

DIRECT TESTIMONY

of

STEVEN R. KNEPLER

Accounting Department  
Financial Analysis Division  
Illinois Commerce Commission

Ameren Illinois Company  
d/b/a Ameren Illinois

Rate MAP-P Modernization Action Plan – Pricing Annual Update Filing

Docket No. 15-0305

July 13, 2015

**Table of Contents**

*Witness Identification* ..... 1  
*Schedule and Attachment Identification* ..... 2  
*Adjustment to Charitable Contributions* ..... 2  
*Adjustment to Educational and Informational Advertising* ..... 3  
*Adjustment to General Advertising Expense* ..... 3  
*Adjustment to Outside Services Employed* ..... 4  
*Conclusion* ..... 5

**Schedules**

- Schedule 3.01 – Adjustment to Charitable Contributions
- Schedule 3.02 – Adjustment to Educational and Informational Advertising
- Schedule 3.03 – Adjustment to General Advertising Expense
- Schedule 3.04 – Adjustment to Outside Services Employed

**Attachments**

- ATTACHMENT A – AIC Response to Staff DR 2.01
- ATTACHMENT B – AIC Response to Staff DR 4.02
- ATTACHMENT C – AIC Response to Staff DR 4.03
- ATTACHMENT D – AIC Response to Staff DR 4.04
- ATTACHMENT E – AIC Response to Staff DR 5.01
- ATTACHMENT F – AIC Response to Staff DR 6.01

1 **Witness Identification**

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

3 A. My name is Steven R. Knepler. My business address is 527 East Capitol  
4 Avenue, Springfield, Illinois 62701.

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

6 A. I am currently employed as a Supervisor in the Accounting Department of  
7 the Financial Analysis Division of the Illinois Commerce Commission  
8 ("ICC" or "Commission").

9 **Q. Please describe your background and professional affiliations.**

10 A. I hold a Bachelor of Science Degree in Accounting from Illinois State  
11 University. I am a Certified Public Accountant, licensed to practice in the  
12 State of Illinois. I joined the Commission's Staff ("Staff") in January 1982.  
13 Prior to joining Staff, I was employed as an auditor for other State  
14 agencies.

15 **Q. Have you previously testified before a regulatory body?**

16 A. Yes, I have testified on several occasions before the Commission.  
17

18 **Q. What is the purpose of your testimony in this proceeding?**

19 A. The purpose of my testimony is to present the results of my review of the  
20 filings of Ameren Illinois Company ("AIC" or the "Company") and the  
21 analysis of underlying data that include proposing adjustments to the  
22 Statement of Operating Income concerning reductions to (1) charitable

23 contributions, (2) educational and informational advertising, (3) general  
24 advertising expense, and (4) outside services employed.

25 **Schedule and Attachment Identification**

26 **Q. Are you sponsoring any schedules or attachments as part of ICC**  
27 **Staff Exhibit 3.0?**

28 A. Yes. I prepared the following schedules that reflect data as of, or for the  
29 reporting year ending, December 31, 2014:

30 Schedule 3.01 - Adjustment to Charitable Contributions

31

32 Schedule 3.02 - Adjustment to Educational and Informational  
33 Advertising

34

35 Schedule 3.03 - Adjustments to General Advertising Expense

36

37 Schedule 3.04 - Adjustments to Outside Services Employed

38 I also prepared the following attachments:

39 Attachment A – AIC Response to Staff Data Request (“DR”) SRK 2.01

40 Attachment B – AIC Response to Staff DR SRK 4.02

41 Attachment C – AIC Response to Staff DR SRK 4.03

42 Attachment D – AIC Response to Staff DR SRK 4.04

43 Attachment E – AIC Response to Staff DR SRK 5.01

44 Attachment F – AIC Response to Staff DR SRK 6.01

45 **Adjustment to Charitable Contributions**

46

47 **Q. Please describe ICC Staff Exhibit 3.0, Schedule 3.01, Adjustment to**  
48 **Charitable Contributions.**

49 A. ICC Staff Exhibit 3.0, Schedule 3.01 reflects my adjustment to reduce the  
50 Company's 2014 charitable contributions for amounts that are not  
51 recoverable in electric distribution rates. Since AIC does not provide  
52 electric service to the City of Springfield, the contribution to the Springfield  
53 Urban League should have been allocated to the Company's gas  
54 operations. AIC witness Kennedy is in agreement with the reclassification  
55 of this contribution to gas operations (Attachment A - AIC Response Staff  
56 DR SRK 2.01).

