

171 FERC ¶ 61,101  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick, Bernard L. McNamee,  
and James P. Danly.

Ameren Illinois Company

Docket No. ER18-1122-001

ORDER ON COMPLIANCE FILING

(Issued May 7, 2020)

1. On December 20, 2019, Ameren Illinois Company (Ameren Illinois) submitted a compliance filing (December 2019 Compliance Filing) to comply with the Commission's November 22, 2019 order<sup>1</sup> on Southwestern Electric Cooperative Inc.'s (Southwestern) formal challenge to Ameren Illinois' 2018 annual informational formula rate update (2018 Annual Update). As discussed below, we find that Ameren Illinois' December 2019 Compliance Filing complies with the directives in the 2018 Formal Challenge Order.

**I. Background**

2. On April 16, 2018, Southwestern submitted a formal challenge to Ameren Illinois' 2018 annual informational formula rate update (2018 Formal Challenge), filed pursuant to Ameren Illinois' formula rate protocols under Attachment O of Midcontinent Independent System Operator, Inc.'s Open Access Transmission, Energy and Operating Reserve Markets Tariff. On November 22, 2019, the Commission issued the 2018 Formal Challenge Order granting in part and denying in part the 2018 Formal Challenge. The 2018 Formal Challenge Order also directed Ameren Illinois to submit a compliance filing within 30 days of the date of the 2018 Formal Challenge Order.<sup>2</sup>

3. The 2018 Formal Challenge Order directed Ameren Illinois to submit a compliance filing to provide: (1) a summary of any changes in accounting necessary to record expenses designated as Regulatory Policy and Planning (REPP) associated with

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<sup>1</sup> *Ameren Illinois Co.*, 169 FERC ¶ 61,147 (2019) (2018 Formal Challenge Order).

<sup>2</sup> 2018 Formal Challenge Order, 169 FERC ¶ 61,147 at P 1.

formal challenges and other formal cases before a regulatory body in Account 928 (Regulatory Commission Expenses);<sup>3</sup> (2) an explanation of the types of expenses recorded in Account 566 (Miscellaneous Transmission Expenses) and charged under its annual transmission revenue requirements (ATRR) and, to the extent Ameren Illinois included donations for charitable, social, or community welfare purposes as part of its contribution and membership expenses, which should not be included in Account 566, but instead included in Account 426.1 (Donations), which is not included as an input into the Attachment O-AIC formula rate, to report and remove the specific items and amounts;<sup>4</sup> and (3) a summary of any changes in accounting necessary to record portions of the membership dues associated with lobbying in Account 426.4 (Expenditures for Certain Civic, Political and Related Activities).<sup>5</sup> The 2018 Formal Challenge Order also directed Ameren Illinois to reflect any necessary changes in accounting in the annual true-up, in accordance with its formula rate protocols.

## **II. December 2019 Compliance Filing**

4. With respect to the Commission's directive regarding expenses associated with formal challenges and other formal cases before a regulatory body designated as REPP, Ameren Illinois states that it will employ accounting procedures to book such expenses (except pay of regular employees only incidentally engaged in such work) to Account 928.<sup>6</sup> Ameren Illinois further states that this includes expenses incurred in connection with formal cases before regulatory commissions or other regulatory bodies, or other cases in which such a regulatory body is a party, including payments made to a regulatory commission for fees assessed against Ameren Illinois, including payments made to the United States for administration of the Federal Power Act. Ameren Illinois commits that the costs associated with such formal cases will be shown in the workpapers included in true-up calculations. Ameren Illinois also commits to reflect any necessary changes in accounting in the next annual true-up in accordance with the formula rate protocols.<sup>7</sup>

5. Regarding expenses in Account 566 and charged to the ATRR, Ameren Illinois states that the expenses are transmission-only and properly recorded to Account 566. Ameren Illinois states that \$8,570 was designated as Contributions and Membership Administration (CCCM) expenses under Account 566, which is comprised of expenses

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<sup>3</sup> *Id.* P 54.

<sup>4</sup> *Id.* P 81.

<sup>5</sup> *Id.* P 105.

<sup>6</sup> December 2019 Compliance Filing at 4.

