

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

<b>AMEREN ILLINOIS COMPANY</b>	)	
<b>d/b/a Ameren Illinois,</b>	)	
<b>Petitioner</b>	)	<b>Docket No. 13-0301</b>
	)	
<b>Rate MAP-P Modernization Action Plan -</b>	)	
<b>Pricing Annual Update Filing</b>	)	

**INITIAL BRIEF OF THE CITIZENS UTILITY BOARD**

THE CITIZENS UTILITY BOARD  
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Now comes the Citizens Utility Board (“CUB”), pursuant to Rules of Practice of the Illinois Commerce Commission (“ICC” or “the Commission”), 83 Ill. Admin. Code Part 200.800, and pursuant to the briefing schedule established by the Administrative Law Judges (“ALJs”), to hereby file this Initial Brief in the above-captioned proceeding.

**I. INTRODUCTION**  
**A. Overview**

Ameren Illinois Company d/b/a Ameren Illinois (“Ameren,” “AIC” or “the Company”) filed the instant case pursuant to Section 16-108.5 of the Public Utilities Act (“PUA” or “Act”), which is titled the Energy Infrastructure and Modernization Act, or “EIMA.” This is the second annual formula rate update filing made by Ameren. Many of the issues addressed herein are issues that should have been largely resolved by the Commission’s Order in Ameren’s last formula rate update, Ameren Illinois Company d/b/a Ameren Illinois, Rate MAP-P Modernization Action Plan – Pricing Annual Update Filing. ICC Docket No. 12-0293, December 5, 2012 Final Order (“12-0293 Order”). Ameren, however, continues to request recovery for the same types of costs that had previously been disallowed; for example, Cash Working Capital, Accrued Vacation Pay, Credit Card Expenses, company perquisites, and Advertising and Public Relations Expenses. Where no new or distinguishing facts are presented

to justify a departure from Commission determinations in prior formula rate dockets, the Commission should apply the same analyses and conclusions to the same issues.

In May 2013, the General Assembly passed certain amendments to the EIMA, Public Act 098-0015, requiring (among other changes) that year-end rate base to be used for the purpose of calculating the actual revenue requirement for the reconciliation year. 220 ILCS 5/16-108.5(d)(1). Witnesses for the People of the State of Illinois, by Attorney General Lisa Madigan (“AG”) and Commission Staff (“Staff”) each concluded that Ameren went beyond what was required in EIMA and changed the calculation of rate base for purposes of measuring the earned return on equity (“ROE”) for the ROE collar<sup>1</sup> from use of average rate base to use of year-end rate base numbers. AG Ex. 2.0 at 212-222. On August 30, 2013, the AG filed a “Complaint to Suspend Tariff Changes submitted by Ameren Illinois and to investigate Ameren Illinois rate MAPP Pursuant to Sections 9-201, 9-250 and 16-108.5(c) of the Public Utilities Act, to request that the Commission ensure the changes to the formula rate protocols made by Ameren on June 5, 2013, in Docket No. 13-0385, were made in accordance with law. Pursuant to an Agreed Joint Motion to Consolidate and Establish a Schedule in Dockets 13-0501 and 13-0517, and for Entry of Supervisory Order in Dockets 13-0301, 13-0501 and 13-0517, the parties agreed that the issues addressed in that Complaint will be litigated in consolidated Docket Nos. 13-0501 and 13-0517. No other issues relating to recent EIMA amendments are an issue in this proceeding.

While CUB did not present its own witness in this docket, CUB respectfully requests the Commission adopt the AG and Staff adjustments addressed herein, in addition to other adjustments it deems necessary to ensure Ameren’s customers pay only just and reasonable rates.

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<sup>1</sup> The “collar” adjustment is used to adjust the Company’s earned return on common equity when it falls outside the parameters of the earnings collar established by EIMA.

The Commission attention to the relatively narrow list of issues in this docket require laser focus to ensure the implementation of the formula rate protocol remains fair and just to customers.

