

**ILLINOIS COMMERCE COMMISSION**

**DOCKET No. 12-0293**

**SURREBUTTAL TESTIMONY**

**OF**

**KATHLEEN A. PAGEL**

**Submitted on Behalf**

**Of**

**AMEREN ILLINOIS COMPANY  
d/b/a Ameren Illinois**

**September 5, 2012**

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7 **I. INTRODUCTION**

8 **A. Witness Identification**

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

10 A. My name is Kathleen A. Pagel. My business address is 300 Liberty Street, Peoria,  
11 Illinois 61602.

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

13 A. I am employed by Ameren Illinois Company d/b/a Ameren Illinois (AIC or the  
14 Company) as a Supervisor of Communications.

15 **Q. Are you the same Kathleen A. Pagel who previously sponsored testimony in this  
16 proceeding?**

17 A. Yes, I sponsored rebuttal testimony on behalf of AIC.

18 **B. Purpose, Scope and Identification of Exhibits**

19 **Q. What is the purpose of your surrebuttal testimony?**

20 A. The purpose of my testimony is to respond to the rebuttal testimony of certain Illinois  
21 Commerce Commission (Commission) Staff (Staff) and Intervenor witnesses. Specifically, I

22 respond to Staff witness Ms. Karen Chang on her adjustments to charitable contributions and  
23 advertising expenses. I also respond to the Illinois Attorney General (AG)/AARP witness, Mr.  
24 Michael Brosch; and Citizens Utility Board (CUB) witness, Mr. Ralph Smith on their  
25 adjustments to advertising expenses. In addition to my surrebuttal testimony, AIC also is  
26 submitting the surrebuttal testimony of Ms. Geralynn Lord in response to Staff's, AG/AARP's  
27 and CUB's adjustments concerning *Focused Energy. For Life* costs.

28 **Q. Are you sponsoring any exhibits in support of your testimony?**

29 A. Yes. I am sponsoring following exhibits with my surrebuttal testimony.

- 30 • Ameren Exhibit 24.1: Contribution Recipients Tax Status
- 31 • Ameren Exhibit 24.2: AIC Response to AG Data Request 6.22
- 32 • Ameren Exhibit 24.3: *Focused Energy. For Life. Costs*

33 **II. STAFF ADJUSTMENT TO SECTION 9-227 CONTRIBUTIONS**

34 **Q. Please describe Staff's adjustment to Section 9-227 Contributions.**

35 A. Staff proposes to remove 11 donations from the revenue requirement. The result of  
36 Staff's proposed adjustment is a decrease of \$56,000 to AIC's operating income. (ICC Staff Ex.  
37 8.0R, Schedule 8.02, Page 2 of 2.)

38 **Q. What is Staff's rationale for its adjustment on rebuttal?**

39 A. Staff claims the 11 donations are not recoverable under Section 9-227 of the Public  
40 Utilities Act because they "were not made to Section 501(c)(3) organizations and are not made  
41 for charitable scientific, religious or educational purposes." (ICC Staff Ex. 8.0, lines 67-69.)

42 **Q. Is Staff's adjustment on rebuttal different in amount from its adjustment on direct?**

43 A. No. In its direct case, Staff proposed disallowance of the same 11 donations. (ICC Staff  
44 Ex. 3.0, Schedule 3.02, Page 2 of 2.)

45 **Q. Does AIC still oppose this adjustment?**

46 A. Yes. AIC still opposes this adjustment and does not agree that any of the 11 donations at  
47 issue should be removed.

48 **Q. What is your understanding of Section 501(c)(3) of the Internal Revenue Code?**

49 A. I am not a tax accountant or tax lawyer and my experience with the Internal Revenue  
50 Code is limited. It is my understanding however that Section 501(c)(3) provides for an  
51 exemption from federal income tax for a non-profit corporation or foundation that is organized  
52 and operated exclusively for an exempt purpose. Based on my review of this section of the  
53 Code, the exempt purposes set forth in Section 501(c)(3) are charitable, religious, educational,  
54 scientific, literary, testing for public safety, fostering national or international amateur sports  
55 competition, and preventing cruelty to children or animals. As I understand it, Section 501(c)(3)  
56 organizations, with limited exceptions, are eligible to receive tax-deductible contributions.

