiality of all proprietary, confidential or non-public information to which you gain access or that is entrusted to you by the Company or any person in your capacity as a co-worker, officer or director of the Company. Such information must only be disclosed inside the Company on a "need to know" basis and outside the Company only if authorizations and proper protections are in place, and it must only be used as required by your job.

A definition of the terms "confidential information" and "proprietary information" can be found in the glossary section of the Guide.

- » **Respect intellectual property:** You must protect all Company intellectual property to which you gain access or that is entrusted to you by the Company or any person in your capacity as a co-worker, officer or director of the Company, as well as comply with all applicable laws and agreements in respect of third party intellectual property. Material created by a co-worker, officer or director of the Company that relates to Company business and is created during such person's service or the term of their employment, or is produced through the use of Company assets, belongs to the Company (unless otherwise agreed).
- » **Protect the integrity of Company records and accounts:** You must ensure all accounting entries, books and records you are responsible for properly and fairly reflect our assets, liabilities and results of operation. The Guide contains special procedures for reporting accounting and auditing concerns.
- » **Comply with other Company policies and requirements applicable to you:** You must comply with all Company policies. You must also comply with applicable laws and regulations, including the Federal Energy Regulatory Commission, Missouri Public Service Commission, and Illinois Commerce Commission rules and the Company's related policies and procedures.
- » **You must endeavor to deal fairly with our customers, suppliers, competitors and co-workers:** Each co-worker, officer and director of the Company should endeavor to deal fairly with our customers, suppliers, competitors and co-workers. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

## CONFLICTS OF INTEREST

The Company's co-workers, officers and directors owe a duty of loyalty to the Company and must act in the Company's best interest consistent with that duty. Prohibited conflicts of interest or the appearance of prohibited conflicts of interest can occur in many situations, and can arise from financial, personal or business relationships. The following principles are intended to ensure compliance with this requirement:

- » **Avoid conflicts:** Avoid situations in which your personal interests could conflict, or could even appear to conflict, with the interests of the Company unless the situation has been determined, in accordance with the Company's applicable processes and policies, to be in the best interests of the Company and its shareholders. You must not have any financial interest or engage in any business relationship that impairs or prevents the proper discharge of your duties to the Company.
- » **Disclose possible conflicts and related person transactions:** You are responsible for disclosing possible conflicts of interest to the Company. You must also comply with our "Policy and Procedures with Respect to Related Person Transactions."
- » **Never pay or accept improper payments:** You must not be involved in paying or accepting bribes or other payments intended to influence a business decision (including with your own money).
- » **Comply with rules on business courtesies:** Generally, you must not offer, solicit, give or accept anything of value to or from a vendor, customer, government official, co-worker or other third party doing business or seeking to do business with the Company. There are limited exceptions to this general rule in the Guide to acknowledge that courtesies of nominal value can be an appropriate way to build and maintain business relationships and that you are permitted to accept reimbursement for certain expenses in connection with your service as an officer or director of a third party. Additional restrictions apply to business courtesies involving government officials, as detailed in the Guide.
- » **Comply with laws regarding political contributions:** You must comply with all laws relating to political contributions or expenditures using corporate funds. The Company's political contributions must be made for the benefit of the Company, without regard to personal political preferences and in accordance with the Company's Political Contributions Policy.
- » **Never seek personal gain from competitors or partners:** Do not seek or accept personal gain from a competitor, or from any person or firm soliciting or doing business with us, if you have any involvement with our business with that person or firm.
- » **Protect the Company's opportunities:** You owe a duty of loyalty to the Company and you must take every opportunity to advance the Company's legitimate business interests.
- » **Employment of family members:** You must comply with the Company's "Policy Regarding Employment of Family Members" and the Company's "Policy and Procedures with Respect to Related Person Transactions."
- » **Comply with rules on outside employment and directorships:** You may only accept an outside employment or directorship position if it would not interfere with your duties to the Company or reflect negatively on the Company's reputation or create any conflict or reasonable perception of a conflict of interest. You must seek prior approval before accepting any such position. These rules do not apply to employment or activities as a union representative. The Company may determine that a conflict of interest or the appearance of a conflict of interest would nonetheless be acceptable if it is consistent with the best interests of the Company and its shareholders.
- » **Keep separate your outside political involvement and your role with the Company:** You must not use your job title or affiliation with us in connection with your own political activities without permission (unless required by law). You also must not solicit contributions, support or assistance for your personal political involvement from others at work. If you hold a public office, you must recuse yourself from any discussions or decision-making processes that directly involve us.

## TRADING IN SECURITIES

You may become aware of information about the Company or other companies that is not public, in the course of your term as director or during your employment with us. If you have such information, you must be aware of insider trading laws. The following principles are intended to reflect these laws and Company requirements:

- » **Do not trade if you possess material nonpublic information:** If you possess material nonpublic information, you must not buy or sell securities to which the information relates (except through pre-planned purchases and sales under a preapproved Rule 10b5-1 trading plan established when you were not aware of the material nonpublic information). Rule 10b5-1 trading plans are discussed further in the Company's Insider Trading Policy. You may contact the Legal Department with any questions about your ability to buy or sell securities.
- » **Do not engage in "tipping":** If you possess material nonpublic information, you must not provide other people (including family members and friends) with such information or recommend they trade securities.
- » **If applicable, comply with the trading reporting program:** Directors and certain officers are designated as "Reporting Persons" and have to comply with the Company's Section 16 Trading Reporting Program.
- » **Do not disclose material nonpublic information without permission:** You must comply with laws and regulations dealing with the disclosure of material nonpublic information. Generally, this means you must not disclose material nonpublic information, direct someone else to, or comment on rumors or speculation in securities markets. In particular, you must:
  - refer media inquiries to Corporate Communications at (314) 554-4135; and ensure communications with securities professionals and analysts regarding the Company are managed by the Chief Financial Officer.
- » **Do not engage in hedging:** You must not engage in any transactions designed to offset any decrease in the value of Company common stock (or other Company equity securities) held by you (directly or indirectly) or granted to you by the Company as part of your compensation.

Directors, certain officers and other co-workers are subject to certain additional restrictions in trading Company equity securities, as set out in the Company's Insider Trading Policy and the Company's Section 16 Trading Reporting Program.

## MEDIA STATEMENTS AND SOCIAL MEDIA

If you use social media, you are responsible for complying with the Company's social media policies and procedures. When you refer to the Company or your employment while using social media, you must:

- » Make it clear that the views you are expressing are your own and not the Company's;
- » Be professional, truthful and accurate;
- » Ensure you comply with all other Company policies;
- » Be respectful, fair and courteous and avoid using statements, photographs, video or audio that reasonably could be viewed as intentionally harming someone's reputation or contributing to a hostile work environment in violation of the law or Company policies; and
- » Not make any statement on behalf of the Company on social media, or to traditional media or any other outlet, without approval from Corporate Communications.

If you are asked by a person to comment on behalf of the Company and you are not specifically authorized to do so, you must refer the person to Corporate Communications.

## THE ENVIRONMENT

The Company is committed to protecting the environment and complying with all applicable laws, regulations, permit conditions and requirements. We believe that a sound environmental policy benefits our customers, shareholders and co-workers by enhancing the communities we serve. You must conduct the Company's business operations so as to comply with these laws and regulations, including permit conditions applicable to our facilities and other regulatory requirements.

Specifically, you should abide by the following principles in the course of your position with the Company:

- » Perform your job duties in a manner that facilitates the Company's compliance with environmental laws, permits, rules and regulations;
- » Consider environmental factors in planning and managing our operations and purchases;
- » Work to prevent pollution;
- » Reduce, reuse or recycle waste;
- » Monitor and improve environmental performance; and

- » Promote energy efficiency.

## HEALTH, SAFETY AND SECURITY

The Company's commitment to protecting our co-workers, the public and the environment is a corporate value. We take seriously our responsibility to conduct business in a manner that protects the safety, health and security of our co-workers, others involved in our operations and the people of the communities we serve. The following principles are intended to reflect this commitment:

- » **Comply with applicable laws, rules and regulations:** You must comply with all applicable health and safety laws, rules and regulations as well as the Company's health and safety policies at all times.
- » **Keep yourself and others safe:** You must work in a manner to prevent personal injuries to yourself and others, and hold others accountable for doing the same.
- » **Contribute to a safe working environment for everyone:** You must contribute to creating and maintaining a safe working environment consistent with the Company's commitments.
- » **Encourage Reporting:** Every co-worker has the right to report work-related injuries and illnesses; you must not discourage any co-worker from reporting or retaliate against any co-worker who reports a work-related injury or illness.

## FAIR EMPLOYMENT AND WORKPLACE PRACTICES

We are committed to the fair and equal treatment and consideration of all people in the workplace environment and in our business dealings. The following principles are intended to reflect this commitment:

- » **Equality and professionalism:** You must treat all people in our workplace and business dealings without regard to race, color, religion, sex, national origin, ethnicity, age, disability, genetic information, military service or status, pregnancy, marital status, sexual orientation, gender identity or expression, or any other factor protected by law. We expect you to always carry out your duties in a responsible and professional manner.
- » **No discrimination, harassment, intimidation or offensive material:** You must not unlawfully discriminate, harass or intimidate another co-worker, director, supplier, customer or anyone else who deals with the Company. The Company has no tolerance for any act, language or other material that makes a reasonable person feel unsafe, threatened, or intimidated or that harms another person in the workplace.
- » **Respect the safety of others:** You must not engage in any conduct that may make a reasonable person feel threatened, intimidated or unsafe. This could include carrying weapons or possessing or displaying inappropriate material.
- » **Report inappropriate conduct:** You must report, or take appropriate action to address, any conduct that may constitute unlawful discrimination or harassment. If you wish to report anonymously, you may call the Company's reporting hotline (1-866-294-5492). If you think you or someone else could be in immediate danger, call law enforcement officials right away. When it is safe to do so, please also call our Security Department.
- » **Speak up if you have a concern regarding compliance with workplace laws:** We are committed to complying with all applicable workplace laws and regulations. We encourage you to report to your supervisor, manager, human resources representative or human resources leader any concerns you may have regarding the Company's compliance with workplace laws. As an alternative, you can always report

- to the Company's hotline (1-866-294-5492) that also allows complete anonymity in reporting.
- » **Use communications tools appropriately:** We may monitor the use of the Company's networks, assets and communications tools. You must use these networks, assets and tools in an ethical and professional manner.
  - » **Protect confidential information:** Except as otherwise provided on page 4 (Reporting and Responding to Violations), you must ensure that any confidential information of co-workers, customers or others that you obtain in the course of your duties to the Company is kept confidential, not disclosed to any non-Company person without prior permission from the Company, and used only for legitimate business purposes and as required by your job.
  - » **Use Company vehicles responsibly:** If you drive a vehicle while on Company business, whether the vehicle is personally owned, Company-owned, rented or otherwise, you are responsible for the safe operation of the vehicle.
  - » **No gambling:** You must not participate in gambling or any games of chance on Company premises, while on Company business or using Company systems.
  - » **No smoking:** You must not smoke in or around any Company building, including around windows and ventilation intakes or in any posted areas where hazards may exist. You must not smoke in a multi-occupant Company vehicle (even if you are the only occupant) or while operating motorized equipment.
  - » **Use of alcohol, tobacco and other drugs:** You must comply with any laws, rules and regulations relating to the use of alcohol, tobacco and other drugs that may be applicable to you, as well as any applicable Company policies and collective bargaining agreement provisions. If you have questions regarding the laws, rules, regulations, policies or provisions that may apply to you, speak with your supervisor or contact the Legal Department for more information.
  - » **Acknowledge our right to conduct searches:** We have the right to conduct searches on all Company property or assets at any time. We may conduct unannounced drug and alcohol searches on Company premises and at Company events and we can require you to submit to alcohol and drug testing in some circumstances. This right extends to email and other communications made using your Company email address or Company-provided computers, phones or other devices.
  - » **Be responsible for your conduct outside of work:** If you engage in unlawful or serious misconduct, even if outside of work, that impacts the Company or its legitimate business interests, you may be subject to disciplinary action up to and including termination of employment.

## COMPETITION/ANTITRUST

The Company is committed to fair competition and fully supports laws prohibiting restraints of trade, unfair practices or abuse of economic power. To help the Company compete fairly, you must comply with these laws. Examples of practices that may be prohibited include:

- » Certain dealings with competitors;
- » Transactions and practices that unreasonably restrain trade or damage a competitor; and
- » Transactions that might be deemed to create or maintain a monopoly, such as agreements to fix prices; impose production restrictions; divide or allocate geographic markets; or to refuse to do business with a given vendor or customer.

You must promptly report to the Company's General Counsel any overture or suggestion made by a competitor to a Company co-worker, officer or director that the Company engage in a prohibited activity, such as price fixing or territorial allocations.

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## CORPORATE CITIZENSHIP, COMMUNITY AND CHARITABLE ACTIVITIES

The Company is committed to being a good corporate citizen and supporting the communities in which we live and work. We believe contributing to the community is of mutual benefit to the Company, our co-workers, officers and directors, and our community. In supporting community and charitable causes, you must:

- » Comply with our policies about conflicts of interest;
- » Not use company resources or your work time to volunteer without approval;
- » Not present yourself as a representative of the Company without approval;
- » Avoid soliciting charitable contributions from co-workers, including by using Company resources such as email, without approval in accordance with Company guidelines; and
- » Not disrupt the work environment.

## IMPLEMENTATION OF THESE PRINCIPLES, THE GUIDE AND OTHER COMPANY POLICIES

Our General Counsel, together with the Nominating and Corporate Governance Committee and the Audit and Risk Committee, have overall responsibility for these Principles, the Guide and our other Company policies (including their interpretation). The Guide sets out the responsibilities of certain co-workers and officers for implementing and maintaining effective programs to prevent and detect violations of law, the Guide and the Company's other policies, all of which are intended to reflect these Principles.

## ATTACHMENT: CERTIFICATE OF COMPLIANCE

The following certification will be completed electronically by all management co-workers, officers and directors during Ameren's annual certification process.

- I understand the Company's policies regarding reporting possible violations of Company policies and the Company's policy regarding non-retaliation against those reporting possible violations of any Company policy and agree to comply with the Company's Principles of Business Conduct (Principles).

I have reviewed and am familiar with the Principles and, during the period from January 1, 201\_\_ to December 31, 20\_\_, either:

- I am not aware of any violation of any policy, rule or principle set forth in the Principles (including by myself or any member of my immediate family); or
  - I have reported any violations of which I am aware either to my supervisor(s) or other appropriate person or anonymously as outlined in the Principles.
- I am either not aware of or have notified my supervisor of any co-worker or any co-worker's family member, who has an interest in a business entity, seeking to or doing business with Ameren or any of its affiliated companies.

Describe any exceptions to the foregoing:

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Co-worker, Officer or Director Name

---

Date

---





**APPENDIX 3****TAB Q**

**AMENDED AND RESTATED  
GENERAL SERVICES AGREEMENT**

**Between**

**AMEREN SERVICES COMPANY**

**and**

**UNION ELECTRIC COMPANY**

**THIS AMENDED AND RESTATED GENERAL SERVICES AGREEMENT**

(“Agreement”), effective as of this \_\_\_\_ day of \_\_\_\_\_, 2018, is entered into by and between **AMEREN SERVICES COMPANY** (“Service Company”), a Missouri corporation, and **UNION ELECTRIC COMPANY, d/b/a Ameren Missouri**, a Missouri corporation (“Ameren Missouri”), and each of their successors and assigns (Service Company and Ameren Missouri are referred to collectively as the “Parties”, and singularly as a “Party”), and amends and restates the General Services Agreement (“Agreement”) dated August 8, 2010 (as previously amended, restated, supplemented or otherwise modified from time to time) by and between the Parties and certain of the Parties’ affiliates.

**WITNESSETH:**

**WHEREAS**, Service Company and Ameren Missouri are direct subsidiaries of Ameren Corporation, which was a public utility holding company under the Public Utility Holding Company Act of 2005 (“PUHCA 2005”), which was administered by the Federal Energy Regulatory Commission (the “FERC”), and

**WHEREAS**, Ameren Missouri is organized and presently engaged in the business of providing state-regulated electric and gas utility service as a public utility in the State of Missouri; and

**WHEREAS**, Service Company was created as a centralized service company under PUHCA 2005, and is organized, staffed and equipped to provide to Ameren Missouri and its affiliates certain products and services as herein provided; and

**WHEREAS**, Ameren Missouri desires to receive various products and services from Service Company that are necessary or desirable to Ameren Missouri's operations and business, and Service Company is willing to provide such products and services; and

**WHEREAS**, Service Company also provides certain products and services to other affiliate companies (which, together with Ameren Missouri, are sometimes referred to herein individually as a "Client Company" or collectively as the "Client Companies"), and

**WHEREAS**, Service Company is willing to provide such products and services to the Client Companies at Service Company's fully distributed cost as defined in 4 CSR 240-20.015(1)(F) and 4 CSR 240-40.015(1)(F) using the cost allocation process described herein.

**NOW, THEREFORE**, in consideration of the premises and of the natural agreements herein, the Parties hereto agree as follows:

**Section 1      Agreement to Furnish Services**

Service Company agrees to furnish to Ameren Missouri upon the terms and conditions herein provided, the products and services selected by Ameren Missouri

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at such times, for such period and in such manner, as Ameren Missouri may from time to time request. Service Company will keep itself and its personnel available and competent to render to Ameren Missouri such products and services.

**Section 2 Products and Services to be Provided**

The products and services to be provided by Service Company hereunder may, upon request, include the products and services as set out in Service Company's Product and Services Catalog, as it may be amended from time-to-time. In addition to such products and services as specified in Service Company's Product and Services Catalog, Service Company shall provide such products and services as Ameren Missouri may request and Service Company determines it is able to provide.

**Section 3 Compensation of Service Company**

As compensation for the products and services provided by Service Company to Ameren Missouri, Ameren Missouri hereby agrees to pay to Service Company the cost of such services at Service Company's fully distributed cost.

Service Company costs will be classified into either a direct, direct allocated or indirect category. Direct costs are defined as costs that can be identified as being applicable to products or services provided to a single Client Company to which Service Company provides products and services. Costs applicable to a single Client Company will be directly charged to that Client Company. Costs applicable to two or more Client Companies, which are referred to as direct-allocated costs, will be distributed based on approved allocation factors. These factors will be assigned to a Service Request project (as defined in Section 4 below) based on the nature of the product or service being provided by Service Company. Service Request processing captures all of Service Company's costs and distributes the costs based on the allocation factor results.

Indirect Costs shall include those costs of a general overhead basis which cannot be identified solely to one of the Client Companies. These indirect costs are defined as either functional or corporate in nature. Functional indirect costs, such as office supplies and secretarial labor, will be accumulated by functional area and distributed to all the Client Companies based on the ratio of total direct and direct allocated costs charged to a single Client Company by a particular functional area as compared to all such costs charged to all the Client Companies. Indirect costs identified as corporate in nature, such as the Service Company's banking activities and rent, will be distributed to all the Client Companies based on the ratio of total direct and direct allocated costs charged to the each individual Client Company by Service Company as compared to all such costs charged to all Client Companies.

Overhead costs associated with labor, such as pensions, benefits and payroll taxes will be charged to a single Client Company based on Service Company labor costs charged to that Client Company.

Compensation to be paid by Client Companies shall include direct charges, indirect charges and Client Companies' pro rata share of Service Company's direct allocated costs.

All Service Company direct, allocated direct and indirect costs charged to Client Companies shall reflect the Service Company's actual, fully distributed costs. Moreover, notwithstanding anything to the contrary herein, Service Company shall allocate its direct, allocated direct and indirect costs to all Client Companies in a manner that does not cause any one Client Company, whether under this Agreement or any other agreement with a Client Company to which

Service Company may be a party, to subsidize the cost of any other Client Company receiving services from Service Company.

**Section 4      Service Requests**

Products and services will be provided in accordance with a Service Request system, consisting of work orders established to capture the various types of costs incurred by Service Company. Costs will be charged to the appropriate Service Request projects, which will then be the basis for the billing of costs to Client Companies.

**Section 5      Payment**

Payment shall be by making remittance of the amount billed. Payment shall be accomplished on a monthly basis, and remittance shall be completed within 45 days of the month ending for the provision of the product or service.

**Section 6      Client Companies**

Nothing in this Agreement shall be read to prohibit Client Companies from furnishing to each other products or services herein referred to under the same conditions and terms as set out for Service Company if allowed by applicable law or regulation, unless Client Companies have entered into a separate agreement or agreements for the furnishing of said products or services on different terms (i.e., at other than fully distributed cost using the cost allocation process outlined herein). Ameren Missouri may provide products or services to Service Company at Ameren Missouri's fully distributed cost.

**Section 7      Effective Date and Termination**

This Agreement is effective as of the date first written above and shall remain in effect until terminated by mutual agreement of the Parties. Notwithstanding the foregoing, any Party may terminate its participation in the Agreement by giving at least 60 days' written notice to the other Party.

This Agreement may also be terminated to the extent that performance may conflict with any rule, regulation or order of the FERC or the Missouri Public Service Commission, adopted before or after the making of this Agreement.

**Section 8 Assignment**

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

**Section 9 Appointment of Service Company as Agent**

Ameren Missouri hereby appoints Service Company as Ameren Missouri's agent to the extent necessary for Service Company to provide the products and services requested by Ameren Missouri and provided by Service Company as described in Section 2 above. Service Company shall maintain records that document its exercise of authority as Ameren Missouri's agent hereunder. If Service Company purchases (i.e., takes title to) various commodities and goods in its own name, it may resell (i.e., convey title to) such commodities and goods to Ameren Missouri in the course of providing such products and services at Service Company's cost. Service Company shall be accountable for all funds advanced or collected on behalf of Ameren Missouri in connection with its actions under this Agreement. The provision of products or services by Service Company pursuant to this Agreement and its actions as agent for Ameren Missouri shall in all cases and notwithstanding anything herein contained to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies, if any, having jurisdiction over Service Company or Ameren Missouri relating to such provision of goods or services.

