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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. ER-2019-0335

REBUTTAL TESTIMONY

OF

DAVID LOESCH

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
January 2020**

Ameren Exhibit No. 34
Date 3/4/20 Reporter JMB
File No. ER-2019-0335

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REBUTTAL TESTIMONY

OF

DAVID LOESCH

FILE NO. ER-2019-0335

1 **I. INTRODUCTION**

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

3 A. My name is David Loesch. My business address is One Ameren Plaza, 1901
4 Chouteau Ave., St. Louis, Missouri.

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Ameren Services Company as Director, Ameren Services
7 Center. In that capacity, I provide services to Ameren Corporation's operating subsidiaries,
8 including Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or
9 "Company").

10 **Q. Please describe your educational background and employment**
11 **experience.**

12 A. I graduated from Truman State University with a Bachelor's of Science
13 degree in Accounting. I graduated from Washington University in St. Louis with a Master's
14 degree in Business Administration. I am a licensed Certified Public Accountant in the state
15 of Missouri.

16 I have worked at Ameren Services Company for 19 years holding a variety of
17 positions primarily in the Controllers function, the last of which was Director, Financial
18 Reporting. In that role, I was responsible for Securities and Exchange Commission filings
19 and annual financial filings with utility regulators such as the Federal Energy Regulatory

1 Commission and the Missouri Public Service Commission ("MPSC"). I transferred from
2 Controllers to be Director, Ameren Services Center in May 2017.

3 **Q. What are your responsibilities in your current position?**

4 A. As Director, Ameren Services Center, I lead a team of approximately 75
5 coworkers. Ameren Services Center is primarily responsible for transaction processing.
6 Ameren Services Center consists of transaction process teams for accounts payable,
7 customer payments, bank reconciliations and controls, payroll, personnel administration,
8 records management and print & mail services.

9 **Q. To what testimony or issues are you responding?**

10 A. I will be addressing some of the concerns submitted in the direct testimony
11 of Amanda C. Conner for the Office of the Public Counsel ("OPC") relating to management
12 expense charges and of Paul K. Amenthor for the Staff of the MPSC ("Staff") relating to
13 miscellaneous expenses. Both of these testimonies relate to employee expenses.

14 In short, Ameren Missouri had a valid justification for the costs associated with the
15 employee expenses in question, these costs are common practice for companies of our size,
16 the costs incurred were consistent with Ameren's policy and, in several instances, these
17 types of expenditures have been previously allowed in Ameren Missouri's revenue
18 requirement.

19 **II. SPECIFIC DISALLOWANCE RECOMMENDATIONS**

20 **Q. Are there any proposed disallowances in these categories proposed by**
21 **Mr. Amenthor or Ms. Conner with which you agree?**

1 A. Yes, there are expenditures that should not have been included in the
2 revenue requirement, such as costs relating to charitable contributions, Chamber of
3 Commerce dues, or those related to lobbying activities, among other costs. Also, costs
4 identified that solely supported Ameren Missouri's natural gas business or which were
5 incorrectly charged to Ameren Missouri's electric operations should also be removed from
6 the electric business revenue requirement. I, therefore, agree that the Company's filed
7 revenue requirement should be reduced by \$44,690 to address these agreed-upon items
8 relating to Staff's testimony. See Schedule DRL-R1 for my support specifically related to
9 Staff's testimony. I also agree that the Company's filed revenue requirement should be
10 reduced by \$95,909 to address the agreed-upon items relating to OPC's testimony. This
11 OPC agreed-upon amount is an annualized total based upon the first quarter 2018 review
12 completed by Ms. Conner. See Schedules DRL-R2 and DRL-R3 for my support
13 specifically related to OPC's testimony. There is a minimal amount (\$164 of alcohol
14 purchases, which were recorded to an incorrect resource type) of overlap between both the
15 Staff and OPC agreed upon positions, such that the combined revenue requirement
16 reduction to the Company's direct filing revenue requirement for the agreed upon items is
17 \$140,435 collectively. Separately, as shown on Schedule DRL-R2, some of OPC's
18 recommended disallowances (\$45,541) relate to clearing accounts or to capital accounts,
19 which would not result in a dollar-for-dollar reduction in the Company's revenue
20 requirement. To the extent that the Company (1) agrees with OPC's claims that these
21 capitalized costs should be disallowed and (2) any of these agreed-upon items were placed
22 into service by December 31, 2019, the Company will remove those costs from its rate base
23 calculation. Of the \$45,541 questioned by the OPC, the Company agrees that \$2,325 should

1 not be recoverable and all of the \$2,325 related to projects that were placed into service as
2 of December 31, 2019.