<sup>7</sup> *Id.*

for Institute of Electrical and Electronics Engineers membership (\$153), licensing and memberships for transmission planning electric engineers (\$446), memberships for vegetation management electrical engineers (\$161), Construction User Roundtable membership (\$7,690), and licensing and membership for others (\$120).<sup>8</sup> Ameren Illinois asserts that these expenses are all transmission-related, appropriately recorded to Account 566, and are not donations for charitable, social, or community welfare purposes, and that, therefore, no adjustments are necessary in the next annual true-up.

6. Ameren Illinois also responded to the Commission's directive regarding the identification of necessary changes in accounting to account for the portion of membership dues associated with lobbying in Account 426.4. Ameren Illinois states that, after a review of the listed industry association dues, there was one instance in which Account 930.2 (Miscellaneous General Expenses) did not exclude the portion of membership fees associated with the cost of lobbying activities. Specifically, Ameren Illinois claims that \$2,217 in lobbying expenses included in Ameren Illinois' membership dues to the Edison Electric Institute was inadvertently recorded to Account 930.2 instead of being recorded in Account 426.4. Therefore, Ameren Illinois commits to making a correction, as part of its next annual true-up, to address the inadvertent booking to Account 930.2 of the identified lobbying expense. Ameren Illinois states that the anticipated impact of the correction to the ATRR is a \$201 reduction.<sup>9</sup>

### **III. Notice and Responsive Pleadings**

7. Notice of Ameren Illinois' December 2019 Compliance Filing was published in the *Federal Register*, 84 Fed. Reg. 72,350 (2019), with interventions or protests due on or before January 10, 2020. Southwestern filed a timely protest. On February 11, 2020, Ameren submitted an answer to Southwestern's protest.

### **IV. Discussion**

#### **A. Procedural Matters**

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2019), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept the answer filed by Ameren, as it has provided information that assisted us in our decision-making process.

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<sup>8</sup> *Id.* at 5.

<sup>9</sup> *Id.* at 6.

**B. Substantive Matters****1. Southwestern Protest**

9. Southwestern contends that Ameren Illinois' compliance filing is deficient. Southwestern asserts that the compliance filing does not demonstrate that Ameren Illinois conducted any further review of the accounting or recovery of costs on which the Commission provided guidance.

10. Southwestern notes that, in the 2018 Formal Challenge Order, the Commission provided guidance on the accounting of specific meter-related equipment. Southwestern contends that the 2019 Compliance Filing does not discuss this issue. Southwestern asserts that, while the 2018 Formal Challenge Order did not require a specific response from Ameren Illinois as to the accounting for this meter-related equipment, Ameren Illinois should provide a definitive statement as to whether any costs need to be rebooked and whether the 2018 Annual Update requires adjustment based on the provided Commission guidance.<sup>10</sup>

11. Southwestern also notes that the Commission provided specific directives to Ameren Illinois to require more functionalization of the costs incorporated in the Wholesale Power and Fuels Accounting group. Southwestern contends that the 2019 Compliance Filing does not discuss this issue. Southwestern argues that, because the booking of the costs of the Wholesale Power and Fuels Accounting group was specifically addressed by the 2018 Formal Challenge Order, Ameren Illinois should comply with the directive and provide information relevant to the accounting treatment of these costs, if only to confirm that it reviewed the costs. Southwestern states that providing such information will ensure a just and reasonable rate and will confirm whether any specific adjustments must be made in the 2020 Annual Update to correct any inappropriate booking of costs in the 2018 Annual Update.<sup>11</sup>

12. With regard to Ameren Illinois' compliance with the Commission's directive on the costs incurred with participating in formal cases before a regulatory body, Southwestern states that it appreciates Ameren Illinois' commitment to show the costs associated with such formal cases in workpapers included in future true-up calculations. However, Southwestern argues that Ameren Illinois has not identified whether any specific costs should be removed from rates in the 2018 Annual Update once the appropriate procedures described in the December 2019 Compliance Filing and mandated by the Commission are employed. Southwestern asserts that Ameren Illinois should

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<sup>10</sup> Southwestern Protest at 3-4.

