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Exhibit No. 403

MECG – Exhibit 403
Greg R. Meyer
Surrebuttal Testimony
File No. ER-2022-0337

Exhibit No.:
Issues: Revenue Requirement
Witness: Greg R. Meyer
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Midwest Energy Consumers Group
Case No.: ER-2022-0337
Date Testimony Prepared: March 13, 2023

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

_____)
In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust) **Case No. ER-2022-0337**
its Revenues for Electric Service)
_____)

Surrebuttal Testimony of

Greg R. Meyer

On behalf of

Midwest Energy Consumers Group

March 13, 2023



**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust its Revenues for Electric Service))))))	Case No. ER-2022-0337
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STATE OF MISSOURI)	
)	SS
COUNTY OF ST. LOUIS)	

Affidavit of Greg R. Meyer

Greg R. Meyer, being first duly sworn, on his oath states:

1. My name is Greg R. Meyer. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Midwest Energy Consumers Group in this proceeding on their behalf.

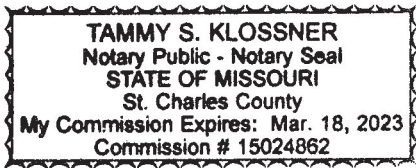
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2022-0337.

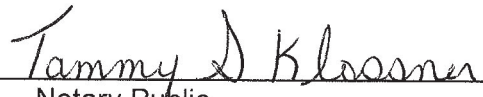
3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.



 Greg R. Meyer

Subscribed and sworn to before me this 13th day of March, 2023.





 Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust) Case No. ER-2022-0337
its Revenues for Electric Service)
_____)

Surrebuttal Testimony of Greg R. Meyer

1 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 Q ARE YOU THE SAME GREG R. MEYER WHO HAS PREVIOUSLY FILED
5 TESTIMONY IN THIS PROCEEDING?

6 A Yes. I have previously filed rebuttal testimony on revenue requirement issues
7 presented in this proceeding.

8 Q ARE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN
9 YOUR PRIOR TESTIMONY?

10 A Yes. This information is included in Appendix A to my rebuttal testimony filed on
11 February 15, 2023.

12 Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

13 A I am appearing on behalf of Midwest Energy Consumers Group ("MECG").

1 Q WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

2 A The purpose of my surrebuttal testimony is to address the rebuttal testimony of various
3 Ameren Missouri witnesses regarding the property tax tracker, severance payments
4 and the underperformance of the High Prairie wind farm. My silence on any issues
5 addressed in the testimony of any other party in this case should not be taken as tacit
6 approval or agreement regarding those issues.

7 **Property Tax Tracker**

8 Q HAVE YOU REVIEWED THE TESTIMONY OF THE STAFF AND AMEREN
9 MISSOURI AS IT RELATES TO THE ISSUE OF PROPERTY TAXES?

10 A Yes. I have reviewed both the direct and rebuttal testimonies of Ameren Missouri
11 witness Mitchell Lansford and Commission Staff ("Staff") witness Karen Lyons.

12 Q PLEASE SUMMARIZE THE DIFFERENCES BETWEEN AMEREN MISSOURI AND
13 THE COMMISSION STAFF.

14 A On August 28, 2022, Governor Parson signed into law Section 393.1275 RSMo. That
15 law provided the following:

16 2. Electrical corporations, gas corporations, sewer corporations, and
17 water corporations shall defer to a regulatory asset or liability
18 account any difference in state or local property tax expenses
19 actually incurred, and those on which the revenue requirement used
20 to set rates in the corporation's most recently completed general
21 rate proceeding was based. The regulatory asset or liability account
22 balances shall be included in the revenue requirement used to set
23 rates through an amortization over a reasonable period of time in
24 such corporation's subsequent general rate proceedings. The
25 commission shall also adjust the rate base used to establish the
26 revenue requirement of such corporation to reflect the unamortized
27 regulatory asset or liability account balances in such general rate
28 proceedings. Such expenditures deferred under the provision of this
29 section are subject to commission prudence review in the next
30 general rate proceeding after deferral.

Greg R. Meyer
Page 2

1 The issue between the Staff and Ameren MO is whether the enactment of 393.1275
2 RSMo allows for the retroactive treatment of a rate case prior to August 28, 2022.
3 Ameren Missouri asserts that the legislation should allow the Company to track
4 property taxes from Ameren Missouri's prior rate case (Case No. ER-2021-0240) as of
5 September 1, 2022. The Staff contends that the property tax tracker should take effect
6 in this rate case and all subsequent rate cases filed by Ameren Missouri.