**Section 10     Third Party Reliance on Agency Agreement**

Ameren Missouri has duly and properly appointed Service Company as its agent, with full power and authority to transact business on behalf of Ameren Missouri, including the purchase and sale of commodities and services on behalf of Ameren Missouri. In furtherance of the authority referred to above, Service Company has the right and power, whether or not under seal, to execute and deliver on behalf of Ameren Missouri such documents and agreements as may be required in such business transactions without delivering proof to any person of its authority to do so. Ameren Missouri will be legally bound by the terms of an agreement or contract entered into by Service Company on Ameren Missouri's behalf and Ameren Missouri will be solely responsible for satisfying any obligations undertaken by Service Company on Ameren Missouri's behalf under any such agreement or contract.

**Section 11    Records**

Records related to transactions under this agreement will be maintained in accordance with 18 C.F.R. §368, 4 CSR 240-20.015(4), (5) and (6), and 4 CSR 240-40.015(4), (5) and (6) and, in any event, for a period of not less than six years following a transaction under this Agreement, and shall document the costs of transactions, the methods used to assign costs, and descriptions of the services provided. Ameren Missouri may request access to and inspect the accounts and records of the Service Company, provided that the scope of access and inspection is limited to accounts and records to the extent necessary to ensure the appropriateness and accuracy of the allocation of Service Company costs. Notwithstanding the common accounting systems used by Service Company and Ameren Missouri, Ameren Missouri shall maintain its books, accounts and records separate from those of Service Company and other Client Companies.

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Company and Ameren Missouri shall maintain on a monthly basis books of accounts and supporting records in sufficient detail to verify compliance with the Missouri Affiliate Transactions Rule and Ameren Missouri's Cost Allocation Manual and, specifically, Ameren Missouri and Service Company shall ensure compliance with 4 CSR 240-20.015(5) and (6) and 4 CSR 240-40.015(5) and (6).

**Section 12 Customer Information**

Ameren Missouri customer information to which Service Company has access shall only be used by Service Company if specifically authorized by the customer in writing, or in Service Company's provision of utility-related services to Ameren Missouri or on Ameren Missouri's behalf as Ameren Missouri's agent. Any provision by Service Company of Ameren Missouri customer information to a third party without customer consent as allowed by the immediately preceding sentence shall only be provided under the following contractual terms:

- 1) the third-party entity shall be directed that the specific customer information is to remain sole property of Ameren Missouri;
- 2) the third-party entity shall be authorized to use the specific customer information solely to perform the contracted service;
- 3) the third-party entity shall be expressly prohibited from any other use of the specific customer information;
- 4) the third-party entity shall be directed to treat the specific customer information as confidential at all times; and
- 5) the third party shall, within ten (10) days following the receipt of a written request, deliver to Service Company all tangible materials containing or embodying the customer information; provided, that the portion of the customer information

which has been incorporated into analyses, compilation, comparisons, studies or other documents prepared by the third-party entity shall be held by the third party entity and kept confidential or shall be destroyed.

**Section 13      Confidentiality**

Service Company may utilize Ameren Missouri confidential information in the course of providing products or performing services for Ameren Missouri hereunder and, in so doing, shall maintain the confidentiality of Ameren Missouri confidential information. Service Company shall, before providing any such Ameren Missouri confidential information to any affiliated or unaffiliated person, firm, or entity, require any such person, firm, or entity to enter into such confidentiality agreements as are necessary to ensure that the confidentiality of such Ameren Missouri confidential information is maintained.

**Section 14      Entire Agreement**

This Agreement shall constitute the sole and entire agreement among the Parties with respect to Service Company's provision of products and services to Ameren Missouri and shall, with respect to such subject matter, supersede all previous agreements, proposals, oral or written, negotiations, representations, and commitments respecting such subject matter between the Parties.

**Section 15      Partial Invalidity**

Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such

provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

**Section 16 Waiver**

Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such Party may have against any other Party nor in any way to affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

**Section 17 Governing Law**

This Agreement shall be governed by, construed and interpreted pursuant to, the laws of the State of Missouri.

**Section 18 Dispute Resolution**

If there is a dispute between the Parties regarding a billing or other transactional matter, representatives of each Party will meet to resolve the issues. Managers and other executives of the Parties may also be consulted. In the event that a resolution cannot be reached, the issue will be referred to the Parties' respective senior management for final resolution. Documentation of disputes and resolutions will be maintained by Ameren Missouri including recommendations for changes to policies, procedures, and processes to assure adequate protections for Ameren Missouri in the future.

TAB Q  
APPENDIX 3

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of:

**AMEREN SERVICES COMPANY**

By \_\_\_\_\_  
Title \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Title \_\_\_\_\_

**UNION ELECTRIC COMPANY**

By \_\_\_\_\_  
Title \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Title \_\_\_\_\_

**Electric****Summary of Affiliated Transactions between Ameren Accelerator Investments LLC and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren Accelerator Investments LLC for Goods & Services:**None**Transactions Billed from Ameren Accelerator Investments LLC to Ameren Missouri for Goods & Services:**None***Summary of Affiliated Transactions between Ameren Development Company and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren Development Company for Goods & Services:**None**Transactions Billed from Ameren Development Company to Ameren Missouri for Goods & Services:**None***Summary of Affiliated Transactions between Ameren EIP Investment and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren EIP Investment for Goods & Services:**None**Transactions Billed from Ameren EIP Investment to Ameren Missouri for Goods & Services:**None***Summary of Affiliated Transactions between Ameren Corporation and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren Corporation for Goods & Services:**None**Transactions Billed from Ameren Corporation to Ameren Missouri for Goods & Services:**None***Summary of Affiliated Transactions between Ameren Transmission Company East and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren Transmission Company East for Goods & Services:**None**Transactions Billed from Ameren Transmission Company East to Ameren Missouri for Goods & Services:**None*

**Summary of Affiliated Transactions between Ameren Transmission Company Southwest and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Transmission Company Southwest for Goods & Services:*

*None*

*Transactions Billed from Ameren Transmission Company Southwest to Ameren Missouri for Goods & Services:*

*None*

**Summary of Affiliated Transactions between Ameren Transmission Company and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Transmission Company for Goods & Services:*

*None*

*Transactions Billed from Ameren Transmission Company to Ameren Missouri for Goods & Services:*

*None*

**Summary of Affiliated Transactions between QST Enterprises and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to QST Enterprises for Goods & Services:*

*None*

*Transactions Billed from QST Enterprises to Ameren Missouri for Goods & Services:*

*None*

**Summary of Affiliated Transactions between Ameren Services and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Services for Goods & Services:*

**Balance Sheet Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	146		\$ 26,841,854.68
1	154		\$ (257,278.17)
1	730		\$ (734,415.00)

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	419		\$ (544,948.21)
1	454		\$ (24,670,317.30)

*Transactions Billed from Ameren Services to Ameren Missouri for Goods & Services:*

**Balance Sheet Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	183		\$ 203,766.18
1	184		\$ 2,382,502.80

1	186		\$ 586,054.09
1	188		\$ 330,875.08
1	228		\$ 79,621.40
1	234		\$ (206,052,567.39)
1	303	0	\$ 16,398,099.86
1	312	5	\$ 226,811.75
1	352	5	\$ 14,189.00
1	364	0	\$ 49,772.24
1	374	0	\$ 20,413,858.03
1	379	0	\$ 11,852,984.17
1	391	0	\$ 11,960.42
1	701		\$ 5,056,042.36
1	705		\$ 182,362.00
1	707		\$ 3,472.13
1	709		\$ (298,785.00)

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	418		\$ 71.00
1	421		\$ 5,886.65
1	426		\$ 1,368,412.44
1	506		\$ 1,049,533.49
1	517		\$ 51.00
1	524		\$ 422,154.83
1	528		\$ 11,511.00
1	532		\$ 126.00
1	539		\$ 46,576.04
1	549		\$ 59,076.00
1	557		\$ 126,982.76
1	560		\$ 2,447,233.00
1	561		\$ 2,499,824.59
1	566		\$ 4,138,258.75
1	568		\$ 676,761.00
1	569		\$ 632,679.14
1	571		\$ 301,108.04
1	580		\$ 982,422.77
1	585		\$ 10,427.46
1	588		\$ 1,773,859.37
1	590		\$ 688,365.00
1	593		\$ 137,060.03
1	598		\$ 5,230.00
1	903		\$ 585,955.92
1	905		\$ 18,065.00
1	908		\$ 797,147.75
1	909		\$ 231,769.61
1	910		\$ 5,538.00
1	920		\$ 52,963,247.70
1	921		\$ 19,094,564.05
1	923		\$ 28,730,466.74
1	924		\$ 8,224.00
1	925		\$ 4,078,363.21
1	926		\$ 105,795.82

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1	928	\$ 9,884.52
1	930	\$ 4,142,916.67
1	931	\$ 10,684,255.34
1	935	\$ 997,109.51

**Note:**

The inventory account (154) is common to electric and gas and is reported as Utility 1 in the General Ledger. Therefore, a relatively small number of gas stock item affiliate transfers may be included in the electric CAM report. The appropriate amount of inventory and stock issues are included in the electric and gas rate cases.

**Note:** Accounts beginning with "7" represent clearing accounts that Ameren uses for Stores, Purchasing, Transportation, Tools, and Lab services. These accounts roll up to FERC account 163 (for Stores and Purchasing) and FERC account 184 (for all others).

**Note:**

Under Ameren Missouri's account hierarchy, account 374 is used to record indirect overhead capital charges. The FERC USoA defines account 374 as an asset retirement obligations (ARO) account. ARO amounts are recorded to a unique subaccount and appropriately reported within account 374 on FERC Form 1. The indirect overhead charges are reported as CWIP in SEC reports and in FERC, using FERC account 107. Indirect overhead expenditures charged to account 374 are project related and are cleared to the appropriate project upon its completion. AFUDC for account 374 indirect overhead charges is recorded in a separate account.

**Note:** Account 379 is used by Ameren Missouri to record indirect overhead capital charges.

**Note:**

UEC allocates a portion of accounts 921-935, excluding account 926 and some subaccounts of accounts 921 & 930 listed below, to gas operations. The allocation percentage to transfer common electric expenses to gas operations is based on the percentage of direct operating (O&M) labor for UEC gas operations for the previous calendar year ended to the total direct operating (O&M) UEC labor for the previous calendar year. This allocation happens after AMS charges are allocated to UEC. The subaccounts excluded are 921999 Non-SR Intercompany Billings, 9219LA Intercompany Billings - Loaders & Adders, 930128 A&G - General Advertising, 930130 A&G - Institutional Advertising, 930131 A&G - Institutional Advertising, 930135 A&G - Institutional Advertising and 9302EL Industry Association Dues - Electric Only.

**Note:**

UEC allocates a portion of account 926 to gas operations. The allocation percentage to transfer employee welfare expenses to gas operations is based on the percentage of total labor (O&M, capital and clearing labor) for UEC gas operations for the previous calendar year ended to the total UEC labor for the previous calendar year. This allocation happens after AMS charges are allocated to UEC.

**Note:** The amounts above do not net to zero as all amounts in accounts 146 & 234 (including gas transactions) are recorded in utility 1 (electric/common).

**Summary of Affiliated Transactions between Ameren Illinois and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Illinois for Goods & Services:*

**Balance Sheet Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	146		\$ 27,890,864.16

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1	154		\$ (2,403,657.61)
1	368	2	\$ (794,199.03)
1	368	7	\$ 14,019.84
1	370	2	\$ (9,757.25)
1	370	7	\$ 359.36
1	392	2	\$ (23,257.36)
1	392	7	\$ 8,327.77
1	750		\$ (436,800.00)

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	421		\$ (617,510.00)
1	447		\$ (22,995,277.50)
1	454		\$ (503,295.00)
1	457		\$ (114,769.38)
1	557		\$ (600.00)

*Transactions Billed from Ameren Illinois to Ameren Missouri for Goods & Services:*

**Balance Sheet Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	154		\$ 3,008,292.83
1	234		\$ (4,773,534.53)
1	368	2	\$ 165,871.93
1	368	7	\$ (3,294.98)
1	370	2	\$ 102,040.54
1	370	7	\$ (8,088.30)
1	374	0	\$ 860,160.65

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	539		\$ 9,935.88
1	548		\$ 13,674.56
1	549		\$ 187,354.00
1	563		\$ 896.85
1	593		\$ 96,572.83
1	921		\$ 1,855.23

**Note:**

The inventory account (154) is common to electric and gas and is reported as Utility 1 in the General Ledger. Therefore, a relatively small number of gas stock item affiliate transfers may be included in the electric CAM report. The appropriate amount of inventory and stock issues are included in the electric and gas rate cases.

**Note:** Accounts beginning with "7" represent clearing accounts that Ameren uses for Stores, Purchasing, Transportation, Tools, and Lab services. These accounts roll up to FERC account 163 (for Stores and Purchasing) and FERC account 184 (for all others).

**Note:**

Under Ameren Missouri's account hierarchy, account 374 is used to record indirect overhead capital charges. The FERC USoA defines account 374 as an asset retirement obligations (ARO) account. ARO amounts are recorded to a unique subaccount and appropriately reported within account 374 on FERC Form 1. The indirect overhead charges are reported as CWIP in SEC reports and in FERC, using FERC account 107. Indirect overhead

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expenditures charged to account 374 are project related and are cleared to the appropriate project upon its completion. AFUDC for account 374 indirect overhead charges is recorded in a separate account.

**Note:**

UEC allocates a portion of accounts 921-935, excluding account 926 and some subaccounts of accounts 921 & 930 listed below, to gas operations. The allocation percentage to transfer common electric expenses to gas operations is based on the percentage of direct operating (O&M) labor for UEC gas operations for the previous calendar year ended to the total direct operating (O&M) UEC labor for the previous calendar year. This allocation happens after AMS charges are allocated to UEC. The subaccounts excluded are 921999 Non-SR Intercompany Billings, 9219LA Intercompany Billings - Loaders & Adders, 930128 A&G - General Advertising, 930130 A&G - Institutional Advertising, 930131 A&G - Institutional Advertising, 930135 A&G - Institutional Advertising and 9302EL Industry Association Dues - Electric Only.

**Note:** The amounts above do not net to zero as all amounts in accounts 146 & 234 (including gas transactions) are recorded in utility 1 (electric/common).

**Summary of Affiliated Transactions between Medina Valley Cogen Company and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Medina Valley Cogen Company for Goods & Services:*

**Balance Sheet Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	146		\$ 102,641.83

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Amount</u>
1	457	\$ (102,641.83)

*Transactions Billed from Medina Valley Cogen Company to Ameren Missouri for Goods & Services:*

*NONE*

**Summary of Affiliated Transactions between Ameren Transmission Company of Illinois and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Transmission Company of Illinois for Goods & Services:*

**Balance Sheet Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	146		\$ 23,862.83
1	154		\$ (21,723.34)

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Amount</u>
1	457	\$ (2,139.49)

*Transactions Billed from Ameren Transmission Company of Illinois to Ameren Missouri for Goods & Services:*

*NONE*

**Summary of Affiliated Transactions between Missouri Central Railroad and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Missouri Central Railroad for Goods & Services:  
Balance Sheet Transactions*

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
1	143		\$ 4,676.40

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Amount</u>
1	921	\$ (4,676.40)

*Transactions Billed from Missouri Central Railroad to Ameren Missouri for Goods & Services:  
NONE*

**Gas****Summary of Affiliated Transactions between Ameren Accelerator Investments LLC and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren Accelerator Investments LLC for Goods & Services:**None**Transactions Billed from Ameren Accelerator Investments LLC to Ameren Missouri for Goods & Services:**None***Summary of Affiliated Transactions between Ameren Development Company and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren Development Company for Goods & Services:**None**Transactions Billed from Ameren Development Company to Ameren Missouri for Goods & Services:**None***Summary of Affiliated Transactions between Ameren EIP Investment and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren EIP Investment for Goods & Services:**None**Transactions Billed from Ameren EIP Investment to Ameren Missouri for Goods & Services:**None***Summary of Affiliated Transactions between Ameren Corporation and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren Corporation for Goods & Services:**None**Transactions Billed from Ameren Corporation to Ameren Missouri for Goods & Services:**None***Summary of Affiliated Transactions between Ameren Transmission Company East and Ameren Missouri  
For Twelve Months Ended December 31, 2017***Transactions Billed from Ameren Missouri to Ameren Transmission Company East for Goods & Services:**None**Transactions Billed from Ameren Transmission Company East to Ameren Missouri for Goods & Services:**None*

**Summary of Affiliated Transactions between Ameren Transmission Company Southwest and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Transmission Company Southwest for Goods & Services:*  
*None*

*Transactions Billed from Ameren Transmission Company Southwest to Ameren Missouri for Goods & Services:*  
*None*

**Summary of Affiliated Transactions between Ameren Transmission Company and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Transmission Company for Goods & Services:*  
*None*

*Transactions Billed from Ameren Transmission Company to Ameren Missouri for Goods & Services:*  
*None*

**Summary of Affiliated Transactions between QST Enterprises and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to QST Enterprises for Goods & Services:*  
*None*

*Transactions Billed from QST Enterprises to Ameren Missouri for Goods & Services:*  
*None*

**Summary of Affiliated Transactions between Ameren Services and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Services for Goods & Services:*

**Balance Sheet Transactions**

*None*

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
2	493		(634,896.00)

*Transactions Billed from Ameren Services to Ameren Missouri for Goods & Services:*

**Balance Sheet Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
2	303	0	\$ 410,669.85
2	324	0	\$ 523,089.48
2	329	0	\$ 1,487,999.35

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
2	421		\$ 16,184.00
2	426		\$ 44,882.00
2	870		\$ 871.00
2	880		\$ 24,700.00
2	885		\$ 226,418.20
2	903		\$ 207,688.00
2	905		\$ 3,309.00
2	908		\$ 37,661.00
2	909		\$ 14,836.83
2	910		\$ 599.00
2	920		\$ 4,908,329.23
2	921		\$ 144,235.75
2	923		\$ (5,332.14)
2	925		\$ 17,782.13
2	930		\$ 39,038.00
2	931		\$ 619,106.00

Note: Accounts 324 and 329 are used by Ameren Missouri to record indirect overhead capital charges.

Note: UEC allocates a portion of accounts 921-935, excluding account 926 and some subaccounts of accounts 921 & 930 listed below, to gas operations. The allocation percentage to transfer common electric expenses to gas operations is based on the percentage of direct operating (O&M) labor for UEC gas operations for the previous calendar year ended to the total direct operating (O&M) UEC labor for the previous calendar year. This allocation happens after AMS charges are allocated to UEC. The subaccounts excluded are 921999 Non-SR Intercompany Billings, 9219LA Intercompany Billings - Loaders & Adders, 930128 A&G - General Advertising, 930130 A&G - Institutional Advertising, 930131 A&G - Institutional Advertising, 930135 A&G - Institutional Advertising and 9302EL Industry Association Dues - Electric Only.

Note: The amounts above do not net to zero as all amounts in accounts 146 & 234 (including gas transactions) are recorded in utility 1 (electric/common).

**Summary of Affiliated Transactions between Ameren Illinois and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Illinois for Goods & Services:*

**Balance Sheet Transactions**

*None*

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
2	493		\$ (14,448.00)

*Transactions Billed from Ameren Illinois to Ameren Missouri for Goods & Services:***Balance Sheet Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
2	381	2	\$ 451.19
2	381	7	(\$8.46)

**Income Statement Transactions**

<u>Utility</u>	<u>Major</u>	<u>Trantype</u>	<u>Amount</u>
2	880		\$ 333,101.38
2	931		\$ 4,718.40

**Note:** The inventory account (154) is common to electric and gas and is reported as Utility 1 in the General Ledger. Therefore, a relatively small number of gas stock item affiliate transfers may be included in the electric CAM report. The appropriate amount of inventory and stock issues are included in the electric and gas rate cases.

**Note:** UEC allocates a portion of accounts 921-935, excluding account 926 and some subaccounts of accounts 921 & 930 listed below, to gas operations. The allocation percentage to transfer common electric expenses to gas operations is based on the percentage of direct operating (O&M) labor for UEC gas operations for the previous calendar year ended to the total direct operating (O&M) UEC labor for the previous calendar year. This allocation happens after AMS charges are allocated to UEC. The subaccounts excluded are 921999 Non-SR Intercompany Billings, 9219LA Intercompany Billings - Loaders & Adders, 930128 A&G - General Advertising, 930130 A&G - Institutional Advertising, 930131 A&G - Institutional Advertising, 930135 A&G - Institutional Advertising and 9302EL Industry Association Dues - Electric Only.

**Note:** The amounts above do not net to zero as all amounts in accounts 146 & 234 (including gas transactions) are recorded in utility 1 (electric/common).