57 **Adjustment to Educational and Informational Advertising**

58 **Q. Please describe ICC Staff Exhibit 3.0, Schedule 3.02, Adjustment to**  
59 **Educational and Informational Advertising.**

60 A. Schedule 3.02 presents my adjustment to reduce Educational and  
61 Informational Advertising Expense for (1) expenses that should have been  
62 allocated to gas operations, <sup>1</sup> (2) expenses AIC has agreed to withdraw,<sup>2</sup>  
63 and (3) expenses that have been reclassified as non-operating expenses.<sup>3</sup>  
64 The details of my adjustment are presented on Schedule 3.02.

65 **Adjustment to General Advertising Expense**

66 **Q. Please describe ICC Staff Exhibit 3.0, Schedule 3.03, Adjustment to**  
67 **General Advertising Expense.**

---

<sup>1</sup> Attachment B - AIC Response to Staff DR SRK 4.02(d); Account No. 426, Non-operating Expense.

<sup>2</sup> Attachment C – AIC Response to Staff DR SRK 4.03.

<sup>3</sup> Attachment C – AIC Response to Staff DR SRK 4.04.

68 A. Schedule 3.03 reflects my adjustment to reduce General Advertising  
69 Expense for certain economic development advertisements. In response  
70 to Staff Data Request SRK 5.01, AIC witness Kennedy stated that the  
71 Company will not be seeking recovery of the expenses identified in my  
72 adjustments for General Advertising Expense. (Attachment E) The details  
73 of my adjustment are presented on Schedule 3.03.

74 **Adjustment to Outside Services Employed**

75 **Q. Please describe ICC Staff Exhibit 3.0, Schedule 3.04, Adjustment to**  
76 **Outside Services Employed**

77 A. Schedule 3.04 reduces Outside Services Employed for certain payments  
78 to the marketing firm, Simantel Group, Inc. ("Simantel") for the following  
79 charges:

- 80 ○ Develop Annual Meeting CEO Speech and presentation slides  
81 (\$6,388.00);
- 82 ○ Develop video for Renewable Energy Center for Annual Meeting  
83 (\$4,184.00); and
- 84 ○ NYSE Banner (\$435.50).

85 In the Company's response to Staff Data Request SRK 6.01, AIC agreed  
86 to withdraw the expense for the NYSE banner. (Attachment F.) AIC  
87 continues to seek recovery for first and second expenses that both relate  
88 to AIC's Annual Meeting for its stockholders. AIC maintains that the Final  
89 Order in Docket 13-0301 indicates that the Commission deems such  
90 shareholder-related advertising is allowable. (Attachment F - AIC  
91 Response Staff DR SRK 6.01(d))

92           However, in that proceeding the Commission concluded that Ameren had  
93           not supported this expense and denied recovery:

94           Lines 38 through 43 appear to concern Simantel's efforts to prepare  
95           Ameren's 2011 "annual report" for its "annual meeting," including  
96           Mr. Voss' letter and speech. The Commission understands this to  
97           be Ameren's annual meeting with its shareholders. Why 60.61% of  
98           these expenses should be allocated to electric delivery service  
99           customers and the remaining to gas customers and none to other  
100          affiliates is not clear. The Commission recognizes that the electric  
101          delivery customers should theoretically bear some of this expense,  
102          but in the absence of any justification for the allocation utilized by  
103          AIC, the Commission can not support it. It is AIC's burden to show  
104          exactly how this 60.61%, or some other appropriate percentage of  
105          expenses was derived and why that exact amount should be  
106          allocated to electric delivery customers. **It has not met this  
107          burden. Thus, rather than allocate 60.61%, the Commission  
108          will not permit recovery of any of this cost from electric  
109          delivery customers.** Accordingly, the Commission disallows  
110          \$7,768.

111          Ameren Illinois Company, ICC Order Docket No. 13-0301, 93  
112          (December 9, 2013) (emphasis added).

113          As in Docket No. 13-0301, AIC has not met its burden to show why  
114          expenses related to the stockholders' annual meetings should be allocated  
115          to electric delivery customers in this docket. Additionally, none of the costs  
116          appear to have been allocated to affiliate companies or the Illinois gas  
117          operations. Therefore, the Commission should deny recovery of the two  
118          disputed Simantel payments identified above.