57 **Q. Concerning the donations Staff seeks to disallow, were any of the 11 recipient  
58 organizations Section 501(c)(3) organizations?**

59 A. Yes. As mentioned in my rebuttal testimony (Ameren Ex. 14.0, ll. 114-115.), one  
60 organization on Staff's list – MACOMB Area Economic Development – is a Section 501(c)(3)  
61 organization. (See Ameren Ex. 5.1, line 141.) Despite my rebuttal testimony on this point  
62 however, Ms. Chang has kept that donation on her list of disallowable donations.

63 **Q. Did Ms. Chang explain why she is seeking to exclude a donation to a Section**  
64 **501(c)(3) organization?**

65 A. No. Her rebuttal testimony did not address this point.

66 **Q. What is the tax status of the other 10 recipient organizations?**

67 A. Ameren Exhibit 24.1 is an updated version of ICC Staff Exhibit 8.0R, Schedule 8.02,  
68 Page 2 of 2 that reflects the Federal Employer Identification Number (“FEIN”) for each recipient  
69 and the organization’s federal tax-exempt status (if known).

70 **Q. Are these 10 organizations the only non-Section 501(c)(3) organizations that**  
71 **received donations that AIC is seeking to recover under Section 9-227 of the Act?**

72 A. No. As explained in my rebuttal, in response to Staff Data Request KC 6.01, AIC  
73 updated its list of Section 9-227 donations set forth in Ameren Exhibit 5.1 to provide the  
74 organization’s FEIN and to indicate which organizations qualified and had filed for Section  
75 501(c)(3) tax-exempt status. A review of Ameren Exhibit 14.1 (KC 6.01 Attach) shows many  
76 other donations to non-Section 501(c)(3) organizations that Staff is not seeking to disallow.

77 **Q. Did Ms. Chang address this point in her rebuttal testimony?**

78 A. No. Her rebuttal testimony did not address this point.

79 **Q. According to Ameren Exhibit 24.1, the majority of the contributions Staff seeks to**  
80 **disallow are contributions to organizations that have tax-exempt status under Section**  
81 **501(c)(6). What is your understanding of Section 501(c)(6)?**

82 A. Again, I am not a tax accountant or tax lawyer. But my understanding is Section  
83 501(c)(6) provides for an exemption from federal income tax for non-profit business leagues,  
84 chambers of commerce and boards of trade.

85 **Q. Are contributions to Section 501(c)(6) organizations deductible as charitable**  
86 **contributions?**

87 A. No. As I understand it, contributions to non-profits organizations that are tax-exempt  
88 under Section 501(c)(6) are not deductible as charitable contributions on the donor's federal  
89 income tax return. They may be deductible as a business expense.

90 **Q. Does AIC consider donations to these particular groups tax-deductible business**  
91 **expenses?**

92 A. Yes. Contributions to Section 501(c)(6) organizations are not deductible as charitable  
93 contributions on AIC's federal income tax return. But they are deductible as a business expense,  
94 as donations of this type are ordinary and necessary in the conduct of the AIC's business.

95 **Q. Should that matter for determining whether the contribution is recoverable under**  
96 **Section 9-227?**

97 A. In my opinion, no. The recipient's tax-exempt status should not matter. Nor should it  
98 matter whether the federal government considers the donation to be tax deductible. The federal  
99 tax code is not an appropriate mechanism to be used as a filter to determine which contributions  
100 are recoverable under Section 9-227, and which are not. Rather, Section 9-227 should be the  
101 "filter". Churches, local governments, public schools, non-profit hospitals, public parks,  
102 volunteer fire fighters, youth organizations, veterans' groups, social clubs, civil leagues, fraternal

103 orders – all of these organizations can be organized and tax-exempt under any number of  
104 provisions of the federal tax code (if they even bother to apply for exemption from federal taxes  
105 in the first place). The difference in the tax-exempt status of a Section 501(c)(3) and a Section  
106 501(c)(6) organization should not dictate whether a donation is recoverable under Section 9-227  
107 of the Act.