**Summary of Affiliated Transactions between Medina Valley Cogen Company and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Medina Valley Cogen Company for Goods & Services:*

None

*Transactions Billed from Medina Valley Cogen Company to Ameren Missouri for Goods & Services:*

None

**Summary of Affiliated Transactions between Ameren Transmission Company of Illinois and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Ameren Transmission Company of Illinois for Goods & Services:*

None

*Transactions Billed from Ameren Transmission Company of Illinois to Ameren Missouri for Goods & Services:*

None

**Summary of Affiliated Transactions between Missouri Central Railroad and Ameren Missouri  
For Twelve Months Ended December 31, 2017**

*Transactions Billed from Ameren Missouri to Missouri Central Railroad for Goods & Services:*  
*None*

*Transactions Billed from Missouri Central Railroad to Ameren Missouri for Goods & Services:*  
*None*

**1 APPENDIX 5**

**2 CONTRACTS WITH AFFILIATES<sup>6</sup>**

**3 (To be made available to Staff upon request))**

- 4 1. General Services Agreement, as amended. AMS, UEC.\*\***
- 5 2. Utility Money Pool Agreement as amended, dated September 30, 2004.\*\***
- 6 3. ILL-MO Pool Agreement between Ameren Missouri and Ameren Illinois,**
- 7 dated February 28, 1972.**
- 8 4. Facility Use Agreement between Ameren Missouri and Ameren Illinois, dated**
- 9 May 2, 2005. \*\***
- 10 5. Amended and Restated Tax Allocation Agreement, dated September 30,**
- 11 2004.\*\***
- 12 6. Parallel Operating Agreement between Ameren Missouri (as assigned) and**
- 13 Ameren Illinois in connection with Ameren Missouri's Pinckneyville generating station,**
- 14 dated November 9, 1999.**
- 15 7. Parallel Operating Agreement between Ameren Missouri (as assigned) and**
- 16 Ameren Illinois in connection with Ameren Missouri's Kinmundy generating station, dated**
- 17 May 1, 2001.**
- 18 8. Parallel Operating Agreement between Ameren Missouri (as assigned) and**
- 19 Ameren Illinois in connection with Ameren Missouri's Raccoon Creek generating station,**
- 20 dated April 9, 2002.**

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<sup>6</sup> \*\*Denotes transactions where the exchange of goods, services, or property is ongoing.

TAB Q  
APPENDIX 5

1           9. Interconnection and Operating Agreement between Ameren Missouri (as  
2 assigned) and Ameren Illinois in connection with Ameren Missouri's Goose Creek  
3 generating station, dated August 26, 2003.

4           10. Large Generator Interconnection Agreement between Ameren Missouri,  
5 Ameren Illinois, and MISO in connection with Ameren Missouri's Venice generating  
6 station, dated May 2, 2005.

7           11. Energy Supply Agreement between Ameren Missouri and Ameren Illinois  
8 dated May 5, 2014 for the period June 1, 2014 through February 28, 2017. \*\*

9           12. Energy Supply Agreement between Ameren Missouri and Ameren Illinois  
10 dated April 2, 2015 for the period June 1, 2015 through June 30, 2017. \*\*

11          13. Energy Supply Agreement between Ameren Missouri and Ameren Illinois  
12 dated September 17, 2015 for the period March 1, 2016 through March 31, 2018. \*\*

13          14. Joint Use Agreement between Ameren Missouri and Ameren Transmission  
14 Company of Illinois dated September 6, 2018.

15          15. Transmission Electrical Maintenance and Construction Agreement between  
16 Ameren Missouri and Ameren Transmission Company of Illinois for the period August 1,  
17 2017 through June 30, 2019.\*\*

18          16. Confirmation Agreement between Ameren Missouri and Ameren Illinois  
19 Company dated May 2, 2016. \*\*

20          17. Confirmation Agreement between Ameren Missouri and Ameren Illinois  
21 Company dated September 19, 2016. \*\*

## TAB Q

### 1 APPENDIX 6

#### 2 MONEY POOL – AFFILIATED DEBT, INVESTMENT, and CASH 3 MANAGEMENT

##### 4 Affiliated and Non-Affiliated Debt

5 Ameren Missouri shall report annually each affiliate transaction event when it  
6 borrows money from affiliated lenders at interest rates higher than available from non-  
7 affiliated lenders or pays off outstanding non-affiliated debt which charges lower interest  
8 rates than is charged by outstanding affiliate debt. Either situation requires a variance  
9 request from 4 CSR 240-20.015(2)(A)1 and 2 and 4 CSR 240-20.015(2)(D). For each  
10 such transaction Ameren Missouri shall provide the justification for Ameren Missouri  
11 entering into such a transaction.

12 Ameren Missouri shall identify the transactions and the interest rates when it invests  
13 money with an affiliate at a rate lower than the rate available from a non-affiliate.

14 No transactions currently meet these conditions.

##### 15 Cash Management

16 The parties (UEC, affiliated entities, and non-affiliated entities) may enter into one  
17 or more arrangements providing for the central collection, management, investment and  
18 disbursement of cash by a party. Any such cash management arrangement shall be fully  
19 consistent with the “UEC best pricing standards” of the Affiliate Transactions Rule and  
20 shall not provide a preferential service (information, treatment or actions from UEC giving  
21 an affiliated entity an unfair advantage over its competitors). If such cash management  
22 arrangement is established, then it shall be pursuant to the guidelines of the MoPSC  
23 approved CAM, including the following:

TAB Q  
APPENDIX 6

1                     (a) the parties participating in such arrangement shall  
2 establish appropriate inter-company accounts to track the amount of  
3 cash transferred and/or received by each party to such arrangement  
4 and the pro rata portion of the earnings received or interest paid by  
5 each such party from the investment or borrowing of cash; and

6                     (b) the party responsible under the arrangement for the  
7 management and investment of such cash shall establish a separate  
8 account or accounts for such purpose, which account(s) and the  
9 records associated therewith shall clearly indicate that other parties  
10 have an interest in said account(s) and the proceeds thereof and  
11 shall not be subject to set-off by the bank or other institution holding  
12 the same except to the limited extent respecting recovery of  
13 expenses arising from the management, handling and investment of  
14 the account(s).

## APPENDIX 7

TAB Q

Name of Respondent Union Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2017/Q4
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## Transactions with Associated (Affiliated) Companies

1. Report below the information called for concerning all goods or services received from or provided to associated (affiliated) companies amounting to more than \$250,000.
2. Sum under a description 'Other', all of the aforementioned goods and services amounting to \$250,000 or less.
3. Total under a description "Total", the total of all of the aforementioned goods and services.
4. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.

Line No.	Description of the Good or Service (a)	Name of Associated/Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2	Energy Delivery Technical Services	Ameren Services Company	See Footnote	2,402,680
3	Controller	Ameren Services Company	See Footnote	29,304,403
4	Safety and Supply Services	Ameren Services Company	See Footnote	12,497,685
5	Treasurer	Ameren Services Company	See Footnote	3,047,368
6	Corporate Strategy and Innovation	Ameren Services Company	See Footnote	5,589,247
7	Human Resources	Ameren Services Company	See Footnote	11,307,900
8	Executive	Ameren Services Company	See Footnote	3,334,215
9	Information Technology	Ameren Services Company	See Footnote	81,374,271
10	Environmental Services	Ameren Services Company	See Footnote	3,066,711
11	Legal, Fed Policy, Crisis Mgmt and Security	Ameren Services Company	See Footnote	13,812,082
12	Ameren Services Center	Ameren Services Company	See Footnote	4,503,296
13	Financial Services	Ameren Services Company	See Footnote	1,537,073
14	Trans Ops Plan Policy and Reg	Ameren Services Company	See Footnote	16,068,040
15	Corporate Communications	Ameren Services Company	See Footnote	5,612,458
16	Corporate Internal Audit	Ameren Services Company	See Footnote	1,678,059
17	Corporate Tax	Ameren Services Company	See Footnote	2,364,275
18	Ops Oversight and Cont Improvement	Ameren Services Company	See Footnote	8,398,332
19	Other under \$250k	Ameren Services Company	See Footnote	154,450
20	Goods or Services Provided for Affiliated Company			
21	Rental Income	Ameren Services Company	454,493	25,305,213
22	Vehicle usage by affiliate	Ameren Services Company	184	734,415
23	Interest Income	Ameren Services Company	419	544,948
24	Stores Inventory transfers	Ameren Services Company	154	257,278
25	Rental Income	Ameren Illinois Company	454,493	510,492
26	Laboratory services	Ameren Illinois Company	184	436,800
27	Stores Inventory transfers	Ameren Illinois Company	154	2,403,658
28	Other under \$250k	Ameren Illinois Company	457,557	115,369
29	Transfer of utility assets	Ameren Illinois Company	368,370,392,421,454	1,429,268
30	Power Supply Agreement	Ameren Illinois Company	447	22,995,278
31	Other under \$250k	Ameren Transmission Company of Illinois	154,457	23,863
32	Other under \$250k	Medina Valley Cogen	457	102,642
33	Other under \$250k	Missouri Central Railroad	457	4,676
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Schedule TMB-R1  
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## TAB Q - APPENDIX 7

Name of Respondent Union Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2017/Q4
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## Transactions with Associated (Affiliated) Companies (continued)

Line No.	Description of the Good or Service (a)	Name of Associated/Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2	Stores Inventory Transfers	Ameren Illinois Company	154	3,008,293
3	Engineering and Construction Support	Ameren Illinois Company	154,549,593,880,931	1,481,907
4	Transfer of utility assets	Ameren Illinois Company	368,370,381	256,972
5	Other under \$250k	Ameren Illinois Company	539,548,563,921	26,363
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20	Goods or Services Provided for Affiliated Company			
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Schedule TMB-R1

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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year/Period of Report
Union Electric Company		/ /	2017/Q4
FOOTNOTE DATA			

**Schedule Page: 358 Line No.: 2 Column: c**

Account(s) Charged: 107, 188, 364, 426, 566, 580, 588, 590, 593, 880, 885, 920, 921, 925, 930

**Schedule Page: 358 Line No.: 2 Column: a**

Goods and services provided by Ameren Services Company are allocated via one of the following allocation methodologies:

#### Direct

In addition to the allocation factors listed below, appropriate direct allocations are made for costs benefiting a single Client Company or Other Client Company.

#### Indirect

Functional and Corporate Indirect allocations are also made to all affiliates. Indirect Costs include those costs of a general overhead basis which cannot be identified to a single Client Company or group of Client Companies.

#### Operational Composite – Sales, Customers and Employees

Based on equal weighting of Sales (kwh & dekatherm), number of customers, and number of employees.

#### Corporate Composite

Based on an equal weighting of Revenues (total), Assets (total), and Labor (total) allocation factors.

#### Number of Customers

Based on the number of customers.

#### Number of Employees

Based on the number of employees.

#### Labor

Based on the Labor for the most recent calendar year.

#### Total Capitalization

Based on total operating company capitalization value.

#### Total Assets

Based on total assets at the end of the most recent calendar year.

#### Gross Plant-in-Service plus Construction Work In Progress (CWIP)

Based on the Gross Plant-in-Service plus CWIP.

#### Construction Expenditures

Based on construction expenditures.

#### Forecasted Capital Expenditures

Based on the 3-year total forecast for capital expenditures, as included in Ameren's most recent board-approved capital expenditure budget.

#### Forecasted Transmission Capital Expenditures

## TAB Q - APPENDIX 7

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year/Period of Report
Union Electric Company		1 /	2017/Q4
FOOTNOTE DATA			

Based on the 3-year total forecast for transmission capital expenditures, as included in Ameren's most recent board-approved capital expenditure budget.

**Peak Load (electric)**

Based on the average 12 month coincidental peak for the 12 months ending June of the prior year.

**Peak Load (gas)**

Based on the highest daily send out in therms.

**Gas Throughput**

Based on gas throughput in dekatherms.

**Electric Net Output**

Based on the total electric net output.

**Current Tax Expense**

Based on yearly tax expenses for each operating company.

**Number of Vehicles**

Based on the number of vehicles.

**Number of General Ledger Transactions**

Based on number of general ledger transactions.

**Number of Accounts Payable Vouchers**

Based on number of accounts payable vouchers.

**Number of Active Projects**

Based on the number of active projects.

**Number of Major Projects**

Based on the number of projects greater than \$25 million.

**Number of Managed PCs**

Based on the number of PCs managed by Information Technology.

**Non-Fuel Expenditures**

Based on the dollar expenditures of non-fuel transactions.

**Computer Server Usage-Other than UNIX**

Based on the number of computer non-UNIX servers assigned to an operating company.

**Computer Server Usage-UNIX**

Based on the number of UNIX computer servers assigned to an operating company.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year/Period of Report
Union Electric Company		/ /	2017/Q4
FOOTNOTE DATA			

**Storage Device Usage**

Based on the storage device usage by a Client Company or business segment, a ratio will be determined.

**Governmental Affairs**

Based on the information by Ameren's Governmental Affairs organizations as to what companies and/or business segments will be supported in the coming year.

**Transmission Circuit Miles**

Based on the number of transmission circuit miles in service at the end of the most recent calendar year.

**Number of MISO Transmission Companies**

Based on the number of companies that are Transmission Owners in MISO.

**Number of Transmission Substations in Service**

Based on the number of transmission substations in service at the end of the most recent calendar year.

**Undivided Interest**

Based on the fractional ownership of an asset, a pre-determined allocation will be calculated.

**Schedule Page: 358 Line No.: 3 Column: c**

Account(s) Charged: 107, 163, 421, 426, 588, 593, 908, 920, 921, 923, 930, 931, 935

**Schedule Page: 358 Line No.: 4 Column: c**

Account(s) Charged: 107, 163, 183, 186, 352, 364, 421, 426, 557, 566, 588, 593, 598, 920, 921, 923, 925, 930, 935

**Schedule Page: 358 Line No.: 5 Column: c**

Account(s) Charged: 107, 183, 426, 903, 920, 921, 923, 924, 925, 930, 931

**Schedule Page: 358 Line No.: 6 Column: c**

Account(s) Charged: 107, 183, 188, 312, 426, 506, 539, 580, 588, 590, 908, 920, 921, 923, 930

**Schedule Page: 358 Line No.: 7 Column: c**

Account(s) Charged: 107, 163, 426, 588, 593, 908, 920, 921, 923, 926, 930

**Schedule Page: 358 Line No.: 8 Column: c**

Account(s) Charged: 107, 163, 426, 566, 588, 908, 920, 921, 930

**Schedule Page: 358 Line No.: 9 Column: c**

Account(s) Charged: 107, 183, 184, 188, 303, 391, 418, 426, 524, 528, 532, 557, 561, 566, 569, 580, 585, 588, 590, 598, 870, 885, 920, 921, 923, 930, 935

**Schedule Page: 358 Line No.: 10 Column: c**

Account(s) Charged: 107, 183, 312, 426, 506, 524, 539, 549, 566, 920, 921, 923, 925, 930

**Schedule Page: 358 Line No.: 11 Column: c**

Account(s) Charged: 107, 183, 186, 312, 426, 566, 588, 920, 921, 923, 925, 928, 930

**Schedule Page: 358 Line No.: 12 Column: c**

Account(s) Charged: 107, 163, 426, 903, 920, 921, 923, 930, 935

**Schedule Page: 358 Line No.: 13 Column: c**

Account(s) Charged: 107, 426, 566, 920, 921, 923, 928, 935

**Schedule Page: 358 Line No.: 14 Column: c**

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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2017/Q4
FOOTNOTE DATA			

Account(s) Charged: 107, 183, 188, 303, 426, 560, 561, 566, 568, 569, 571, 580, 588, 590, 593, 920, 921, 923

**Schedule Page: 358 Line No.: 15 Column: c**

Account(s) Charged: 107, 426, 588, 593, 908, 909, 910, 920, 921, 923, 930

**Schedule Page: 358 Line No.: 16 Column: c**

Account(s) Charged: 107, 163, 183, 303, 426, 524, 580, 588, 590, 905, 920, 921, 923, 930

**Schedule Page: 358 Line No.: 17 Column: c**

Account(s) Charged: 107, 183, 588, 920, 921, 923, 930

**Schedule Page: 358 Line No.: 18 Column: c**

Account(s) Charged: 107, 163, 183, 303, 524, 557, 566, 569, 580, 585, 588, 590, 593, 908, 920, 921, 923

**Schedule Page: 358 Line No.: 19 Column: c**

Account(s) Charged: 107, 184, 228, 391, 506, 517, 524, 539, 561, 566, 588, 880, 920, 921, 923, 925

**TAB Q**

**1 APPENDIX 8**

**2 LIST OF AFFILIATE MARKETING MATERIAL SHARING UEC'S NAME,  
3 LOGO, OR TRADEMARK DISTRIBUTED DURING REPORTING PERIOD**

4 List of affiliate marketing materials sharing UEC's name, logo, or trademark  
5 distributed to market or advertise goods or services to Missouri residents during the  
6 reporting period with Ameren Missouri contact information for review of the material if  
7 copies are not provided in this Appendix 8. There are currently no such materials.

**TAB Q**

**1 APPENDIX 9**

**2 LIST AND EXPLANATION<sup>7</sup> OF TRANSACTIONS WITH AFFILIATES  
3 WITHOUT A CONTRACT**

4	Transactions from Ameren Illinois to Ameren Missouri ("AMO")	
5	Intercompany billing project charges	\$1,481,907
6	Storeroom issues & handling charges	\$3,008,293
7	Electric service for AMO assets in IL	\$26,363
8	Transfer meters & line transformers	\$256,972
9		
10	Transactions from Ameren Missouri to Ameren Illinois	
11	Intercompany billing project charges	\$114,769
12	Rent	\$398,172
13	Storeroom issues & handling charges	\$2,403,658
14	Lab testing	\$436,800
15	Land sale	\$624,761
16	Training expenses	\$600
17	Transfer meters & line transformers	\$804,507
18		
19	Transactions from Ameren Missouri to Ameren Services	
20	Transportation expense	\$734,415
21	Property rental	\$17,498,376
22	Software rental	\$7,806,837
23	Storeroom issues & handling charges	\$257,278
24		
25	Transactions from Ameren Missouri to Ameren Transmission Company of Illinois	
26	Intercompany billing project charges	\$2,139
27	Storeroom issues & handling charges	\$21,723
28		
29	Transactions from Ameren Missouri to Medina Valley Cogen Company	
30	Intercompany billing project charges	\$102,642
31		
32	Transactions from Ameren Missouri to Missouri Central Railroad	
33	Intercompany billing project charges	\$4,676

<sup>7</sup> Contracts for all transactions expected to be implemented in 2018.

## TAB Q

### 1 APPENDIX 10

#### 2 FULLY DISTRIBUTED COST ("FDC") ALLOCATION

3       4 CSR 240-20.015(1)(F) states: Fully distributed cost (FDC)  
4 means a methodology that examines all costs of an enterprise in  
5 relation to all the goods and services that are produced. FDC  
6 requires recognition of all costs incurred directly or indirectly used to  
7 produce a good or service. Costs are assigned either through a  
8 direct or allocated approach. Costs that cannot be directly assigned  
9 or indirectly allocated (e.g., general and administrative) must also be  
10 included in the FDC calculation through a general allocation.

11       In the Rule, FDC is an embedded cost methodology with a top-down approach  
12 designed to determine a specific service or good's<sup>8</sup> costs from the entity's total costs. A  
13 properly conducted FDC study is based on the principle of cost causation to the highest  
14 degree possible for direct charge or indirect assignment.

#### 15 AMS FDC Methodology

16       AMS will provide UEC annually a study documenting AMS' FDC consistent with 4  
17 CSR 240-20.015(1)(F) and 4 CSR 240-40.015(1)(F). The study will be used to provide  
18 UEC assurance that the AMS products and services provided to UEC are not subsidizing  
19 AMS products and services that are being provided to UEC affiliates.

#### 20 AMS Allocations

21       AMS allocates all of the Company's costs to the Ameren affiliate that is receiving  
22 that product or service. AMS utilizes the service request number to allocate and charge  
23 costs to the affiliates. A service request is a project used to accumulate AMS charges and

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<sup>8</sup> AMS products and services included in the Products & Services catalog.

1    allocate them appropriately to the correct affiliates. Costs specifically related to one  
2    affiliate are billed directly to that affiliate. AMS will provide its services to UEC in  
3    accordance with the General Services Agreement included as Tab Q, Appendix 3. AMS  
4    costs are classified as direct, direct allocated, or indirect. Direct costs are defined as costs  
5    that can be identified as being applicable to services performed for a single affiliate and  
6    are directly charged to that affiliate. Costs that are direct allocated are applicable to two  
7    or more affiliates and will be allocated among affiliates based on a prescribed allocation  
8    factor. The allocation factor is designed to allocate costs to the appropriate affiliate.

9              Indirect costs will be allocated on a functional or corporate allocation to all affiliates.  
10         Indirect costs shall include those costs of a general overhead basis which cannot be  
11         identified to a single affiliate or group of affiliates. These indirect costs are defined as  
12         either functional or corporate in nature. Functional indirect costs will be accumulated by  
13         functional area and distributed to affiliates based on the ratio of total direct and direct  
14         allocated costs charged to the affiliates by a particular functional area as compared to all  
15         such costs charged to all affiliates. Indirect costs identified as corporate in nature will be  
16         distributed to affiliates based on the ratio of total direct and direct allocated costs charged  
17         to the affiliate by AMS as compared to all such costs charged to all affiliates. Indirect  
18         overhead costs associated with labor, such as pensions, OPEBs, and payroll taxes are  
19         charged to affiliates based on AMS labor costs directly or indirectly charged to affiliates.

20         **Specific AMS Billings**

21              As noted in the overview provided in Tab A, AMS provides products and services  
22         to affiliates. Products are provided or services are performed when needed for these  
23         entities, the fully distributed cost of providing the good or service is determined consistent

TAB Q  
APPENDIX 10

1 with the Rule and billed to the affiliate, in accordance with the variances outlined in Tab G  
2 or as otherwise granted by the MoPSC under the variance provisions of the Rule.

3           AMS bills labor charges and related loading costs (such as pensions, other  
4 employee benefits (OPEBs), and other loadings) incurred when needed by its affiliates.  
5 AMS employees record their time by service request and activity code in a time-entry  
6 system which allows for payroll to be accurately assigned to the proper affiliate and the  
7 product or service being provided.

8           New service requests are routed to an officer of UEC for approval through the work  
9 order approval process. The methodology for the calculation of allocation factors are  
10 reviewed annually by an officer of UEC prior to the allocation factors being updated  
11 annually.

12 **Purchasing Rate Loading**

13           A purchasing rate is added to purchase order invoices to allocate the Purchasing  
14 Department's costs. The rate is determined by reviewing current and anticipated  
15 Purchasing Department costs and expected purchase orders. A cost study will be  
16 performed to determine whether purchase cost are better correlated on a purchase order  
17 base, type of purchase order, dollar amount of purchase order or a combination of these  
18 factors. The study results will support the basis upon which purchasing costs will be  
19 charged. The cost study will be updated every five (5) years until a change in the  
20 purchasing process is made. The study results are reviewed annually.