119          **Conclusion**

120          **Q.     Does this conclude your prepared direct testimony?**

121          A.     Yes, it does.

**AMEREN ILLINOIS COMPANY**  
**ADJUSTMENT TO CHARITABLE CONTRIBUTIONS**  
**For the Period Ended December 31, 2014**

Docket No. 15-0305  
 ICC Staff Exhibit 3.0  
 Schedule 3.01

**Account 426, Donations**  
**Ameren Schedule C-7, Charitable Contributions**

Line No.	Description (a)	Amount (b)	Source / Comments (c)	Basis (d)
1	<u>Springfield Urban League:</u>			
2	Contribution per Staff	\$0	Ameren Response SRK 2.01	AIC agreed to withdraw
3	Contribution per Company	<u>6,023</u>	Ameren Schedule C-7, Line 226	
4	Staff Adjustment - Account 426, Donations	<u>(\$6,023)</u>	Line 1- Line 2	
5	<b>Staff Adjustment - Rounded (000's)</b>	<b><u>(\$6)</u></b>		

**AMEREN ILLINOIS COMPANY**  
**ADJUSTMENT TO EDUCATIONAL AND INFORMATIONAL ADVERTISING**  
For the Period Ended December 31, 2014

Docket No. 15-0305  
ICC Staff Exhibit 3.0  
Schedule 3.02

**Account 909, Educational and Informational Advertising**  
**Ameren Schedule C-8; Informational and Instructional Expense**

Line No.	Description (a)	Amount (b)	Source / Comments (c)	Basis (d)
1	<u>Summary of Staff Adjustments to Account 909</u>			
2	Ad Number 48 - St. Louis Public Radio	\$ (5,310.27)	Line 13	To remove amount that should be allocated to AIC gas - Response SRK 4.02(d)
3	Update Act On Energy Guidelines	(73.50)	Ameren Response SRK 4.03	AIC agreed to withdraw
4	Non-Operating Expenses	<u>(259.42)</u>	Line 19	AIC agreed to reclassify as nonoperating expenses - Response SRK 4.04(b)
5	Staff Adjustment - Account 909, Educational and Informational Advertising	<u>(\$5,236.77)</u>	Total Lines 2-4	
6	<b>Staff Adjustment - Rounded (000's)</b>	<b><u>(\$5)</u></b>		
7	<u>St. Louis Public Radio - Ad Number 48:</u>			
8	Total Ad 48 Expense	\$ 22,254.10	Ameren Response SRK 4.02(d)	
9	Less: Ameren Missouri Allocation (40%)	(8,901.64)	Ameren Response SRK 4.02(d)	
10	Ameren Illinois Allocation (60%)	<u>\$ 13,352.46</u>	Ameren Schedule C-8; Kennedy DWP 1_ Advertising Expense, Sum of Lines 668-681	
11	Ad Number 48 - St. Louis Public Radio - per Staff	\$ 8,042.19	Line 10 x 60.23% - Ameren Illinois Electric Customer Allocation (Ameren WP A-5a)	
12	Ad Number 48 - St. Louis Public Radio - per Company	13,352.46	Line 10	
13	Staff Adjustment [AIC Gas Allocation - 39.37%]	<u>\$ (5,310.27)</u>	Line 11 - Line 12	
14	<u>Expenses Reclassified to Account 426, Nonoperating Expenses</u>			
15	Walgreens	\$ 36.69	Ameren Response SRK 4.04(b); and [AIC Schedule C-8, 909 Detail, Line 905]	
16	Partycity.com	82.56	Ameren Response SRK 4.04(b); and [AIC Schedule C-8, 909 Detail, Line 909]	
17	Oriental Trading.com	73.93	Ameren Response SRK 4.04(b); and [AIC Schedule C-8, 909 Detail, Line 910]	
18	Flowershopnetwork.com	66.24	Ameren Response SRK 4.04(b); and [AIC Schedule C-8, 909 Detail, Line 919]	
19	Total - Nonoperating Expenses	<u>\$ 259.42</u>		

**AMEREN ILLINOIS COMPANY**  
**ADJUSTMENT TO GENERAL ADVERTISING EXPENSE**  
**For the Period Ended December 31, 2014**

Docket No. 15-0305  
ICC Staff Exhibit 3.0  
Schedule 3.03

**Account 930.1, General Advertising Expense**  
**Ameren Schedule C-8; Demonstration and Selling, Advertising and Miscellaneous Sales Expense**

