

ILLINOIS COMMERCE COMMISSION

DOCKET 16-0262

REBUTTAL TESTIMONY

OF

THOMAS B. KENNEDY, III

Submitted on Behalf

Of

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

July 28, 2016

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7 I. INTRODUCTION

8 Q. Please state your name and business address.

9 A. My name is Thomas (Tucker) B. Kennedy, III. My business address is 300 Liberty Street,
10 Peoria, Illinois, 61602.

11 Q. Are you the same Thomas B. Kennedy, III, who previously sponsored direct
12 testimony in this proceeding?

13 A. Yes, I am.

14 Q. What topics did you discuss in your direct testimony?

15 A. I provided testimony in support of the 2015 Charitable Contribution Expense and
16 Advertising Expense that Ameren Illinois included in the updated revenue requirement.

17 Q. What is the purpose of your rebuttal testimony?

18 A. The purpose of my rebuttal testimony is to respond to certain Staff and Intervenor
19 witnesses' direct testimony on Advertising Expense. Specifically, I respond to the direct
20 testimonies of Staff witness Mary H. Everson and Attorney General (AG) witness Michael J.
21 Brosch, who propose separate adjustments to reduce Advertising Expense included in the
22 revenue requirement.

23 **Q. Are you familiar with the Commission's guidance on the recovery of advertising**
24 **expenses?**

25 A. Yes. As noted in my direct testimony, in my role as Director of Community and Public
26 Relations (CPR), I oversee the production and publication of external communications, and
27 conduct a review of advertising expenses included in the formula revenue requirement. For each
28 formula rate update, my team reviews advertisements produced and/or published in the prior
29 calendar year, and identifies the advertising expenses for which AIC will not seek recovery. My
30 direct testimony in this proceeding (Ameren Exhibit 5.0, lines 332-636) discusses Section 9-225
31 of the Public Utilities Act and Part 295 of the Commission's Administrative Rules, which
32 provide the standards for recovering the costs of advertising in customers' rates. My direct
33 testimony also discusses the Commission's guidance on the recovery of advertising expenses
34 from its most recent order regarding AIC's formula rate, Docket 15-0305.

35 **Q. Please summarize the conclusions and recommendations of your testimony.**

36 A. The conclusions and recommendations of my testimony are as follows:

- 37
- 38 • To limit the number of contested issues in this proceeding, in this instance,
39 Ameren Illinois agrees to Staff's and AG's proposed disallowances of specific
40 2015 expenses incurred on advertising that informed the public on charitable
41 donations and instances of employees' volunteerism in AIC's service territory.
 - 42 • Ameren Illinois opposes the AG's three other adjustments to remove 2015
43 expenses incurred on advertising that informed on (i) the Avian Protection
44 Program; (ii) diversity in the workforce; and (iii) reliability improvements to the
45 grid. AIC included these advertising expenses in its revenue requirement in
preparing the filing, and believes that they are recoverable in formula rates.

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

47 A. Yes, in addition to my rebuttal testimony, I am sponsoring the following exhibits:

- 48
- Ameren Exhibit 11.1: Community Support Advertising (Self-Disallowance)

- 49 • Ameren Exhibit 11.2: Avian Program Advertising
- 50 • Ameren Exhibit 11.3: Workplace Diversity Advertising
- 51 • Ameren Exhibit 11.4: Reliability Improvements Advertising

52 **II. RESPONSE TO STAFF WITNESS EVERSON**

53 **Q. Have you read the direct testimony of Ms. Everson?**

54 A. Yes. I have read the portions of Ms. Everson's direct testimony that discuss her
55 adjustment to Advertising Expense. Specifically, I reviewed ICC Staff Exhibit 2.0, lines 33-105,
56 Schedule 2.01, and her Attachments 1 and 2.

57 **Q. What does Ms. Everson recommend with respect to Advertising Expense?**

58 A. Ms. Everson recommends an adjustment to reduce Advertising Expense to remove the
59 2015 electric costs associated with four advertisements. AIC accepts her adjustment.

60 **Q. Are you familiar with the four advertisements?**

61 A. Yes. The four advertisements associated with Ms. Everson's adjustment were included in
62 the copies of the advertisements provided to Staff in conjunction with AIC's direct case. I am
63 familiar with the advertisements, given my role in overseeing the production and publication of
64 advertisements. In addition, I reviewed these advertisements in preparing my direct testimony.

65 **Q. Does any other party seek to disallow the costs of these advertisements?**

66 A. Yes. Mr. Brosch identifies these same four advertisements in his direct testimony, and
67 includes them as attachments to his direct testimony as part of AG Exhibit 1.5.