## **II. RATE BASE**

### **B. Contested Issues**

#### **1. Cash Working Capital – Pass Through Taxes**

The Company's Cash Working Capital ("CWC") calculation of pass-through taxes, Municipal Utility Taxes and Energy Assistance Charges ("pass through taxes"), should be calculated using zero lead days. While the Company determined the majority of its CWC based on the expense leads and revenue lags approved in ICC Docket No. 12-0001, it relied on the flawed methodology approved in its last *gas* rate case with respect to pass through taxes. AG Ex. 1.0C at 18:379-19:419. To support this inconsistent approach, the Company argues that the Commission was incorrect in ICC Docket Nos. 12-0001, the Ameren's initial formula rate setting proceeding, and in the *12-0293 Order*. Ameren Ex. 1.0 at 13:469-72. Ameren's attempt to assert a different approach to calculating pass through taxes than was approved by the Commission in each of the formula rate proceedings thus far, in the face of no distinguishing facts, should be rejected.

The Commission has found that "pass-through taxes should not be assigned a revenue lag because they are payable after revenues are collected from customers." ICC Docket No. 11-0721 Final Order (May 29, 2012) at 46. The Commission held that customers should not be required to pay the increased costs associated with a utility's choice to pay taxes and charges before they are due. *Id.* In all of its most recent rate cases, the Commission has correctly made findings consistent with that position.

However, in this case, the Company has calculated its CWC requirement based on a flawed methodology proposed by Mr. Heintz. Though the Commission approved that

methodology in the Company's last gas rate case, the Commission has since made findings in each of the last formula rate proceedings for both Ameren and Commonwealth Edison Company ("ComEd") (ICC Docket Nos. 11-0721, 12-0001, 12-0293, and 12-0321) which support a methodology more consistent with the actual timing of cash flows associated with pass-through taxes. AG Ex. 1.0C at 21:447-50. There has been no change in the remittance schedule for pass-through taxes that would justify a departure from the Commission's most recent decisions. *Id.* at 20:436-42.

With respect to pass-through taxes such as the Municipal Utility Tax and Energy Assistance Charges, the Company acts only as a collection agent—adding the taxes to customers' bills and collecting the charges for later remittance to the taxing authorities. *Id.* at 21:453-57. They are not payable until after they have been received and collected from customers. *Id.* at 22:470-73. Thus, the Commission's determination to assign a zero revenue lag to pass-through taxes was rationale, reasonable, and applicable to the facts presented here.

The Commission's decision in this case should remain consistent with its recent findings, and should acknowledge the reality that there is in fact no revenue lag, and should assign zero lead days to pass-through taxes. The Commission should adopt the adjustment proposed by the AG witness Brosch and Staff witness Mr. Ostrander.

## **2. Cash Working Capital – Income Tax Expense Lead Days**

Ameren presently has no income taxes currently payable in 2012, and therefore has no cash outflows or CWC requirements associated with income taxes. AG Ex. 1.0C at 27:575-76. In fact, Ameren does not expect to pay any federal income taxes until after 2014. *Id.* at 29:644-45. Therefore, 2012 Income Tax expenses should be completely deferred income tax expenses, which are considered non-cash expenses and are properly removed from the CWC calculations.

*Id.* at 27:576-79. The Company cannot have any CWC investment associated with income tax expenses that it is not paying. *Id.* at 30:656-57.

However, the Company proposed lead day values for federal and state income tax using a hypothetical approach that computes the statutory installment “Tax Due Date,” rather than any actual payment data. *Id.* at 30:660-65. Mr. Brosch testified that applying assumed hypothetical statutory payment dates to non-cash expenses is not appropriate. *Id.* at 30:666-69. Deferred income taxes are, by definition, not paid out in cash, and are instead deferred for expected payment in future tax years. *Id.* at 30:670-31:673. In the case of Ameren’s income tax expense, that will not be until after 2014 – well after the 2012 rate year being reconciled in this case. *Id.* at 29:644-46. The fact that the Company has chosen not to distinguish between current and deferred tax expense (Ameren Ex. 15.0 at 16:310-13) is not justification for the artificially inflated CWC requirement Ameren has produced.

The Commission should adopt the adjustment proposed by AG witness Mr. Brosch to assign zero revenue lag and expense lead days to deferred income tax expenses.

### **3. Accrued Vacation Reserve**

The Company included vacation pay expense in the total payroll expense in the CWC calculation, but it did not take into account the one year lag that exists between the accrual of vacation pay expense and the actual cash disbursement in payment of the liability for vacation pay. AG Ex. 2.0 at 7:140-47, 7:152-54. Since this item has a much longer lag in payment than regular employee salaries and wages, the accrued liability for it should be treated as an operating reserve (an expense that has been accrued but not been paid) and deducted from rate base. *Id.* at 7:154-8:164.