Line No.	Description (a)	Amount (b)	Source / Comments (c)	Basis (d)
1	<u>Economic Development Advertising</u>			
2	Economic Development Ads per Staff	\$0	Ameren Response SRK 5.01(d)	AIC agreed to withdraw
3	Economic Development Ads per Company	<u>22,351</u>	Ameren Response SRK 5.01	
4	Staff Adjustment - Account 930.1	<u>\$ (22,351)</u>	Line 13	
5	<b>Staff Adjustment - Rounded (000's)</b>	<b><u>(\$22)</u></b>		
6	<u>St. Louis Business Journal:</u>			
7	2014 Bol Display Ad Econ Dev	\$ 5,556	Kennedy DWP 1_ Advertising Expenses, Line 179	
8	Who's Who In Energy	5,429	Kennedy DWP 1_ Advertising Expenses, Line 181	
9	Ed Ad Placement	3,258	Kennedy DWP 1_ Advertising Expenses, Line 182	
10	Full Page Sponsorship Ad 2014 Book of Lists	3,345	Kennedy DWP 1_ Advertising Expenses, Line 185	
11	1 / 2 Page Focus Ad	1,495	Kennedy DWP 1_ Advertising Expenses, Line 186	
12	SLBJ 2014 Who's Who Ad	<u>3,268</u>	Kennedy DWP 1_ Advertising Expenses, Line 187	
13	Total	<u>\$ 22,351</u>	Sum Lines 7-12	

**AMEREN ILLINOIS COMPANY**  
**ADJUSTMENT TO OUTSIDE SERVICES EMPLOYED**  
**For the Period Ended December 31, 2014**

Docket No. 15-0305  
ICC Staff Exhibit 3.0  
Schedule 3.04

**Account 923, Outside Services Employed**  
**Ameren Schedule C-8; 923001 Detail, Outside Services - Professional and Consulting**

Line No.	Description (a)	Amount (b)	Source / Comments (c)	Basis (d)
1	<u>Outside Services Employed</u>			
2	Outside Services Employed per Staff	\$0	ICC Staff Exhibit 3.0	
3	Outside Services per Company	<u>11,008</u>	Line 10	
4	Staff Adjustment - Account 923	<u>\$ (11,008)</u>		
5	<b>Staff Adjustment - Rounded (000's)</b>	<b><u>(\$11)</u></b>		

6	<u>Payments to Simantel:</u>			
7	Develop Annual Meeting CEO speech and presentation slides	\$ 6,388.00	AIC Schedule C-8, 923001, Line 67	AIC has not explained why this expense is the responsibility of the ratepayers, any allocation to AIC gas operations and/or Ameren Affiliates.
8	Develop video for Renewable Energy Center for Annual Meeting	4,184.00	AIC Schedule C-8, 923001, Line 428	AIC has not explained why this expense is the responsibility of the ratepayers, any allocation to AIC gas operations and/or Ameren Affiliates.
9	NYSE Banner	435.50	AIC Schedule C-8, 923001, Line 427	AIC agreed to withdraw, Response to SRK 6.01(b)
10	Total	<u>\$ 11,007.50</u>	Sum Lines 7-9	

Ameren Illinois Company's  
Response to ICC Staff Data Request  
Docket No. 15-0305  
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing (2015)

SRK 2.01

(Charitable Contributions – Ameren Exhibit 5.1) On page 10 of Ameren Exhibit 5.0, Ameren witness Kennedy states, in part, that “AIC excluded contributions allocated 100% to its gas operations. AIC only included the electric portion of contributions that were allocable to both AIC’s gas and electric operations.” (Ameren Exhibit, 5.0, page 10, lines 204-206)

On Ameren Exhibit 5.1, lines 224, 225, and 226, the following 2014 contributions are identified (see, Ameren Exhibit 5.1, page 16 of 84, column (G)):

<u>Line</u>		2014
<u>No.</u>	<u>Payee</u>	<u>Contribution</u>
224	Springfield High School	\$ 1,000
225	Springfield Public School District	\$ 4,500
226	Springfield Urban League	\$10,000

For each of the three contributions identified above, please provide the following:

- Whether the payee’s facilities are located within Ameren electric service territory?
- Whether the payee is an Ameren Electric customer?
- Ameren’s rationale for seeking recovery of the above contribution from Ameren electric distribution customers in the instant docket?