68 **Q. What are the four advertisements associated with Ms. Everson's adjustment?**

69 A. The four advertisements associated with Ms. Everson's adjustment are:

- 70 • Advertisement No. 60 – Ameren Employee Volunteerism
- 71 • Advertisements Nos. 59 and 200 – Peoria Vietnam Veterans Parade
- 72 • Advertisement No. 201 – Peoria Air Conditioner Donations

73 **Q. Please describe Advertisement No. 60, the "Ameren Employee Volunteerism"**
74 **advertisement.**

75 A. Advertisement No. 60 is a print advertisement that informs consumers on AIC's efforts to
76 "give back" to the communities in its service territory through its support of charitable causes.
77 AIC incurred the costs associated with Ms. Everson's adjustment on designing the ad image,
78 creating the message and placing the print advertisement. AIC displayed the advertisement in the
79 St. Louis Business Journal in October 2015. AIC designed the advertisement primarily to inform
80 the public on the value that Ameren Illinois can deliver to the communities it serves through
81 volunteerism. The purpose of the advertisement is to highlight specific instances of Ameren
82 Illinois' volunteerism efforts throughout its service area, as examples of the ways in which the
83 Company can support the communities where its employees work and live.

84 **Q. Please describe Advertisements No. 59 and No. 200, the "Vietnam Veterans Parade"**
85 **advertisements.**

86 A. Advertisements No. 59 and 200 are a print advertisement that informed consumers on
87 AIC's support of a parade in Greater Peoria to celebrate the 50th anniversary of the Vietnam War.
88 AIC incurred the costs associated with Ms. Everson's adjustment on photography, production
89 design and ad placement. AIC's advertisement was displayed in the Peoria Journal Star on July 5,
90 2015. AIC designed the advertisement primarily to demonstrate its support of a local public
91 welfare event and for military veterans in the Greater Peoria community. The purpose of the
92 advertisement was to exemplify the Company's support of veterans and funding of charitable

93 events to encourage readers to learn more about AIC's support of local communities and local
94 non-profit organizations.

95 **Q. Please describe Advertisement No. 201, the "Air Conditioner Donations"**
96 **advertisement.**

97 A. Advertisement No. 201 is a print advertisement that informs the public about AIC's
98 partnership with the Peoria County Citizens for Economic Opportunity (PCCEO) to donate
99 energy-efficient air conditioning units to the elderly, veterans and income-qualified families.
100 AIC incurred the costs associated with Ms. Everson's adjustment on the photography, design and
101 publication. AIC's advertisement was displayed in the Peoria Journal Star on June 29, 2015. AIC
102 designed the advertisement primarily to educate customers on the types of donations that AIC
103 makes to support customers in need. The purpose of the ad was to describe the air conditioning
104 donation program and demonstrate how AIC partners with local non-profit organizations to meet
105 local community needs and how employees volunteer to improve the lives of customers in the
106 service territory.

107 **Q. Has AIC agreed to Ms. Everson's adjustment?**

108 A. Yes. To limit the number of contested issues in this docket, in this instance, AIC has
109 agreed to remove the expenses from its revenue requirement, as part of a larger settlement with
110 Staff. Ameren Exhibit 11.1 shows the advertising expenses by advertisement and by FERC
111 account that the Company has agreed to remove. Included with AIC's adjustments to advertising
112 expenses are certain other expenses identified by Mr. Brosch, which I discuss below and which
113 AIC also has agreed to remove.

114 **Q. Does AIC consider Ms. Everson's adjustment resolved for this proceeding?**

115 A. Yes.

116 **III. RESPONSE TO AG WITNESS BROSCH**

117 **Q. Have you read the direct testimony of Mr. Brosch?**

118 A. Yes. I have read the portions of Mr. Brosch's direct testimony that discuss his adjustment
119 to Advertising Expense. Specifically, I reviewed AG Exhibit 1.0, lines 30-319, AG Exhibit 1.3,
120 AG Exhibit 1.4, AG Exhibit 1.5, AG Exhibit 1.6 and AG Exhibit 1.7.

121 **Q. What does Mr. Brosch recommend?**

122 A. Mr. Brosch proposes four adjustments to advertising expense. AG Exhibit 1.3 identifies
123 the four categories of advertising expense that he seeks to disallow, the advertisements at issue,
124 and the associated expenses by FERC account.

125 **Q. What are the four categories of advertising expense that Mr. Brosch seeks to**
126 **disallow?**

127 A. The four categories of advertising expense that Mr. Brosch seeks to disallow are:

- 128
- Avian Program – Advertisements Nos. 5, 6 & 7
 - 129 • Community Support – Advertisements Nos. 41, 57, 59, 60, 61, 64, 109, 110, 200
130 & 201
 - 131 • Respect for Employees/Diversity – Advertisements Nos. 32-40, 42, 43, 54, 105,
132 300 & 301
 - 133 • Reliability Improvements – Advertisements Nos. 18.2, 22, 23 & 29

134 **A. Community Support Advertising**

135 **Q. Has AIC agreed to make any of Mr. Brosch’s adjustments?**

136 A. Yes. To limit the number of contested issues in this docket, AIC agrees to remove the
137 “Community Support” advertising expenses from its proposed revenue requirement. As noted
138 above, AIC agreed to remove the expenses associated with Advertisements Nos. 59, 60, 200 and
139 201, as part of a larger settlement with Staff. Given the minor amounts remaining associated with
140 Mr. Brosch’s Community Support adjustment, AIC also agrees to remove the expenses
141 associated with Advertisements Nos. 41, 57, 64, 109 and 110, which are discussed below.