7 **Q WHAT IS THE MECG'S POSITION?**

8 A The MECG agrees with the Staff. The property tax tracker should take effect in the
9 rate case following the enactment of 393.1275 RSMo. A property tax tracker is another
10 special regulatory tool the Legislature deemed appropriate for setting the rates of
11 Ameren Missouri. However, the use of the property tax tracker should be applied to
12 any rate case subsequent to the enactment of 393.1275 RSMo when all relevant factors
13 of the rate case and the new legislation can be evaluated.

14 **Q ARE YOU AWARE OF ANY SPECIFIC RELEVANT FACTOR THAT COULD BE**
15 **INFLUENCED BY THE INCLUSION OF A PROPERTY TAX TRACKER?**

16 A Yes. There is no debate that a property tax tracker is a special regulatory tool that
17 reduces the business risk faced by Ameren Missouri. For that reduction in business
18 risk, the Commission may decide to lower the return on equity ("ROE") allowed for
19 Ameren Missouri. Therefore, the ability to track property tax expense is offset by a
20 lower ROE.

1 **Q DOES AMEREN MISSOURI’S POSITION ALLOW FOR THE REDUCTION IN ROE**
2 **FROM THE LAST AMEREN RATE CASE?**

3 A No, and I would contend that any proposal to do so could be considered retro-active
4 ratemaking. This is exactly why the implementation of the property tax tracker should
5 begin in the current Ameren Missouri rate case when all the relevant factors from the
6 implementation of this new special regulatory tool can be considered for establishing
7 Ameren Missouri’s new rates.

8 **Q IN HIS REBUTTAL TESTIMONY, AMEREN MISSOURI WITNESS LANSFORD**
9 **ARGUES THAT THE PASSAGE OF 393.1275 RSMo REQUIRES TRACKING TO**
10 **BEGIN IMMEDIATELY UPON APPROVAL OF THE LEGISLATION.¹ DO YOU**
11 **AGREE?**

12 A No, I do not. I reviewed the language cited above and cannot find any reference to the
13 tracker being immediately required for inclusion in the rate setting process in Missouri.
14 As I stated previously, the property tax tracker is a special regulatory tool that the
15 Commission must recognize when setting perspective rates for regulated electric, gas,
16 water and sewer utilities operating in Missouri. Once the property tax tracker is used
17 in a rate case, it is only fair for all parties to address the other aspects of the use of
18 such a tracker as I previously discussed by arguing for a lower ROE. If parties are not
19 given that opportunity, the property tax tracker implementation will be considered a
20 single ratemaking issue.

¹Page 23, lines 12-13.

1 Q IN HIS REBUTTAL TESTIMONY, MR. LANSFORD SUGGESTS THAT THE
2 ESTIMATED PROPERTY TAX TRACKER BASE AMOUNT AMEREN MISSOURI
3 HAS PROPOSED IS QUITE NORMAL IN ACCOUNTING AUTHORITY ORDER
4 (“AAO”) PROCEEDINGS TO IDENTIFY AMOUNTS OF VARIOUS COST OF
5 SERVICE ITEMS THAT ARE ASSUMED TO UNDERLIE CURRENT RATES.²
6 PLEASE COMMENT.

7 A AAOs involve the establishment of either a regulatory asset or liability to address
8 possible rate recognition for extraordinary events. In that context, the regulatory
9 asset/liability should provide the most precise quantification of the costs to be deferred.
10 This process should not be simply an estimation process.

11 Q PLEASE SUMMARIZE YOUR POSITION.

12 A I am opposed to prematurely implementing the property tax tracker beginning on
13 September 1, 2022. I propose that the property tax tracker be included prospectively
14 in the context of this rate case when all relevant factors surrounding the use of the
15 property tax tracker can be considered at the same time.

²Page 25, lines 8-10.