3 **Q. Ms. Conner claims that there was a "lack of justification for expenses,**
4 **contrary to Policy requirements." Do you agree with that statement?**

5 A. I do not. I would agree that justification of expenses is important, as it describes
6 the business reason for the transaction. However, it is not appropriate to claim that
7 Ameren's individual expense reports did not include a justification.

8 **Q. Why is it not appropriate to make that claim?**

9 A. To understand why it is not appropriate to make that claim, it is important
10 to understand the process required of employees to submit individual expenses. This should
11 help alleviate the concern that the justification of the expense was not included in the
12 expense reports.

13 In addition to other steps, employees must take the following actions to complete an
14 expense report:

- 15 1) Provide a purpose for the entire expense report.
- 16 2) Select an expense type for each individual transaction within the expense report.
17 Note that expense type is similar to the resource type field within Ameren's
18 accounting code block.
- 19 3) Provide a justification for each transaction in the expense report. This is a small
20 description of the business reason why the charge was incurred.
- 21 4) Attach supporting documentation (i.e. the receipt) for each individual non-mileage
22 transaction in the entire expense report. There are two exceptions to this rule

1 requiring a receipt. No receipt is required if (a) a meal is less than \$25 or (b)
2 parking, taxi, tips, and fares are less than \$25.

3 Within our system, the above fields are required to be filled in before an expense
4 report can be submitted for approval. Once an employee completes the above steps, the
5 employee submits the expense report to their supervisor for approval. The supervisor
6 reviews the four items above as well as the accounting for each line item on the expense
7 report. By approving the expense report, the supervisor is confirming that the costs are
8 reasonable and necessary business expenses and the support provided in the system is
9 complete and accurate, including the justification.

10 Two additional review steps occur outside of the supervisor review for some
11 expense accounts. First, each day my team in the Accounts Payable department randomly
12 reviews 5% of that day's submitted expense reports. This daily review checks for policy
13 compliance in the following five areas: (a) if required, receipts are attached to the expense
14 report, (b) receipts are legible, (c) justification provides enough information to understand
15 the business reason for the purchase, (d) expense type for the transaction is accurate, and
16 (e) expenses, such as meals and parking, on a hotel invoice are itemized properly. Second,
17 the Internal Audit department annually reviews a sample of expense reports submitted by
18 the Ameren Executive Leadership Team and the Ameren Senior Leadership Team.
19 Additionally, the Internal Audit department annually reviews a sample of employee
20 expense reports submitted by other Ameren employees (non-Ameren Executive
21 Leadership Team and the Ameren Senior Leadership Team), using data analytics. This
22 review focuses on the processes and controls around business travel and expenses including
23 the review and approval of employee expense accounts, business justification of the

1 purchases, and the supporting documentation for compliance with the Employee Expense
2 policy.

3 **Q. Are there some specific types of employee expenses included in Ameren**
4 **Missouri's revenue requirement you would like to discuss?**

5 A. Yes, I would first like to discuss meals and food for internal meetings.
6 Ameren's Employee Expense policy states that meals associated with internal meetings are
7 allowable business expenses. In Ms. Conner's testimony, she quoted a portion of the policy
8 relating to internal meetings, but she did not quote the whole section relating to that topic.
9 The entire section relating to meals associated with internal meetings from the Employee
10 Expense Policy (page 10) reads:

11 *5.a.i.5 Meals Associated with Internal Meetings* – Meals associated with
12 internal meetings may be an allowable business expense in accordance with
13 established departmental practices. When practical, Employees should
14 avoid scheduling meetings over the meal period. The business purpose of
15 the meal must be included in the expense justification.