108 **Q. What should be the standard for recovery of donations under Section 9-227?**

109 A. In my opinion, the standard should be the statute itself: donations are recoverable  
110 provided they are reasonable in amount and made “for the public welfare *or* for charitable  
111 scientific, religious or educational purposes.” (Emphasis added). The Commission previously  
112 found donations to be “for the public welfare” if they are “contributing to the general good of the  
113 public.” Commonwealth Edison Co., Order, Docket No. 11-0721 (May 29, 2012), p. 98. The  
114 Commission also previously found donations to local community and economic development  
115 organizations are “public welfare” donations that contribute to the general good of the public. In  
116 my opinion, using Staff’s Section 501(c)(3) filter essentially writes the “for the public welfare”  
117 prong out of Section 9-227. Ms. Chang’s testimony makes this clear: under Staff’s interpretation  
118 of Section 9-227, if the donation is not “for a charitable scientific, religious or educational  
119 purposes” and if organization does not qualify as a Section 501(c)(3) tax-exempt “charitable”  
120 organization, the donation is not recoverable in rates.

121 **Q. Ms. Chang claims you misstated the basis for her disallowance. Please respond.**

122 A. In her rebuttal testimony, Ms. Chang states, “AIC misstates my position by stating that  
123 Staff claims that for the donation to be considered a ‘charitable contribution,’ the donation  
124 should be made to an organization that is a Section 501(c)(3) tax-exempt organization.” (ICC

125 Staff Ex. 8.0, p. 5.) In her direct testimony, she stated, “For a donation to be considered a  
126 charitable contribution, the donation should be made to an organization that is a Section  
127 501(c)(3) tax-exempt organization....” (ICC Staff Ex. 3.0, p. 8.) If there was a misstatement  
128 there, I don’t see it. In any event, I don’t see her test as described on rebuttal as much different.

129 **Q. If the Commission does not use a Section 501(c)(3) filter to determine which**  
130 **contributions can be recovered, what should it use?**

131 A. In my opinion, the Commission should use the information provided by the utility on  
132 each donation to determine whether the donation was “for the public welfare or for charitable  
133 scientific, religious or educational purposes.” If a particular donation contributes to the general  
134 good of the public in the communities that AIC serves, it should be recoverable, regardless of  
135 whether it is deductible to the donor or the recipient organization is tax-exempt. The context of  
136 the donation should control the analysis, not the federal tax status of the recipient organization.

137 **Q. Ms. Chang claims that, without a Section 501(c)(3) filter, the Company “could**  
138 ***conceivably make a donation to any individual to supplement his or her income and claim***  
139 **that it was made for the public welfare.”(emphasis supplied) Is there potential for AIC to**  
140 **abuse the “public welfare” prong of Section 9-277 prong without a Section 501(c)(3) filter**  
141 **in place?**

142 A. In my opinion, no. In Ameren Exhibit 14.1, the Company provided *the name of each*  
143 *recipient, each recipient’s FEIN, a brief description of the nature and purpose of the recipient,*  
144 *the use of the donation,* and the identified Section 9-227 categories for each donation. Actual  
145 data is being used. This information is sufficient for the Commission to make objective

146 determinations on a case-by-case basis whether a particular donation should be recovered in  
147 rates.

148 **Q. Are you suggesting the recipient's federal tax status cannot also be a factor?**

149 A. No, I am not suggesting that. I am suggesting it should not be a disqualifying factor or a  
150 filter as applied by Staff. Nor should it be used as a pretext to exclude from consideration a  
151 category of recipients like community and economic development organizations.

152 **Q. Ms. Chang observes that economic development organizations foster business**  
153 **alliances that could enhance future business prospects for its members. She claims**  
154 **donations to these groups provide AIC with the "corporate benefit" of this business**  
155 **networking environment. Does AIC donate money to these groups simply to pay for**  
156 **business connections?**

157 A. No. Donations are given to the economic development organizations without any  
158 expectation of obtaining a benefit. I do not agree with Ms Chang's suggestion that the purpose  
159 of the donations are to receive "corporate" benefits.