1 **Severance Payments**

2 **Q HAVE YOU REVIEWED THE DIRECT TESTIMONY OF STAFF WITNESS JARED**
3 **GIACONE AND THE REBUTTAL TESTIMONY OF AMEREN MISSOURI WITNESS**
4 **KELLY HASENFRATZ AS IT RELATES TO THE ISSUE OF SEVERANCE**
5 **PAYMENTS?**

6 A Yes. I have reviewed both the Staff's direct and Ameren Missouri's rebuttal
7 testimonies. I support the position taken by the Staff to eliminate severance payments
8 from cost of service as proposed by the Staff.

9 **Q PLEASE DESCRIBE WHY YOU SUPPORT THE DISALLOWANCE OF SEVERANCE**
10 **PAYMENTS.**

11 A As stated by Mr. Giacone, severance payments should be weighed against the
12 continued recovery of wages and benefits that are included in present rates for that
13 employee.³ It is my belief that the labor costs included in rates will outweigh the amount
14 of severance costs paid to that employee.

15 **Q PLEASE DESCRIBE HOW THE SAVINGS ARE ACTUALLY REALIZED.**

16 A Suppose an employee is severed from Ameren Missouri on March 1, 2023. Also,
17 assume that employee is not replaced for 60 days. Furthermore, a new employee is
18 paid less than the previous employee was being paid. In that two-month period,
19 ratepayers continue to pay for labor costs of the severed employee. Those payments
20 for labor costs that are not being paid to the severed employee should be used to offset
21 the severance payments made to that same employee. In addition, if those labor

³Page 14, lines 13-16.

1 savings were not enough, one could also compute the savings from replacing that
2 employee with lower labor costs paid to the new employee. In total, it is my belief that
3 the savings from those calculations will show that the severance payments are
4 completely recovered and additional savings are realized by Ameren Missouri for the
5 severed employee.

6 **Q DO YOU PROPOSE TO CAPTURE THE ADDITIONAL LABOR SAVINGS YOU**
7 **MENTIONED ONCE THE SEVERED COSTS ARE COVERED BY LABOR**
8 **SAVINGS?**

9 A No. Those savings can be used by Ameren Missouri to defer the additional payroll
10 costs that Ameren Missouri may be experiencing.

11 **Q IF AMEREN MISSOURI PRODUCED A STUDY THAT SHOWED ACTUAL PAYROLL**
12 **SAVINGS DID NOT COVER THE SEVERANCE PAYMENTS, WOULD YOUR**
13 **POSITION CHANGE?**

14 A Before answering, I would need to see the analysis prepared by Ameren Missouri.
15 However, I suspect that condition will not exist if a proper analysis is performed by
16 Ameren Missouri. But, if the analysis was performed correctly and it showed that in
17 total for all severed employees, the severance payments were not completely offset by
18 labor savings, then I would think an appropriate and normalized level of severance
19 costs should be included in the cost of service. However, as I said before, I doubt such
20 an analysis will provide those results. Furthermore, I am not aware that Ameren
21 Missouri has provided such an analysis in this case to substantiate that premise.

1 Q IN HER REBUTTAL TESTIMONY, AMEREN MISSOURI WITNESS HASENFRATZ
2 ARGUES THAT THE ADJUSTMENT PROPOSED BY THE STAFF IS A SINGLE
3 ISSUE AS IT RELATES TO THE OVERALL WAGES OF AMEREN MISSOURI.⁴ DO
4 YOU AGREE?

5 A No. The severance issue deals with payments to former Ameren Missouri employees
6 who will no longer work for the Company. To the extent that the total labor costs of
7 Ameren Missouri increase, that is a factor that Ameren Missouri needs to evaluate in
8 deciding whether to file a rate case. In addition, Ameren Missouri is the party that has
9 proposed to include severance payments in the cost of service. It should be the
10 responsibility of Ameren Missouri to demonstrate that these costs are reasonable for
11 recovery. The Staff has correctly argued that there are offsets that should be
12 considered before accepting recovery of that expense in cost of service.

13 Furthermore, I find witness Hasenfratz's argument about totality of the labor
14 issue interesting when one considers the Plant-In-Service Accounting ("PISA")
15 legislation that Ameren Missouri supported. In the legislation supported by Ameren
16 Missouri, there were no offsets proposed to account for the growth in other rate base
17 amounts (Accumulated Depreciation and Deferred Income Tax Balances) that could
18 be used to offset the PISA balance. It appears the totality issue is only appropriate
19 when it benefits Ameren Missouri.

⁴Page 13, lines 6-10.