16 The Employee Expense policy language is consistent with the Internal Revenue
17 Service ("IRS") definition of a business meal, which is included on page 10 in the policy.
18 The IRS defines business meals as "the cost of food and beverage, including taxes and
19 gratuities, consumed in-town or away from home with other business-affiliated individuals
20 or alone while traveling on business." The justification submitted by the employee should
21 include the business purpose.

22 As discussed above, employees are required to input the justification for all
23 employee expense transactions. The justification, and supporting detail, are timely
24 reviewed and approved by the supervisor of the employee submitting the expense report.

1 **Q. What about Ms. Conner's claims that food was inappropriately**
2 **purchased for internal meetings?**

3 A. Consistent with its Employee Expense Policy, Ameren Missouri employees
4 are allowed to purchase food for internal meetings when the meetings have a business
5 purpose. Food (meal or snacks) and drinks for meetings are purchased for efficiency, and
6 productivity purposes. Meetings often include employees from throughout Ameren
7 Missouri's service territory, may last multiple hours, or may be scheduled over the lunch
8 period, which could not be practically avoided.

9 Many of the meal expenses questioned by Ms. Conner are for food associated with
10 safety recognition & awareness, service anniversaries, retirement celebrations, team
11 building & recognition, birthdays, and holidays. The food associated with these events
12 improves employee engagement and morale. Ameren Missouri seeks to have an engaged
13 workforce and goes about engaging its coworkers in many different ways. Recognition can
14 occur through financial means (i.e., one-time bonuses, etc.) or offering food for employees
15 to gather and celebrate team or individual achievements. Regardless of how we recognize
16 these events, Ameren Missouri strives to be a company with an engaged workforce, which
17 means we are intentional about recognizing achievements. Customers ultimately benefit
18 when Ameren Missouri coworkers are engaged, and working safely and more efficiently.
19 It is a common practice for companies to celebrate these types of events with food, it is
20 consistent with the Company's policy, and these types of expenditures have been
21 previously included in Ameren Missouri's revenue requirement.

22 Of course, the IRS definition and Ameren's policy allows for meals when out of
23 town travel occurs for business purpose.

1 Additionally, some of the expenses Ms. Conner proposed to remove from Ameren
2 Missouri's revenue requirement were meals associated with meetings with customers. As
3 an example, during the first quarter of 2018, Ameren Missouri held customer focus groups
4 ("listening sessions") with customers to gather insights on their account relationship
5 opportunities with Ameren Missouri. Ameren Missouri held these events in the evening at
6 schools. The information gained at these meetings helped the Company to further
7 understand how we could better serve customer needs and look for ways to improve
8 communication and customer service. Ameren Missouri's meetings with customers, and
9 the related food costs, should be included in Ameren Missouri's revenue requirement.

10 **Q. Do you agree with the recommended disallowance of the cost for early**
11 **boarding passes?**

12 A. I do not. The Employee Expense Policy (Section 5.b.iii.1.d – Page 16)
13 specifically addresses this issue. It states:

14 "Airline upgrades, such as early boarding passes, extra leg room, Southwest
15 Business Select, etc., or change fees must be discussed with the Employee's
16 supervisor prior to purchase. Approval of the expense report verifies that discussion
17 occurred."

18 Section 5.b.iii.1.e states:

19 "Flight selection and upgrades should balance the need to manage Ameren's costs
20 while making business travel comfortable and conducive to conducting business."

21 In general, the policy allows these early boarding fees, subject to supervisor
22 approval. As outlined in the employee expense report process above, all of the charges in
23 question were approved by the employee's supervisor. Ameren allows employees to
24 purchase the early boarding passes as a way to make travel more comfortable and
25 conducive to conducting business. Note that Ameren's policy requires employees to "travel

1 tourist, coach, or economy class unless specifically authorized by a Chairman, President,
2 Executive Vice President, or Senior Vice President." It is a common practice for companies
3 to purchase early boarding fees, it is consistent with the Company's policy, and these types
4 of expenditures have been previously included in Ameren Missouri's revenue requirement.