<sup>11</sup> *Id.* at 5.

be required to state if any adjustments should be made to the ATRR calculated in the 2018 Annual Update.<sup>12</sup>

13. Southwestern states that, in the 2018 Formal Challenge Order, the Commission required a full accounting of the costs booked to Account 566 to ensure that donations for charitable, social, or community welfare programs were not included in the transmission rate. Southwestern asserts that Ameren Illinois did not comply with the Commission's directive. Southwestern asserts that Ameren Illinois limited its response to only a portion of the expenses marked with the activity code CCCM. Additionally, Southwestern argues that Ameren Illinois has not provided a full accounting of the costs of its CCCM activities.<sup>13</sup> Specifically, Southwestern contends that the costs of the CCCM program also include staffing and labor costs as well as "other resource costs" that are associated with the planning and administration of Ameren Illinois' contribution program. Southwestern argues that the December 2019 Compliance Filing provided details of only 0.1 percent of all the costs booked to Account 566 and did not provide all of the information required by the Commission.<sup>14</sup>

14. Southwestern also states that, in the 2018 Formal Challenge Order, the Commission affirmed that transmission customers are not to be charged with the lobbying efforts of the public utility or of those with which the public utility has contracted to engage in lobbying activities. Southwestern contends that, while Ameren Illinois did identify \$2,217 in payments to Edison Electric Institute, which engaged in lobbying activities, Ameren Illinois did not document how it arrived at that amount. Southwestern claims that, if the dues invoice of Edison Electric Institute identified the amount, Ameren Illinois should be required to provide a copy of the dues invoice as well as the total amount in dues it has paid. Further, Southwestern argues that Ameren Illinois provided no information as to how it would determine whether future payments of industry association dues include lobbying activities nor described any changes in accounting to ensure that these future payments would be excluded from the ATRR.<sup>15</sup>

## **2. Ameren Answer**

15. In its answer, Ameren argues that the Commission should reject Southwestern's protest as an attempt to expand the scope of the Commission's directives in the 2018 Formal Challenge Order and accept Ameren Illinois' compliance filing. Ameren states

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<sup>12</sup> *Id.* at 6.

<sup>13</sup> *Id.* at 7-8.

<sup>14</sup> *Id.* at 8-9.

<sup>15</sup> *Id.* at 9-10.

that the 2018 Formal Challenge Order directed compliance on three limited issues, not five as Southwestern asserts.<sup>16</sup>

16. Ameren asserts that Commission guidance is not a directive and the Commission has been clear that guidance and reminders provided in Commission orders do not constitute directives.<sup>17</sup> Additionally, Ameren argues that there is no basis in the 2018 Formal Challenge Order for Southwestern to claim that Ameren Illinois has additional compliance obligations. Ameren states that the Commission's determinations on both the meter-related equipment and Wholesale Power and Fuels Accounting group matters made findings in support of Ameren Illinois' positions and did not direct Ameren Illinois to make any further showing on compliance.<sup>18</sup>

17. Ameren claims that Southwestern's requests that Ameren Illinois provide more or different information on compliance amount to an untimely request for rehearing and should be rejected. Ameren asserts that, to the extent Southwestern believed the compliance directives were unclear or if Southwestern thought the Commission misunderstood the 2018 Formal Challenge, Southwestern should have sought clarification or rehearing and should not now be allowed to use its protest to effectively do so.<sup>19</sup>

18. Noting its objection to Southwestern's protest, Ameren provides additional information on two areas in which Ameren claims the Commission did not direct compliance, but Southwestern sought additional information: (1) accounting and recovery of specific meter-related equipment, and (2) booking/accounting treatment of the Wholesale Power and Fuels Accounting group. Additionally, Ameren provides additional information in the areas in which Ameren claims the Commission directed compliance and for which Ameren states Ameren Illinois fully complied.<sup>20</sup>

19. Regarding the accounting of meter-related equipment, Ameren asserts that it has always followed the practice that tools and communications equipment used on advanced meter projects are recorded in Accounts 394 (Tools, Shop and Garage Equipment) and

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<sup>16</sup> Ameren Answer at 2.