142 **Q. Why does AIC consider it necessary to produce and publish messages about**
143 **Community Support activities?**

144 A. The advertisements educate the public, including civic leaders and local organizations, on
145 the ways that AIC supports charitable and public interest events through funding and
146 volunteering. One aim of the advertisements is to highlight the event as a means to encourage
147 other organizations and communities to apply for future funding. The advertisements also show
148 AIC volunteers at work in the community and, we hope, will assist in recruiting additional
149 employees to donate their time for this event and future events.

150 **Q. What are the remaining advertisements associated with Mr. Brosch’s Community**
151 **Support adjustment to Advertising Expense?**

152 A. Listed below are the remaining advertisements associated with Mr. Brosch’s Community
153 Support adjustment. Ameren Exhibit 11.1 identifies the costs for each advertisement. The
154 advertisements are included with Mr. Brosch’s direct testimony as part of AG Exhibit 1.5.

- 155 • Advertisement No. 41 – Jackie Joyner-Kersey Foundation
- 156 • Advertisement No. 57 – Junior Achievement of Central Illinois

- 157 • Advertisement No. 61 – Community Partners
- 158 • Advertisement No. 64 – Toys for Tots
- 159 • Advertisement No. 109 – Ameren Employee Tree Planting
- 160 • Advertisement No. 110 – Ameren Military Veteran Employees/Ameren Illinois
- 161 Volunteer

162 **Q. Please describe Advertisement No. 41, the "Jackie Joyner-Kersey Foundation"**
163 **advertisement.**

164 A. Advertisement No. 41 is a print advertisement that informs customers on AIC's support
165 of the Jackie Joyner-Kersey Foundation. AIC incurred the costs associated with Mr. Brosch's
166 adjustment to place the ad. AIC displayed the advertisement in the event booklet for the Jackie
167 Joyner-Kersey Foundation's annual Gala in October 2015. AIC designed the advertisement
168 primarily to educate attendees of the Gala on the Company's charitable giving and volunteering
169 to support the Foundation's effort, as an example of AIC's support for local community
170 organizations. The purpose of the advertisement is to visually show the Company's and
171 employees' support for the Foundation's mission to instill in youth, in the Greater East St. Louis
172 area, the dream, drive and determination necessary to succeed in academics, athletics and
173 leadership.

174 **Q. Please describe Advertisement No. 57, the "Junior Achievement of Central Illinois"**
175 **advertisement.**

176 A. Advertisement No. 57 is one of a series of print advertisements donated by AIC to not-
177 for-profits in the greater Peoria area. AIC incurred the costs associated with Mr. Brosch's
178 adjustment on the publication of these ads in the InterBusiness Issues, a magazine published
179 monthly by Central Illinois Business Publishers and distributed to businesses throughout central

180 Illinois. AIC paid for the display of the advertisements, which the non-profits created, in each
181 monthly issue of the magazine. Examples included advertisements for FamilyCore, Junior
182 Achievement, Big Brothers Big Sisters and the St. Jude Affiliate. The purpose of the
183 advertisement is to contribute ad space to twelve not-for-profits each year and to provide non-
184 profits with the ability to communicate about their programs and services, utilizing a channel that
185 might otherwise not be available or affordable for them.

186 **Q. Please describe Advertisement No. 61, the "Community Partners" advertisement.**

187 A. Advertisement No. 61 is a resource that Ameren Illinois provides to its community
188 partners to assist them in communicating to their constituents about the support AIC provided.
189 AIC incurred the costs associated with Mr. Brosch's adjustment on the design, copywriting and
190 production of this advertising and promotional template. AIC mailed, e-mailed or hand-delivered
191 the template to community partners during the third quarter of 2015. AIC designed the
192 advertisement primarily as way to help local community organizations to educate their members,
193 stakeholders, and other constituencies about the charitable donations and volunteer resources
194 received from AIC. In addition, it assisted AIC in informing local organizations about the
195 funding and volunteer resources that AIC has available for charitable activities in local
196 communities.

197 **Q. Please describe Advertisement No. 64, the "Toys for Tots" flyer.**

198 A. Advertisement No. 64 is a print flyer to promote the collection of toys and donations for
199 Toys for Tots program in Decatur. AIC incurred the costs associated with Mr. Brosch's
200 adjustment on the design and production of the flyer. AIC distributed the flyer to interested
201 participants at AIC's facilities in Decatur during November 2015. AIC designed the
202 advertisement primarily to inform employees and their families about the toy drive. The purpose

203 of the advertisement is to educate interested employees and families about the community event.

204 **Q. Please describe Advertisement No. 109, the "Ameren Employees Tree Planting"**
205 **advertisement.**

206 A. Advertisement No. 109 is a print advertisement that illustrates the volunteer work
207 performed by our employees, in this instance tree planting. AIC incurred the costs associated
208 with Mr. Brosch's adjustment on the placement of the print ad. AIC displayed the advertisement
209 in the St. Louis Business Journal on November 20, 2015. AIC designed the advertisement
210 primarily to educate our customers about the Company's community support and employee
211 volunteerism. The purpose of the advertisement is to inform customers that the Company is
212 "giving back", and to encourage customers to seek out more information on AIC's support by
213 visiting the Company's website.