5 **Q. Some of the proposed disallowances dealt with international travel. Do**
6 **Ameren employees, including Ameren Missouri employees, need to travel**
7 **internationally?**

8 **A. Yes, our world is becoming more global and the operation of our company**
9 **sometimes requires international travel. Ameren Missouri employees traveled to Canada,**
10 **Italy, and China during the first quarter of 2018. The costs of each of these trips, and similar**
11 **future trips, should be allowed and fully recovered from ratepayers.**

12 Our employee expense policy allows international travel. The policy states (Section
13 5.b.iii.1.b - page 16):

14 Employees flying within the United States will travel tourist, coach or
15 economy class unless specifically authorized by a Chairman, President,
16 Executive Vice President or Senior Vice President. Employees may travel
17 business class for international flights. First Class travel must be pre-
18 approved (emphasis added).

19 The trip to China directly related to the Labadie Unit 3 Reheater Project, which was
20 ultimately placed into service in December 2018. The material fabrication was sourced to
21 a General Electric facility in Wuhan, China. Fabrication began in February 2018 and was
22 completed in May 2018. This large and vital purchase of equipment necessitated that
23 Ameren Missouri inspect the quality and timing of the fabrication. Most of the fabrication
24 facilities capable of doing this project are located internationally. In a global economy,
25 Ameren Missouri sources materials and services wherever it can to obtain the best
26 combination of quality and cost for our customers.

1 The Canada trip directly related to a major project to replace the Callaway turbine
2 generator controls with a digital control system. Ameren Missouri sent a Reactor Operator
3 who has many years of experience starting up, shutting down, and testing the main
4 generator. It was imperative to the project to have an experienced Ameren Missouri
5 coworker, familiar with the existing control system, to test the new controls and help to
6 finalize the control screens, and options that will ultimately be used by all of the Reactor
7 Operators at the Callaway Energy Center. General Electric was the vendor supplying the
8 new equipment, and the vendor supplying our testing simulator was L3. L3 is a Canadian
9 company that designed and maintains Callaway's full scope plant simulator. This project
10 went into service in May 2019.

11 The trip to Italy related to a meeting of the Pressurized Water Reactor Owner's
12 Group. The purpose of this organization is to develop engineering solutions and methods
13 to resolve issues that confront the pressurized water reactor industry in current, emergent,
14 and upcoming technical issues. This is an international nuclear group that Callaway has
15 participated in and has benefited from its engineering solutions for over 25 years. There is
16 an expectation that all domestic nuclear operators owning a pressurized water reactor
17 participate in this organization, which is facilitated by Westinghouse Electric Corporation.
18 There are multiple international Pressurized Water Reactor Owner's Group meetings each
19 year.

20 Ameren Missouri sent several employees to assist with the restoration of electric
21 service in Puerto Rico. Ameren Missouri costs relating to Puerto Rico were reimbursed by
22 government agencies and therefore should not be included in Ameren Missouri's revenue
23 requirement. As noted in Staff's and OPC's testimony, some Puerto Rico costs were

1 included in expense accounts during the first quarter of 2018. However, while Ameren
2 Missouri agrees that Puerto Rico costs should not be included in its revenue requirement,
3 Ameren Missouri does not agree with the extrapolation of costs from the first quarter of
4 2018 to arrive at an annual disallowance. The extrapolation of costs based on first quarter
5 2018 expenses is inappropriate because Puerto Rico work concluded in April 2018.

6 Taken as a whole, the mere fact that Ameren Missouri employees travel outside of
7 the United States does not mean those travel related costs are unnecessary or that they
8 should be disallowed. Instead, it is a reflection of a global marketplace and Ameren
9 Missouri's efforts to obtain the best combination of quality and costs of our customers.

10 **Q. Should the travel and meal costs of Ameren Missouri's participation in**
11 **professional and industry-related organizations be included in its revenue**
12 **requirement?**

13 A. Contrary to OPC's testimony, yes, Ameren Missouri employees belong to
14 and participate in numerous professional organizations depending on their role within the
15 company and professional experience. See Tom Byrne's testimony on the benefits Ameren
16 Missouri receives from some of its professional and industry-related organizations relating
17 to environmental matters. Most Ameren Missouri employees do not incur travel-related
18 costs for lobbying purposes. Instead, Ameren Missouri employees much more frequently
19 attend professional organizational meetings that help employees stay up to date on the
20 industry and their field of expertise, and ultimately make better decisions for Ameren
21 Missouri and its customers. Many organizations are utilized for training, statistics,
22 research, data, and networking that helps Ameren Missouri perform effectively and
23 efficiently and improve our impact on the community.