1   **Inventory Handling Loading**

2           An inventory handling charge is added to the accounting used for inventory  
3   issuances to allocate inventory expenses. A cost study will be performed to determine  
4   whether inventory handling costs are better correlated on a spending basis (per order vs.  
5   dollar amount) and issue basis or other factors. The study results will support the basis  
6   upon which inventory handling/loading costs will be assigned. The cost study will be  
7   updated every five (5) years unless a change in the inventory handling/loading process is  
8   made. The study results are reviewed annually. The rate from the cost study results is  
9   monitored and adjusted as necessary.

10   **Transportation Loading**

11          A monthly base rate, which includes depreciation, licenses, and taxes on vehicles,  
12   is developed for each vehicle class annually. Every vehicle is assigned to a payroll  
13   department and charged a base amount each month along with directly assigned fuel and  
14   maintenance expenses. The monthly charges are allocated over labor accounting based  
15   on labor hours in payroll departments that have vehicles assigned to them. Rates are  
16   monitored and adjusted as necessary.

17   **Benefits Loading**

18          Pension and OPEB, Social Security, Employee Benefits, and Injuries and Damages  
19   expenses are loaded to current month's labor accounting. The percentage is reviewed  
20   quarterly.

1   **Actual Income Tax Expense**

2           The portion of actual income tax expense related to lobbying will follow the lobbying  
3   expense and be recorded below the line.

4   **Money Pools**

5           The costs to administer the money pool will be direct charged to the borrowing  
6   company.

7   **Project Management**

8           Costs should be directly or indirectly assigned to the projects that are being  
9   supported.

10   **Intercompany Company Billings**

11          While a high percentage of all affiliate transactions engaged in by UEC (in terms of  
12   both the number of transactions and dollars involved) are transactions between UEC and  
13   AMS, UEC engages in certain affiliate transactions with its non-AMS affiliates. These are  
14   primarily for transactions involving storm support, inventory transfers, equipment transfers,  
15   building rentals, and energy/capacity sales. See Tab G for related variances; such  
16   transactions not falling within an approved variance will comply with the Rule.

17   **Intercompany Services**

18          When UEC performs work for an affiliate, or vice versa, the work performed is  
19   charged to an intercompany billing project. Intercompany billing projects are set up in the  
20   project management system. The system accumulates charges by intercompany billing  
21   project, and once per month generates a billing from the affiliate that incurred the cost to  
22   the affiliate for which work is being performed. The billing is approved by an officer of the

1 company that is being billed for the services. Payment for the services occurs in the month  
2 following the month in which the services were performed. The billing process and the  
3 amount billed will be comparable to manner used when providing these services to a non-  
4 affiliate per the EEI Mutual Assistance Agreement. An intercompany billing administrative  
5 overhead adder is applied when work is performed for an affiliate. When work is performed  
6 for a non-affiliate, the administrative overhead charges are tracked and billed.

7 **Intercompany Exchanges of Goods**

8 In addition to work performed and billed through intercompany billing projects in the  
9 project management system, UEC and other affiliates at times enter into transactions for  
10 the exchange of goods such as inventory and equipment. These charges are included on  
11 the monthly intercompany bill and approved by an officer of the company that is being  
12 billed for the goods. Inventory transfers will be done at the average cost of the inventory.  
13 Asset transfers will be at the net book value. See Tab B regarding asset transfers.

14 **Intercompany Software Rentals**

15 For software acquired by one affiliate that is needed by one or more other affiliates,  
16 depending upon the usage rate and the nature of the software, an annual rental may be  
17 appropriate with the non-owning affiliate(s).

1   **Building Rents**

2         For buildings that are owned by UEC, to the extent that employees from another  
3         affiliate are based in that building, rent shall be charged to the non-owning affiliate. For  
4         the St. Louis General Office Building, the charges shall be based on the space being used  
5         by the affiliate and their proportionate share of common space as well as the commercial  
6         tariff rate for the energy used by affiliate with consideration of common space. A lease  
7         shall be entered at FDC based on space study that will occur every five years. The space  
8         study of the St. Louis General Office Building will be completed in 2018. Thereafter, a  
9         lease will be put in place for the St. Louis General Office Building reflecting the space study  
10        results. These charges shall be included on the monthly intercompany bill in accordance  
11        with lease and tariff terms.

12   **Miscellaneous Intercompany Items**

13         There are a few other miscellaneous services that are provided to affiliates that are  
14         not included in the project management system. For example, UEC provides lab testing  
15         services for other affiliates at an amount that includes the cost of labor, supervision,  
16         building maintenance, chemicals and consumables. These charges shall be included on  
17         the monthly intercompany bill and approved by an officer of the company that is being  
18         billed for the services. An annual true-up will also be done for these charges.

19   **Other Transaction Information**

20         See Tab Q, Appendices 4 and 5 for a Summary of Affiliated Transactions and  
21         Contracts with Affiliated Entities, respectively.

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### 1 APPENDIX 11

#### 2 MARKET VALUATION

3       The pricing standards (subsection (2)) and the evidentiary standards (subsection  
4 (3)) in the Rule are intended to prevent Missouri regulated electric and gas utilities from  
5 subsidizing their affiliates, and apply to transactions not covered by a variance set forth  
6 in Tab G or otherwise in accordance with 4 CSR 240-20.015(10) and 4 CSR 240-  
7 40.015(10).

8       The Rule is predicated on the utility acting in the utility's best interests when dealing  
9 with affiliates or its non-regulated activities. Except in cases where a variance from the  
10 pricing standards is appropriate, if a utility provides a product/good, service, asset, or  
11 information to an affiliate at its FDC when the FMP is greater than that cost, the utility  
12 would experience an opportunity loss while its affiliate would extract the higher FMV from  
13 the transaction. FMP is interrelated with FDC. The FMP standard also protects UEC  
14 from compensating an affiliate for a good or service at the affiliate's FDC but the good or  
15 service is not needed or could be purchased from a non-affiliate for less cost. While a  
16 good or service may have some benefit to an entity, a net benefit comparison is needed  
17 to justify whether the transaction should occur or not. A transaction that has a benefit  
18 may be subsidizing the affiliate if the related benefit is not commensurate with the cost of  
19 the good or service. A net benefit test is not equivalent to a need test. A good or service  
20 which has a benefit but is not needed would have a positive FMP only if the benefit value  
21 exceeds the costs. The FMP is positive only when value of the benefit exceeds the costs.  
22 The Rule, without a variance, would preclude the affiliate from providing goods or services

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1 to the utility for any compensation when the net benefit test is zero or negative. In  
2 circumstances where the net benefit test is zero or negative, no additional FMP work is  
3 required. If the net benefit test is positive, then the utility would need to determine whether  
4 the net benefit would be greater if the utility acquired the good or services itself or  
5 purchased the good or service from a nonaffiliated entity.

6         The Missouri affiliate transaction compensation provisions set out below are  
7 designed to prevent a Missouri utility from engaging in affiliate transactions that are not  
8 in the utility's best interest. The following discussion of FDC and FMP applies to affiliate  
9 transactions not exempted by a variance.

10         **Fully Distributed Costs ("FDC"):** FDC as referred to in this CAM has the  
11 meaning given that phrase in 4 CSR 240-20.015(1)(F) and 4 CSR 240-40.015(1)(F), as  
12 follows: FDC means a methodology that examines all costs of an enterprise in relation to  
13 all the goods and services that are produced. FDC requires recognition of all costs  
14 incurred directly or indirectly used to produce a good or service. Costs are assigned  
15 either through a direct or allocated approach. Costs that cannot be directly assigned or  
16 indirectly allocated (e.g., general and administrative) must also be included in the FDC  
17 calculation through a general allocation.

18         FDC is relevant in two areas of UEC's affiliate transactions. First, its relationship  
19 to FMP will establish the pricing basis for the transaction on the books. Second, it will  
20 help detect the possibility that costs related to other goods and services are included in  
21 the FDC charge to UEC for a good or service. The Affiliate Transactions Rule FDC  
22 definition requires UEC and any affiliate charging FDC to examine all costs of the entity  
23 in relation to all the goods and services the entity produces. UEC will produce its FDC

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1 on this basis and will require its affiliates charging UEC FDC in its contract that the affiliate  
2 must calculate FDC on this basis, maintained as an affiliate record. See Tab Q, Appendix  
3 10 for further FDC detail.

4           **Fair Market Price ("FMP"):** The FMP is relevant in this CAM as to whether  
5 1) FMP is greater than FDC when UEC is providing a good or service to an affiliate and  
6 2) FMP is less than FDC when UEC is receiving a good or service from an affiliate. Thus,  
7 the relationship between FMP and FDC. FMP as used in this CAM is the price that would  
8 be paid to acquire a good or service in an orderly transaction (i.e., not a forced liquidation  
9 or distressed sale) between market participants at or near the measurement date, under  
10 current market conditions. Except to the extent a variance applies, the fair market price  
11 will be used to document the pricing of goods and services in transactions involving UEC  
12 and its affiliates or its unregulated operations, if any.

13           4 CSR 240-20.015(3)(A): When a regulated electrical corporation  
14 purchases information, assets, goods or services from an affiliated  
15 entity, the regulated electrical corporation shall either obtain  
16 competitive bids for such information, assets, goods or services or  
17 demonstrate why competitive bids were neither necessary nor  
18 appropriate. [See 4 CSR 240-40.015(3)(A)]

19           In developing current comparable market prices, benchmarking, if approved by the  
20 MoPSC, may be used. The transaction to sell a good or provide a service at FMP is  
21 considered from the perspective of a market participant that holds the good or provides  
22 the service. The objective is to determine the price that would be received to sell or paid  
23 to acquire the good or service at or near the date of the transaction. The buyer's situation  
24 would also be a factor in the determination of FMP. Thus a FMP is needed when the  
25 Ameren procurement policy and procedure is not applicable or cannot be followed.

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1        An analysis that shows that the FMP of the good or service being provided to UEC  
2        is greater than the FDC price being charged can be used to support compliance with the  
3        Affiliate Transactions Rule. In addition an analysis that shows that the FMP of the good  
4        or service UEC is providing to an affiliate is less than the FDC price being charged can  
5        be used to support compliance with the Affiliate Transactions Rule. Such a situation  
6        should be studied to determine whether this transaction should be terminated and the  
7        affiliate acquire the good or service from non-affiliates. In the event there are other factors  
8        that justify the transaction, the study can satisfy the FMP requirement for a specified time  
9        period before any update is needed. Another alternative is a subsection (10) Variance.

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Owner/Sponsor	Approval
Steve Kidwell Vice President, Corporate Planning	Mark C. Birk Senior Vice President, Corp Planning & Oversight

### Enterprise Risk Management

#### 1.0 Purpose

The purpose of Ameren's Enterprise Risk Management (ERM) Policy is to establish responsibilities for embedding risk/opportunity awareness and management techniques into Ameren's planning and decision making processes. The objectives of the ERM process are to:

1. Ensure the achievement of corporate objectives consistent with the overall risk tolerance of the organization
2. Establish processes for risk and opportunity identification and mitigation that are consistently applied across the organization
3. Integrate risk/opportunity assessment into key decision making at all levels
4. Effectively mitigate significant risks and achieve opportunity value
5. Increase accountability for risk/opportunity identification, assessment and mitigation/execution as part of the corporate culture
6. Identify evolving risks and opportunities

Ameren has committed to the effective management of enterprise risk and opportunity identification, which is critical to the success of the Company. Ameren's approach to enterprise risk is strategic in nature; being integrated into management's planning and decision processes, and embraces all forms of risk. Toward that end, the Company's approach to risk/opportunity management will embody the following principles:

1. Good risk management practices will be embedded in business processes and will be an integral part of the Company's planning, performance management and internal control processes. The ERM group within Corporate Planning will facilitate this effort through the use of corporate-wide teams.

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2. The identification and management of risk/opportunity is the responsibility of employees at all levels throughout the Company.
3. A key requirement for effective risk management is the development of a comprehensive and consistent management framework to ensure that risks and opportunities are identified, reported, and managed in an effective manner. The framework includes standard definitions, identification/assessment templates, risk mitigation and opportunity execution criteria, and an oversight/review process. Standards for information capture, storage, and reporting are followed.  
Risk/opportunity assessment principles are incorporated into capital allocation processes. The overall goal for the framework is to ensure there are consistent, rigorous processes for analyzing the corporation's overall risk tolerance and opportunity value, and ensuring they are managed to be within that tolerance and the company's strategic goals. The intention of the framework is to provide for leading practices in risk management.

The overriding aim is to adopt a risk management culture which recognizes that the consideration of risk/opportunity is integral to all decisions that are made by employees at all levels of the Company. Employees at all levels need to have an appreciation of the risks/opportunities related to their operations and their role in identifying, assessing and mitigating them.

**2.0 Scope**

- 2.1 This policy applies to all Ameren companies and all Ameren company employees.
- 2.2 All employees need to have an appreciation of the risks/opportunities related to their operations, and their role in identifying, assessing and mitigating them. The overriding goal is to adopt a risk management culture which recognizes that the consideration of risk/opportunity is integral to all decisions that are made by employees at all levels of the Company.

**3.0 Definitions**

- 3.1 Enterprise Risk Management – the culture, processes and structures that are directed towards the effective management of potential opportunities and threats to the achievement of Ameren's business objectives

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- 3.2 Enterprise Risk Management Framework/Methodology – set of guidelines that provide a methodology for designing, implementing, monitoring, reviewing, and continually improving risk/opportunity management throughout Ameren
- 3.3 Execution – Actions taken to manage the value of an opportunity
- 3.4 Key Profile (generally deemed as red) – risks and/or opportunities critical to a segment's and the Company's achievement of its objectives
- 3.5 Mitigation – Actions taken to manage the potential impact of a risk
- 3.6 Nominal Profile (generally deemed as green) – risks and/or opportunities that are acceptable to the organization
- 3.7 Opportunity - A condition or situation, a positive set of circumstances, or a set of events that has a positive financial impact on the corporation.
- 3.8 Prevalent Profile (generally deemed as yellow) – risks and/or opportunities for which adequate risk management is important for a segment or the Company to achieve its objectives
- 3.9 Risk – An event that could occur and adversely affect the achievement of objectives; including missed opportunities within Ameren's core business operations. Note – the word risk will be used interchangeably to refer to both threats and opportunities.
- 3.10 Risk Tolerance – The acceptable levels of variation relative to the achievement of objectives, or the amount of risk that management is willing to accept.

#### **4.0 Policy Requirements**

All Ameren companies shall follow the appropriate process/methodology for Enterprise Risk Management with an understanding that it is an integral part of the basic elements of an internal control framework. These processes will be reviewed quarterly and approved by the Ameren business Segment Owners. While it is recognized that the methodology may need to be tailored based on such factors as size, scope, complexity, type of risk/opportunity, etc., all methodologies shall minimally include the following elements:

##### **1) Identify**

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- Objective setting
- Risk/opportunity identification
- Characterization of risk

**2) Assess**

- Determine the profile (i.e. the expected consequences of specific types of attacks on specific assets)
- Risk/Opportunity assessment
- Prioritize risks and opportunities
- Response and mitigation/execution plans
- Determine necessary measures based on strategic alignment

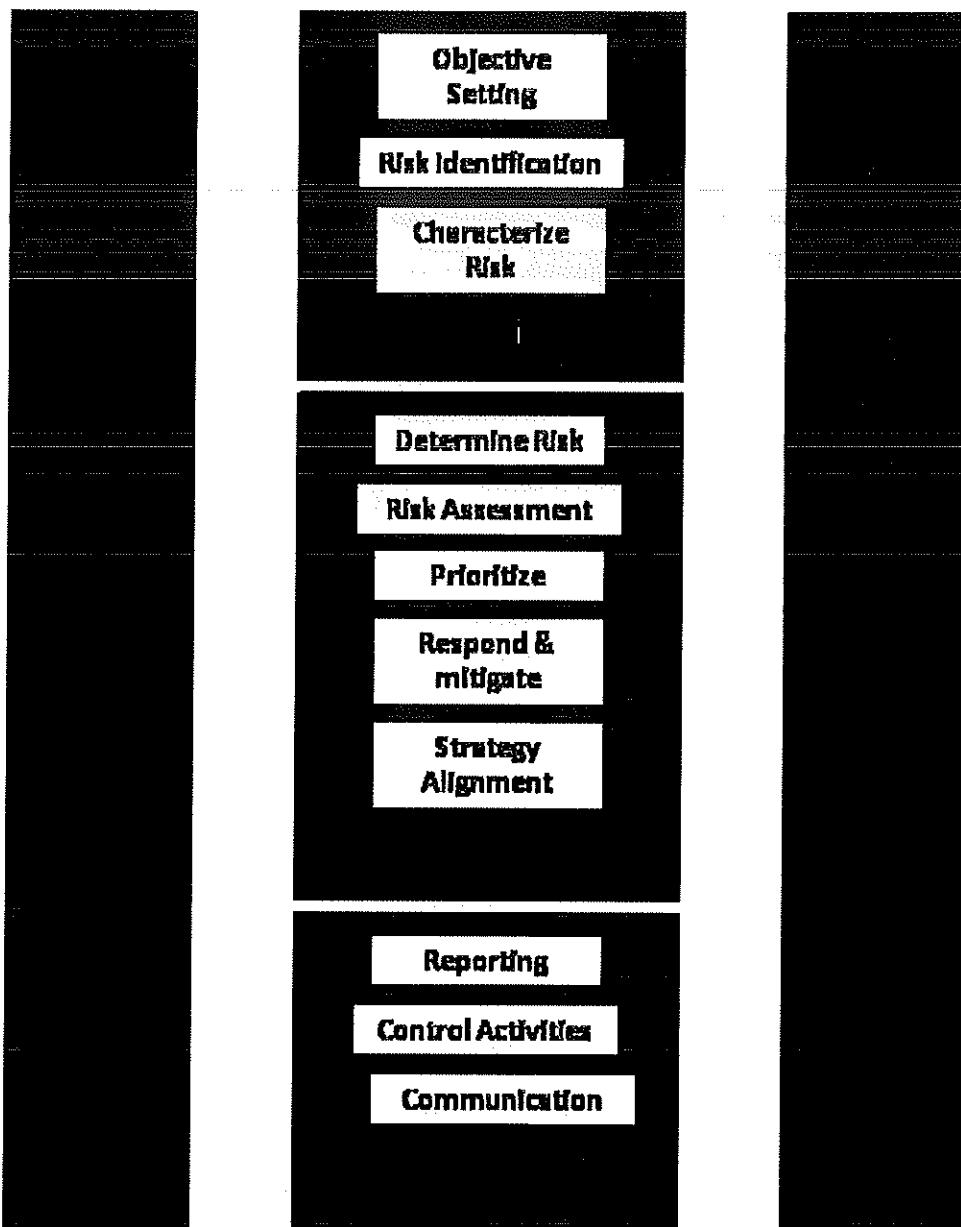
**3) Manage**

- Reporting – function, segment, and company perspective
- Control Activities – Oversight of the ERM process by the ELT and Board Committees, audit of mitigation strategies, quality reviews of the ERM
- Communication of results – Periodic updates/status to segment CEO's, the ELT and appropriate Board Committees

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Schematically, the enterprise risk management methodology/process is depicted in the following diagram:



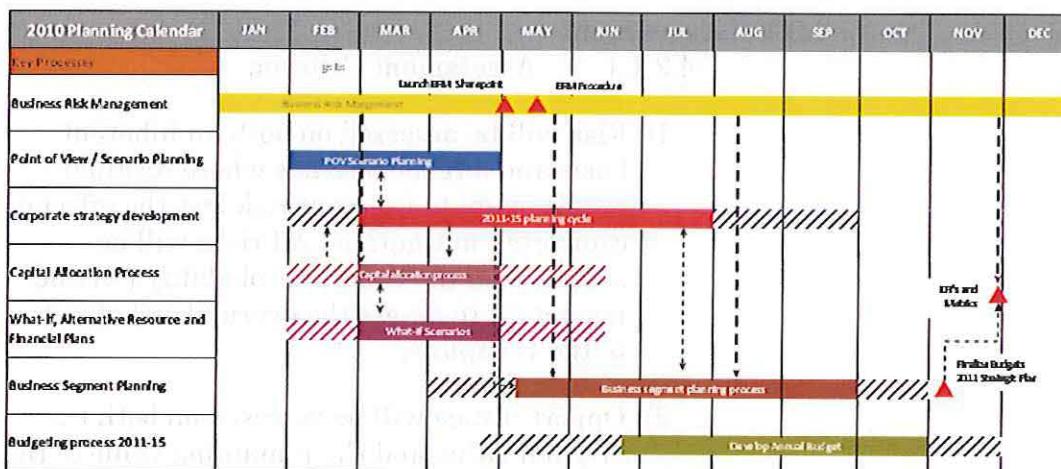
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#### 4.1 **Identify:**

##### 4.1.1 Objective setting

4.1.1.1 This is the strategic, organizational and risk management context against which the rest of the risk management process will take place. ERM will be integral to corporate objectives, business planning, budgeting, and KPI's. See Graph 1 below for the ERM connections to strategic planning.



Graph 1 – sample 5 year calendar

##### 4.1.2 Risk/opportunity identification

###### 4.1.2.1

This is the identification of what, why and how events arise as the basis for further analysis. Anyone can identify an event.

###### 4.1.2.2

After an event has been identified, the risk/opportunity will be entered via the corporate wide risk system. Items to be identified include a profile title, the profile category, profile type (subcategory), the profile owner,

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description of each profile,  
segment/function information, and  
various measurement criteria.

**4.1.3 Characterization of risk/opportunity**

**4.1.3.1** In order to maintain a common language and standard approach to risk management, Ameren will classify all enterprise risks/opportunities into one of six categories (Profile Category) with appropriate subcategories (Profile Type).