160 **Q. Ms. Chang also claims these organizations do not provide AIC's communities with**  
161 **any measurable benefits. Do you agree?**

162 A. No. As with Ms. Chang's example of the homeless shelter showing the charitable benefit  
163 by the number of beds that are filled, the charitable benefit for the communities can be measured  
164 by the number of buildings or sites that are open for development, the number of open buildings  
165 or sites that have been filled with new businesses, the number of businesses retained and the  
166 number of new businesses developed. In a similar manner a food pantry can identify the amount

167 of food it has distributed, the communities' workforce can be measured by the number of jobs  
168 that are retained or created. Just as significant as a place to sleep or food to eat is a job and  
169 businesses to employ workers.

170 **Q. What demonstrable community benefits do these particular groups provide?**

171 A. Benefits to communities in AIC's territory include listing the community's locations for  
172 new and expanding businesses in the Building and Site database and tracking what sites are  
173 visited, rented or purchased. Another example of a community benefit is the attraction of jobs to  
174 the community through use of the Quality of Labor Program Reports which describe the area's  
175 workforce climate leading ultimately to the community's preparedness to respond with a ready  
176 workforce to business interest in current business expansion and retention and new business  
177 recruitment.

178 **Q. Regarding the contribution to the Southwest Illinois Jets Smith, do you agree with**  
179 **Ms. Chang's suggestion that the donation is no different than the athletic event**  
180 **sponsorships that AIC removed from the revenue requirement?**

181 A. No. This contribution is very different. The contribution to the Jets supported a  
182 basketball mentoring program where young men and women, through participation in the  
183 basketball program, are helped to achieve higher academic as well as improved athletic skills.

184 **Q. Are you aware the Commission has initiated a rulemaking to develop rules on the**  
185 **standard information requirements that utilities would submit in future filings when they**  
186 **seek recover of donations under Section 9-227?**

187 A. Yes. I am aware that this rulemaking has been initiated.

188 **Q. Could this rulemaking be an opportunity for the Commission to decide on the**  
189 **propriety of the Staff's Section 501(c)(3) filter?**

190 A. It could be; however, whatever rule is promulgated will need to be in accordance with  
191 Section 9-227. The use of the Section 501(c)(3) filter goes more to the corporations' eligibility  
192 for recovery, than the necessary information to be submitted. .

193 **III. STAFF ADJUSTMENT FOR P-CARD EXPENSES**

194 **Q. Please describe Staff's adjustment to remove certain P-Card expenses.**

195 A. Staff proposes the disallowance of approximately \$31,500 in P-Card charges from the  
196 Account 909 expenses included in the 2011 formula rate revenue requirement.

197 **Q. What is the rationale for Staff's proposed P-Card disallowance?**

198 A. Ms. Chang proposes disallowance of \$27,108.91 in P-Card Expense because she claims  
199 there is no evidence the costs are associated with any advertising program or campaign. She also  
200 proposes to disallow a P-Card purchase of \$4,387 for books purchased for employees.

201 **Q. Does AIC oppose Staff's adjustment to P-Card Expense?**

202 A. In part. AIC does object to the Commission disallowing the \$27,108.91 portion of Ms.  
203 Chang's adjustment. AIC, however, agrees to remove the \$4,387 specific P-Card purchase from  
204 the revenue requirement.

205 **Q. What are P-Cards?**

206 A. A P-Card is a credit card obtained by an AIC employee through Ameren Corporation  
207 (Ameren) and is provided for business-related expenses only. All expenses should be charged to

208 the P-Card to the extent possible. Expense reports are submitted to the employee's supervisor  
209 and when approved are reasonable and appropriate.