1 Q PLEASE SUMMARIZE YOUR POSITION AS IT RELATES TO SEVERANCE
2 PAYMENTS.

3 A I propose to eliminate all severance payments included in cost of service. There has
4 been no analysis to show how the severed employees' savings from ongoing labor
5 costs included in rates will not offset the severed payments.

6 **High Prairie**

7 Q HAVE YOU REVIEWED THE REBUTTAL TESTIMONIES OF AMEREN MISSOURI
8 WITNESSES AJAY ARORA AND JOHN REED AS IT PERTAINS TO THE HIGH
9 PRAIRIE ISSUE?

10 A Yes, I have.

11 Q DO YOU HAVE ANY GENERAL COMMENTS REGARDING THE HIGH PRAIRIE
12 ISSUE?

13 A Yes. Both Mr. Arora and Mr. Reed argue that the adjustments proposed by the Office
14 of Public Counsel ("OPC") witness Dr. Geoff Marke and Staff witness Claire Eubanks
15 violate several regulatory principles. I would contend that the regulatory principle
16 violations alleged by Mr. Arora and Mr. Reed do not apply to my adjustment. As I stated
17 in my direct testimony, the adjustment I have proposed is due to significant
18 underperformance of High Prairie. My adjustment is derived from the operating
19 statistics that Ameren Missouri filed in the CCN case. Those parameters are the main
20 basis for evaluating the feasibility of the High Prairie wind farm. I will discuss regulatory
21 principles in a later section of this testimony.

1 **Q IN ADDRESSING THE OPERATING STATISTICS, IN YOUR DIRECT TESTIMONY**
2 **YOU STATED THAT AMEREN MISSOURI’S RATEPAYERS WERE PROMISED A**
3 **CERTAIN LEVEL OF GENERATION FROM HIGH PRAIRIE AND YET HAVE NOT**
4 **RECEIVED THOSE BENEFITS.⁵ PLEASE COMMENT.**

5 **A** In retrospect, the use of the word “promised” should have been scaled back. I maintain
6 that ratepayers had an expectation that High Prairie would operate consistent with the
7 operating statistics sponsored by Mr. Michels in the High Prairie Certificate of Public
8 Convenience and Necessity (“CCN”), Case No. EA-2018-0202.

9 **Q IN HIS REBUTTAL TESTIMONY, MR. ARORA ALLEGES THAT THE STAFF DID**
10 **NOT PROVIDE A RATIONALE FOR ITS ADJUSTMENT.⁶ DO YOU BELIEVE YOU**
11 **HAVE INDICATED WHY YOU ARE PROPOSING YOUR ADJUSTMENT?**

12 **A** Yes. Just to be very clear, as I stated in my rebuttal testimony, my adjustment is based
13 on the underperformance of High Prairie.⁷ Therefore, I contend that my adjustment is
14 a performance adjustment.

15 **Q DID AMEREN MISSOURI ACKNOWLEDGE IN ITS REBUTTAL TESTIMONY IN**
16 **THIS CASE THAT HIGH PRAIRIE HAD NOT PERFORMED ACCORDING TO**
17 **STUDY PARAMETERS?**

18 **A** Yes. In Mr. Arora’s rebuttal testimony at 13, the following Q and A’s appear:

19 Q. MDC [Missouri Department of Conservation] raised a number of
20 concerns about endangered species in the CCN case, including
21 about the Indiana bat. Did MDC indicate during this December 2017
22 meeting that 6.9 m/s would not provide full avoidance?

⁵Page 10, lines 7-9.

⁶Page 4, lines 5-9.

⁷Page 1, lines 12-14.

1 A. No. What I understood from this discussion, coupled with other
2 discussions like those I noted above, was that the consensus of
3 experts in the field and conservation regulators was that 6.9 m/s
4 would provide full avoidance.

5 * * *

6 Q. Based on Dr. Marke's statements and Staff's factual recitation in
7 their direct testimony, did that consensus prove to be incorrect?

8 A. Yes, unfortunately it did.

9 * * *

10 On page 5 of his rebuttal testimony, Mr. Arora states the following:

11 It is true that with hindsight it appears that endangered Indiana bats
12 could not be fully avoided, as was expected at the time, using a
13 minimum cut-in speed of 6.9 meters per second ("m/s"), and that this
14 has required mitigation measures which reduced production at night
15 during the past two years during the warmer months of the years.