<sup>17</sup> *Id.* at 3 (citing *Ameren Illinois Co.*, 169 FERC ¶ 61,042, at 20 (2019); *Cal. Indep. Sys. Operator Corp.*, 155 FERC ¶ 61,224, at 20 n.14 (2016); *South Central MCN LLC*, 154 FERC ¶ 61,174 (2016)).

<sup>18</sup> *Id.* at 3-4.

<sup>19</sup> *Id.* at 5-6.

<sup>20</sup> *Id.* at 6.

397 (Communication Equipment), if they are not solely used for the installation of meters or devices contemplated in Account 370 (Meters).<sup>21</sup> With respect to the Wholesale Power and Fuels Accounting group, Ameren confirms that the expenses associated with that group that are billed by Ameren Services are recorded in the same accounts as if the costs were directly incurred. Ameren states that, for expenses associated with outside services and recorded to Account 923 (Outside Services Employed) at the Ameren Services level, Ameren Illinois is allocated its share of those costs when the service provided supports Ameren Illinois. Moreover, Ameren states that the costs associated with the accounting work done for other Ameren affiliates are not included in the Ameren Illinois ATRR. Ameren therefore asserts that no adjustments are needed.<sup>22</sup>

20. With regard to accounting and recovery of regulatory commission expenses, Ameren confirms that Ameren Illinois' December 2019 Compliance Filing provided a summary of the accounting Ameren Illinois will employ and commits Ameren Illinois to showing the costs associated with such formal cases in the work papers included in the true-up calculations. Ameren claims that this approach is fully compliant with the 2018 Formal Challenge Order and is administratively efficient, given that any necessary changes will be reflected in the annual true-up.<sup>23</sup>

21. Ameren asserts that Southwestern's protest to require Ameren Illinois to provide a full accounting of the costs booked to Account 566 is an attempt to expand the scope of the Commission's compliance directives in the 2018 Formal Challenge Order. Ameren claims that Southwestern's interpretation of the 2018 Formal Challenge Order is based on reading passages of the Commission's directive in isolation and to the exclusion of the entirety of the Commission's determination on this issue.<sup>24</sup> Ameren argues that the logical reading of the compliance directive is that Ameren Illinois was to report and remove from the ATRR specific amounts included in CCCM and recorded to Account 566 that are donations for charitable, social, or community welfare purposes.<sup>25</sup> Ameren reconfirms that Ameren Illinois reviewed the expenses, determined that they are appropriately transmission-related and appropriately recorded to Account 566.<sup>26</sup>

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<sup>21</sup> *Id.* at 7.

<sup>22</sup> *Id.* at 8-9.

<sup>23</sup> *Id.* at 9.

<sup>24</sup> *Id.* at 11.

<sup>25</sup> *Id.* at 12.

<sup>26</sup> *Id.*

22. Ameren states that, despite its compliance regarding supplying information and reflecting any necessary changes in accounting for membership dues associated with lobbying into Account 426.4, Southwestern argued that more information is needed. Ameren does not concede that additional information is necessary for Ameren Illinois' compliance with the 2018 Formal Challenge Order; however, in an effort to address Southwestern's request, Ameren includes not only a description of how Ameren Illinois arrived at the \$2,217 figure that Ameren Illinois has committed to remove from Account 930.2 but also a copy of the membership invoice. Ameren notes that Ameren Illinois has a process by which it reviews and nets out identified lobbying expenses from association dues and that the inclusion of the \$2,217 was an oversight.<sup>27</sup>

### 3. Commission Determination

23. We find that Ameren Illinois' December 2019 Compliance Filing complies with the Commission's 2018 Formal Challenge Order. Ameren Illinois adequately meets the compliance directives to provide: (1) a summary of any changes in accounting to record expenses designated as REPP associated with formal challenges and other formal cases before a regulatory body in Account 928;<sup>28</sup> (2) an explanation of the types of expenses recorded in Account 566 and charged under its ATRR and, to the extent Ameren Illinois included donations for charitable, social, or community welfare purposes as part of its contribution and membership expenses, to report the specific items and amounts;<sup>29</sup> and (3) a summary of any changes in accounting to record portions of the membership dues associated with lobbying in Account 426.4.<sup>30</sup> The Commission also directed Ameren Illinois to reflect any necessary changes in accounting in the annual true-up in accordance with Ameren Illinois formula rate protocols, which Ameren Illinois has committed to do.