In ICC Docket Nos. 11-0721, 12-0001, 12-0293 and 12-0321, the Commission concluded that accrued vacation pay should be treated as an operating reserve and deducted from rate case expense. Staff Ex. 2.0 at 13:254-60. In the *12-0293 Order*, the Commission stated, “The lag between the accruals and cash payment creates a constant non-investor source of funds which should be deducted from rate base similar to other operating reserves.” *12-0293 Order* at 13. The Commission went on to say that,

The fact that the accrued vacation is payable within one year has nothing to do with whether it is a source of non-investor supplied capital. In fact, the Commission notes that as the vacation accrual from the prior year is paid off, it is replaced with accruals for vacation pay in the current year... In effect, the accrued vacation pay becomes a continuing, permanent balance.

*Id.*

The evidence presented in this case supports the Commission’s previous conclusions. The Company’s incorrect claim that the fact that accrued vacation is payable within one year means it is not a source of non-investor supplied capital available to finance rate base investment has been considered and rejected by the Commission. AG Ex. 2.0 at 3:49-25, *12-0293 Order* at 13. The fact that the accrued vacation is payable within one year has nothing to do with whether it is a source of non-investor supplied capital. AG Ex. 2.0 at 3:53-55.

The Company further claims that vacation pay has not been fully recovered in rates in prior cases. Ameren Ex. 9.0 at 46:1042-48:1066. To support this claim, Company witness Mr. Stafford testified that, “There was no rate case test year filed for 2005, so the 2005 accruals were not recovered in rates.” *Id.* at 47:1051-52. That claim requires a leap in logic – the 2005 rates reflected the vacation pay that was accrued in whatever test year was used to establish the rates in 2005. AG Ex. 4.0 at 3:68-4:70. In order for Mr. Stafford’s claim to be even partially true, he would have to establish that the vacation accrual in 2005 was materially different than the

vacation accrual in that test year. *Id.* at 4:70-71. Just because a given year was not a test year in a rate case, does not mean that the expenses incurred in that year were not recovered from rate payers. *Id.* at 4:71-73.

The Commission should adopt the adjustment proposed by AG witness Mr. Effron to treat the accrued vacation pay as an operating reserve and deduct it from rate base.

#### **4. ADIT for Metro East Transfer**

The debit balance included in Account 190 for “tax depreciation step-up basis Metro,” an offset against the credit balances in the determination of the net accumulated deferred income tax (“ADIT”) balance, should be eliminated. AG Ex. 2.0 at 4:73-77. A utility’s net rate base value is measured as the plant in service minus ADIT; that is the value that ultimately goes into the revenue requirement. AG Ex. 4.0 at 1:20-2:26. ADIT decreases rate base, and therefore the effect of the offsetting credit created by the Company inappropriately increases rate base.

This balance is related to the 2005 transfer of certain tax-depreciable assets from AIC legacy company, Union Electric, to CIPS. AG Ex. 2.0 at 4:81-82. At the time the transfer took place, the book value of the assets was higher than the tax value of the assets. *Id.* at 4:82-83. The transfer took place at the book value. *Id.* at 4:83. There was no gain for tax purposes, because the two companies involved were affiliates and filed a consolidated tax return. *Id.* at 4:84-85. However, CIPS “stepped up” the tax basis of the assets to be equal to their book value; with those values equal, there would be no net deferred taxes. *Id.* at 4:85-87. CIPS recorded a deferred tax asset on their books to offset the related ADIT at the time of the transfer. *Id.* at 4:86-88.

The ultimate result of the transfer was that the value of the assets included in the rate base of CIPS was greater than the assets had been when on the books of Union Electric. *Id.* at 5:110-

6:113. That is obviously an inequitable result for ratepayers. The transfer of assets should not result in an increase to the net value of the assets included in rate base. *Id.* at 5:103-106. In the Company's two previous electric formula rate cases, the Commission allowed the Company to include the deferred tax debit balances related to tax depreciation step-up basis metro in the electric rate base. *Id.* at 6:123-27. The facts in this proceeding are different, however, because in those cases, the ADIT that had existed before the transfer were, in effect, reduced to zero. *Id.* at 6:127-31. The Commission did not address the issue presented in this case—the net-of-tax value of assets increasing as a result of the transfer. *Id.* at 6:131-33.