**RESPONSE**

<b>Prepared By: Thomas B. Kennedy III</b>
<b>Title: Director, Community and Public Relations</b>
<b>Phone Number: 309-677-5489</b>
<b>Date: 06/01/2015</b>

The contributions for Springfield High School and for Springfield Public School District were allocated 100 % to gas and 0% to electric. These two contributions are not included in costs to be recovered through this rate case. See Charitable Contributions – Ameren Exhibit 5.1 footnote: [1] Contribution allocated 100% to gas since the contribution was related to a location that services only gas customers.

The Springfield Urban League, although having its home office in Springfield and this premise not an Ameren Illinois electric customer, serves Morgan and Sangamon counties residents. This contribution was allocated in part to electric, at 60.23%. The agency's services are offered in the city and throughout the great Springfield area. In Charitable Contributions – Ameren Exhibit 5.1, in the location column, we show "Springfield-serves surrounding areas outside of city." The allocation factor of 60.23% to electric was used.

In reviewing the specific contribution request, the support of \$10,000 to the Springfield Urban League was directed to the Brandon Outreach program, an afterschool academic enrichment program which operates in the Springfield Housing Authority's public housing complex. The allocation of this donation will be corrected to 100% gas and 0% electric in AIC's rebuttal schedules.

Ameren Illinois Company's  
Response to ICC Staff Data Request  
Docket No. 15-0305  
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing (2015)

SRK 4.02

(Schedule C-8 – 909 Detail – Educational and Informational Advertising / Kennedy DWP  
1\_Advertising Expenses.xlsx, 909 (2nd worksheet Account 909 Expenses))

Referring to the above Ameren schedule at lines 668-681, and as identified as:

“St. Louis Public Radio 90.7 KWMU, KWMU-2 Mobile,” please provide the following:

- a) Did Ameren witness Kennedy consider the Commission’s decision in ICC Docket No.13-0301 (Ameren Rate MAP-P Modernization Action Plan – Pricing Annual Update Filing, Final Order, 94 (Dec. 9, 2013)) when determining whether the payments, identified at lines 668-681 of the above referenced schedule, for advertisements with the St. Louis Public Radio 90.7 KWMU are recoverable expenses? If the response is “no”, please explain why such Commission decision was not considered.
- b) Referring to Ad Number 48, which is the example Ad for the St. Louis Public Radio expenditures previously identified, and for each of the four scripts identified therein, please identify the type of advertising by category of allowable operating expenses outlined in subsection 9-225(3) of the Public Utilities Act it is intended to comply with.
- c) For each of the four scripts identified in Example Ad 48, please state the specific basis why Ameren witness Kennedy believes it comports to the standards of subsection 9-225(3) of the PUA.
- d) State how much of the expenditures for Example Ad 48 were allocated to the Missouri jurisdiction and the Illinois gas jurisdiction.

**RESPONSE**

<b>Prepared By: Thomas B. Kennedy, III</b>
<b>Title: Director, Community and Public Relations</b>
<b>Phone Number: 309-677-5489</b>
<b>Date: 06/23/2015</b>

AIC objects to this request to the extent that it calls for legal conclusions concerning the recoverability in rates of specific expenses. Subject to that objection, AIC provides the following response sponsored by Mr. Kennedy:

- a) Yes. In general, the Company considers prior, relevant Commission orders (if known) when preparing its direct case filings for formula update proceedings.
- b) There are four scripts:
- (1) The first ad educates customers about how they can manage their accounts through text and e-mail alerts and receive additional information and instruction at the Ameren website – [Ameren.com/alerts](http://Ameren.com/alerts). This ad concerns customer service, and is considered recoverable in delivery rates.
- (2) The second ad informs customers about how Ameren is supporting the public welfare of its customers by being an active Corporate Citizen in local communities. The ad offers the customer the opportunity to find more information about volunteer activities at [Ameren.com/communities](http://Ameren.com/communities). This ad is considered "other" advertising that is recoverable in delivery rates, and is not considered goodwill advertising.
- (3) and (4) The third and fourth ads inform customers about the Company's efforts to upgrade the infrastructure to improve safety and reliability. The ad points the listener to the [Ameren.com](http://Ameren.com) website for additional information. This ad concerns service interruptions, safety measures and emergency conditions, and is considered recoverable in delivery rates.
- c) See response to subpart c).
- d) The total cost of the radio ads for the St. Louis Public Radio station allocated to AIC was \$13,352.46 (sum of lines 668-681) which is 60% of the total costs. 40% of the costs were allocated to Ameren Missouri. The allocation is based on number of customers.