1 Participation in these organizations often requires attendance at various meetings
2 of organization members. The expense policy does allow travel, lodging, and meal costs to
3 be incurred for participation in professional and industry-related organizations. These costs
4 are valid business expenses. It is a common practice for companies within our industry as
5 well as companies outside of our industry to have their employees participate in industry-
6 related meetings for many reasons, including to gain knowledge about new issues,
7 changing laws or just to share best practices. Additionally, these types of expenditures have
8 been previously included in Ameren Missouri's revenue requirement.

9 In her testimony, Ms. Conner proposed to disallow several travel-related expenses
10 because she believed the expenditure was lobbying related. Although some organizations
11 have lobbying efforts, not all the meetings associated with those organization are lobbying-
12 related. For example, Edison Electric Institute ("EEI") meetings like the Strategic Issues
13 Roundtable and the EEI Winter Board meeting, EPRI meetings like the Generation
14 Advisory Meeting for Renewables, and EPRI Advisor Meetings, or Nuclear Energy
15 Institute meetings like the Nuclear Fuel Supply Forum are not lobbying-related meetings.
16 Some of the organizations Ms. Conner eliminated from Ameren Missouri's revenue
17 requirement because she thought they were lobbying-related, are not lobbying
18 organizations like EUCI, which is an education and training company focused on the
19 energy and infrastructure industries, or the Institute of Nuclear Power Operations (INPO),
20 which is focused on the safety and reliability of commercial nuclear power plants.
21 Similarly, meetings during the first quarter of 2018, such as a License Operator Focus
22 Group meeting with the Nuclear Regulatory Commission and EEI meetings with the EPA,

1 were not lobbying-related. All of these non-lobbying costs should be included in Ameren
2 Missouri's revenue requirement.

3 **Q. Should Ameren Missouri's share of the travel charges for Ameren's**
4 **Chairman, President, and Chief Executive Officer be included in Ameren Missouri's**
5 **revenue requirement?**

6 A. Yes. As Ameren's Chairman, President, and Chief Executive Officer,
7 Warner Baxter participates in utility industry meetings, such as EEI CEO/Board meetings,
8 most of which are not in Ameren's service territory. Mr. Baxter also incurs travel costs to
9 meet with investors around the globe, including a trip to Europe in 2018. When Mr. Baxter
10 travels internationally or domestically, he utilizes a security-approved car service. All of
11 Mr. Baxter's travel costs are allocated to Ameren's operating companies, including Ameren
12 Missouri. Ameren Missouri benefits from Mr. Baxter's travel costs through access to
13 capital markets (e.g., investor meetings), awareness of utility industry trends, including
14 those involving renewable energy and cyber security, and other learnings from and
15 information sharing with other leaders and industry sources that benefit the Company's
16 operations.

17 **Q. Should Ameren Missouri's sponsorship of organizations focused on the**
18 **development of current and future employees be included in Ameren Missouri's**
19 **revenue requirement?**

20 A. Absolutely, employee development costs should be included in Ameren
21 Missouri's revenue requirement. Ameren Missouri actively supports employee
22 development. Ultimately, Ameren Missouri's coworkers are the Company's biggest asset
23 and create value for our customers. It is a common practice for companies in most

1 industries to develop current employees and create avenues for the development of future
2 employees. To demonstrate the importance of these expenditures, I will highlight a couple
3 of organizations that Ameren Missouri sponsored in 2018 that were recommended for
4 removal from its revenue requirement in this proceeding.