214 **Q. Please describe Advertisement No. 110, the "Ameren Military Veteran Employees"**
215 **and "Ameren Illinois Volunteer" advertisements.**

216 A. Advertisement No. 110 is a compilation of three print flyer advertisements that inform
217 AIC employees about opportunities to participate in programs to support the needs of local
218 communities. AIC incurred the costs associated with Mr. Brosch's adjustment on copywriting
219 and design of print ads. AIC transmitted the advertisement messages through email and by
220 display in company facilities during the spring and summer 2015. AIC designed the
221 advertisements primarily to educate employees and their families on available programs
222 supported by AIC in which they could participate. The purpose of the advertisement is to educate
223 employees on volunteer opportunities.

224 **Q. What is the basis for Mr. Brosch's adjustment to remove the costs associated with**
225 **these advertisements?**

226 A. Mr. Brosch believes that "there is no business purpose, other than image enhancement,
227 served by educating ratepayers that the Company supports local communities through its
228 charitable giving and volunteering." (AG Ex. 1.0, ll. 253-55.) He states that the advertising
229 seems "designed to create the impression that Ameren's contributions reflect a spirit of corporate
230 generosity, without mentioning that the Company generally seeks rate recovery of its charitable
231 contributions from ratepayers." (AG Ex. 1.0, ll. 270-72 (emphasis in the original).)

232 **Q. Do you agree with Mr. Brosch's opinion that such advertising on charitable**
233 **donations and employee volunteerism serves only to enhance Ameren Illinois's image?**

234 A. No. External messages on charitable donations and employee volunteerism inform and
235 educate customers, including civic leaders and local government officials, on the Company's
236 ongoing efforts to improve the quality of life in the communities where AIC employees live and
237 work. The education of consumers, civic leaders and local government officials about AIC's
238 charitable giving, such as the funding of a local event, not only raises public awareness of local
239 charitable events supported by AIC and the non-profit organizations that partner with AIC, it
240 also alerts the non-profit sector and local governments about available AIC grant and volunteer
241 opportunities. The print advertisements in particular encourage the viewers to visit AIC's
242 websites to learn more about local donations and volunteer opportunities. That is the primary
243 purpose of such advertising: to inform the public that AIC has resources - both funds and the
244 time of its employees - to donate to worthwhile causes in the communities in its service territory.
245 In addition, Mr. Brosch does not explain how internal flyers for distribution and display only for
246 employees can enhance AIC's reputation with the ratepayers.

247 **Q. Despite the Company’s disagreement with Mr. Brosch’s adjustment, do you**
248 **consider this issue resolved for this proceeding?**

249 A. Yes. As shown in Ameren Exhibit 11.1, to limit the number of contested issues in this
250 proceeding, AIC has removed the “Community Support” expenses identified by Mr. Brosch from
251 the Company's proposed revenue requirement.

252 **B. Avian Program Advertising**

253 **Q. What are the advertisements associated with Mr. Brosch’s Avian Program**
254 **adjustment to Advertising Expense?**

255 A. Listed below are the advertisements associated with Mr. Brosch’s Avian Program
256 adjustment. Ameren Exhibit 11.2 identifies the costs for each advertisement. The
257 advertisements are included with Mr. Brosch’s direct testimony as part of AG Exhibit 1.4.

- 258 • Advertisement No. 5 – Avian Protection Equipment (poster)
- 259 • Advertisement No. 6 – Avian Protection Program (brochure)
- 260 • Advertisement No. 7 – Protecting Birds of Prey (banner/display)

261 **Q. Why does AIC consider it necessary to produce and publish messages about the**
262 **Avian Protection Program?**

263 A. The posters, flyers and displays on the Avian Protection Program, which Mr. Brosch
264 seeks to disallow, educate and inform customers on AIC's responsibility and efforts to (i) protect
265 bald and golden eagles, migratory birds and endangered raptors; and (ii) reduce bird
266 electrocutions and collisions with power lines. These materials are displayed at public school
267 demonstrations and electric safety outreach events organized by governmental agencies and
268 environmental groups concerned with compliance with federal and state environmental laws on
269 bird protection. Public education in this area increases awareness of the dangers of bird

270 interference, and explains to consumers the impact of compliance on construction and
271 maintenance of facilities. In addition, public education protects AIC and customers from
272 governmental fines from actions impacting protected or endangered species, and provides details
273 on proactive measures undertaken to minimize the environmental, safety and reliability risks
274 associated with bird mortality, collisions and nesting.

275 **Q. Please describe Advertisement No. 5, the "Avian Protection Equipment" poster.**

276 A. Advertisement No. 5 is a poster that illustrates and describes avian protection equipment
277 on overhead facilities. AIC incurred the costs associated with Mr. Brosch's adjustment for the
278 design and printing of the posters. AIC displayed the poster at public school demonstrations and
279 outreach events on electric safety, such as the Starved Rock State Park Bald Eagle Watch, in
280 coordination with U.S. Army Corp of Engineers and Illinois Department of Natural Resources.
281 AIC designed the poster primarily to educate attendees on the specific equipment used to help
282 protect birds of prey and raptors from the dangers associated with overhead power lines. The
283 purpose of the poster is to educate attendees on specific actions by the Company to protect birds
284 of prey and raptors.