Ameren Illinois Company's  
Response to ICC Staff Data Request  
Docket No. 15-0305  
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing (2015)

SRK 4.03

(Schedule C-8 – 909 Detail – Educational and Informational Advertising / Kennedy DWP  
1\_Advertising Expenses.xlsx, 909 (2nd worksheet Account 909 Expenses))

Referring to the above Ameren schedule, at line 797, and as identified as:

“Update guidelines for communications for Act On Energy”

Please provide the following:

- a) Copies of the former and updated guidelines.
- b) An explanation of whether Ameren witness Kennedy considered the Commission’s decision in ICC Docket No.13-0301 (Ameren Rate MAP-P Modernization Action Plan – Pricing Annual Update Filing, Final Order, 91-92 (Dec. 9, 2013)) when determining whether the payment, identified at line 797 of the above-referenced schedule, is a recoverable advertising expense. If the response is “no,” please explain why such Commission decision was not considered.
- c) For the expense identified on line 797 of the above-referenced schedule, please explain why this expense is not recovered under Rider EDR.
- d) Please identify all the scripts for which the “Ad Example Number” expense on line 797 above-referenced schedule was used.
- e) Please state the specific subsection 9-225(3) of the PUA line 797 is intended to comply with.
- f) Please state the specific basis why Ameren witness Kennedy believes the expense identified on line 797 comports with the standards of subsection 9-225(3) of the PUA.

**RESPONSE**

<b>Prepared By: Thomas B. Kennedy, III</b>
<b>Title: Director, Community and Public Relations</b>
<b>Phone Number: 309-677-5489</b>
<b>Date: 06/23/2015</b>

- a) To limit contested issues, AIC will not object if Staff proposes to remove the total costs associated with line 797, \$73.50 from the updated revenue requirements.
- b) See response to subpart a).

- c) See response to subpart a).
- d) See response to subpart a).
- e) See response to subpart a).
- f) See response to subpart a).

Ameren Illinois Company's  
Response to ICC Staff Data Request  
Docket No. 15-0305  
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing (2015)

SRK 4.04

(Schedule C-8 – 909 Detail – Educational and Informational Advertising / Kennedy DWP  
1\_Advertising Expenses.xlsx, 909 (2nd worksheet Account 909 Expenses))

Referring to the above Ameren schedule at lines 905-929 and further identified the  
Vendor Name as: Kennedy(ALTILReg)

- a) Please explain the designation “(ALTILReg).”

For each expense identified on lines 905-929 of the above-referenced schedule, please  
provide the following:

- b) A description of what was purchased.  
c) An explanation of why this expenditure was necessary as it relates to advertising  
expenses recorded in Account 909.  
d) An explanation of what specific “Ad Example” or advertising message this  
expense relates to.  
e) An explanation of what specific subsection 9-225(3) of the PUA this expenditure  
complies with.  
f) Statement of the specific basis why this expense is allowable under subsection 9-  
225(3) of the PUA.

**RESPONSE**

<b>Prepared By: Thomas B. Kennedy, III</b>
<b>Title: Director, Community and Public Relations</b>
<b>Phone Number: 309-677-5489</b>
<b>Date: 06/23/2015</b>

AIC objects to this request to the extent that it calls for legal conclusions concerning the  
recoverability in rates of specific expenses. Subject to that objection, AIC provides the  
following response sponsored by Mr. Kennedy:

- a) The designation ALTILReg links the PCard and payroll accounts for the  
employee. The designation is an abbreviation for the employee’s department.  
For Kennedy, the ALTILReg designation signifies his role as a member of the  
Ameren Leadership Team.

- b) Lines 905 for \$36.69, 909 for \$82.56, 910 for \$73.93, and 919 for \$66.34 were reclassified and charged to FERC account 426 per the AIC policy requirements as of November 2014. These charges are not considered advertising expenses by the Company.

Lines 911-917 are purchases of offices supplies for department use (i.e. copier toner, USB/flash drives for data management), total \$1,690.16. These charges are typically charged to FERC account 921 and were inadvertently charged to 909. These charges are not considered advertising expenses by the Company.

Lines 907 for \$42.68, 920 for \$150.94, and 924 for \$4.50 and 926 for \$45.28 are purchases for fuel, rental car, and meals while working with video shoot for a project to be used for customer outreach. These charges are typically charged to FERC account 908 and were inadvertently charged to 909. These charges are not considered advertising expenses.