210 **Q. What type of work-related expenses are often paid for with P-Cards?**

211 A. Work related expenses paid with the P-Card are authorized business meals including  
212 costs of food and beverages, taxes and gratuities; rental car use for local travel; air travel use for  
213 longer distance travel; office items; materials and clothing for community outreach activities .

214 **Q. How does the AIC Communication team determine which P-Card expenses are  
215 booked to Account 909?**

216 A. Expenses related to advertising activities including work with community outreach,  
217 media, printed customer communications, informational and instructional messaging, and  
218 customer assistance communications.

219 **Q. Why isn't it practical to track each P-Card expense with a specific advertisement or  
220 advertising campaign?**

221 A. Because these expenses are numerous and of smaller dollar amounts. The requested  
222 granular analysis was performed at a consolidated level to provide more manageable details for  
223 the requested reports

224 **Q. Ms. Chang attaches to her testimony your response to Staff Data Request KC 15.01.  
225 What information did Ms. Chang seek in this data request?**

226 A. In Ameren Exhibit 14.4, over 1400 detailed expenses were listed ranging from an amount  
227 of less than a dollar to thousands of dollars. Ms. Chang requested, for each expense, Part A -the

228 transaction date, Part B – the description of material or services provided/recorded and Part C- a  
229 cross reference to the related advertisement.

230 **Q. Please explain your approach in responding to the data request.**

231 A. Because the turnaround time for the response was short and many of the expenses were  
232 of small amounts, only expenses greater than \$200 were detailed in the response. This included  
233 84 expenses with detail for 75% of the MMIS and P-Card costs. Part A - transaction dates were  
234 system generated and dates added to the worksheet. Part B and Part C required that all P-Card  
235 statements be reviewed for details and added to the worksheet. The response for payroll related  
236 expenses were provide in paragraph form.

237 **Q. Your response to Staff Data Request KC 15.01 indicates that you provided a**  
238 **description of the purchase and advertisement reference for charges greater than \$200.**  
239 **Why didn't you provide similar information on every P-Card charge?**

240 A. The biggest challenge was the limited time frame to respond and the numerous expense  
241 accounts that required manual review and inputting of data into the spreadsheet. 93% of the  
242 expenses were a charge less than \$200. Data for the response was targeted to the larger  
243 expenses. However, those charges greater than \$200 respresented 75% of the expense dollars.

244 **Q. Do you consider the approach of your response to Staff Data Request KC 15.01 to**  
245 **be reasonable given the circumstances?**

246 A. Yes. Given the time limit for the response and numerous expenses that were reviewed,  
247 the response was reasonable.

248 **IV. STAFF ADJUSTMENT FOR STRATEGIC INTERNATIONAL GROUP**

249 **Q. Did you review the revisions to Ms. Chang's testimony filed on September 4, 2012?**

250 A. Yes.

251 **Q. What did those revisions concern?**

252 A. Ms. Chang has revised her rebuttal adjustment to Account 909 to disallow additional  
253 expenses for consultation services provided by Strategic International Group?

254 **Q. What is the amount of this additional adjustment to Account 909?**

255 A. The total amount disallowed by Ms. Chang related to services provided by Strategic  
256 International Group is \$72,540. (ICC Staff Ex. 8.0R, Schedule 8.04, Page 5 of 5.)

257 **Q. Did Ms. Chang discuss this specific adjustment in her direct testimony?**

258 A. No. These costs were part of Ms. Chang's larger adjustment to Account 909 presented in  
259 her direct testimony.

260 **Q. Did the Company provide additional information on these charges in its rebuttal?**

261 A. Yes. Ameren Exhibit 14.3 contained additional information on the work billed and  
262 customer benefits for every invoice disallowed. The invoices for Strategic International Group's  
263 services were only a handful of the invoices that were included in Ms. Chang's original  
264 adjustment. Ms. Chang's revisions indicate that the additional information provided by the  
265 Company, which she finds "minimal," did not lead her to believe these expenses are recoverable.

266 **Q. Would you care to elaborate on the services that Strategic International Group**  
267 **provided to AIC in 2011 associated with these charges?**

268 A. Strategic International Group provided consulting services in 2011. The services focused  
269 on reviewing and commenting on AIC's methods and messages with the design of making more  
270 effective the Company's customer communications on energy assistance programs.

