

ILLINOIS COMMERCE COMMISSION

DOCKET 16-_____

DIRECT TESTIMONY

OF

JENNIFER A. RUSSI

Submitted on Behalf

Of

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

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22 **Q. Please describe your educational background and employment experience.**

23 A. Please see my Statement of Qualifications, attached as an Appendix to this testimony.

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

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

26 A. The purpose of my direct testimony is to explain the business practices that AIC and its
27 affiliate, Ameren Services Company (AMS), initiated in 2015 to segregate, track, and document
28 as rate case expense the charges for rate case related services provided to AIC by AMS
29 personnel, to comply with the Part 288 Rules.

30 **Q. Are you sponsoring any exhibits with your direct testimony?**

31 A. Yes, I am sponsoring Ameren Exhibit 7.1, documentation of certain AMS rate case
32 services.

33 **II. AFFILIATE RATE CASE SERVICES**

34 **Q. Please explain the relationship between AIC and AMS.**

35 A. AIC and AMS are affiliate subsidiaries of Ameren Corporation (Ameren). Pursuant to
36 the General Services Agreement approved by the Commission, AMS provides AIC (and other
37 Ameren operating companies) certain services, such as legal, information technology, human
38 resources, treasury, tax, and controllers services, and charges AIC for those services in
39 accordance with a cost assignment and allocation methodology. The arrangement provides AIC
40 an efficient and cost-effective means of obtaining the services that it needs to operate.

41 **Q. Does AMS provide AIC rate case related services?**

42 A. Yes. AMS personnel assist AIC in preparing and litigating the rate cases that AIC files
43 with the Commission, including electric formula rate cases like this one. Those services

44 typically include legal, regulatory, and rates services, such as the testimony, data response, and
45 schedule preparation necessary to prepare a direct rate case filing. The rate case services that
46 AMS provides AIC in a rate case beyond the direct filing often vary, however, depending on the
47 issues litigated in the case. As one example, AMS might provide human resources professional
48 services to respond to an employee benefits issue raised by an intervenor in a particular rate case.

49 **Q. How does AMS charge AIC for the rate case services that AMS provides?**

50 A. Per the approved General Services Agreement, AMS directly and indirectly assigns or
51 allocates costs to AIC, including rate case related costs. The Agreement describes the applicable
52 assignment and allocation methodology. AMS labor and expenses that support AIC rate cases
53 are direct charged 100% to AIC. AMS charges AIC on a monthly basis, and AIC pays AMS the
54 following month.

55 **Q. In setting formula rates, how does AIC account for the AMS charges it incurs for**
56 **rate case services?**

57 A. AIC's formula rate accounts for all AMS charges related to electric distribution service,
58 including AMS charges for rate case services, as "Service Company" charges. AIC includes
59 these Service Company charges in its formula rate requests. It is my understanding that in all of
60 AIC's previous formula rate cases, the Commission approved recovery of these charges as
61 Service Company charges.

62 In June 2015, however, the Commission enacted the Part 288 Rules. To comply with the
63 new rules, AIC changed its business practices during 2015 to segregate and track the cost of
64 certain AMS rate case services as rate case expense. AMS also changed its business practices to
65 segregate and track the charges in a manner that would permit it to provide AIC documentation
66 required by the new Part 288 Rules.

67 **Q. What documentation do the Part 288 Rules require?**

68 A. I am not an attorney, but it is my understanding that the June 2015 Part 288 Rules require
69 a utility that seeks to recover through rates expenses for affiliate counsel and technical expert
70 (including their support staff) services on rate cases to provide: “Documentation that clearly
71 indicates (A) a description of the services provided; (B) the name and title of the persons
72 providing these services; (C) the time spent providing the services on a daily basis; and (D) the
73 amounts and rates charged, excluding incentive compensation costs.” 83 Ill. Adm. Code §
74 288.40(a)(6).

75 **Q. Why did this require AIC and AMS to change their business practices?**

76 A. Prior to 2015, neither AIC nor AMS separately maintained in the regular course of their
77 businesses a specific list of AMS personnel who provided or might provide rate case services to
78 AIC. Further, in direct charging or allocating the time for their services to a specific affiliate or
79 service request project, AMS personnel were not required as a matter of course to differentiate
80 time specifically related to rate case support. Therefore, AIC and AMS did not segregate and
81 track charges for individual AMS employees specifically related to AIC rate cases or provide
82 descriptions of the specific services they provided. So AIC and AMS instituted new procedures
83 to segregate and track the charges as rate case expense, and to create documentation required by
84 the Part 288 Rules.

85 **Q. What new procedures did AIC and AMS institute?**

86 A. First, AMS and AIC developed a specific list of AMS employees that may support a rate
87 case. AMS and AIC will review this list annually.

88 Second, those AMS employees who typically provide rate case services were directed to
89 charge their time to the pertinent rate case via the Time Reporting Information System (TRIS).