**4.2 Assess:**

**4.2.1 Assessment**

**4.2.1.1 Assessment Criteria:**

- 1) Risk will be assessed on both an inherent basis and a residual basis where residual risk is equal to inherent risk less the effect of completed mitigation. All risks will be assessed on the basis of probability (%) and impact (\$) to assess the overall level of risk to the Company.
- 2) Opportunities will be assessed on both the original value and the remaining value of the event. All opportunities will be assessed on the basis of missing the opportunity (%) and loss potential (\$) to assess the overall level of risk to the Company.
- 3) Based on these dimensions each risk/opportunity (on a residual minus tolerance basis and remaining value basis) will be quantified and mapped into profile designations (heat map categories) in accordance with the Company's risk/opportunity thresholds.

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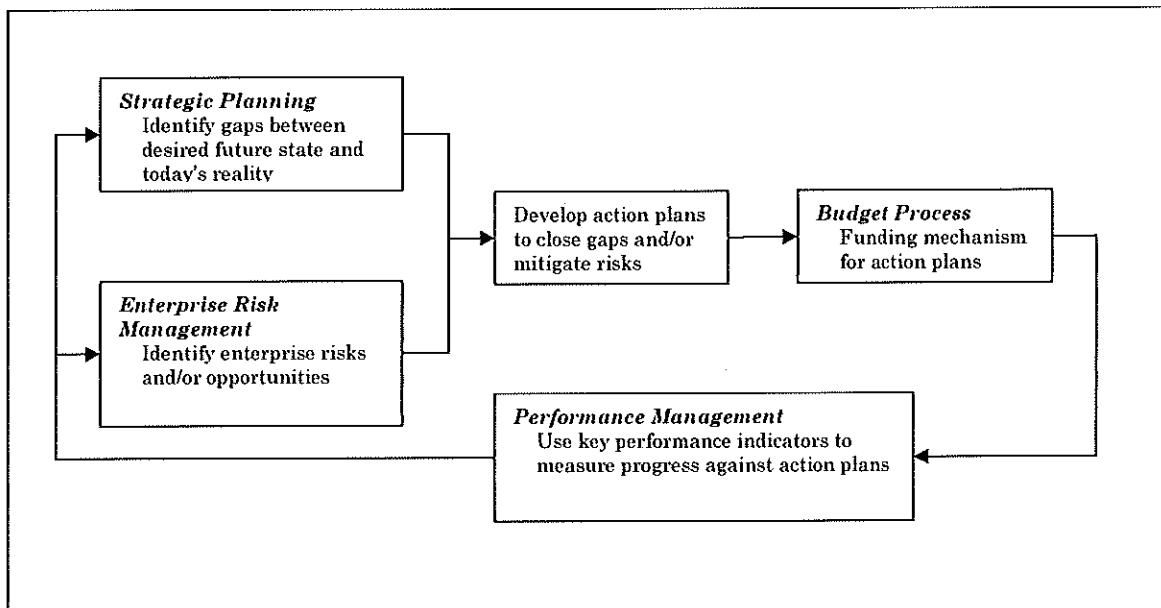
4.2.2 Prioritize risks and opportunities – Other template fields such as probability and impact description, impact timing, and mitigation, will enable the events to be ranked and prioritized.

4.2.3 Response and mitigation/execution plans

4.2.3.1 Mitigation/execution plans will be developed for all risks. The Key and Prevalent Risks/Opportunities will contain a detailed plan with timing and mitigation/execution steps. The plans for each profile will include funding considerations. Nominal risks/opportunities may or may not have a mitigation plan if the function or segment is within their tolerance level.

4.2.4 Determine necessary measures based on strategic alignment

4.2.4.1 Continue to integrate into business planning process, budget process, and strategic alignment.



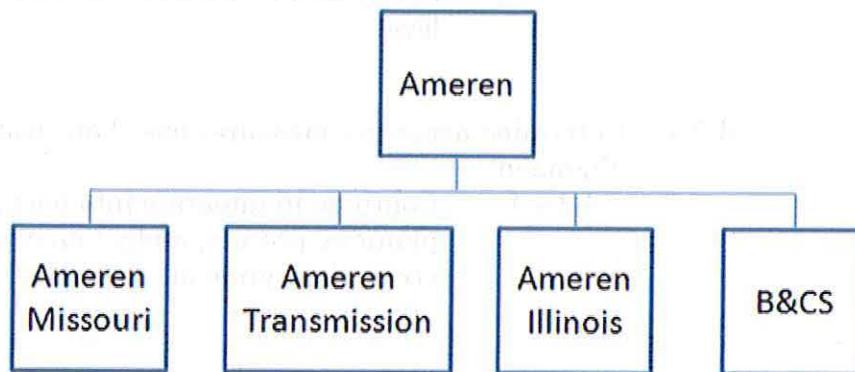
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**4.3 Manage:**

**4.3.1 Reporting**

**4.3.1.1 Basic reporting structure will be:**



**4.3.2 Control Activities -** This is the oversight and review of the risk management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the risk management process.

**4.3.3 Communication of results -** Appropriate communication and consultation with internal and external stakeholders should occur at each stage of the risk management process as well as on the process as a whole.

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**5.0 Deviations**

- 5.1 Deviations from this policy require a waiver approved by the appropriate Ameren Segment officer with notification and review by the Senior Vice President, Corporate Planning and Oversight.

**6.0 Enforcement**

- 6.1 Violators of this policy may be subject to disciplinary action up to and including termination.

**7.0 Corporate Implementing Procedure**

- 8.1 Procedures and instructions for compliance with this policy are included in the Enterprise Risk Management Procedure AMN-ADM-4017.

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#### 2 EFFECTIVE ENFORCEMENT

3       Effective enforcement of the Rule will be facilitated through an interrelated set of  
4 internal controls, criteria, rules, guidelines, policies, and procedures that UEC will  
5 implement to provide reasonable assurance that it is complying with and can demonstrate  
6 its compliance with the Rule. Key elements of these controls include the Control  
7 Environment, Risk Assessment, Control Activities, Information, and Communication.

8       The Control Environment sets the tone for UEC. The Control Environment is  
9 designed to establish the foundation for the criteria, rules, guidelines, policies, and  
10 procedures that UEC will implement to achieve reasonable assurance that it is complying  
11 with the Rule's requirements, subject to approved variances. The Control Environment  
12 includes (1) UEC considering Rule compliance to be a component of the integrity and  
13 ethical behavior expected of its employees; (2) UEC implementation philosophy being a  
14 total commitment to Rule compliance, including UEC top management and board of  
15 directors fully supporting total Rule compliance; and (3) UEC operating within an  
16 organizational structure including the assignment of authority and responsibility, job  
17 descriptions, objectives, and incentives that are designed to achieve compliance with the  
18 Rule. In order to create an appropriate Control Environment UEC must make a compelling  
19 and convincing argument to its employees and vendors of UEC's commitment to  
20 compliance with the Rule. If UEC does not convince its employees of its total commitment  
21 to compliance with the Rule, then compliance will not be achieved.

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1        As an element of its Control Environment and Control Activities, by February 1,  
2    2019, UEC will have a fully-functioning UEC CAM Team consisting of the necessary  
3    number of trained employees to oversee the operations and management of its affiliate  
4    transactions solely from an UEC perspective, not an AMC perspective. The UEC CAM  
5    Team will ensure that all affiliate transactions are either consistent with the Rule, as  
6    promulgated, or comply with the terms of the variances outlined in Tab G of this CAM and,  
7    where applicable, that UEC otherwise has followed the variance procedures provided for  
8    in the Rule for any non-complying affiliate transactions engaged in by UEC. See 4 CSR  
9    240-20.015(10)(A)2 and 4 CSR 240-40.015(10)(A)2.

10       Another element of UEC's Control Environment is the commitment that future UEC  
11    CAM submittals will (1) identify the UEC management position that is responsible for the  
12    overall governance and enforcement of the UEC CAM preparation and implementation of  
13    criteria, guidelines, and procedures necessary to provide full compliance with the Rule,  
14    consistent with variances outlined in Tab G of this CAM or variances otherwise granted by  
15    the MoPSC and (2) include an attestation that adequate performance evaluations have  
16    occurred through audits and tests to ensure full compliance with the Rule in the reported  
17    period.

18       The UEC CAM Team will create and maintain a Risk Assessment addressing  
19    possible events/potential actions that would result in noncompliance with the Rule. The  
20    UEC CAM Team will take the necessary steps to ensure that all of UEC's affiliate  
21    transactions comply with the Rule or applicable variances that are in place. Additional  
22    steps would include Information and Communication necessary to prevent or rectify  
23    noncompliance. Information is the content and direction that is needed within UEC to

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1 inform individuals of the detailed requirements needed to comply with the Rule.  
2 Communication is the method used to convey content and direction to the specific  
3 individuals performing affiliate transaction activities. For example, if UEC detects non-  
4 compliance with the Rule, then the UEC CAM Team must determine the information and  
5 communication that needs to be conveyed to specific UEC personnel to prevent a repeat  
6 of this non-compliance in the future.

7 Any time there is an addition or a deletion of an affiliated entity, or non-regulated  
8 activity operated as a UEC division, the UEC CAM Team will be consulted regarding  
9 impacts of this change on the Rule requirements. The UEC CAM Team will be notified  
10 within five business days of an addition or a deletion of an affiliated entity or non-regulated  
11 activity operated as a UEC division. Written notice of all additions to or deletions of  
12 affiliated entities/non-regulated activities will be submitted in writing to the MoPSC Staff  
13 Counsel's Office within thirty (30) days of the event occurring.

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**2 SUBSTANTIVE CHANGES NOT INCLUDED IN PUBLIC FILINGS**  
**3 REFERENCED IN PUBLIC LINKS**

**4 Reporting of significant/substantive changes since the last CAM filing not included**  
**5 in public filings such as filings with the U.S. SEC. Links to public filings with public links**  
**6 will be provided to the MoPSC. See Tab H.**

**EXHIBIT B**  
**AMEREN MISSOURI SUPPORT**  
**FOR GOOD CAUSE FOR VARIANCES**  
**STIPULATION AND AGREEMENT**  
**File No. EO-2017-0176**

Ameren Missouri provides the following in support of its request that the Commission find that good cause exists to grant the variances outlined in Tab G of the Cost Allocation Manual for its electric and gas operations attached as Exhibit A to the Stipulation to which this Exhibit B is attached. Item B.8.iv. below is a variance from provisions of the electric Affiliate Transactions Rule only. The other variances below are variances from certain provisions of the electric and gas Affiliate Transactions Rules:

**A. Variance for Transactions Between Ameren Missouri and Ameren Services**

1. Since the Commission's approval of the merger of Union Electric Company (now d/b/a Ameren Missouri) and Central Illinois Public Service Company ("CIPS") in 1997, Ameren Missouri has received significant corporate and administrative support services from its affiliate, Ameren Services, which was also formed at that time. Ameren Services is a not-for-profit Missouri corporation,<sup>1</sup> which provides its services at cost, without any mark-up or profit component. It was formed to take advantage of synergies gained when Ameren Missouri and CIPS merged because there were numerous redundant functions at each of Ameren Missouri and CIPS that could more cost-effectively be combined into one service company. These include functions such as accounting, legal, environmental, building management, information technology, etc. At the time of its formation, the federal Public Utilities Holding Company Act of 1935 ("PUHCA") in fact required the utilization of such services companies and required that their services be provided at cost.

2. While initially there were only two Ameren affiliates sharing the services (and costs) obtained from Ameren Services, additional utilities in Illinois (Central Illinois Light

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<sup>1</sup> From time-to-time Ameren Missouri employees also provide services to Ameren Services. The nature and extent of such services are small in relation to both Ameren Missouri's and Ameren Services' overall operations.

Company (“CILCO”) and Illinois Power Company (“IP”)<sup>2</sup> were acquired by Ameren Corporation, which has allowed additional elimination of redundant functions at those acquired utilities and even more sharing of the cost of such services. The elimination of redundant functions and sharing of costs has significantly benefitted all impacted Ameren Corporation affiliates, including Ameren Missouri and its customers. Ameren Services costs directly charged or otherwise allocated to Ameren Missouri have been subject to review in every Ameren Missouri general rate proceeding since 1997, and will continue to be subject to review in future general rate proceedings. This means that regardless of approval of the CAM and the requested variances, when it sets rates the Commission retains authority to review the reasonableness of Ameren Services costs and the allocation of those costs to the extent they are not directly assigned. It should be noted that the Commission has never found that Ameren Services charges to Ameren Missouri were unreasonable or that they failed to comply with the Affiliate Transactions Rules.

3. To allow Staff to monitor Ameren Services costs charged to Ameren Missouri, Ameren Missouri provides detailed reporting of all Ameren Services transactions and cost allocations to Ameren Missouri and to all its affiliates. Ameren Services books and records are available to the Commission under the provisions of the Affiliate Transactions Rules, and as specifically provided for in the agreed-upon CAM for which approval is sought in this docket.

4. In lieu of engaging in ongoing requests for proposals or other bidding activities for the corporate and administrative functions provided by Ameren Services, benchmarking is utilized (and under the CAM shall continue to be utilized) to monitor the costs of the services provided by Ameren Services. This allows Ameren Services to take steps to make sure that its costs are reasonable and aligned with the market cost of its functions. The CAM specifically provides for

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<sup>2</sup> CILCO was acquired by Ameren Corporation in 2003 and IP was acquired by Ameren Corporation in 2004.

the continued use of benchmarking and that the benchmarking studies will be made available to Staff. Ameren Services and the affiliates to which it provides services (including Ameren Missouri), also engage in an annual joint planning and procurement process. That process is designed to ensure that the companies receiving services receive only the services they need and receive them at an appropriate cost, considering the need for and value of the services provided. (Ameren Missouri: Joint Planning and Procurement Procedure for Purchasing Ameren Services Company Products and Services.) With respect to allocated Ameren Services costs (i.e., those that cannot be directly charged to the affiliate receiving the service), Ameren Missouri must agree upon the allocation factors used to allocate such costs annually. All invoices for AMS charges must also be approved by an Ameren Missouri officer.

5. Another important aspect of Ameren Services' operations is how it incurs the costs that form the basis for its charges to Ameren Missouri and its affiliates. By design, the wages, salaries and benefits (labor costs) paid/provided to Ameren Services employees are market-based; i.e., the cost of labor and the market for acquiring labor is the same. Most of the costs that make up Ameren Services' charges are for labor and, as noted, those costs are not marked up but instead are simply passed through. Consequently, when Ameren Services charges affiliates (including Ameren Missouri) for its services, the human resource component of the cost of providing those services is being provided at a market price and at the service provider's cost because market and cost are one and the same. Similarly, when procuring the goods, materials, and services it may need to provide services (other than its labor) to its affiliates, Ameren Services is subject to, and must follow, the extensive Procurement Policy (Ameren: Procurement Policy AMN-08-04) and Procurement Procedure (Ameren: Procurement Procedure AMN-ADM-4004) (both of which have been and will be made available to Staff upon request) that are also followed by Ameren Missouri

when it procures goods, materials, or services directly. The Policy and Procedure are designed to ensure that goods, materials and services are also obtained at market rates; i.e., Ameren Services' cost and the market rate is the same. Because Ameren Services then bases its charges to affiliates on these actual costs (again, with no markup) the affiliates thereby are paying for the services Ameren Services provides at both cost and market, which like for labor are one in the same.<sup>3</sup>

6. Effectively, it can therefore be said that Ameren Missouri is following the pricing standard in the Affiliate Transactions Rules (which requires it to pay the lower of cost or market for all AMS services). However, since it is not possible to objectively establish that each individual Ameren Services expenditure is at or below market 100% of the time and to avoid potential disputes about strict compliance with the pricing-related standards in the Affiliate Transactions Rules, a variance from those provisions is warranted to allow transactions between Ameren Services and Ameren Missouri to always occur at Ameren Services' cost. Such a variance would be analogous to the Commission-approved variance for Kansas City Power & Light Company/KCPL – Greater Missouri Operations Company transactions.<sup>4</sup>

7. The foregoing facts demonstrate that there is good cause to grant the variance described in the CAM in Tab G, starting on page 2, line 10 through page 3, line 7. Granting the variance will allow Ameren Missouri to continue to take advantage of the substantial synergies that exist from Ameren Services' operations, and there is no detriment from granting the variance

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<sup>3</sup> It should also be noted that there is no incentive for Ameren Services not to acquire labor or other resources needed to provide its services at a higher cost than necessary because the only means by which Ameren Services costs can be covered is by charging the affiliates to whom it provides services for those costs which, in turn, reflect those charges in the rates charged to their customers. If Ameren Services fails to properly control its costs and if (for example) those higher costs are passed onto Ameren Missouri between Ameren Missouri general rate proceedings, Ameren Missouri's net income will be reduced permanently for that period. Similarly, Ameren Corporation's consolidated reported earnings will likewise be reduced.

<sup>4</sup> See *Report and Order*, File No. EM-2007-0374.

because doing so does not tend to make the power supply less safe or less adequate, nor does it tend to make rates less just and less reasonable.<sup>5</sup>

B. Variances for Transactions Between Ameren Missouri and Affiliates Other Than Ameren Services

8. The prior subsection applied to requested variances applicable to Ameren Missouri/Ameren Services transactions. This section applies to five variance requests applicable to certain transactions between Ameren Missouri and its Non-Ameren Services Affiliates, as follows:<sup>6</sup>

- i. Individual transactions involving exchanges of (a) employee labor-related costs and related employee expenses for services provided, (b) inventory transfers, (c) meter and line transformer transfers, (d) facility charges under the May 2, 2005 Facility Use Agreement between Ameren Missouri and Ameren Illinois Company ("AIC"), (e) lab testing services, and (f) software rentals, so long as the fully distributed cost ("FDC") of each of the electric transactions is less than or equal to \$650,000, and for gas transactions is less than \$60,000.<sup>7</sup>
- ii. Transactions arising from emergencies where life or property damage is threatened or has occurred, including storm response and electric and/or gas restoration efforts.

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<sup>5</sup> This variance would also apply to the provision of services by Ameren Missouri to Ameren Services, the vast majority of which are for building rentals (addressed elsewhere) and software rentals for software owned by Ameren Missouri and used by Ameren Services to provide services to Ameren Missouri and other affiliates.

<sup>6</sup> There is one additional variance request reflected in the CAM which would allow the Company to make annual submissions required by the Rules in May of each year instead of in March. The good cause for that variance is stated in the CAM; i.e., to better align the timing with other required FERC submittals that are used in preparing reporting under the Rules.

<sup>7</sup> Categories (a) to (f) apply to electric transactions. Categories (a) to (c) and (f) apply to gas transactions (with respect to category (c), only meter transfers take place for the Company's gas operations).

- iii. Rentals by Ameren Missouri affiliates of space in Ameren Missouri-owned buildings.<sup>8</sup>
- iv. Sales of energy or capacity to AIC at market rates set pursuant to a competitive bidding process such as, but not limited to, the process utilized by the Illinois Power Agency, even if those market rates are lower than Ameren Missouri's fully distributed costs so long as the sale of energy covers Ameren Missouri's marginal costs of providing the energy.
- v. The release or acquisition of natural gas pipeline transportation capacity done pursuant to Federal Energy Regulatory Commission ("FERC") regulations.

9. The first variance (item i) is requested to allow the continuation of many small transactions (several thousand transactions each year on average) that primarily occur between Ameren Missouri and AIC which, like Ameren Missouri, owns and operates a state-regulated electric and gas distribution utility, located in Illinois. These transactions most often involve exchanges of items such as miscellaneous inventory items, line transformers, and meters used by both utilities and held in inventory or plant by both utilities. While it varies from year-to-year, over the past four years the net exchanges that would have fallen within this variance for both gas and electric operations would have been in the range of \$1.0 million to \$(2.1 million) (and in a given year the net can go either way; i.e., a negative number would mean Ameren Missouri received less from AIC than it provided; a positive number would mean the opposite). All but a small portion of the above figures are for electric operation transactions. In the most recent year (2017), the net was \$100,000 (Ameren Missouri received \$100,000 more than it provided to AIC).

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<sup>8</sup> The same variance applies between Ameren Missouri and Ameren Services. See CAM, Tab G, p. 3, lines 8-9.

The thresholds at or below which this variance applies are expected to allow these beneficial transactions to continue at cost. Given that Ameren Missouri's total non-fuel related operations and maintenance expenditures are approximately \$900 million per year, these net exchanges are immaterial to Ameren Missouri's overall costs. However, Ameren Missouri benefits from being able to engage in these kinds of transactions because, among other reasons, it can easily track and access items it needs or knowledge/services an affiliate's employee may possess without attempting to locate the item/knowledge/service from an unaffiliated provider. These transactions are also more efficient because they reduce order times when an item is needed. In terms of inventory and plant transfers, the items would have been acquired under common procurement policies/procedures, and they are often of the same type/specification since both Ameren Missouri and AIC are Ameren utilities. In terms of access knowledge/services from an affiliate's employee, such an employee has the same or similar training, is subject to the same or similar policies, and generally will have greater familiarity with Ameren Missouri operations and needs than a non-affiliate employee. Finally, a good example in Ameren Missouri's gas operations where use of an affiliate's services relates to control and monitoring of the Company's natural gas distribution system, which is conducted by Ameren Illinois Company ("AIC") employees located in a gas control center facility located in Springfield, Illinois. Since AIC has approximately ten times as many natural gas customers as does the Company as well as a much larger distribution system, it is far more efficient for those trained AIC employees to monitor the Company's gas system as well instead of duplicating both employees, equipment, and the physical building that houses the control center.

10. The foregoing facts constitute good cause for this variance request.

11. The propriety of the variance denominated as item "ii" seems self-evident. If Ameren Missouri has an emergency, or if its sister company does, and if they can help each other and be made whole for their costs, it is in the public interest for them to be able to do so. Similar aid to non-affiliated utilities (and from non-affiliated utilities to Ameren Missouri) is routinely provided/received when storms occur. This constitutes good cause for this variance.