271 **Q. In your opinion, do you believe these expenses are recoverable?**

272 A. Yes. The customer benefits from these consulting services resulted in improvements in  
273 our messaging. For example, customer service co-workers were made available in local public  
274 libraries to meet face-to-face, one-on-one with customers needing assistance with their electric  
275 bills. Also, Strategic International Group reviewed and commented on various energy assistance  
276 programs that were included in the Company's modernization action plans.

277 **V. STAFF AND INTERVENORS' ADJUSTMENT FOR E-STORE COSTS**

278 **Q. Please describe the adjustment proposed by Staff, AG/AARP and CUB to remove**  
279 **“E-store” costs.**

280 A. The adjustment proposed by Staff, AG/AARP and CUB on rebuttal is the same  
281 adjustment they proposed on direct: to remove \$8,473 from the revenue requirement for  
282 inventory of AIC branded products for the E-Store. (ICC Staff Ex. 8.0, p. 14; AG/AARP Ex.  
283 3.0, p. 40; CUB Ex. 2.0.)

284 **Q. What rationales have the parties offered on rebuttal in support of their**  
285 **disallowances?**

286 A. Mr. Smith continues to espouse his belief the expense is goodwill or institutional  
287 advertising. Ms. Chang says the expense is institutional or promotional advertising. Mr. Brosch  
288 claims the expenses are discretionary and not necessary to the provision of public utility service.

289 **Q. Has anything in their rebuttal testimony caused you to change your opinion on the**  
290 **recoverability of these expenses?**

291 A. No. The expense is a reasonable and recoverable operating expense for the reasons I  
292 stated in my direct testimony.

293 **VI. STAFF AND INTERVENORS ADJUSTMENT FOR SPONSORSHIP COSTS**

294 **Q. Please describe the adjustments proposed by Staff, AG/AARP and CUB to disallow**  
295 **corporate sponsorships.**

296 A. Staff, AG/AARP and CUB all propose a further disallowance to Account 930.1 to  
297 remove additional corporate sponsorship costs beyond the costs AIC already self-disallowed.  
298 (ICC Staff Ex. 8.0, p. 15; AG/AARP Ex. 3.0, pp. 40-41; CUB Ex. 2.0, pp. 33-34.)

299 **Q. What rationales have the parties offered on rebuttal in support of their**  
300 **disallowances?**

301 A. Ms. Chang claims the sponsorship costs she disallows are goodwill and promotional  
302 advertising and similar to the costs AIC voluntarily removed. Mr. Smith says that all of AIC's  
303 sponsorships, regardless of whether AIC receives tickets, put the corporate name before the  
304 public in a philanthropic light, the cost of which should not be passed along to ratepayers. Mr.  
305 Brosch believes sponsorships are discretionary activities that are not required to provide service  
306 and should be covered by shareholder funds.

307 **Q. Has anything in their rebuttal testimony caused you to change your opinion on the**  
308 **recoverability of these expenses?**

309 A. No. The sponsorships included in the proposed revenue requirement are reasonable and  
310 recoverable operating expenses that benefit ratepayers and their communities for the reasons I  
311 stated in my direct testimony.

312 **Q. Please identify or describe an example of a corporate sponsorship cost that you**  
313 **believe to be recoverable?**

314 A. One of the community festivals supported by AIC was the Old King Coal Festival in  
315 West Frankfort, IL. The sponsorship cost was \$300. A program ad with an energy efficiency  
316 message was used and at a booth, employees distributed reusable shopping bags with a “family  
317 safety/emergency supplies” message.

318 **Q. Is there any additional evidence that AIC provided in discovery on corporate**  
319 **sponsorships since you filed your direct?**

320 A. Yes. In response to AG Data Request 6.22, AIC identified the sponsorship events where  
321 a presentation was made by a booth, by an advertisement (in booklet or magazine), using  
322 signage, by co-worker’s attendance, or by distributing a recycled bag with an educational  
323 message. AIC’s response to AG Data Request 6.22 also identified the theme of the presentation  
324 and provided copies of the presentation material. I have included the Company’s response to AG  
325 Data Request as Ameren Exhibit 24.2.