5 First, Ameren Missouri was a sponsor for the Greater Missouri Leadership
6 Challenge. This organization is focused on providing leadership opportunities for women
7 throughout the state of Missouri. Ameren Missouri has been a sponsor of this leadership
8 program for over a decade. Many Ameren coworkers, and employees of other Missouri
9 companies, have benefited from participating in this development program. The
10 development of future leaders of our state, and in this case, women, should be encouraged.
11 Mr. Amenthor proposed the disallowance of these sponsor costs while Ms. Connor
12 proposed disallowance of an employee's expenses to participate in the program.

13 Second, Ameren Missouri participates in the Missouri S&T Corporate
14 Development Council. Based on the nature of its operations, Ameren Missouri has a
15 sustained need for degreed engineering professionals in several disciplines. The Missouri
16 University of Science & Technology (Missouri S&T) in Rolla, Missouri has traditionally
17 focused on its engineering program, and Ameren Missouri hires more engineering
18 graduates from Missouri S&T than from any other university in the country. Ameren
19 Missouri participates in this program as a means of helping better prepare future
20 engineering graduates for the transition from university life to corporate life. Ameren
21 Missouri benefits from this sponsorship by having a more robust talent pipeline through
22 which to hire the engineering resources its operations require. Ms. Conner proposed
23 disallowance of these costs.

1 **Q. Should Ameren Missouri's revenue requirement include the cost of two**
2 **separate Human Resources Initiatives relating to Fortune magazine's Great Place to**
3 **Work survey and its membership in the St. Louis Business Health Coalition, the costs**
4 **of which were questioned by Staff?**

5 A. Yes, I believe Ameren Missouri customers benefit from both of these
6 expenditures. Ameren Missouri participates in Fortune magazine's Great Place to Work
7 survey. Co-Worker feedback on this survey supports the company's All-In Culture and has
8 value in attracting talent as it helps gain local and national recognition as a great place to
9 work. Ameren Missouri is constantly in need of talent and is actively recruiting talent
10 locally and nationally. Ameren Missouri uses these survey results to inform workforce
11 strategies and policies, and to identify program changes necessary to attract and retain co-
12 workers. The survey results, along with other employee feedback forums, resulted in the
13 recent policy changes for flexible work arrangements, wellness incentives, and employee
14 mentoring programs. Employee engagement ultimately leads to better outcomes for
15 Ameren Missouri's customers.

16 The St. Louis Business Health Coalition is a network of employers that provide
17 resources to improve health as well as the affordability of healthcare, both of which
18 translate to savings for Ameren Missouri customers. Included in this membership is access
19 to a healthcare services purchasing consortium. By combining resources with other
20 employers, we gain purchasing power and drive savings in medical plan costs through a
21 combined sourcing process. With the consortium, we also lower the cost of necessary
22 consulting, contracting, and auditing services, as well as gaining knowledge about
23 improving health for our co-worker population. The Coalition also provides access to

1 benchmarking services to ensure that the benefits and services offered are competitive in
2 our local market. All of this contributes to keeping our costs low for our customers.

3 **Q. Should Ameren gifts and merchandise be included in Ameren**
4 **Missouri's revenue requirement?**

5 A. For a variety of reasons, Ameren and Ameren Missouri provide company
6 branded merchandise to Ameren Missouri employees. Ameren has an estore that
7 employees' access to obtain merchandise with Ameren and Ameren Missouri logos. One
8 vendor that supplies this merchandise is LIPICS Engagement, whose costs were
9 recommended for disallowance by Mr. Amenthor. Merchandise includes badge lanyards,
10 cups, shirts, hats, backpacks, etc. Ameren merchandise is provided to employees for a
11 variety of reasons including recognition of performance as an individual or as a team and
12 it also instills pride in the Company. Items on the estore can be purchased by employees
13 using their corporate credit card or through an invoice sent to Ameren Missouri from
14 LIPICS Engagement, both of which will ultimately require supervisor approval. There are
15 other employee merchandise vendors providing similar Ameren branded merchandise.