Staff witness Mr. Ostrander proposed the same adjustment as Mr. Efron. He explained that the assets are the same under the ownership of CIPS or Union Electric, yet the ratemaking effect is different under CIPS' ownership. Staff Ex. 2.0 at 14:282-15:293. He concluded that the rate base value attributable to the assets for ratemaking purposes should not change because the assets were transferred between affiliates. *Id.* at 15:293-96.

Ameren witness Mr. Stafford acknowledges that prior to the transfer, there was a balance of ADIT on the books of UE; as a result of the transfer, the balance of ADIT on the UE books was, in effect, eliminated. AG Ex. 4.0 at 2:27-30. Since ADIT decreases rate base, eliminating ADIT increased the rate base value of those assets. *Id.* at 2:30-32. Ameren's choice to increase the asset's rate base value should not be accepted by the Commission. The deferred tax asset which currently decreases ADIT should be eliminated from the Company's rate base.

### **III. OPERATING REVENUES AND EXPENSES**

#### **B. Contested Issues**

##### **1. Miscellaneous Operating Revenues – ARES**

Miscellaneous Operating Revenue is earned by AIC when utility customers or other third parties are charged for services other than the retail purchase or delivery of energy. AG Ex. 1.0C at 4-5:80-100. The jurisdictional amount of total Miscellaneous Operating Revenue is used to reduce AIC's revenue requirement because such revenues are earned in connection with providing utility services or as a result of being in the utility business, and therefore contribute to the recovery of the Company's overall revenue requirement. *Id.* AG witness Brosch proposes several adjustments to correct the jurisdictional allocation of certain elements of 2012 Miscellaneous Operating Revenues that the Company treated improperly. The Company adopted two of Mr. Brosch's adjustments: to Mutual Assistance overhead revenues and Miscellaneous Billings. Ameren agreed to allocate these revenues using a general plant allocator to assign a portion of these revenues to electric distribution. These allocated amounts will be credited against the delivery service revenue requirement, offsetting the Company's overall cost of service.

The Company did not, however, accept Mr. Brosch's adjustment for "Other Electric Revenue-ARES." Ameren does not allocate any of this \$1,285,000 amount to its distribution operations. AG Ex. 3.0C at 4:70-75. The Company's response to discovery summarized these revenues as including "payments from entities that are vacating frequencies under Microwave Relocation Contacts." *Id.* at 6:111-18. AIC then clarified that while these microwave frequencies were used for "...electric transmission data for SCADA," these frequencies are no longer being used and have been sold to various cell phone companies. *Id.*

AIC serves in only two regulatory jurisdictions, providing services that are either regulated by the FERC or the ICC. AG Ex. 3.0C at 5:102-105. Ameren has neither included those revenues in its formula rate submission in this proceeding nor its most recent test year submission to FERC. *Id.* at 119-130. AIC claims that these revenues were not included in its most-recent FERC submission because of its transition from use of historical test years to future test years. *Id.* These revenues were collected in 2012, which was a year that was not used as a test year, and thus those revenues have not been credited to ratepayers in FERC transmission rates. *Id.* When service related revenues are received by AIC that are not accounted for in either jurisdiction, the revenues are ignored in setting rates in both jurisdictions, leading to a windfall for Ameren shareholders. *Id.* at 15:137-39.

Ameren could not identify the particular FERC-regulated transmission assets associated with these revenues, and in response to discovery acknowledged that it “did not undertake further analysis to identify the specific transmission assets that were previously used to transmit transmission data for SCADA,” because such identification was not practical. AIC Ex. 17.0 at 39:887-891. AIC could not confirm that some of the SCADA circuits being vacated were not related to AIC’s distribution. AG Ex. 3.0C at 6:122-29. Thus, this record does not contain evidence demonstrating that the circuits at issue were not used to support the distribution business. Absent clarification of these details, the more appropriate treatment of the microwave circuit decommissioning payments received from the cell phone companies is a general allocation of such revenues between the Distribution and Transmission functions, as shown at lines 2 and 3 of AG Exhibit 1.3, page 1. The Commission should adopt Mr. Brosch’s recommendation that these revenues be allocated based on the Company’s transmission and distribution allocator, resulting in 92.06% of the revenues being allocated to distribution.