12. With respect to the variance request denominated as item "iii", it should be noted that the majority of the employees working at the GOB owned by Ameren Missouri are Ameren Services employees. There are also a significant number of Ameren Missouri employees there and a small number of AIC employees. Ameren Missouri charges cost-based rent to these other entities. It is very difficult to make an apples-to-apples comparison of the GOB to a typical office building, given the presence of secure control rooms, trading areas, data center facilities, and other features designed to protect Critical Electric Infrastructure Information. Moreover, the GOB has been specifically designed and configured to meet the needs of Ameren Missouri and Ameren Services, which provides it with substantial support. In summary, the GOB is not designed to be marketed or rented to unaffiliated third parties nor are there generally comparable facilities in the market that would suit Ameren Missouri's needs in the same way.<sup>9</sup> For these reasons, Ameren Missouri believes literal application of the pricing-related provisions of the Affiliate Transactions Rules would be impractical and unwarranted.

13. The foregoing facts constitute good cause for this variance.

14. It should be pointed out, however, that at the Staff's suggestion Ameren Missouri has agreed to complete a comprehensive space study of the GOB (and to update that study every

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<sup>9</sup> This variance is being requested for rentals to affiliates for all Ameren Missouri buildings for similar reasons and for administrative convenience. There are a very limited number of non-Ameren Missouri employees who work out of other Ameren Missouri buildings.

five years) to determine the most equitable allocation of its costs of ownership among itself and its affiliates who occupy the GOB. This will further ensure that Ameren Missouri is receiving a fair and appropriate rental rate for the GOB.

15. The variance denominated as item “iv” is also straightforward: Under Illinois law, distribution utilities acquire the power they need to serve their customers through an Illinois Power Authority competitive auction process; i.e., the distribution utilities (including AIC) issue requests for proposals for the energy and capacity they need and generators submit bids. Responding to those requests for proposal and obtaining bids is a means by which Ameren Missouri can generate off-system sales (energy and capacity) margins that are then included in its fuel adjustment clause for the benefit of its customers. Ameren Missouri has been engaging in such transactions for several years and they have been reviewed in rate cases and fuel adjustment clause prudence reviews. However, the auction process may or may not comply with the letter of the Affiliate Transactions Rules; hence Ameren Missouri requests a variance from the cited provisions.

16. The last variance, denominated as item “v” is also within the spirit of the Affiliate Transactions Rules, but not within its letter. In summary, at times Ameren Missouri holds interstate gas pipeline capacity that it has procured to obtain gas for its generators or to serve its gas customers that may not, in a single hour or on a given day, be needed (e.g., because the weather turned out differently than forecasted). Or, for the same reason, Ameren Missouri may need pipeline capacity that it does not have. The FERC has implemented regulations that allow such capacity to be “posted” and then competitively bid upon and acquired by others that need it. This variance will allow Ameren Missouri to dispose of/acquire pipeline capacity when appropriate. For these reasons, good cause for this variance exists.

Exhibit No.:  
Issue(s): Docket Overview;  
Policy; Variances  
Witness: Tom Byrne  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Union Electric Company  
File No.: EO-2017-0176  
Date Testimony Prepared: June 14, 2019

**MISSOURI PUBLIC SERVICE COMMISSION**

**FILE NO. EO-2017-0176**

**DIRECT TESTIMONY**

**OF**

**TOM BYRNE**

**ON**

**BEHALF OF**

**UNION ELECTRIC COMPANY**

**D/B/A AMEREN MISSOURI**

**St. Louis, Missouri  
June 14, 2019**

**DIRECT TESTIMONY**

**OF**

**TOM BYRNE**

**FILE NO. EO-2017-0176**

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

2           A. Tom Byrne, Union Electric Company d/b/a Ameren Missouri ("Ameren  
3         Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri  
4         63103.

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

6           A. I am Senior Director of Regulatory Affairs.

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

9           A. In 1980, I graduated from the University of Missouri-Columbia with  
10      Bachelor of Journalism and Bachelor of Science-Business Administration degrees. In  
11      1983, I graduated from the University of Missouri-Columbia law school. From 1983-1988,  
12      I was employed as an attorney for the Staff of the Missouri Public Service Commission  
13      ("Commission"). In that capacity, I handled rate cases and other regulatory proceedings  
14      involving all types of Missouri public utilities. In 1988, I was hired as a regulatory attorney  
15      for Mississippi River Transmission Corporation, an interstate gas pipeline company  
16      regulated by the Federal Energy Regulatory Commission ("FERC"). In that position, I  
17      handled regulatory proceedings at the FERC and participated in some cases at the Missouri  
18      Commission. From 1995-2000, I was employed as a regulatory attorney for Laclede Gas  
19      Company (now known as Spire Missouri Inc.). In that position, I handled rate cases and

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

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

9           A.     The overall purpose of my direct testimony is to provide context for this  
10 docket and outline the relief being requested. In doing so, I will discuss the key terms of  
11 the agreed-upon Cost Allocation Manual ("CAM") for which approval is sought, and the  
12 terms of the waivers being sought from certain provisions of the Missouri Affiliate  
13 Transactions Rules (sometimes referred to as the "Rules").<sup>1</sup> I will also discuss how the  
14 service company model utilized within the Ameren Corporation ("Ameren") holding  
15 company structure relates to the Rules, its policies, and to the specific terms of the CAM  
16 including the waivers reflected in it. More specifically, I will provide the background of  
17 and context for the formation of the centralized service company from which Ameren  
18 Missouri and its affiliates receive a number of administrative and corporate support  
19 services that each company would have to provide for itself if each company operated on  
20 a stand-alone basis. I will also provide context for the development of the Stipulation and  
21 Agreement ("Stipulation") filed by the Company and the Staff in this case, including  
22 development of the proposed CAM. In addition, I will discuss how the CAM for which

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<sup>1</sup> References to the Affiliate Transactions Rules are the rules applicable to electrical corporations (4 CSR 240-20.015) and to gas corporations (4 CSR 240-40.015).

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1 the Company seeks approval in this docket supports the policy goals of the Affiliate  
2 Transactions Rules, and why the variances for which the Company seeks approval in this  
3 docket are also appropriate given those policies, the terms of the proposed CAM, and the  
4 agreements reflected in the Stipulation. Finally, I will address the status of various  
5 compliance-related activities the Company has committed to in the CAM for which it seeks  
6 approval.

7           **Q. Are you sponsoring any schedules?**

8           A. Yes, I am sponsoring Schedule TMB-1 which relates to good cause for the  
9 variances requested in this docket.

10          **Q. Is the Company submitting the direct testimony of any other witnesses?**

11          A. Yes, three other Company witnesses are filing direct testimony in support  
12 of approval of the proposed CAM, including the variances reflected therein, as follows:

- 13           • Laura M. Moore, the Company's Controller, will address affiliate transactions in  
14 general and will also address some of the variances for which we seek approval.
- 15           • Benjamin Hasse, the Company's Cost Allocation Manual Manager, will outline the  
16 duties of the Company's newly-formed CAM Team, address the Joint Planning and  
17 Procurement Process used by Ameren Missouri and Ameren Services Company to  
18 ensure Ameren Missouri receives only the services it needs, and provide details on  
19 the fully distributed cost ("FDC") study agreed upon with the Staff.
- 20           • John P. Reed, the President and CEO of Concentric Energy Advisors, will provide  
21 his expertise and perspective regarding the use of the at-cost service company  
22 model and will discuss the justification for and reasonableness of the variance we  
23 seek regarding Ameren Services Company products and services.

1           **Q. Please outline the Commission action that Ameren Missouri is**  
2 **requesting in this case.**

3           A.     Ameren Missouri is asking the Commission to take the following two  
4 actions in this case: (a) approve the CAM submitted on May 15, 2019;<sup>2</sup> and (b) approve  
5 the variances listed in Tab G of the CAM in accordance with the variance provisions of the  
6 Commission's Rules. As evidenced by the Stipulation, the Staff supports these requests  
7 having worked closely with the Company in developing the terms, conditions, and  
8 commitments reflected in the Stipulation and the CAM, all of which are designed to comply  
9 with the Rules, subject to appropriate variances. I should also note that paragraph 11.a.iii  
10 of the Stipulation contained some additional agreements on the Company's part (not  
11 specifically provided for in the CAM that would have been performed on timelines  
12 specified in that paragraph had the Stipulation not been objected to by the Office of the  
13 Public Counsel ("OPC")). Notwithstanding that objection, however, the Company remains  
14 committed to completing each item in paragraph 11.a.iii and also requests that the  
15 Commission condition its approval of the CAM and the variances reflected in it as follows:

- 16           1.     Require Ameren Missouri to implement the training provided for by the  
17                 CAM within 90 days after CAM approval;
- 18           2.     [The CAM Team is already in place];
- 19           3.     [The GOB space study is already complete];
- 20           4.     Require Ameren Missouri to perform the audit requirements provided for  
21                 in the CAM starting in 2020 (for calendar year 2019);

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<sup>2</sup> Except for updating for 2018 data, this CAM is substantively the same as the CAM that is attached as Exhibit A to the Stipulation, which was based on 2017 data.

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- 1           5.     Require the purchasing rate and inventory loading studies to be completed  
2                 by December 31, 2019 and implemented in 2020; and  
3           6.     Require the contracts provided for in paragraph 11.a.iii to be in place  
4                 within 90 days after CAM approval, subject to Ameren Illinois Company  
5                 obtaining approval from the Illinois Commerce Commission as required  
6                 by Illinois law.

7             There is one other commitment made by the Company in the Stipulation, that is,  
8     the completion of a Fully Distributed Cost study. As discussed below, the Company has  
9     obtained agreement from the Staff on the study's parameters, issued a request for proposals,  
10    and recently hired a consultant to perform the study, with the study expected to be  
11    completed in the first quarter of 2020. The Company asks the Commission to include in  
12    its order approving the CAM and granting the variances and the requirement that the  
13    Company provide the Deliverables listed in Schedule BH-2 to the direct testimony of  
14    Ameren Missouri witness Ben Hasse when the study is completed.

15           **Q.     Are any ratemaking decisions being requested in this docket?**

16           A.     No. The impact of costs associated with affiliate transactions on the revenue  
17     requirement used to set a utility's rates (as is the case with all costs incurred by a utility in  
18     providing service to its customers) is an issue for a general rate proceeding. This includes  
19     questions relating to whether the level of such costs is prudent and reasonable, and this is  
20     true whether those costs arise from a direct charged exchange of goods or services between  
21     Ameren Missouri and an affiliate or from an allocation of shared costs among Ameren  
22     Missouri and its affiliates. Nothing the Company is asking the Commission to do in this

1 case will bind the Commission or any party with respect to the prudence or reasonableness  
2 of costs associated with affiliate transactions in a future general rate proceeding.

3           **Q.     How did this docket come about?**

4           A.     To fully answer this question, I believe it would be helpful to outline  
5 Affiliate Transactions Rules-related proceedings over the past approximately 20 years  
6 since the Rules were adopted. As I will explain further later in my testimony, the primary  
7 affiliate transactions engaged in by Ameren Missouri over the past 20 years are transactions  
8 where Ameren Missouri has received services from its affiliate, Ameren Services Company  
9 ("AMS"). AMS began providing services to Ameren Missouri and its affiliates on January  
10 1, 1998, following the creation of Ameren Corporation. It does so at cost; i.e., AMS makes  
11 no profit and does not in any way mark-up the cost of its services. As I will also touch on  
12 in more detail below, and as further explained in the direct testimony of Ameren Missouri  
13 witness Laura Moore, some of AMS' costs are charged directly to an affiliate and some are  
14 allocated among affiliates. In some limited circumstances, Ameren Missouri has also  
15 engaged in transactions with other affiliates, such as with Ameren Illinois Company  
16 ("AIC"), its Illinois Commerce Commission ("ICC")-regulated affiliate operating in  
17 Illinois. Its transactions with AIC typically involve exchanges of meters or similar items,  
18 or providing labor during storms or in other situations where AIC or Ameren Missouri need  
19 it. The existence of these transactions, and their costs, has been reflected in CAMs  
20 submitted by the Company to the Commission Staff and OPC under the Rules. In addition  
21 to submission of CAMs each year, the accounting details relating to the costs of affiliate  
22 transactions have been available to the parties and the Commission in each of the eight

1       electric (and four gas) general rate proceedings that have been concluded over the past  
2       approximately 20 years.

3           **Q.**     **Aside from the annual CAM submissions, have there been any other**  
4       **filings or proceedings at the Commission involving Ameren Missouri and the Rules?**

5           **A.**     Other than this docket, no.

6           **Q.**     **Returning to the earlier question, how did this docket come about?**

7           **A.**     This docket was created pursuant to a *Non-Unanimous Stipulation and*  
8       *Agreement Regarding Cost Allocation Manual and Affiliate Transactions* (the "2016  
9       *Stipulation*") among the Staff, OPC, and the Company filed in December 2016 in Ameren  
10      Missouri's last electric general rate proceeding, File No. ER-2016-0179. From my  
11      perspective, the 2016 Stipulation reflected a consensus among its signatories that coming  
12      to an agreement on a CAM, or even determining where we may agree or disagree, in the  
13      context of an 11-month rate case was impractical. The Company did file a CAM and in  
14      File No. ER-2016-0179 asked the Commission to approve it, but as the case proceeded it  
15      became clear that the parties would be better served taking the time needed to sit down and  
16      work through the affiliate issues a CAM is designed to address. To that end, it was agreed  
17      to create this separate docket.

18           **Q.**     **Is it unusual to have a separate docket to work toward developing an**  
19       **agreed-upon CAM?**

20           **A.**     Not at all. In fact, attempting to develop an agreed-upon CAM in a rate case  
21      was an unusual approach that in hindsight was probably not realistic. Let me give some  
22      context for the efforts that have been undertaken at the Commission in recent years relating

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1 to Affiliate Transactions Rules and CAM issues for the other electric and gas utilities  
2 operating in Missouri.

3 Prior to 2013, Missouri utilities submitted CAMs annually to the Staff and OPC,  
4 but no Missouri utility had a CAM that had been approved by the Commission by a specific  
5 order. The first such order was issued on August 14, 2013 in File No. GC-2011-0098,  
6 approximately 14 years after the Rules were adopted. That order gave specific approval to  
7 a CAM for Laclede Gas Company (now Spire Missouri). To my knowledge, prior to that  
8 Laclede docket neither the Commission nor any party had initiated any type of formal or  
9 informal proceeding relating to affiliate transaction issues generally or CAMs specifically,  
10 nor had there been any claim that the annual CAM submissions that Ameren Missouri and  
11 other companies were making were not compliant with the Rules. I would note that while  
12 the Laclede complaint case dealt with affiliate transaction issues involving natural gas  
13 purchased by Laclede from its gas marketing affiliate, the complaint was not initiated on  
14 the basis that Laclede was out of compliance with the Commission's rules relating to a  
15 CAM. Ameren Missouri certainly has received no complaint about its annual CAM  
16 submissions to the Commission and to my knowledge, no such complaint had then (or has  
17 now) ever been brought against a utility in Missouri.

18 While I don't know all the details, around the time the Laclede docket that I just  
19 mentioned was going on, The Empire Electric District Company ("EDE") agreed as part of  
20 a complete settlement of its 2011 rate case to file a CAM and to seek a specific order  
21 approving it from the Commission. Thereafter in the latter half of 2011, EDE filed a  
22 proposed CAM in a separate docket and that company, together with the Staff and OPC,  
23 worked over an extended period of time toward coming to an agreement. Before an

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1 agreement was reached, however, EDE was acquired by Algonquin (Liberty) and due to  
2 the change in corporate structure that acquisition caused, it is my understanding that the  
3 parties in many ways had to start over the work on developing a CAM for EDE.  
4 Eventually, a procedural schedule was developed and filed (just under five years after the  
5 docket started) and testimony was filed. However, because of the pending merger, in  
6 October 2016 the parties entered into a unanimous stipulation that effectively ended the  
7 2011 docket and called for the filing of another docket after the merger was consummated.  
8 EDE initiated that subsequent docket in June of 2017 and it remains ongoing.

9           While the first EDE docket was going on, Kansas City Power & Light Company  
10 ("KCPL"), through stipulations addressing its involvement in transmission line  
11 development in the Southwest Power Pool through Transource Missouri, LLC, agreed to  
12 initiate a separate docket for specific approval of a CAM. That docket was initiated in late  
13 2013. While that docket proceeded, KCPL and KCPL Greater Missouri Operations  
14 Company ("GMO") also had rate cases and in the context of partially settling those rate  
15 cases, in February, 2017, an agreement was reached on the terms of a CAM for KCPL and  
16 for GMO, making KCPL/GMO just the second utility for which the Commission has issued  
17 an order specifically approving a CAM. Since approval of the KCPL/GMO CAM, Great  
18 Plains has merged with Westar Energy and it is my understanding that some CAM changes  
19 to accommodate the new overall corporate structure may at some point be made.

20           It is also my understanding that Summit Natural Gas has had an ongoing CAM  
21 docket underway since 2012, but that the parties continue to work toward an agreement on  
22 a CAM for Summit in that docket.

1        In summary, Laclede (Spire Missouri, Inc.) obtained a specific order approving a  
2        CAM in a non-rate case docket in 2013, before the formation of Spire, Inc. and there is  
3        now a new, separate docket underway relating to Spire Missouri to examine changing that  
4        CAM to accommodate the new corporate structure; KCPL and GMO obtained a specific  
5        order approving a CAM in 2016, in partial settlement of a rate case, but the CAM arose out  
6        of a separate CAM docket that had started in 2014 and I would expect that the Westar  
7        merger will lead to some restructuring of the KCPL/GMO CAM; EDE does not yet have a  
8        specific order approving a CAM, but several years ago initiated a separate docket for that  
9        purpose but is now in a second, separate CAM docket because of its acquisition by  
10      Algonquin; and the other electric or gas utility subject to the Rules, Summit, has had a  
11      separate CAM docket underway since 2012 but as yet has not obtained a specific order  
12      approving a CAM.

13        I provide this context because as I will discuss later in my testimony, the terms of  
14      the Rules, given the practicalities of operating a public utility, create a number of issues  
15      that simply must be worked through so that the utility can *efficiently* provide safe, and  
16      adequate service at just and reasonable rates, while remaining faithful to the object of the  
17      Rules. I can confidently say Ameren Missouri and the Staff have constructively worked  
18      through those issues in order to develop the CAM submitted for 2018 on May 15, 2019,  
19      which as earlier noted is in substance the same as the CAM submitted in this docket.

20           **Q. Against that background, please explain how this docket has  
21 proceeded.**

22           **A. The 2016 Stipulation contained a specific, agreed-upon schedule for this  
23 docket that originally contemplated submission by the parties of a joint recommendation**

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1 (if an agreement could be reached) by July 21, 2017. As the agreed-upon (and ordered)  
2 schedule required, the Company, the Staff and OPC met in April 2017, the Company  
3 provided a draft CAM to the Staff and OPC by May 16, 2017, and the parties met four  
4 times in June 2017 to discuss the draft CAM, questions the Staff and OPC had, how best  
5 to develop a CAM that would fit the Ameren corporate structure while meeting the purpose  
6 of the Rules, and related issues. On June 30, 2017, the parties jointly asked the Commission  
7 to suspend the procedural schedule. In making that joint request, the parties stated as  
8 follows:

9  
10 The development of a Cost Allocation Manual is a significant undertaking for  
11 all parties. While the parties are making good progress, all agree the best path  
12 forward toward a resolution of this docket (the goal being to develop and  
13 request Commission approval of an appropriate Cost Allocation Manual for  
14 Ameren Missouri), is to suspend the procedural schedule. This will allow the  
15 parties to continue their work together without the constraints of the imminent  
16 deadlines and milestones of the current schedule.  
17  
18 The Commission granted the request, ordering the parties to file a status report by October  
19 31, 2017. That report was submitted, and it also reflected consensus among the parties that  
20 they should be allowed to continue to work together toward an agreed upon CAM. The  
21 Commission thereafter accepted status reports and extended the deadline for submission of  
22 a CAM while the parties continued their work. This process continued until the sixth (and  
23 last) of such status reports and was submitted on November 6, 2018, with that last status  
24 report indicating that the Company and the Staff had reached an agreement on a CAM and  
25 related documents. The last status report also noted that OPC had indicated that it needed  
26 additional time to review the CAM and related documents but that all agreed that the best  
27 course of action was to continue to work toward reaching an agreement and to then report  
28 back by November 30, 2018. Unfortunately, OPC was unwilling to agree to the CAM and

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1 related documents and the Staff and the Company collectively agreed that an appropriate  
2 CAM and related agreements had been developed and should be filed. The Stipulation  
3 which included that a CAM was filed on November 30, 2018, and OPC objected to the  
4 Stipulation a few days later. As the Commission required, the parties then developed a  
5 procedural schedule and this testimony has been filed in compliance with that schedule.

6           **Q.     Can you please give the Commission a sense of the work that went into  
7     this docket?**

8           A.     As noted, the Company has been committed from the inception of this  
9 docket to understanding what the other parties believed was needed to have a robust CAM  
10 in place that would allow the Company to discharge its service obligations efficiently, and  
11 to satisfy the purpose of the Rules. Over the roughly 18 months that led to the filing of the  
12 Stipulation, Company representatives met with the Staff and OPC in Jefferson City in  
13 multi-hour meetings on, as I recall, eight different occasions over an approximately one-  
14 year period. The Company responded to more than 100 formal and informal data requests  
15 (many of which had multiple subparts) from the Staff, and provided at least hundreds and  
16 probably thousands of pages of materials in response to the Staff's questions. OPC  
17 participated in all of the discussions but did not actively seek information. As drafts of a  
18 CAM were developed and exchanged, the Company responded to numerous other inquiries  
19 which came almost entirely from the Staff. The Staff was actively engaged in asking data  
20 requests, posing questions in our many meetings, discussing their issues and concerns,  
21 providing suggestions and feedback on draft documents, and seeking solutions. A  
22 tremendous amount of work from multiple people at the Company and the Staff has gone  
23 into developing the CAM submitted in this docket. And as I will discuss later in my

1 testimony, a tremendous amount of work continues at the Company to ensure compliance  
2 with that CAM.