Line 925 for \$597.31 was a purchase for meals. This team meeting ran 10am to 2pm and policy allows lunch for meeting participants. This expense is typically charged to FERC Account 921 and was inadvertently charged to account 909. This is not an advertising expense.

Lines 918 for \$51.83, 920 for \$75.47, and 927 for \$17.69 were purchases for fuel, rental car, and meals to participate in media training in regards to meter deployment for automated meter projects. These charges are considered advertising expenses and appropriate to be charged to Account 909.

Lines 906 for \$37.86, 920 for \$75.47, 921 for \$6.84, and 922 for \$2.92 and 923 for \$4.63, and 928 for \$129.94 were purchase for fuel, car rental, meals and lodging while participating in meeting with new advertising agency of record. These charges are considered related to advertising and appropriate to be charged to Account 909.

- c) Media training expenses (lines 918, 920, and 927) were necessary to prepare staff to provide consistent and accurate information to customers receiving automated meters. The meeting with the new agency of record (lines 906, 920, 921, 922, 923, and 928) was necessary to orientate the agency to current AIC's messaging and to plan for upcoming customer education communications.
- d) The advertising expenses for media training were related to customer service's informational messaging for the new, automated meters which were installed in 2014. This training included review and use of ad example 16.1 (PowerPoint slide numbers 61-68).

The advertising expenses for the meetings with the new agency were related to production and placement of ad example 21.

- e) The advertising expenses for media training concern customer service. AIC considers these expenses to be recoverable in delivery rates, as the media training specifically prepared personnel on the availability of educational brochures and the process for including them in educational mailings to customers.

The advertising expenses for the meetings with the new agency concern customer service, as well as service interruptions, safety measures and emergency conditions. AIC considers these expenses to be recoverable in delivery rates, as the meeting participants discussed the current customer educational messaging and planned the design of future customer educational messaging.

- f) See response to subpart e).

Ameren Illinois Company's  
Response to ICC Staff Data Request  
Docket No. 15-0305  
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing (2015)

SRK 5.01

(Kennedy DWP 1\_Advertising Expenses.xlsx, 930 (4th worksheet Account 930 Expenses)) The Uniform System of Accounts for Electric Utilities Operating in Illinois describes Account 930.1, General Advertising Expenses, in part, as:

“This account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere.” (USOA, p. 217)

With respect to following individual advertising expenses:

<u>Line</u>	<u>Vendor Name</u>	<u>Necessity/Description</u>	<u>Benefit to AIC</u>
179	ST LOUIS BUSINESS JO	2014 BOL DISPLAY AD ECON DEV	Econ Dev Ad
181	ST LOUIS BUSINESS JO	WHO S WHO IN ENERGY	Econ Dev Ad
182	ST LOUIS BUSINESS JO	ED AD PLACEMENT	Econ Dev Ad
185	ST LOUIS BUSINESS JO	FULL PAGE SPONSORSHIP AD 2014 BOOK OF LISTS	Econ Dev Ad
186	ST LOUIS BUSINESS JO	½ PAGE FOCUS AD	Econ Dev Ad
187	ST LOUIS BUSINESS JO	SLBJ 2014 WHO S WHO AD	Econ Dev Ad

Please respond to the following:

- a) Did Ameren witness Kennedy consider the Commission’s decision in ICC Docket No.13-0301 (Ameren Rate MAP-P Modernization Action Plan – Pricing Annual Update Filing, Final Order, page 93, first paragraph (Dec. 9, 2013)) when determining whether the payments, identified at lines 179, 181-182, and 185-187 of the above referenced schedule, for presumably economic development purposes, are recoverable expenses? If the response is “no”, please explain why such Commission decision was not considered for each of the individual advertising expenses listed above.
- b) For the above identified expenses, please identify the type of advertising by category of allowable operating expenses outlined in subsection 9-225(3) of the Public Utilities Act (“PUA”) with which the expenses are intended to comply.
- c) Please state the specific basis why Ameren witness Kennedy believes the above identified advertising expenses comport to the standards of subsection 9-225(3) of the PUA.

- d) Did Ameren allocate any portion of the above expenses to its Missouri jurisdiction and its Illinois gas jurisdiction? If so, what portion was allocated for each.