16 Ameren Missouri also participates in local and national career fairs in an attempt to
17 develop a diverse workforce. Some of the national conferences employees attend include
18 the Society of Women Engineers National Conference, Society of Hispanic Professional
19 Engineers National Conference, National Society of Black Engineers National Conference,
20 and Society of Asian Scientist and Engineers National Conference. At these career fair
21 events, Ameren Missouri provides small Ameren branded office supplies in an effort to
22 attract and hire a highly-skilled diverse workforce. Ameren staff attending these career
23 fairs wear Ameren branded shirts to ensure candidates are able to identify Ameren

1 recruiters and hiring leaders. Ameren staff also wear those shirts when attending Local
2 Public Hearings scheduled by the Commission in its cases before the Commission, for the
3 same reason.

4 It is a common practice for companies within our industry as well as companies
5 outside of our industry to have company merchandise and these expenditures should be
6 included in Ameren Missouri's revenue requirement.

7 Q. Another proposed disallowance is for food provided at sports venues or
8 other off-site locations. Should those costs be included in Ameren Missouri's revenue
9 requirement?

10 A. They should. Employees are rewarded for achievements as individuals or
11 as a team through a variety of means, sometimes those rewards include attending St. Louis
12 Cardinals baseball and St. Louis Blues hockey games. Employees value being recognized
13 in this manner and we use this as an employee motivator. This facilitates teamwork and
14 leads to improved employee engagement and ultimately better outcomes for Ameren
15 Missouri's customers. It appears that Staff is recommending the disallowance of all food at
16 Cardinals and Blues games. Ameren Missouri agrees that food at these games for
17 legislative or lobbying purposes should be excluded from its revenue requirement. Ameren
18 Missouri believes, however, that food for its own employees at these games should be
19 allowed in its revenue requirement for the benefits discussed above. It is a common practice
20 for companies within our industry as well as companies outside of our industry to reward
21 coworkers in this manner and these types of expenditures have previously been included
22 in Ameren Missouri's revenue requirement.

1 **Q. OPC and MSPC recommended a disallowance related to certain St.**
2 **Louis General Office Building ("GOB") cafeteria and kitchenette costs. Should these**
3 **costs be included in Ameren Missouri's revenue requirement?**

4 A. Yes. Ameren Missouri owns the GOB and also owns other buildings that
5 include kitchenettes, all of which are included in rate base. Correspondingly, maintenance
6 items related to the GOB cafeteria and kitchenettes and related appliances at other Ameren
7 Missouri buildings should be included in Ameren Missouri's revenue requirement.

8 The cafeteria in the GOB was closed for remodeling during the second half of 2018.
9 Ameren Missouri, for the same reasons it has a cafeteria in the first place, wanted to provide
10 employees with breakfast and lunch options while the remodeling was taking place.
11 Ameren Missouri contracted with Carlton Werremeyer to provide food trucks during that
12 time. Ameren Missouri has historically subsidized its cafeteria and those costs have been
13 included in Ameren Missouri's revenue requirement. These costs represent the same
14 concept.

15 **Q. Should employee costs incurred to operate Ameren Missouri's**
16 **generation fleet in Illinois be included in Ameren Missouri's revenue requirement?**

17 A. Yes. Employee costs, such as the renewal of Illinois Professional Engineer
18 licenses, the licensing costs of vehicles located at the Ameren Missouri energy centers in
19 Illinois, and employee travel costs should be included in Ameren Missouri's revenue
20 requirement.

21 **Q. Should Ameren investor-related travel be included in Ameren**
22 **Missouri's revenue requirement?**

1 A. Yes. Ameren Missouri, being a capital-intensive business, is constantly in
2 need of funding from either the debt or equity markets. Participation in these markets
3 require communication and meeting with investors. All costs to participate in these markets
4 to obtain the funding necessary to support Ameren Missouri's operations should be
5 allowed. Without access to the debt or equity markets, Ameren Missouri would not be able
6 to maintain a safe and adequate service level for its customers.

7 **Q. Is this all of the employee expenses you wish to discuss?**

8 A. No. I have discussed the major issues from the testimony filed by the OPC
9 and Staff in this proceeding, but there are many smaller dollar issues that were raised. All
10 of the recommended disallowances in this case are addressed in Schedule DRL-R1 for all
11 Staff testimony response topics and Schedules DRL-R2 and DRL-R3 for all OPC
12 testimony response topics. A short explanation of why I consider each cost to be
13 recoverable can be found in each schedule.

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

15 A. Yes.