3           **Q. You noted that the Staff and the Company agree that the Commission**  
4 **should approve the proposed CAM and grant the waivers reflected in it. Can you**  
5 **please summarize the Company's agreements with the Staff and the key terms of the**  
6 **CAM?**

7           A. Yes I can. Key provisions of the CAM include that it:  
8               a. Requires any affiliate marketing materials and advertisements that an  
9               Ameren Missouri affiliate might utilize to sell goods or services to  
10              Missouri residents to be made available to the Staff prior to their use;  
11              b. Codifies recordkeeping and access to records requirements, including  
12              documentation of affiliate transactions, and the continued provision of  
13              detailed affiliate transaction reporting for all products and services  
14              provided by AMS not just to Ameren Missouri, but to all Ameren  
15              Missouri affiliates;  
16              c. Codifies certain detailed reporting requirements;  
17              d. Requires that all affiliate transactions be conducted under a written  
18              contract between Ameren Missouri and the affiliate;  
19              e. Requires extensive training respecting Affiliate Transactions Rules  
20              compliance, and sharing of training materials with the Staff prior to their  
21              use so that they may provide their input;  
22              f. Requires the formation and implementation of an Ameren Missouri  
23              CAM Team, including hiring a full-time CAM manager, to aid in

3 g. Requires annual audits by the CAM Team in conjunction with AMS'  
4 Internal Audit Department respecting compliance with the CAM and the  
5 Affiliate Transactions Rules, with the audit results to be provided to the  
6 Staff within 30 days of finalization; and

7 h. Reflects specific provisions to ensure the effective enforcement of  
8 Ameren Missouri's responsibilities under the Affiliate Transactions  
9 Rules, subject to approved variances.

In addition, the CAM requires completion of certain studies to improve, if possible, the allocation of shared costs. These studies include a space study for the Ameren Missouri General Office Building located on Chouteau Avenue in St. Louis and use of its results starting January 1, 2019 in a building lease among Ameren Missouri and affiliates that use the building, using that study and a purchasing rates and inventory handling load study with the results to be implemented in 2020. Ms. Moore will address these studies in more detail in her direct testimony. Another important study is an FDC study that was agreed upon in collaboration with the Staff. As Mr. Hasse explains in his direct testimony, a consultant has been engaged pursuant to a request for proposal process and its results are expected to be provided in the first quarter of 2020. The primary purpose of the FDC study is to see if improvements can be made in two main areas:

21 (a) in achieving a higher percentage of AMS costs being directly assigned to a  
22 specific consumer of AMS' services which will reduce reliance on allocation  
23 factors to allocate costs among different affiliates that receive those services, and

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1                   (b) in using allocation factors for those costs that cannot be directly assigned that  
2                   are as reflective as reasonably possible of the cause of the costs, with the goal being  
3                   to achieve the fairest allocation of costs that must be allocated as is reasonably  
4                   possible. Mr. Hasse explains the study details in his direct testimony as well.

5                   **Q. Among the items listed above was the implementation of a "CAM**  
6                   **Team." Can you please explain what that is?**

7                   A.     Yes. Simply stated, the CAM Team, led by a dedicated management  
8                   employee (CAM Team Manager Ben Hasse) was formed to make sure that the Company's  
9                   affiliate transactions comply with the Rules as written, subject to approved variances.  
10                  Among the CAM Team's responsibility is to keep abreast of any new companies or  
11                  business activities that could raise affiliate transaction issues, to ensure that all  
12                  recordkeeping and reporting required by the Rules and the CAM are completed properly  
13                  so that the Staff and the Commission can have confidence in compliance and assess any  
14                  ratemaking impacts of affiliate transactions, to participate in annual audits of Rules and  
15                  CAM compliance, and to make sure that the Company's Joint Planning and Procurement  
16                  Policy, which governs the Company's receipt of services from AMS, is followed and is  
17                  effective. The CAM Team Manager's full-time job is Affiliate Transactions Rules and  
18                  CAM compliance, and the Team itself meets on a regular basis, and more often as needed,  
19                  to address issues and assist the CAM Team Manager in discharging the Team's  
20                  responsibilities. Mr. Hasse discusses the day-to-day work of the Team in more detail in  
21                  his direct testimony.

22                  **Q. You mentioned a Joint Planning and Procurement Policy. What is it?**

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1           A.     Mr. Hasse will address the policy in more detail in his direct testimony, but  
2 at a high level, the policy is specifically designed to ensure that the services AMS offers  
3 are the services Ameren Missouri needs, to ensure that Ameren Missouri is only using the  
4 services it needs in the quantity that it needs, at a reasonable cost, and to continually  
5 identify and implement improvements in AMS services and their efficiency. As Mr. Hasse  
6 discusses, a joint planning process has been utilized for some time but the Company took  
7 a closer look at how the process could be improved, enhanced, and formalized and, starting  
8 in 2018, began following the enhanced policy.

9           **Q.     You stated earlier that in addition to seeking approval of the CAM, the**  
10 **Company is also seeking approval of certain specific variances set forth in the CAM.**  
11 **Please summarize the variances the Company seeks.**

12          A.     The specific terms of the variances are set forth in Tab G of the CAM. There  
13 are two requested variances for affiliate transactions between Ameren Missouri and AMS,  
14 and five requested variances for transactions between Ameren Missouri and other affiliates.

15          The primary Ameren Missouri-AMS variance seeks relief from what literally is or  
16 may be required by the pricing, financial advantage, and "evidentiary standards" provisions  
17 of the rules so that Ameren Missouri and AMS can

18               (a) Transact at cost – not a penny more or less, and  
19               (b) Utilize benchmarking to monitor the fairness and reasonableness of the costs of  
20               the goods and services exchanged instead of doing what the Rules as written might  
21               literally require: seeking competitive bids for every transaction or perhaps every  
22               good or service, documentation relating to the bids, or some kind of demonstration  
23               why bids were not necessary or appropriate.

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1 As I will discuss later in my testimony and as Mr. Reed also addresses, it is not clear that  
2 this variance is necessary given that a strong case can be made that the market price of  
3 goods and services exchanged between AMS and Ameren Missouri (primarily provided to  
4 Ameren Missouri by AMS) and the cost of those goods and services are the same. And it  
5 is true that the Rules do not provide for any specific demonstration that must be made to  
6 show that obtaining bids is unnecessary or inappropriate. However, it is my view that in  
7 the "real world", where a utility has to apply the Rules as written, the only practical means  
8 of proceeding – and certainly the most prudent step – is to obtain a variance to avoid  
9 disputes about whether the literal terms of the Rules are being followed to the letter. As I  
10 discuss later, the literal terms of the Rules pose significant practical problems when applied  
11 to Ameren's corporate structure which of course has existed since Ameren was first formed  
12 and which is specifically designed to take advantage of the synergies inherent in sharing  
13 service costs across multiple organizations.

14 The other Ameren Missouri-AMS variance is straightforward: AMS will pay its  
15 proportionate share of the cost of the space it utilizes in Ameren Missouri's buildings,  
16 limited almost entirely to the Ameren Missouri GOB. That building is unique and  
17 determining what the market cost for it is would be very difficult if not impossible.  
18 Moreover, given the role of AMS as a service company created and maintained for the sole  
19 purpose of providing substantial service for Ameren Missouri and other Ameren affiliates  
20 more efficiently than if each affiliate had to have its own legal department, or accounting  
21 department, etc., charging AMS rent at cost makes the most sense and is fair to customers.

1        I should also note – and I will elaborate on this more in my testimony later – that  
2 given AMS' status as a centralized service company, applicable FERC regulations dictate  
3 that Ameren Missouri-AMS transactions be at cost.

4        **Q. Please summarize the non-AMS/Ameren Missouri variances you seek.**

5        A.     The first variance can properly be summarized as a "de minimis" variance.  
6 It applies to certain specified exchanges between Ameren Missouri and its affiliates,  
7 including its sister company and ICC-regulated utility, AIC, if they are at or below  
8 \$650,000 for Ameren Missouri's electric operations or at or below \$50,000 for Ameren  
9 Missouri's gas operations—approximately .02% of the retail revenue requirement for each  
10 business. Exchanges of transformers, inventory, or software rentals are examples.<sup>3</sup>

11       The second variance is an "emergency" variance, e.g., if Ameren Missouri suffers  
12 a bad storm AIC can lend a hand at cost, or vice-versa. Storm response or an accident  
13 (such as an explosion or some other catastrophic event) where life or property damage has  
14 occurred or may occur are examples of when this variance would apply.

15       The third variance applies to the very limited occupancy of AIC employees in a few  
16 Ameren Missouri buildings. The proportionate cost of the building will be charged to AIC  
17 based on headcount.

18       The fourth and fifth variances are similar. With respect to the fourth variance,  
19 Ameren Missouri has sold and continues to sell energy and capacity to AIC as part of a  
20 competitive request for proposals ("RFP") process, including the process utilized by the

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<sup>3</sup> As Ms. Moore explains, the net dollars that will be covered by this variance are quite small in comparison to Ameren Missouri's overall operations. Ms. Moore further explains, the sums involved for all non-AMS/Ameren Missouri transactions that would be covered by all five of the non-AMS/Ameren Missouri variances are also small and even the energy/capacity transactions have historically been only a small fraction of the Company's off-system sales.

1      Illinois Power Agency created when Illinois restructured its electric service. Such sales  
2      would always cover Ameren Missouri's marginal production cost (or Ameren Missouri  
3      would not make the sale), but there could be disagreements over whether such a sale is at  
4      the higher of market or fully distributed cost and the variance is designed to prevent those  
5      disagreements. These sales are beneficial to Ameren Missouri customers because they  
6      reflect off-system sales that flow through the Company's fuel adjustment clause for  
7      customers' benefit. The fifth variance is similar, but instead of electric capacity a variance  
8      is being sought to allow Ameren Missouri to release natural gas pipeline capacity to AIC  
9      under FERC regulations that allow excess capacity to be posted and made available through  
10     a standardized bidding process. AIC would have to acquire the capacity in the same  
11     manner as any non-affiliate, but again, without the variance there could be questions about  
12     fully distributed versus marginal cost versus market prices.

13            **Q.      Would granting the variances sanction the prices at which any of these  
14     transactions take place?**

15            A.      No. Ameren Missouri must prudently incur the costs it incurs in providing  
16     utility service. The variances will remove uncertainty and potential disputes about whether  
17     the transactions complied with the pricing, financial advantage, and bidding provisions of  
18     the Rules, but the Commission retains its full authority to decide what the Company's  
19     revenue requirement should be, including the level of AMS costs or costs involved on other  
20     affiliate transactions in that revenue requirement, in each rate case.

21            **Q.      Does "good cause" for the requested variances exist?**

22            A.      Yes, based on this testimony, the good cause justification included as  
23     Exhibit B to the Stipulation (which I am reproducing as Schedule TMB-D1 to my

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1 testimony), and reasons either amplified or provided by Mr. Reed and Ms. Moore in their  
2 direct testimonies, it is clear that the requested variances are justified and appropriate. The  
3 variances will allow utilization of the efficient service company structure that has existed  
4 at Ameren since 1998 to continue, and will allow beneficial transactions among Ameren  
5 Missouri and other affiliates to occur without the potential for uncertainty, confusion, or  
6 outright disputes about whether literal, word-for-word compliance with the Rules as  
7 written has taken place. And the variances will do so without prejudicing any party's  
8 ability to examine or challenge the prudence of any affiliate costs, and without in any way  
9 circumscribing the Commission's authority.

10           **Q.     Based on your prior answers, it appears that most of the impact of the**  
11           **Rules on Ameren Missouri's operations relate to the goods and services it receives**  
12           **from AMS. Is that an accurate assessment?**

13           A.     Yes, as Ms. Moore outlines in greater detail in her direct testimony. And  
14     this makes sense. All utilities, whether they are stand-alone or part of a holding company  
15     structure like Ameren Missouri, have substantial needs for support services, such as  
16     accounting, legal, finance, IT, environmental health and safety, executive management,  
17     shareholder services, corporate governance, etc. By design, a significant number of those  
18     functions are performed as services provided by AMS because not only does Ameren  
19     Missouri need the services reflected by those functions, but so does AIC and its other  
20     affiliates.

21           **Q.     You have mentioned that AMS has been providing its services to**  
22           **Ameren Missouri and other affiliates for a long time. None of the current**  
23           **Commissioners were on the Commission when that began, so can you please provide**

1   **some background on Ameren Corporation's holding company structure in general,**  
2   **and AMS in particular.**

3           A.     Yes, the Commissioners likely know some of these facts, but let me start  
4     from the beginning because I think having a complete picture of Ameren's history is  
5     important to understanding why AMS exists and why Ameren Missouri obtains services  
6     from AMS at cost. ....

7           Ameren Corporation was formed on December 31, 1997 following the unanimous  
8     approval by this Commission, and approval from the ICC, the FERC, and the United States  
9     Securities and Exchange Commission ("SEC"), of a merger between Ameren Missouri<sup>4</sup>  
10    and an ICC-regulated integrated public utility, Central Illinois Public Service Company  
11    ("CIPS"). Following the merger, the common stockholders of Ameren Missouri and CIPS  
12    became the stockholders in Ameren, and Ameren became the owner of 100% of the issued  
13    and outstanding stock of both Ameren Missouri and CIPS. Ameren also then owned 100%  
14    of the issued and outstanding stock of a new centralized services company, AMS. This  
15    same basic structure continues to exist today, and it is the structure that was proposed for  
16    approval by this Commission, the ICC, FERC, and the SEC when Ameren was created.

17          Under this structure, starting January 1, 1998, AMS began providing a variety of  
18     administrative and support services to Ameren Missouri and to CIPS under a General  
19     Services Agreement ("GSA") which provided for such services to be provided by AMS at  
20     cost – as I mentioned earlier AMS would operate on a non-profit basis and would simply  
21     charge the affiliates receiving services from it in an amount that equaled exactly the costs

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<sup>4</sup> Ameren Missouri is a d/b/a (called a "fictitious name" under Missouri law) for Union Electric Company, a Missouri corporation. Union Electric Company continued to exist following the merger that created Ameren Corporation.

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1 AMS incurred (e.g., for its employees' labor and benefits, for its office equipment and  
2 supplies, etc.). Ms. Moore explains the process by which AMS' costs are accounted for  
3 and charged in greater detail in her direct testimony.

4 As Mr. Reed explains, use of a centralized service company like AMS was then  
5 and remains a common means to capture economies of scale and scope from the ownership  
6 by a holding company of two or more operating companies. This is common sense when  
7 one considers the fact that before Ameren was formed, each of Ameren Missouri and CIPS  
8 had a separate legal department, accounting department, environmental health and safety  
9 department, IT department, shareholder services department, etc., but after the merger,  
10 inefficient duplication of those services could be and was eliminated.

11 **Q. Were there other drivers of the formation of AMS aside from the  
12 obvious economic efficiencies to be gained by forming a holding company and then  
13 consolidating these kinds of administrative and support services into a centralized  
14 services company?**

15 A. Yes, there were. At the time Ameren was formed, the Public Utility  
16 Holding Company Act of 1935 ("PUCHA 1935") required holding companies with utilities  
17 operating in multiple states to utilize a centralized services company like AMS. To obtain  
18 SEC approval of its formation, pursuant to Section 10(c)(2) of PUHCA 1935, Ameren had  
19 to demonstrate that the combination of Ameren Missouri and CIPS would serve the public  
20 interest by fostering the economic and efficient development of an integrated public utility  
21 system; i.e., combining companies and using a service company would be more efficient.  
22 And while this is more common sense, it would make no sense at all for the Boards of  
23 Directors and stockholders of Ameren Missouri and CIPS to approve the merger if those

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1 efficiencies were not going to result. Put another way, it is in Ameren's (and its  
2 stockholders') financial interest to operate under the most efficient structure it can, just as  
3 it is in Ameren Missouri's customers' interest that it do so. Moreover, Ameren also had to  
4 obtain approval of the GSA from the SEC and that approval depended upon the SEC  
5 concluding that the contract would be performed "economically and efficiently for the  
6 benefit of [the companies serviced] at cost fairly and equitably allocated among such  
7 companies"; i.e., that use of a shared services company was fair and efficient for customers.  
8 PUHCA 1935, Section 13. Note that PUHCA 1935 mandated that AMS provide its services  
9 at cost, which is what it has been doing since 1998.

10           **Q.       Wasn't PUHCA 1935 repealed?**

11           A.       Yes, it was repealed by the Energy Policy Act of 2005 ("EP Act of 2005"),<sup>5</sup>  
12 and responsibilities that were formerly housed at the SEC relating to affiliate transactions  
13 were transferred to the FERC. There was an approximately two and one-half year delay  
14 between the time of the transfer of those responsibilities from the SEC to FERC and when  
15 the FERC adopted comprehensive rules applicable to centralized service company and  
16 utility transactions. But on February 21, 2008, the FERC issued Order No. 707 (modified  
17 and clarified in part by Order No. 707-A ((July 19, 2008)) and by that order formally  
18 continued the requirement that centralized service company charges be charged to the  
19 utilities to which the services are provided at cost.<sup>6</sup> Consequently, federal law did then,  
20 and does today, require that Ameren Missouri pay for AMS services at cost.

21           **Q.       PUHCA 1935 required use of a centralized services company; was that  
22 true of the EP Act of 2005?**

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<sup>5</sup> Signed into law on August 8, 2005.

<sup>6</sup> 18 CFR 35.44(b)(3).

1           A. While the EP Act of 2005 did not *require* use of a centralized services  
2 company, it certainly allowed one and for good reason: as I noted earlier (and as Mr. Reed  
3 also addresses) utilizing a centralized services company benefits the utilities served by it  
4 and its customers alike. The FERC's rules that I just cited specifically contemplate use of  
5 a centralized services company and, as noted, charges from that services company are  
6 required to be at cost. In summary, Ameren's holding company structure was developed  
7 because it made economic sense for the (then) two operating utilities, it was required by  
8 PUHCA 1935, and it has been continued essentially unchanged over the ensuing 20-plus  
9 years because it still makes economic sense for the operating utilities that it serves.

10          Q. **What companies does AMS serve?**

11          A. Appendix 1 of Tab Q of the CAM<sup>7</sup> contains an Ameren organizational chart.  
12 AMS provides services to all the direct subsidiaries of Ameren. Given the relative scope  
13 of their operations, Ameren Missouri, Ameren Illinois Company ("AIC"), and Ameren  
14 Transmission Company of Illinois ("ATXI") receive by far the largest portion of AMS'  
15 services, but all subsidiaries receive an allocation of AMS costs. Ms. Moore discusses how  
16 these allocations occur in greater detail in her direct testimony.

17          Q. **You mentioned AIC and ATXI. Please explain their operations.**

18          A. AIC is an electric and natural gas public utility serving retail customers in  
19 the state of Illinois and owns the assets and has the service territories of three former and  
20 separate Illinois public utilities: CIPS, Illinois Power Company, and Central Illinois Light  
21 Company ("CILCO"). ATXI, as the Commission is aware due to its prior certificate of  
22 convenience and necessity ("CCN") cases before the Commission, is a FERC-regulated

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<sup>7</sup> Both the one submitted as Exhibit A to the Stipulation and submitted on May 15, 2019.

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1 independent transmission company that constructs, owns, and operates regional  
2 transmission lines in the footprint of the Midecontinent Independent System Operator, Inc.  
3 ("MISO"), including the now-under-construction Mark Twain transmission line in  
4 northeast Missouri and the Missouri portion of the Illinois Rivers transmission line in far  
5 eastern Missouri.<sup>8</sup>

6       **Q.**     In addition to providing context for Ameren's corporate structure, you  
7 indicated at the beginning of your testimony that you would address why that  
8 corporate structure is consistent with the policies reflected in the Affiliate  
9 Transactions Rules. What are those policies?

10       A.     In answering that question I'll discuss the purpose provision of the Rules,  
11 the Staff's comments in support of the rule, and the Commission's Order of Rulemaking.  
12 The Rules provide that their purpose is "to prevent regulated utilities from subsidizing their  
13 non-regulated operations." As the purpose provision also indicates, the object of the Rules  
14 is to "provide the public ... assurance that their rates are not adversely impacted by the  
15 utilities' unregulated activities." The Staff summarized these principles when it stated that  
16 the Rules would aid the Commission in determining if a subsidy is occurring "so that  
17 ratepayers will pay only a just and reasonable amount for regulated services."<sup>9</sup> Taken  
18 together, it is clear that the spirit of the Rules is fairness; justness and reasonableness. I  
19 would suggest one can boil down what the Commission intends by the Rules this way: if a  
20 utility has affiliate transactions it should conduct them, on the whole, in a manner that is

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<sup>8</sup> The Commission granted ATXI CCNs for both the Mark Twain and Illinois Rivers (Missouri portion).

<sup>9</sup> Comments of the Staff of the Missouri Public Service Commission Regarding Affiliate Transactions Rules for Regulated Electric Utilities, July 1, 1999, Case No. EX-99-442 (the docket in which the electric Rule was adopted. There were parallel dockets with parallel rules for gas utilities). As earlier noted, the means by which the Commission determines just and reasonable rates is a general rate proceeding.

1 fair and that does not cause the regulated utility to unreasonably incur costs or forego  
2 revenues that would benefit an affiliate to the detriment of its customers. Literal  
3 application of the Rules may be one way to do that, but as the Commission itself has  
4 recognized when it has provided for variances from the Rules, application of the Rules  
5 coupled with variances is another way, and frankly utilization of variances was  
6 contemplated when the Rules were adopted: "the rule provides a great deal of flexibility to  
7 customize CAMs and to obtain variances when circumstances merit." *Order of*  
8 *Rulemaking*, Case No. EX-88-442 (adopting the electrical corporation Rules).