285 **Q. Please describe Advertisement No. 6, the "Avian Protection Program" brochure.**

286 A. Advertisement No. 6 is a brochure that describes AIC's efforts through its Avian
287 Protection program to make structures safer for protected and endangered birds and reduce the
288 number of outages caused by bird interference. AIC incurred the costs associated with Mr.
289 Brosch's adjustment for the copywriting, design and printing of the brochures. AIC displayed the
290 brochure at public school demonstrations and outreach events on electric safety, such as the
291 summer meeting of the Illinois Municipal League. AIC designed the brochure primarily to
292 educate attendees on actions taken to improve the safety and reliability of its structures at risk of

293 damage caused by birds of prey and other wildlife. The purpose of the brochure is to visually
294 show and, and provide context for, the various parts of the Avian Protection program, including
295 overhead equipment standards, wildlife and safety education and outreach, and how protecting
296 the birds and wildlife helps reduce outages caused by animal interference.

297 **Q. Please describe Advertisement No. 7, the “Protecting Birds of Prey” banners.**

298 A. Advertisement No. 7 is a series of banners that depict birds of prey and raptors covered
299 by the birds of prey Avian Protection Program. AIC incurred the costs associated with Mr.
300 Brosch's adjustment on the design and printing of the banners for stand up displays. AIC
301 displayed the banners at the Illinois Raptor Center Open House in October 2015, and other local
302 community and electric safety events. AIC designed the advertisement primarily to educate
303 customers and stakeholders about specific raptors and birds of prey covered by the Avian
304 Protection program. The purpose of the advertisement is to educate event attendees about the
305 types of birds covered by the Avian Protection program.

306 **Q. What is the basis for Mr. Brosch’s adjustment to remove the costs associated with**
307 **these advertisements?**

308 A. Mr. Brosch believes that “[t]here is no business purpose, other than image enhancement,
309 served by advising ratepayers that the Company has installed avian protective equipment within
310 its distribution facilities or that Ameren is proud to support the conservation efforts of the Illinois
311 Raptor, the Treehouse Wildlife Center and the World Bird Sanctuary.” (AG Ex. 1.0, ll. 236-40.)
312 He states that “using paid advertising to tell the public that Ameren cares about the world we live
313 in is not a necessary or appropriate use of ratepayer provided funds.” (AG Ex. 1.0, ll.240-42.) He
314 argues that shareholders should pay the expense of messaging that AIC publishes “to enhance its
315 environmental reputation.” (AG Ex. 1.0, ll. 242-43.)

316 **Q. Do you agree with Mr. Brosch's opinion that such advertising serves only to**
317 **enhance the Company's image?**

318 A. No. The public schools, governmental agencies and environmental groups, with whom
319 AIC partners on the electric safety programs, request AIC's participation in these events so that
320 our experts can educate attendees on the activities that AIC is conducting to protect birds and
321 wildlife from the dangers associated with electric power lines. By displaying the posters,
322 brochures and banners at the outreach events, AIC hopes to instill in attendees a greater
323 appreciation of the types of protected and endangered birds of prey and the dangers associated
324 with power lines. In addition, the poster and brochures educate attendees about the activities and
325 electric system enhancements that AIC implements under the Avian Protection program to
326 improve reliability.

327 **Q. Should the Commission approve recovery of the expense associated with these ads?**

328 A. Yes. The outreach materials for the Avian Protection program fall under the section 9-
329 225(3)(c) advertising category - concerning "service interruptions, safety measures or emergency
330 conditions." In addition, the content and use of these materials at outreach events, at the request
331 of other participants, does not demonstrate that AIC's intent in making the materials available to
332 the public is to improve the image of the utility.

333 **C. Workplace Diversity Advertising**

334 **Q. What are the advertisements associated with Mr. Brosch's Workplace Diversity**
335 **adjustment to Advertising Expense?**

336 A. Listed below are the advertisements associated with Mr. Brosch's Workplace Diversity
337 adjustment. Ameren Exhibit 11.3 identifies the costs for each advertisement. The
338 advertisements are included with Mr. Brosch's direct testimony as part of AG Exhibit 1.6.

- 339 • Advertisements Nos. 32-36, 38-39 and 42 – Respect
- 340 • Advertisements Nos. 37, 43 and 54 – We Believe in Diversity
- 341 • Advertisement No. 40 – Learn today. Lead tomorrow.
- 342 • Advertisement No. 54 – Start, Stop, Move.
- 343 • Advertisement No. 105 – Powering the Quality of Life (print)
- 344 • Advertisement No. 300 – Powering the Quality of Life (banners/displays)
- 345 • Advertisement No. 301 – University of Illinois (Research Space)

346 **Q. Why does AIC consider it necessary to produce and publish messages about**
347 **Workplace Diversity?**

348 A. Ameren Illinois strives to develop and maintain an operating culture in which employees
349 are recruited, retained, respected and recognized for their unique contributions to the success of
350 the company and the service to our customers. Part of managing a diverse workforce is taking
351 actions to ensure that the Company complies with federal and state laws that concern
352 employment discrimination. Fostering diversity, however, means more than just basic
353 compliance with existing laws; it means ensuring equal opportunity for all employees and job
354 candidates, and actively promoting these opportunities to employees, prospective employees and
355 the public at large. We want to provide a full and fair opportunity for all prospective employees
356 to pursue a career at Ameren Illinois, regardless of non-merit factors such as race, ethnicity or
357 gender. We want to enable all employees to carry out their duties in the workplace, free from
358 discrimination. The educational ads at issue here inform potential employees, and the public at
359 large in its service territory, that AIC actively encourages and promotes a culture of diversity and
360 inclusion in its workplace. It is notable that the Commission, through its Office of Diversity and
361 Community Affairs, shares a similar goal: to develop and maintain a "culture of diversity and