### 3. Purchases – Other (Account 588)

Ms. Ebrey recommends disallowance of certain costs included in the "Purchases – Other" account, on the basis that these company perquisites (“perqs”) are of types that were disallowed by the Commission in Docket No. 12-0293, are unnecessary for the provision of utility service, or do not provide benefits to ratepayers, and/or primarily benefit AIC employees as a perq. Staff Ex. 6.0 at 11:214-218. In ICC Docket No. 12-0293, the Commission disallowed the following expenses: Ameren Company Store Costs, floral arrangements, engraving costs, Lands End Business Outfitters, cable service and meals for employees. *12-0293 Order* at 67-69. In this proceeding, Ms. Ebrey identified several similar perqs that fail on the same basis as those disallowed in Docket No. 12-0293. Staff Ex. 6.0 at 12:229-234. The perqs Mr. Ebrey identified are: safety banquets and employee recognition; gift cards and floral arrangements; and improvements to personal property. *Id.* at 13:246-56. While some of these costs could arguably be considered safety incentives, these are additional costs beyond the incentive compensation payments tied to safety and are therefore cannot be tied to incentive compensation. *Id.* While perqs like floral arrangements and gift cards are thoughtful gestures, they are not necessary for the provision of utility service. *Id.* at 14:261-62. Likewise, costs associated with a new driveway at a “trouble man” employee’s personal residence should not be borne by customers when that expense directly increases that employee’s personal property value. *Id.* at 14:263-66. Other costs went largely unexplained by the Company, including Best Buy purchases in category 11, which included televisions purchases, other electronic devices, and hands-free telephone devices. *Id.* at 14:270-80.

The Company agreed (in response to Staff DR TEE 16, Attachment B) that certain amounts included for categories 5, 6, 9b, 10b, 10c, and 10e should be removed from recovery in

this case, and thus these costs should be removed from the revenue requirement. AIC Ex. 18.0 at 8:150-53. The Company contests the other Staff adjustments to Account 588 discussed herein. Because the Company failed its burden to demonstrate these costs were reasonable, these costs should be disallowed.

#### **4. Other Credit Card Expenses**

In ICC Docket No. 12-0293, the Company's most recently-resolved electric formula rate case, the Commission identified specific credit card (at that time, referred to as "P-Card") purchases, which were excessive and/or not reasonably related to the provision of delivery services. *12-0293 Order* at 67-68. In this case, the Company identified "P-Card" spending with the purpose of "support[ing] community outreach efforts, media contact and on-camera activities and booth presentations." AG Ex. 1.0C at 35:792-36:794. Like the previously-disallowed P-Card expenses, the Company did not show that these costs were related to its delivery service functions. The Company itself identified these costs as "comparable" to expenses disallowed in the Commission's Docket No. 12-0293 Final Order. AG Ex. 1.5. The Commission should disallow these costs that are comparable to those disallowed in Docket No. 12-0293 for being unrelated to the provision of delivery services. AG Ex. 1.0 at 34:796-99.

#### **7. Advertising and Public Relations Expense**

Ameren should not be permitted to recover expenses incurred for corporate image enhancement and the promotion of goodwill. Section 9-225 of the Public Utilities Act does not allow recovery of promotional, political, institutional or goodwill advertising unless it is in the best interest of consumers or is a specifically-authorized category. 220 ILCS 5/9-225(2). Ratepayers should thus not be charged for public relations expenses that are entirely discretionary and are not needed for the provision of utility services. AG Ex. 1.0 at 32:718-20.

This is particularly true when such activities and costs are incurred for the primary purpose of enhancing the public image of the corporation, building relationships in local communities or promoting the utility's views on public policy or political issues. *Id.* at 32:730-23. The Company may choose to incur any expense it likes to enhance its public image and reputation, but those costs are not recoverable from ratepayers. *Id.* at 32:723-25. The Commission should adopt the adjustments proposed by AG witness Mr. Brosch and Staff witness Mr. Knepler for Public Relations Expense that are either comparable to costs disallowed by the Commission in Docket No. 12-0293, or that the witnesses have identified as being for the principal purpose of corporate image enhancement.

The Company identified activities and costs for which it seeks recovery, while acknowledging that those costs are potentially comparable to costs disallowed by the Commission in ICC Docket No. 12-0293. AG Ex. 1.0 at 31:705-09, 34:784-92. In that case, the Commission found that the Company's "Focused Energy for Life" ("FEFL") advertising campaign was a "branding effort," designed to improve the corporate image and name recognition of the Company. ICC Docket 12-0293, Final Order of December 5, 2012 at 64. The Commission also excluded Strategic International Group ("SIG") consulting fees, which it found were not appropriate for ratepayer recovery. *Id.* at 65. Costs comparable to those previously disallowed by the Commission should also be disallowed in this case. Though the Company agreed in surrebuttal to remove the SIG costs from its request (Ameren Ex. 24.0 at 3:45-46), it still seeks recovery of some FEFL costs.