326 **Q. Do you agree that the sponsorships Ms. Chang removed were of the same nature as**  
327 **those voluntarily removed?**

328 A. No. In my opinion, the sponsorships that remain in AIC's proposed revenue requirement  
329 are not of the same nature as those the Company voluntarily removed. The expenses for  
330 sponsorships that were voluntarily removed were for events for which AIC received tickets in  
331 return for its sponsorship. It is a relevant distinction.

332 **VII. STAFF AND INTERVENORS ADJUSTMENT: FOCUSED ENERGY. FOR LIFE.**

333 **Q. Please describe the adjustments proposed by Staff, AG/AARP and CUB to disallow**  
334 **advertising expenses associated with the *Focused Energy. For Life.* promise.**

335 A. Ms. Chang adopts the adjustment proposed by Mr. Brosch in his direct testimony to  
336 disallow 100% of the costs that appear on pages 17-19 of Schedule WPC-8 (Ameren Exhibit  
337 14.2). Her adjustment amounts to a decrease of \$604,000 or approximately 25% of the \$2.438  
338 million in advertising costs that AIC included in its electric formula rate revenue requirement.  
339 Mr. Smith proposes a similar adjustment to disallow all such costs. Mr. Brosch, however, has  
340 revised his adjustment on rebuttal to proposal disallowance of only 50% of the associated costs.

341 **Q. Does AIC continue to oppose these disallowances?**

342 A. Yes. Ms. Lord addressed these disallowances in her rebuttal testimony. She addresses  
343 the parties' proposed disallowances again in her surrebuttal testimony and further explains why  
344 the expenses should be recoverable advertising costs.

345 **Q. Did you also provide additional evidence in rebuttal in support of these expenses?**

346 A. Yes. Ameren Exhibit 14.3 provided additional information for each voucher that was  
347 listed on Ameren Exhibit 14.2 (Ameren Schedule WPC-8), including the vouchers specific to  
348 these costs. That additional information included a description of the billed services, the

349 customer benefit for the work, and the statutory category under Section 9-225 that supports  
 350 recoverability of the expense. Ameren Exhibit 24.3 provides the same information that was  
 351 previously included in Ameren Exhibit 14.3, but only for the vouchers at issue with these  
 352 expenses. This exhibit also includes the amounts AIC has self-disallowed.

353 **Q. Did AIC self-disallow a percentage of these costs in its rebuttal testimony?**

354 A. Yes. In rebuttal, the Company agreed to disallow the following amounts from the  
 355 revenue requirement associated with *Focused Energy. For Life.* expenses.

Voucher #	Amount	Ameren Ex 14.2	Ameren Ex 14.3
1181255	4,818	page 18 of 23	page 3 of 45
1186057	1,432	page 18 of 23	page 3 of 45
1233096	1	page 18 of 23	page 24 of 45
1233099	1,766	page 18 of 23	page 3 of 45
1233704	1,557	page 18 of 23	page 4 of 45
1281311	4,984	page 18 of 23	page 3 of 45
1447112	2,624	page 19 of 23	page 6 of 45
Total	17,182		

356 **Q. Has AIC agreed to a further disallowance of these costs in surrebuttal?**

357 A. Yes. Ms. Lord discusses AIC's agreement to remove approximately \$5,000 from the  
 358 revenue requirement associated with Corebrand research conducted in 2011.

359 **Q. If the Commission agrees with Staff, AG/AARP and CUB that all costs from this**  
 360 **initiative should be disallowed, what further amount should the Commission disallow?**

361 A. Accounting for AIC's self-disallowances, any further adjustment to remove the remaining  
 362 costs would amount to \$582,000.

363 **VIII. CONCLUSION**

364 **Q. Does this conclude your surrebuttal testimony?**

365 **A. Yes, it does.**