362 inclusion" in its workplace. See <https://www.icc.illinois.gov/odca/>

363 **Q. Please describe Advertisements Nos. 32-36, 38-39 and 42, the "Respect"**
364 **advertisements.**

365 A. Advertisements Nos. 32-36, 38-39 and 42 are instances of print advertisements
366 communicating a message of "dignity and respect" that supports AIC's efforts to recruit diverse
367 employees. The ad states that AIC is creating "a work environment that attracts, develops,
368 supports and retains a high-quality, culturally-diverse workforce." The ad includes a link to
369 "Ameren.com/careers" and encourages viewers to visit the website to "learn about
370 opportunities." AIC incurred the costs associated with this advertisement for placement in
371 program booklets, newspapers and magazines. AIC displayed the advertisements throughout
372 2015 at various events (American Association of Blacks in Energy, Central Illinois Black Expo,
373 Danville Area Community, East Peoria Chamber and NAACP in Decatur, East St. Louis,
374 Galesburg, Peoria, Springfield), in newspapers (DuQuion Evening Call, Belleville News
375 Democrat, St. Louis American) and in magazines (InterBusiness Issues and Equal Opportunity
376 Publications). AIC designed the advertisement primarily to aid in encouraging diverse
377 employment candidates to consider AIC as a viable career. The purpose of the advertisement is
378 educate prospective employees about AIC's corporate values and encourage them to seek out
379 information on current job openings through the website at Ameren.com/Careers.

380 **Q. Please describe Advertisements Nos. 37, 43 and 54, the "We Believe in Diversity"**
381 **advertisements.**

382 A. Advertisements Nos. 37, 43 and 54 are instances of another print advertisement that again
383 highlights AIC's efforts to recruit "diverse and wide-ranging" new employees. AIC incurred the
384 costs associated with this advertisement for placement in program booklets and in a newspaper.

385 In 2015, AIC displayed the advertisements in annual program booklets (Boys and Girls Club of
386 Alton and the Peoria Park District) and for six months in the Traveler weekly newspaper. The
387 advertisement encourages readers to visit the Ameren Illinois website to find out more about
388 available job openings. Like the previous advertisement, AIC designed the advertisement
389 primarily to support its efforts to recruit new, diverse employees. The purpose of the
390 advertisement is to educate prospective employees on corporate values and share career
391 opportunity information through the company website.

392 **Q. Please describe the Advertisement No. 40, the “Learn today. Lead tomorrow.”**
393 **advertisement.**

394 A. Advertisement No. 40 is a print advertisement that highlights AIC's support for the
395 STEMpact (science, technology, engineering, and mathematics) program. The advertisement
396 includes a link to the "Ameren.com/Community" webpage. AIC incurred the costs associated
397 with this advertisement for design and placement of the ad. AIC displayed the advertisement in
398 the St. Louis Business Journal on August 7, 2015. AIC designed the advertisement primarily to
399 raise public awareness of STEM programs. The purpose of the advertisement is to inform the
400 public on the importance of STEM and AIC's support in general of educational programs that
401 "prepare and encourage the leaders of tomorrow."

402 **Q. Please describe Advertisement No. 54, the “Start, Stop, Move.” advertisement.**

403 A. Advertisement No. 54 is a print advertisement that encourages "eCustomers" to access
404 their accounts at the AmerenIllinois.com website and perform certain functions electronically.
405 AIC incurred the costs associated with this advertisement for placement of the ad in the Traveler
406 Weekly newspaper. AIC displayed the advertisement in the Traveler Weekly from January
407 through April 2015. AIC designed the advertisement primarily to educate customers on services

408 available electronically. The purpose of the advertisement is to encourage customers to perform a
409 key function online (e.g., start, stop or move service and update their account information).

410 **Q. Please describe Advertisement No. 105, the “Powering the Quality of Life” (print)**
411 **advertisement.**

412 A. Advertisement No. 105 is a print advertisement that highlights AIC's commitment to
413 diversity in its "hiring practices, diversity initiatives and supplier selection." The advertisement
414 also celebrates Black History Month. AIC incurred the costs associated with this advertisement
415 for placement of an ad in the weekly newspaper. AIC displayed the advertisement in the St.
416 Louis American in January and February of 2015. AIC designed the advertisement primarily to
417 educate the public on AIC's commitment to diversity. The purpose of the advertisement is to
418 inform the public of the importance of diversity in hiring, supplier selection and other diversity
419 initiatives.

420 **Q. Please describe Advertisement No. 300, the “Powering the Quality of Life” (banner)**
421 **advertisement.**

422 A. Advertisement No. 300 shows examples of banners for employee communication. AIC
423 incurred the costs associated with this advertisement to design, produce and print the new
424 employee materials. AIC displayed the advertisement throughout 2015 in the atrium of Ameren
425 Corporation's office in St. Louis, Missouri. AIC designed the banners to help reinforce the
426 message that diverse employees are a key component of the company's workforce. The purpose
427 of the advertisement is to help reinforce the company's values and commitment to diversity.