**RESPONSE**

<b>Prepared By: Thomas B. Kennedy III</b>
<b>Title: Director, Community and Public Relations</b>
<b>Phone Number: 309-677-5489</b>
<b>Date: 06/25/2015</b>

AIC objects to this request to the extent that it calls for legal conclusions concerning the recoverability in rates of specific expenses, or concerning the meaning or intent of prior Commission orders, including the Final Order issued in Docket No. 13-0301. Subject to that objection, AIC provides the following response:

In reviewing these expenses (\$22,351) in response to this data request, the Company has decided to not seek recovery of these amounts and will remove the amounts from its proposed revenue requirement in its rebuttal schedules.

Ameren Illinois Company's  
Response to ICC Staff Data Request  
Docket No. 15-0305  
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing (2015)

SRK 6.01

(Kennedy DWP 1\_Advertising Expenses.xlsx, 923001 (5th worksheet Account 923 Expenses)) The Uniform System of Accounts for Electric Utilities Operating in Illinois describes Account 923, Outside Services Employed, in part, as:

“This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expense of persons engaged for a special or a temporary administrative or general purpose in circumstances where the person so engaged is not considered an employee of the utility.” (USOA, p. 213)

With respect to each of the following individual expenses:

<u>Line</u>	<u>Vendor Name</u>	<u>Necessity/Description</u>	<u>Amount</u>
67	SIMANTEL	Develop Annual Meeting CEO speech & presentation slides	6,338.00
427	SIMANTEL	NYSE Banner Design	435.50
428	SIMANTEL	Develop video for Renewable Energy Center Annual Meeting	4,184.00

Please respond to the following:

- a) Did Ameren witness Kennedy consider the Commission’s decision in ICC Docket No.13-0301 (Ameren Rate MAP-P Modernization Action Plan – Pricing Annual Update Filing, Final Order, page 91, the first paragraph under the subheading “e. Commission Conclusion” (Dec. 9, 2013)) when determining whether the payments, identified at lines 67, 427 and 428 of the above referenced schedule, were necessary expenses for Ameren’s electric distribution activities. If the response is “no”, please explain why such Commission decision was not considered for each of the individual advertising expenses listed above.
- b) Please describe or explain for each individual expense: the purpose, who it intended to benefit or assist, and the intended audience, when it was incurred, and identify the related event where it was utilized.
- c) For each of the above identified expenses, please explain why it is a necessary expense as it relates to the distribution of electricity.
- d) Please provide any reference to a Commission Order or a Statute that supports any of the above expenses.

- e) Did Ameren allocate any portion of the above expenses to its Missouri jurisdiction and its Illinois gas jurisdiction? If so, what portion was allocated for each.

**RESPONSE**

<b>Prepared By: Thomas B. Kennedy III</b>
<b>Title: Director, Community and Public Relations</b>
<b>Phone Number: 309-677-5489</b>
<b>Date: 06/30/2015</b>

AIC objects to this request to the extent that it calls for legal conclusions concerning the recoverability in rates of specific expenses, or for legal conclusions concerning the meaning, intent, or effect of prior Commission orders, including the Final Order issued in Docket No. 13-0301. Subject to that objection, AIC provides the following response sponsored by Mr. Kennedy:

- a) In general, the Company considers prior, relevant Commission orders (if known) when preparing its direct case filings for formula update proceedings. In addition, the Company considered the Advertising section of the Final Order issues in Docket No. 13-0301 (pp. 80-96), when reviewing 2014 advertising expenses to be included in the updated revenue requirement.
- b) Line 67 and line 428. It is necessary once a year for Ameren Corporation to report to shareholders on the Corporation's financial results, including the performance of the Illinois electric distribution utility. The presentations were delivered at the annual shareholder meeting in April 2014.

Line 427. The banner in question was displayed on January 3, 2014, when representatives from Ameren Corporation visited the New York Stock Exchange (NYSE), following the divestiture of the Corporation's merchant generation business in December of 2013, and would have been visible to customers, shareholders and/or potential investors who viewed it in person, on television or on the Internet. To limit potential contested issues, AIC agrees not to seek recovery of the cost associated with the banner, and will reflect removal of the amount in its rebuttal schedules.

- c) See response to subpart b).
- d) See the second paragraph on page 93, of the Final Order in Docket 13-0301, in which the Commission concluded that shareholder-related advertising is allowable.
- e) Yes, the cost for this advertising was shared and AIC was allocated a portion of the costs based on the number of customers served by each operating company, AIC and Ameren Missouri (AMO). AIC, having approximately 2.0 million

electric and gas customers, was allocated 60 % of the costs and AMO, having 1.3 million electric and gas customers, was allocated 40% of the costs.