90 TRIS allows AMS employees to choose a specific rate case to charge their services to.
 91 Employees also choose an Activity code for TRIS reporting, which is an attempt to further
 92 describe the services performed as part of rate case labor. In mid-2015, AMS, working with
 93 AIC, added new Activity codes and changed existing code descriptions to particularly align with
 94 the types of services that AMS employees provide AIC related to rate cases. The new or updated
 95 rate case expense Activity codes are:

ACTIVITY CODE	DESCRIPTION	DEFINITION	EXAMPLES
ERMA	Regulatory Rate Case Strategy	Activities associated with general strategy and administration of Gas and Electric rate cases, or formula rate filings including conferences and meetings.	General strategy, conferences, and administration of ICC rate cases and ICC Formula Rate (FR) filings. (i.e., Kick-off meetings)
RDRE	Regulatory Data Requests	This activity captures costs related to collecting, analyzing and reporting information in response to a data request or inquiry from a regulatory commission or agency.	Data Requests
REFI	Regulatory Filing Requirements	Activities associated with support and preparation of schedules for Regulatory Rate Cases and Rate Filings.	Part 285 Minimum Filing Requirements
REHG	Regulatory Hearings	Activities associated with preparing for and attending Regulatory Hearings.	Preparing for and attending ICC hearings

ACTIVITY CODE	DESCRIPTION	DEFINITION	EXAMPLES
RGTM	Regulatory Testimony	Activities associated with preparing for and providing Regulatory witness testimony.	Preparing Witness Testimony including Exhibits
REGB	Regulatory Briefs (Legal Only)	Activities related to preparing for and attending Regulatory Briefings.	Preparing briefs
REGA	Regulatory Appeals (Legal Only)	Activities related to preparing, filing, and support of the Regulatory Appeals process.	Preparing appeals

96 This is expected to permit AIC to provide documentation of AMS rate case services, as required
 97 by the Part 288 Rules.

98 Finally, AIC and AMS communicated all this to their employees. During the summer of
 99 2015, legal counsel contacted the AMS department directors who are expected to support rate
 100 case matters, to explain the Part 288 Rules. And in late 2015, AIC developed an online training
 101 course to communicate the new TRIS procedures and the Part 288 Rules to AMS employees
 102 identified as likely to provide rate case services. The training course will be assigned to specific
 103 AMS employees annually, in conjunction with the annual review of AMS employees that may
 104 support a rate case that I mentioned.

105 **Q. Does AIC have the documentation of AMS rate case services that you mentioned for**
 106 **2015?**

107 A. Because the process changes that I explained began during 2015, only certain information
 108 generated from TRIS is available for 2015 formula rate case services provided by AMS
 109 professionals, and, where appropriate, their support staff. Ameren Exhibit 7.1, documentation

110 from TRIS, shows for AMS professionals: (a) the services provided; (b) the name and payroll
111 department title of the persons providing the services; and (c) the time spent providing the
112 services on a daily basis. The AMS employees' professional titles are also included. (Please
113 note, however, due to the timing of the process changes I've described, this AMS documentation
114 does not include the new or updated Activity codes.) Amounts charged for these services,
115 excluding incentive compensation costs, are shown on Ameren Exhibit 1.9 to Ameren witness
116 Ronald D. Stafford's direct testimony. Those amounts also exclude indirect overhead costs
117 because AMS does not allocate general overhead, such as facility expense or office supplies, to
118 specific projects. When AIC files its 2017 formula rate update case and submits its 2016 rate
119 case expenses for recovery, it expects to be able to provide more robust documentation of 2016
120 affiliate rate case services.

121 **Q. When did AIC and AMS institute these new procedures?**

122 A. The Part 288 Rules were effective in June 2015. AIC and AMS worked throughout the
123 second half of 2015 to update their procedures. Online training was assigned during the first
124 quarter of 2016.

125 **Q. How did AIC and AMS identify employees that typically provide rate case services?**

126 A. Where rate case support is within the scope of an AMS employee's duties, or where an
127 AMS employee is expected to provide more than incidental support on a rate case, the employee
128 was identified as someone who provides rate case expense services to AIC. Additionally, AIC
129 personnel contacted department heads to discuss employee support and identify AMS employees
130 who provide rate case services. Certain executive, professional, and other administrative
131 employees, such as executive assistants, secretaries, and mailroom employees, may provide
132 incidental rate case support (such as scheduling a meeting related to the rate case or handling rate

133 case related mail), but have no substantive involvement in the preparation and litigation of a rate
134 case. Other employees' participation may be limited relative to their work responsibilities, such
135 as incidental review of testimony or discovery responses, or the receipt of reports on the status of
136 the case. Those individuals were excluded.

137 **Q. Has employee training been provided related to the new procedures?**

138 A. Yes. As mentioned, in early 2016, the AMS employees and supervisors, and their
139 budgeting staff, who are expected to provide AIC non-incidental rate case related services in
140 2016 were assigned an online course to complete. As of April 1, 2016, all such employees have
141 completed the required training.

142 **III. CONCLUSION**

143 **Q. Does this conclude your direct testimony?**

144 A. Yes, it does.

APPENDIX

STATEMENT OF QUALIFICATIONS
JENNIFER A. RUSSI

I graduated from Illinois College in Jacksonville, Illinois with a Bachelor of Science in Economics, Business Administration and Accounting. I am licensed as a Certified Public Accountant in Texas.

Prior to joining Ameren Corporation, I was employed as an Accounting Manager at Odyssey Healthcare, a publicly traded hospice company, and as the Manager of Financial Reporting at Alcatel, a maker of telecommunications equipment. My responsibilities in these positions included directing, preparing and reviewing forecasts, annual and monthly budgets, account reconciliations, audit responses, and regulatory compliance documentation.

I joined Ameren Corporation in January 2007, in the role of Financial Specialist, and was promoted to the position of Director of Accounting for Merchant Generation, effective January 2013. In December, 2013, I assumed the role of Director of AIC Finance and Planning. In my current position, I am responsible for development of forecast data for various future scenarios, as well as strategic planning to establish and achieve targets. I also direct finance activities including compliance with orders of the Illinois Commerce Commission, and development of the capital structure and equity ratio. In addition, I prepare or assist in preparation of regulatory reports, testimony, and inquiry responses associated with regulatory proceedings.