428 **Q. Please describe the Advertisement No. 301, the University of Illinois (Research**
429 **Park) advertisement.**

430 A. Advertisement No. 301 shows interior messaging at the Research Park, University of
431 Illinois at Urbana-Champaign. AIC incurred the costs associated with this advertisement on the
432 development of educational and recruiting messaging for the research space. AIC has displayed
433 the interior messaging continuously since installation at Research Park in February 2015. The
434 interior messaging was designed to create an inspiring work environment for students working in
435 the AIC research space, and to assist in compelling more students and faculty to use the space in
436 Research Park. The purpose of the advertisement is to support students and faculty as they
437 collaborate on innovative projects to improve AIC's customer service and product offerings.

438 **Q. What is the basis for Mr. Brosch's adjustment to remove the costs associated with**
439 **these advertisements?**

440 A. Mr. Brosch believes that the advertisements "are not needed for any business purpose
441 other than enhancing the public image of the Company." (AG Ex. 1.0, ll. 283-84.) He states that
442 it should be "understood that any major employer such as Ameren treats its employees with
443 respect and does not discriminate in employment practices." (AG Ex. 1.0, ll. 284-86.) He argues
444 that the advertisements "are designed simply to make the Company look good, while providing
445 no information that benefits its electric customers." (AG Ex. 1.0, ll. 287-88.)

446 **Q. Do you agree with Mr. Brosch's opinion that such advertising serves only to**
447 **enhance AIC's image?**

448 A. No. The advertisements serve as recruitment, retention and research-enhancement tools.
449 The print advertisements encourage prospective employees to consider employment at Ameren
450 Illinois and to visit the Company's websites to get information on current job openings. The

451 atrium banners encourage new employees to be aware of the diversity in AIC's workforce. The
452 Research Park's interior messages encourage students and facility to collaborate and innovate on
453 AIC's products and services. Recruitment, retention, research - the business purposes behind the
454 messages are worthwhile objectives that ultimately benefit the utility's customers.

455 **Q. Should the Commission approve recovery of the expense associated with these ads?**

456 A. Yes. The advertisements serve legitimate business purposes: the recruitment of
457 employees, the retention of employees, and the research on new, innovative products and
458 services that will ultimately benefit the customer. In addition, advertising concerning the utility's
459 employment opportunities is expressly recoverable under Section 9-229(3)(d) of the Public
460 Utilities Act. There are benefits of having diversity in the workplace or inspired young workers
461 in the research laboratory: increased productivity, increased creativity, increased adaptability and
462 the development of a wide range of skills, new ideas and experiences. A diverse workforce
463 betters positions AIC to understand and react to the needs of a wide range of customers and to
464 recruit and retain talent in an increasingly diverse and competitive labor market.

465 **D. Reliability Improvement Advertising**

466 **Q. What are the advertisements associated with Mr. Brosch's Reliability Improvement**
467 **adjustment to Advertising Expense?**

468 A. Listed below are the advertisements associated with Mr. Brosch's Reliability
469 Improvement adjustment. Ameren Exhibit 11.4 identifies the costs for each advertisement. The
470 advertisements themselves are included with Mr. Brosch's direct testimony as part of AG
471 Exhibit 1.7.

472 • Advertisement No. 18.2 – Improving reliability/So the Power is there (digital
473 display/banner)

- 474 • Advertisement No. 22 – Committed to Improving Reliability/Improving
475 Reliability (digital display/banner)
- 476 • Advertisement No. 23 – Looking Up/Prepared (video)
- 477 • Advertisement No. 29 – Reliability – Metro East (print)

478 **Q. Please describe Advertisement No. 18.2, the “Improving reliability/So the Power is**
479 **there” advertisements.**

480 A. Advertisement No. 18.2 is a series of digital banner display advertisements on improving
481 reliability that link to specific webpages on AmerenIllinois.com. AIC incurred the costs
482 associated with this advertisement for placement costs for digital banner ads. AIC displayed the
483 advertisements on various digital websites (dedicated media and Google content network). In
484 Docket 15-0305, the Commission allowed AIC to recover the production costs associated with
485 these particular digital ads. See Ameren Exhibit 11.4, pp. 3-4. AIC designed the advertisements
486 primarily to inform customers about EIMA infrastructure improvements to the electric
487 distribution system. The purpose of the advertisements is to educate AIC customers on system
488 improvements that are improving overall reliability (through fewer and shorter outages) and
489 saving customers money.

490 **Q. Please describe Advertisement No. 22, the “Committed to Improving**
491 **Reliability/Improving Reliability” advertisements.**

492 A. Advertisement No. 22 is a series of digital banner display advertisements designed to
493 encourage customers to click for more information on projects that are improving reliability in
494 specific communities. The ads link to webpages on AmerenIllinois.com that describe those
495 projects. AIC incurred the costs associated with this advertisement for the placement of the
496 digital banner ads. AIC displayed the advertisements on various digital websites (dedicated

497 media and Google content network). AIC designed the advertisements primarily to inform
498 customers about EIMA infrastructure improvements to the electric distribution system. The
499 purpose of the advertisements is to educate AIC customers on system improvements that are
500 improving overall reliability (through fewer and shorter outages) and saving customers money.