In addition to the FEFL/Simantel costs that Ameren has identified as potentially-comparable to those disallowed in 12-0293, Mr. Brosch recommended removing one-half of the remaining (*i.e.* not identified as "comparable") Simantel charges that were recorded as Public

Relations expense. AG Ex. 1.0 at 37:848-51. The Company's descriptions suggest that much of Simantel's work in 2012 was primarily intended to enhance the public image and reputation of Ameren, rather than meet any specific business need. AG Ex. 1.0 at 38:880-83, AG Ex. 3.0C at 25:532-35. For example, Ameren seeks recovery of Simantel's costs to develop an on-line reputation management plan, develop graphics for Twitter accounts, develop Ameren corporate holiday card, and create design for Ameren Volunteer shirt. AG Ex. 3.0C at 25:537-26:549. Mr. Brosch's review of the Company-provided sample of Simantel's work products showed that Simantel's work and charges represent a blend of reasonably needed administrative and advertising support, along with a number of entirely discretionary costs which are not needed to provide safe and adequate utility services in Illinois. *Id.* at 26:560-27:64. As a result of the diverse mix of activities and costs from Simantel, Mr. Brosch's 50 percent disallowance is a reasonable apportionment of those costs between shareholders and ratepayers. *Id.* at 27:568-73.

Other costs, identified by Mr. Brosch and Mr. Knepler, which are discretionary and do not meet the exceptions in 9-225 should also be disallowed. For example, Mr. Brosch identified charges from "Karen Foss Communications L.L.C." – a St. Louis television anchorwoman who apparently consulted for Ameren on "media training," provided voice-overs for Company videos, and served as MC for certain Ameren events. AG Ex. 1.0 at 35:814-19, AG Ex. 3.0C at 22:476-78. The Company claims that these costs are "prudent and necessary to ensure that front-line communicators have the most up-to-date skills for sharing important information with the public." Ameren Ex. 14.0 at 46:961. However, Ameren cannot explain why Company management is unable to clearly communicate without such coaching, and what any of that has to do with using a local celebrity as MC of certain events. AG Ex. 3.0C at 23:483-88. The

Company's efforts to enhance the Company's image through media coaching should be considered a shareholder cost. *Id.* at 23:488-89.

Mr. Brosch recommends removing Obata Design charges, incurred to help with "formatting" Ameren's Corporate Social Responsibility Report. Though the Company claimed this document was prudent and necessary for "improving customer education and outreach on the utility's impact on the environment," Mr. Brosch found it actually focused on enhancing the Company's public image by discussing Ameren's corporate values and aspirations. *Id.* at 23:490-98, AG Ex. 1.0 at 36:830-33. Indeed, Mr. Brosch's adjustment is conservative, because it does not consider other costs that go beyond just the formatting that was done by Obata to prepare this image-enhancing report. AG Ex. 3.0C at 24:501-503.

He also recommended disallowing costs of a St. Louis Business Journal Annual Women's Conference, incurred to enhance Ameren's public image through speeches and conference attendance. AG Ex. 1.0 at 36:840-37:844. Ameren supported this expense with a "session schedule" showing Ms. Maureen Borkowski, the President and CEO of Ameren Transmission Company, as a panelist and speaker in a breakout session to explain "How Great Leaders Lead." AG Ex. 3.0C at 24:509-512. The Company has not and cannot make any connection between such a cost and any essential business purpose in Illinois. *Id.* at 24:512-14.

The Commission should consider the detailed analysis of public relations expense undertaken by Mr. Brosch and Mr. Knepler, and should make the disallowances they recommend. Though the Company is free to incur any expense it desires, only just and reasonable expenses may be recovered from ratepayers.

**XI. CONCLUSION**

WHEREFORE, CUB respectfully request that the Commission adopt the positions and adjustments set forth in this Initial Brief and adjust AIC's revenue requirement accordingly.

Dated: October 2, 2013

Respectfully Submitted,

THE CITIZENS UTILITY BOARD



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