9           **Q.     Is it your opinion Ameren's corporate structure is consistent with the**  
10          **Rules' purposes?**

11           A.     Absolutely. Ameren's corporate structure and its utilization of a centralized  
12 service company that charges for its services at cost, with no profit or markup of any kind,  
13 is fair, just, and reasonable. While it may sound simple (because it is), the service company  
14 exists because it is an efficient means of making sure that the operating companies can  
15 discharge their service obligations. And it is clear to me, as a matter of common sense and  
16 sound business, that such an approach is far more efficient than duplicating various  
17 functions or trying to acquire important functions from outside vendors. That is not to say  
18 that some activities within those functions can never be acquired in whole or in part from  
19 non-Ameren sources. For example, we have an outside attorney with specialized expertise  
20 and experience in Commission matters involved in this and other matters, but the internal  
21 Legal Department coupled with utilization of outside resources where it makes sense is  
22 still the most efficient overall means of getting the legal services that Ameren Missouri  
23 needs. AMS has an IT department and a great deal of IT-related work is performed by

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1 AMS employees, but that work is supplemented and enhanced as appropriate with  
2 consultants and vendors; the same is true of numerous other departments/functions.

3           **Q. The Stipulation, including the CAM, specifies a significant number of**  
4 **compliance-related activities. Can you please update the Commission on the status**  
5 **of those activities?**

6           A. Yes. While the Company is, of course, not under any order to take the steps  
7 outlined in the Stipulation since OPC objected to it, the Company is committed to following  
8 through on the things it agreed with the Staff that it would do. To that end and as earlier  
9 noted:

10           1. The FDC study, incorporating the Staff's input, is underway and is slated  
11           for completion in the first quarter of 2020;

12           2. The GOB space study has been completed, and its results implemented  
13           (retroactive to January 1, 2019), and lease agreements are in place  
14           applicable to any affiliate occupancy in Ameren Missouri-owned  
15           buildings;<sup>10</sup>

16           3. Written contracts that will cover any transactions with affiliates other than  
17           AMS (whose transactions are covered by a General Services Agreement)  
18           have been prepared and agreed upon to reflect the terms of the CAM and  
19           the variances reflected in it and will formally be implemented upon  
20           conclusion of this docket.<sup>11</sup>

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<sup>10</sup> Lease agreements have been agreed to with AIC, but remain subject to obtaining ICC approval as required by Illinois law.

<sup>11</sup> Because of an Illinois statute, the contract with AIC will not formally become effective until it is approved by the ICC.

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- 1        4. New, formal Affiliate Transaction Rule/CAM training has been developed,
- 2                  the Staff's input on it has been obtained and incorporated, and that new
- 3                  training is ready for formal launch, pending the conclusion of this docket;<sup>12</sup>
- 4        5. The annual audit is scheduled for 2020 as agreed upon in the Stipulation;
- 5        6. As noted, the CAM Team has been fully formed and its activities fully
- 6                  implemented, including by the hiring of a full-time CAM Manager;
- 7        7. The purchasing rate costs and inventory handling loading studies are
- 8                  underway and will be completed this year;
- 9        8. A CAM covering calendar year 2018 activity but otherwise having terms
- 10                 identical to the CAM attached as Exhibit A to the Stipulation was filed on
- 11                 May 15, 2019 in compliance with the Commission's rules and the variance
- 12                 granted to the Company respecting the due date in File No. EE-2019-0241.<sup>13</sup>
- 13                 The specific information required by Tab H, p. 2 of the CAM attached as
- 14                 Exhibit A to the Stipulation was provided;
- 15        9. The additional (i.e., beyond the Rules' requirement) information required
- 16                 by Tab H was provided when the 2018 CAM was filed;
- 17        11. The CAM Team has scheduled regular monthly CAM Team meetings to
- 18                 promote Rule and CAM compliance and to ensure that its responsibilities
- 19                 are discharged;
- 20        12. The CAM Team is developing the Risk Assessment contemplated by Tab
- 21                 Q, Appendix 13; and

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<sup>12</sup> The Company has engaged in Affiliate Transaction Rule training in the past, but the CAM formalized the training and called for receiving the Staff's input.

<sup>13</sup> As earlier noted, since the 2018 CAM has now been filed the Company seeks its approval in this docket.

1           13. The Company continues to utilize and follow the joint planning and  
2           procurement process outlined in the Joint Planning and Procurement Policy  
3           discussed by Mr. Hasse in his direct testimony.

4           **Q. Please summarize your testimony.**

5           A. Ameren Missouri has engaged in active and constructive discussions with  
6           the Staff for literally years that resulted in the Stipulation and the CAM that have been filed  
7           in this proceeding. OPC was a participant in every step of the process as well. The  
8           agreement that the Staff and Ameren Missouri have reached meets the goals of the Affiliate  
9           Transaction Rules, while allowing the practical and efficient operation of Ameren  
10          Missouri. The Company has agreed to numerous substantial measures to ensure that the  
11          goals of the Rules are met, such as implementing a robust and well-documented planning  
12          process for utilizing services provided by AMS, developing a formal Affiliate Transaction  
13          Rule/CAM training process in conjunction with the Staff, initiating a CAM team with a  
14          full-time manager, conducting an exhaustive, fully distributed cost study, utilizing  
15          benchmarking, conducting a building space study, revising contracts and procedures, and  
16          other measures set forth in the Stipulation and CAM. Ameren Missouri has requested  
17          reasonable and appropriate waivers. Most significantly, the waiver for AMS services will  
18          continue to allow Ameren Missouri's customers to benefit from the efficiencies that a  
19          common service company, with no profit motive, can provide to affiliates that would  
20          otherwise duplicate services. The other waivers also help Ameren Missouri meet the spirit  
21          of the Rules in the most efficient manner. Consequently, Ameren Missouri requests that  
22          the Commission approve the CAM submitted on May 15, 2019, which is materially the

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1 same as the CAM submitted with the Stipulation, and grant the waivers enumerated on Tab  
2 G of the CAM.

3 Q. Does this conclude your direct testimony?

4 A. Yes.

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

In the Matter of a Union Electric Company d/b/a )  
Ameren Missouri's Cost Allocation Manual (CAM). ) File No. EO-2017-0176

**AFFIDAVIT OF TOM BYRNE**

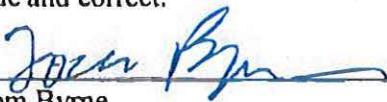
**STATE OF MISSOURI**      )  
                                )  
**CITY OF ST. LOUIS**      )      } ss

Tom Byrne, being first duly sworn on his oath, states:

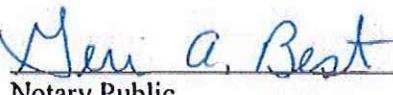
1. My name is Tom Byrne. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Senior Director of Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 30 pages and Schedule(s) TMB-D1, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

  
\_\_\_\_\_  
Tom Byrne

Subscribed and sworn to before me this 12<sup>th</sup> day of June, 2019.

  
\_\_\_\_\_  
Notary Public

My commission expires



**EXHIBIT B**  
**AMEREN MISSOURI SUPPORT**  
**FOR GOOD CAUSE FOR VARIANCES**  
**STIPULATION AND AGREEMENT**  
**File No. EO-2017-0176**

Ameren Missouri provides the following in support of its request that the Commission find that good cause exists to grant the variances outlined in Tab G of the Cost Allocation Manual for its electric and gas operations attached as Exhibit A to the Stipulation to which this Exhibit B is attached. Item B.8.iv. below is a variance from provisions of the electric Affiliate Transactions Rule only. The other variances below are variances from certain provisions of the electric and gas Affiliate Transactions Rules:

**A. Variance for Transactions Between Ameren Missouri and Ameren Services**

1. Since the Commission's approval of the merger of Union Electric Company (now d/b/a Ameren Missouri) and Central Illinois Public Service Company ("CIPS") in 1997, Ameren Missouri has received significant corporate and administrative support services from its affiliate, Ameren Services, which was also formed at that time. Ameren Services is a not-for-profit Missouri corporation,<sup>1</sup> which provides its services at cost, without any mark-up or profit component. It was formed to take advantage of synergies gained when Ameren Missouri and CIPS merged because there were numerous redundant functions at each of Ameren Missouri and CIPS that could more cost-effectively be combined into one service company. These include functions such as accounting, legal, environmental, building management, information technology, etc. At the time of its formation, the federal Public Utilities Holding Company Act of 1935 ("PUHCA") in fact required the utilization of such services companies and required that their services be provided at cost.

2. While initially there were only two Ameren affiliates sharing the services (and costs) obtained from Ameren Services, additional utilities in Illinois (Central Illinois Light

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<sup>1</sup> From time-to-time Ameren Missouri employees also provide services to Ameren Services. The nature and extent of such services are small in relation to both Ameren Missouri's and Ameren Services' overall operations.

Company (“CILCO”) and Illinois Power Company (“IP”)<sup>2</sup> were acquired by Ameren Corporation, which has allowed additional elimination of redundant functions at those acquired utilities and even more sharing of the cost of such services. The elimination of redundant functions and sharing of costs has significantly benefitted all impacted Ameren Corporation affiliates, including Ameren Missouri and its customers. Ameren Services costs directly charged or otherwise allocated to Ameren Missouri have been subject to review in every Ameren Missouri general rate proceeding since 1997, and will continue to be subject to review in future general rate proceedings. This means that regardless of approval of the CAM and the requested variances, when it sets rates the Commission retains authority to review the reasonableness of Ameren Services costs and the allocation of those costs to the extent they are not directly assigned. It should be noted that the Commission has never found that Ameren Services charges to Ameren Missouri were unreasonable or that they failed to comply with the Affiliate Transactions Rules.

3. To allow Staff to monitor Ameren Services costs charged to Ameren Missouri, Ameren Missouri provides detailed reporting of all Ameren Services transactions and cost allocations to Ameren Missouri and to all its affiliates. Ameren Services books and records are available to the Commission under the provisions of the Affiliate Transactions Rules, and as specifically provided for in the agreed-upon CAM for which approval is sought in this docket.

4. In lieu of engaging in ongoing requests for proposals or other bidding activities for the corporate and administrative functions provided by Ameren Services, benchmarking is utilized (and under the CAM shall continue to be utilized) to monitor the costs of the services provided by Ameren Services. This allows Ameren Services to take steps to make sure that its costs are reasonable and aligned with the market cost of its functions. The CAM specifically provides for

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<sup>2</sup> CILCO was acquired by Ameren Corporation in 2003 and IP was acquired by Ameren Corporation in 2004.

the continued use of benchmarking and that the benchmarking studies will be made available to Staff. Ameren Services and the affiliates to which it provides services (including Ameren Missouri), also engage in an annual joint planning and procurement process. That process is designed to ensure that the companies receiving services receive only the services they need and receive them at an appropriate cost, considering the need for and value of the services provided. (Ameren Missouri: Joint Planning and Procurement Procedure for Purchasing Ameren Services Company Products and Services.) With respect to allocated Ameren Services costs (i.e., those that cannot be directly charged to the affiliate receiving the service), Ameren Missouri must agree upon the allocation factors used to allocate such costs annually. All invoices for AMS charges must also be approved by an Ameren Missouri officer.

5. Another important aspect of Ameren Services' operations is how it incurs the costs that form the basis for its charges to Ameren Missouri and its affiliates. By design, the wages, salaries and benefits (labor costs) paid/provided to Ameren Services employees are market-based; i.e., the cost of labor and the market for acquiring labor is the same. Most of the costs that make up Ameren Services' charges are for labor and, as noted, those costs are not marked up but instead are simply passed through. Consequently, when Ameren Services charges affiliates (including Ameren Missouri) for its services, the human resource component of the cost of providing those services is being provided at a market price and at the service provider's cost because market and cost are one and the same. Similarly, when procuring the goods, materials, and services it may need to provide services (other than its labor) to its affiliates, Ameren Services is subject to, and must follow, the extensive Procurement Policy (Ameren: Procurement Policy AMN-08-04) and Procurement Procedure (Ameren: Procurement Procedure AMN-ADM-4004) (both of which have been and will be made available to Staff upon request) that are also followed by Ameren Missouri

when it procures goods, materials, or services directly. The Policy and Procedure are designed to ensure that goods, materials and services are also obtained at market rates; i.e., Ameren Services' cost and the market rate is the same. Because Ameren Services then bases its charges to affiliates on these actual costs (again, with no markup) the affiliates thereby are paying for the services Ameren Services provides at both cost and market, which like for labor are one in the same.<sup>3</sup>

6. Effectively, it can therefore be said that Ameren Missouri is following the pricing standard in the Affiliate Transactions Rules (which requires it to pay the lower of cost or market for all AMS services). However, since it is not possible to objectively establish that each individual Ameren Services expenditure is at or below market 100% of the time and to avoid potential disputes about strict compliance with the pricing-related standards in the Affiliate Transactions Rules, a variance from those provisions is warranted to allow transactions between Ameren Services and Ameren Missouri to always occur at Ameren Services' cost. Such a variance would be analogous to the Commission-approved variance for Kansas City Power & Light Company/KCPL – Greater Missouri Operations Company transactions.<sup>4</sup>

7. The foregoing facts demonstrate that there is good cause to grant the variance described in the CAM in Tab G, starting on page 2, line 10 through page 3, line 7. Granting the variance will allow Ameren Missouri to continue to take advantage of the substantial synergies that exist from Ameren Services' operations, and there is no detriment from granting the variance

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<sup>3</sup> It should also be noted that there is no incentive for Ameren Services not to acquire labor or other resources needed to provide its services at a higher cost than necessary because the only means by which Ameren Services costs can be covered is by charging the affiliates to whom it provides services for those costs which, in turn, reflect those charges in the rates charged to their customers. If Ameren Services fails to properly control its costs and if (for example) those higher costs are passed onto Ameren Missouri between Ameren Missouri general rate proceedings, Ameren Missouri's net income will be reduced permanently for that period. Similarly, Ameren Corporation's consolidated reported earnings will likewise be reduced.

<sup>4</sup> See *Report and Order*, File No. EM-2007-0374.

because doing so does not tend to make the power supply less safe or less adequate, nor does it tend to make rates less just and less reasonable.<sup>5</sup>

B. Variances for Transactions Between Ameren Missouri and Affiliates Other Than Ameren Services

8. The prior subsection applied to requested variances applicable to Ameren Missouri/Ameren Services transactions. This section applies to five variance requests applicable to certain transactions between Ameren Missouri and its Non-Ameren Services Affiliates, as follows:<sup>6</sup>

- i. Individual transactions involving exchanges of (a) employee labor-related costs and related employee expenses for services provided, (b) inventory transfers, (c) meter and line transformer transfers, (d) facility charges under the May 2, 2005 Facility Use Agreement between Ameren Missouri and Ameren Illinois Company ("AIC"), (e) lab testing services, and (f) software rentals, so long as the fully distributed cost ("FDC") of each of the electric transactions is less than or equal to \$650,000, and for gas transactions is less than \$60,000.<sup>7</sup>
- ii. Transactions arising from emergencies where life or property damage is threatened or has occurred, including storm response and electric and/or gas restoration efforts.

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<sup>5</sup> This variance would also apply to the provision of services by Ameren Missouri to Ameren Services, the vast majority of which are for building rentals (addressed elsewhere) and software rentals for software owned by Ameren Missouri and used by Ameren Services to provide services to Ameren Missouri and other affiliates.

<sup>6</sup> There is one additional variance request reflected in the CAM which would allow the Company to make annual submissions required by the Rules in May of each year instead of in March. The good cause for that variance is stated in the CAM; i.e., to better align the timing with other required FERC submittals that are used in preparing reporting under the Rules.

<sup>7</sup> Categories (a) to (f) apply to electric transactions. Categories (a) to (c) and (f) apply to gas transactions (with respect to category (c), only meter transfers take place for the Company's gas operations).

- iii. Rentals by Ameren Missouri affiliates of space in Ameren Missouri-owned buildings.<sup>8</sup>
- iv. Sales of energy or capacity to AIC at market rates set pursuant to a competitive bidding process such as, but not limited to, the process utilized by the Illinois Power Agency, even if those market rates are lower than Ameren Missouri's fully distributed costs so long as the sale of energy covers Ameren Missouri's marginal costs of providing the energy.
- v. The release or acquisition of natural gas pipeline transportation capacity done pursuant to Federal Energy Regulatory Commission ("FERC") regulations.

9. The first variance (item i) is requested to allow the continuation of many small transactions (several thousand transactions each year on average) that primarily occur between Ameren Missouri and AIC which, like Ameren Missouri, owns and operates a state-regulated electric and gas distribution utility, located in Illinois. These transactions most often involve exchanges of items such as miscellaneous inventory items, line transformers, and meters used by both utilities and held in inventory or plant by both utilities. While it varies from year-to-year, over the past four years the net exchanges that would have fallen within this variance for both gas and electric operations would have been in the range of \$1.0 million to \$(2.1 million) (and in a given year the net can go either way; i.e., a negative number would mean Ameren Missouri received less from AIC than it provided; a positive number would mean the opposite). All but a small portion of the above figures are for electric operation transactions. In the most recent year (2017), the net was \$100,000 (Ameren Missouri received \$100,000 more than it provided to AIC).

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<sup>8</sup> The same variance applies between Ameren Missouri and Ameren Services. See CAM, Tab G, p. 3, lines 8-9.

The thresholds at or below which this variance applies are expected to allow these beneficial transactions to continue at cost. Given that Ameren Missouri's total non-fuel related operations and maintenance expenditures are approximately \$900 million per year, these net exchanges are immaterial to Ameren Missouri's overall costs. However, Ameren Missouri benefits from being able to engage in these kinds of transactions because, among other reasons, it can easily track and access items it needs or knowledge/services an affiliate's employee may possess without attempting to locate the item/knowledge/service from an unaffiliated provider. These transactions are also more efficient because they reduce order times when an item is needed. In terms of inventory and plant transfers, the items would have been acquired under common procurement policies/procedures, and they are often of the same type/specification since both Ameren Missouri and AIC are Ameren utilities. In terms of access knowledge/services from an affiliate's employee, such an employee has the same or similar training, is subject to the same or similar policies, and generally will have greater familiarity with Ameren Missouri operations and needs than a non-affiliate employee. Finally, a good example in Ameren Missouri's gas operations where use of an affiliate's services relates to control and monitoring of the Company's natural gas distribution system, which is conducted by Ameren Illinois Company ("AIC") employees located in a gas control center facility located in Springfield, Illinois. Since AIC has approximately ten times as many natural gas customers as does the Company as well as a much larger distribution system, it is far more efficient for those trained AIC employees to monitor the Company's gas system as well instead of duplicating both employees, equipment, and the physical building that houses the control center.

10. The foregoing facts constitute good cause for this variance request.

11. The propriety of the variance denominated as item "ii" seems self-evident. If Ameren Missouri has an emergency, or if its sister company does, and if they can help each other and be made whole for their costs, it is in the public interest for them to be able to do so. Similar aid to non-affiliated utilities (and from non-affiliated utilities to Ameren Missouri) is routinely provided/received when storms occur. This constitutes good cause for this variance.

12. With respect to the variance request denominated as item "iii", it should be noted that the majority of the employees working at the GOB owned by Ameren Missouri are Ameren Services employees. There are also a significant number of Ameren Missouri employees there and a small number of AIC employees. Ameren Missouri charges cost-based rent to these other entities. It is very difficult to make an apples-to-apples comparison of the GOB to a typical office building, given the presence of secure control rooms, trading areas, data center facilities, and other features designed to protect Critical Electric Infrastructure Information. Moreover, the GOB has been specifically designed and configured to meet the needs of Ameren Missouri and Ameren Services, which provides it with substantial support. In summary, the GOB is not designed to be marketed or rented to unaffiliated third parties nor are there generally comparable facilities in the market that would suit Ameren Missouri's needs in the same way.<sup>9</sup> For these reasons, Ameren Missouri believes literal application of the pricing-related provisions of the Affiliate Transactions Rules would be impractical and unwarranted.

13. The foregoing facts constitute good cause for this variance.

14. It should be pointed out, however, that at the Staff's suggestion Ameren Missouri has agreed to complete a comprehensive space study of the GOB (and to update that study every

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<sup>9</sup> This variance is being requested for rentals to affiliates for all Ameren Missouri buildings for similar reasons and for administrative convenience. There are a very limited number of non-Ameren Missouri employees who work out of other Ameren Missouri buildings.

five years) to determine the most equitable allocation of its costs of ownership among itself and its affiliates who occupy the GOB. This will further ensure that Ameren Missouri is receiving a fair and appropriate rental rate for the GOB.

15. The variance denominated as item "iv" is also straightforward: Under Illinois law, distribution utilities acquire the power they need to serve their customers through an Illinois Power Authority competitive auction process; i.e., the distribution utilities (including AIC) issue requests for proposals for the energy and capacity they need and generators submit bids. Responding to those requests for proposal and obtaining bids is a means by which Ameren Missouri can generate off-system sales (energy and capacity) margins that are then included in its fuel adjustment clause for the benefit of its customers. Ameren Missouri has been engaging in such transactions for several years and they have been reviewed in rate cases and fuel adjustment clause prudence reviews. However, the auction process may or may not comply with the letter of the Affiliate Transactions Rules; hence Ameren Missouri requests a variance from the cited provisions.

16. The last variance, denominated as item "v" is also within the spirit of the Affiliate Transactions Rules, but not within its letter. In summary, at times Ameren Missouri holds interstate gas pipeline capacity that it has procured to obtain gas for its generators or to serve its gas customers that may not, in a single hour or on a given day, be needed (e.g., because the weather turned out differently than forecasted). Or, for the same reason, Ameren Missouri may need pipeline capacity that it does not have. The FERC has implemented regulations that allow such capacity to be "posted" and then competitively bid upon and acquired by others that need it. This variance will allow Ameren Missouri to dispose of/acquire pipeline capacity when appropriate. For these reasons, good cause for this variance exists.