501 **Q. Please describe Advertisement No. 23, the “Looking Up/Prepared” advertisements.**

502 A. Advertisement No. 23 constitutes two video advertisements that describe improved
503 reliability and storm readiness, both with links to specific webpages on AmerenIllinois.com. AIC
504 incurred the costs associated with these advertisements on the production of the two videos
505 including copywriting, design, video production and editing. AIC displayed the advertisements
506 online on AIC’s social media (You tube) and AmerenIllinois.com during the first half of 2015.
507 AIC designed the advertisements primarily to support a message of reliable energy service for
508 Ameren Illinois customers and raise their awareness of Ameren energy reliability initiatives. The
509 purpose of the advertisements is to educate AIC customers on **EIMA** system improvements that
510 are improving overall reliability (through fewer and shorter outages) and saving customers
511 money.

512 **Q. Please describe Advertisement No. 29, the “Reliability – Metro East” advertisement.**

513 A. Advertisement No. 29 is a print advertisement that features infrastructure enhancement
514 work in the Metro East area. AIC incurred the costs associated with this advertisement for
515 placement of the advertisement in the St. Louis Business Journal during the week of May 29,
516 2015. AIC designed the advertisement primarily to support a message of reliable energy service
517 for Ameren Illinois customers in the Metro East area, and to raise their awareness of Ameren
518 energy reliability initiatives. The advertisement also includes a link to the
519 AmerenIllinois.com/Reliability webpage. The purpose of the advertisement is to educate AIC

520 customers in the Metro East area on EIMA system improvements that are improving overall
521 reliability (through fewer and shorter outages) and saving customers money, specifically for
522 customers residing in the Metro East area.

523 **Q. What is the basis for Mr. Brosch’s adjustment to remove the costs associated with**
524 **these advertisements?**

525 A. Mr. Brosch states that “[i]t should go without saying that an electric utility is dedicated to
526 providing good service and is working on improving reliability with its investments.” (AG Ex.
527 1.0, ll. 300-01.) He believes that “[t]here is no legitimate business purpose served by placing paid
528 advertising to make such generalized claims, other than enhancing the public perception and
529 reputation of Ameren.” (AG Ex. 1.0, ll. 301-04.) He further claims that the advertisements are
530 “the same types of ads” disallowed by the Commission in AIC’s last formula rate update case.
531 (AG Ex. 1.0, l. 304.)

532 **Q. Do you agree with Mr. Brosch’s opinion that such advertising serves only to**
533 **enhance AIC’s image?**

534 A. No. These advertisements are not a form of general advertising. They seek a direct
535 response from consumers. They target customers located in specific communities. They inform
536 customers about the increased spending to install infrastructure improvements to improve
537 reliability in their specific communities. They provide customers with an efficient and effective
538 way to easily access more information about specific EIMA projects that affect service in their
539 city or neighborhood. The hope is that customers who view these messages will take advantage
540 of available online resources and customer convenience programs, and be better informed about
541 how resources are being invested to improve the overall reliability of the energy grid.

542 **Q. Do you agree with Mr. Brosch's opinion that these are the same types of ads**
543 **disallowed by the Commission in AIC's last formula rate update case?**

544 A. No. As noted above, the Commission expressly allowed recovery of the production costs
545 of the digital banner display ads in Advertisement No. 18.2 in Docket 15-0305. In fact, the
546 digital banner display ads in Advertisement No. 22 have an even more localized focus on
547 specific operating areas. Mr. Brosch tries to analogize these ads to the St. Louis Cardinals radio
548 ads disallowed in Docket 15-0305. Digital banner display ads, however, function differently
549 from radio advertising. For starters, there is a visual component to the digital banner display
550 advertisement not present in the radio advertising. Secondly, AIC utilizes digital banner display
551 ads to drive online users instantaneously to AIC's websites for explanations of specific
552 infrastructure projects in their immediate area. The Metro East print advertisement and the online
553 "Looking Up" and "Prepared" videos similarly attempt to drive Internet traffic to the Ameren
554 Illinois website to "learn more" about EIMA reliability improvements. Lastly, the advertisements
555 provide access to deeper levels of content. Online users encountering a digital banner or video
556 can quickly access AIC's websites to efficiently and effectively educate themselves about
557 specific EIMA projects. The Metro East print advertisement focused on a local community,
558 provided visuals of reliability initiatives, and encouraged customers to "learn more" about the
559 modernization of the electric grid.

560 **Q. Should the Commission approve recovery of the expense associated with these ads?**

561 A. Yes. The reliability advertisements identified by Mr. Brosch in this proceeding are the
562 same or similar to EIMA advertisements that the Commission ruled in Docket 15-0305 were
563 eligible for cost recovery. The Commission should make a similar conclusion in this proceeding,

564 namely that AIC's customers are not adequately informed on the utility's EIMA investments and
565 targeted advertising that seeks to bridge that gap in knowledge should be a recoverable cost.

566 **IV. CONCLUSION**

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

568 **A.** Yes, it does.