24. With regard to expenses associated with formal cases before a regulatory body and which Ameren Illinois designates with a REPP activity code, Ameren Illinois has described, and committed to employ, accounting procedures to book such expenses to Account 928, as directed by the Commission. In addition, Ameren Illinois commits to show those costs in workpapers included in true-up calculations. We find this satisfies the Commission's directive, as parties will have adequate information to access these costs in the annual formula rate review process, as described in the formula rate protocols. Regarding Southwestern's assertion that Ameren Illinois is required to state any adjustments that should be made to the ATRR calculated in the 2018 Annual Update

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<sup>27</sup> *Id.* at 13-14.

<sup>28</sup> 2018 Formal Challenge Order, 169 FERC ¶ 61,147 at P 54.

<sup>29</sup> *Id.* P 81.

<sup>30</sup> *Id.* P 105.



pertaining to expenses dealing with formal cases before a regulatory body, we find that Southwestern's assertion is outside the scope of the Commission's directive in the 2018 Formal Challenge Order.

25. With regard to reporting the types of expenses recorded in Account 566 and reporting and removing, in Ameren Illinois' next true-up, expenses associated with donations for charitable, social, or community welfare purposes, we find that Ameren Illinois satisfies this directive. Specifically, Ameren Illinois has confirmed that the expenses included in Account 566 are, in fact, transmission related. As directed, Ameren also provided a breakdown of expenses included in the CCCM activity code and recorded in Account 566 and confirmed that those expenses are all transmission-related, and are not donations for charitable, social, or community welfare purposes. We also clarify that the Commission's directive was strictly related to contributions and membership expenses recorded in Account 566, not all expenses recorded in Account 566, as Southwestern suggests in its protest.

26. Finally, we find that Ameren Illinois' compliance filing, which identified and supported a portion of a membership fee that was associated with lobbying activities and explained that the portion would be removed in the annual true-up process, satisfies the directive in the 2018 Formal Challenge Order. We also find that Ameren's confirmation that Ameren Illinois has a process by which it reviews and nets out identified lobbying expenses from association dues satisfies the concern about whether Ameren Illinois has procedures in place to allow it to appropriately record these costs in Account 426.4.

27. We are unpersuaded by Southwestern's arguments that Ameren Illinois did not fully comply with the guidance the Commission provided in response to Ameren Illinois' treatment of specific meter-related equipment and to expenses associated with the Wholesale Power and Fuels Accounting group. The Commission did not direct Ameren Illinois to provide more detailed information regarding the accounting of meter-related equipment. Rather, the Commission found that the description of Account 370 does not indicate that all equipment associated with metering should be recorded in that account. The Commission went on to find that "the recording of tools and communications equipment used on advanced meter projects may be recorded in Accounts 394 and 397, provided the items are not solely used for the installation of meters or devices contemplated in Account 370."<sup>31</sup> Similarly, the Commission did not direct Ameren Illinois to functionalize the Wholesale Power and Fuels Accounting group, as Southwestern asserts. Instead, the Commission provided guidance regarding the treatment of certain expenses associated with the Wholesale Power and Fuels Accounting group. Specifically, the Commission noted that the expenses associated with the Wholesale and Fuels Accounting group appeared to be billed by Ameren Services and

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<sup>31</sup> *Id.* P 34.

simply reminded Ameren Illinois that such expenses should be recorded in the same accounts that Ameren Illinois would use if the costs were directly incurred by Ameren Illinois. Ameren's response confirmed that Ameren Illinois' accounting is appropriate for both meter-related equipment and its Wholesale Power and Fuels Accounting group. While we find that Ameren did adequately address these items in its response, we note that, when the Commission provides guidance or reminders within a Commission order, the guidance or reminder does not equate to an explicit directive.<sup>32</sup>

The Commission orders:

Ameren Illinois' December 2019 Compliance Filing complies with the directives in the 2018 Formal Challenge Order, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>32</sup> See *Ameren Illinois Co.*, 169 FERC ¶ 61,042 at P 20.