16 Finally, on pages 24-25, Mr. Arora states the following:

17 All 175 turbines are in service, operating and producing electricity each
18 and every day of the year (subject to normal outages); at worst, all 175
19 turbines might not produce power or may produce less power than we
20 had expected in 2018, at night, for part of the year.

21 **Q IN HIS REBUTTAL TESTIMONY, MR. ARORA DISCUSSES AT LENGTH THAT**
22 **HIGH PRAIRIE WAS STUDIED AT A 6.9 M/S WIND CUT-IN SPEED. PLEASE**
23 **COMMENT.**

24 A A 6.9 m/s cut-in speed curtailment would significantly impact the operations of High
25 Prairie as the hours available for generation during bat season (April-October) are then
26 greatly reduced. However, that scenario, if it was a significant possibility, was not
27 reflected in the operating statistics sponsored by Mr. Michels. In fact, Mr. Michels
28 provided testimony in the CCN case that estimated the impact from many factors,
29 including a low capacity factor:

1 Q. Does this hold true even under the least favorable assumptions for
2 transmission cost, capacity factor, and power prices?

3 A. Yes. With the least favorable assumptions applied to all wind
4 projects, low power prices, high transmission costs, and low capacity
5 factor – the impact on average customer rates over the 20-year IRP
6 planning horizon is less than 0.7%. To bring the average rate impact
7 up to 1% limit would require one of the following: (1) a further
8 increase in capital costs of approximately \$200/kW; (2) a further
9 reduction in power prices from the IRP low scenario of approximately
10 another 18%; or (3) a reduction in capacity factor to 34%. Each of
11 these conditions is **very unlikely**.⁸ [Emphasis added.]

12 Furthermore, in the CCN case, Mr. Arora addressed the 6.9 m/s cut-in speed
13 issue in his surrebuttal testimony (pages 6-7) wherein he stated the following:

14 Q. Why is this the worst-case scenario?

15 A. Because as Mr. VanDeWalle explains, we could operate the facility
16 at a cut-in speed of 6.9 meters/second. At that cut-in speed,
17 endangered and protected species of bats will not be taken (as Dr.
18 VanDeWalle also explains, they may not be taken at a speed of
19 significantly less than 6.9 meters/second, but we believe it
20 appropriate to obtain an ITP because there is some risk of a take at
21 lower cut-in speeds). If we operate at 6.9 meters/second – **which I**
22 **believe is unlikely** – but if we do, we experience the approximately
23 1.8% loss in capacity factor and the resulting \$22 million reduction
24 in value. [Emphasis added.]

25 * * *

26 On pages 7-8 of his surrebuttal testimony in the CCN case, Mr. Arora answers
27 the following question:

28 Q. OPC witness Dr. Marke makes the point that even with an HCP (I
29 believe he is referring to an ITP and an associated HCP) that the
30 Company might exceed the take limits and then have to mitigate
31 more or even shut down the plant. Is this a reasonable scenario?

32 A. No, it is not. Mr. VanDeWalle aptly explains that a prudent operator
33 – and I can assure the Commission the Company will operate
34 prudently – will use adaptive management or simply increase cut-in
35 speeds to a level where there is no take of endangered or protected
36 bat species before it exceeds a take limit. As Mr. VanDeWalle also
37 explains, the USFWS isn't going to take adverse action against the
38 Company in the unlikely event a take limit were exceeded so long

⁸Direct testimony of Matt Michels, page 10, lines 14-22.

1 as the Company is taking steps to address the issue. I do not expect
2 this to be an issue at all, but would submit that **Dr. Marke is positing**
3 **a doomsday scenario** to support his extreme hold harmless
4 request, which Mr. Byrne addresses in his surrebuttal testimony.
5 [Emphasis added.]

6 **Q PLEASE COMMENT ON THE ABOVE QUOTATIONS.**

7 A Although in the current case Mr. Arora mentions the 6.9 m/s cut-in speed extensively
8 in his rebuttal testimony, claiming that the issue was fully disclosed, Mr. Arora fails to
9 mention that at every chance Ameren Missouri disavowed the possibility that 6.9 m/s
10 would occur. Furthermore, the 6.9 m/s scenario was not a significant enough factor in
11 the CCN case to lower the capacity factors included in Mr. Michels' analysis. In fact,
12 one is led to believe this is something that: "we looked at, but don't worry it will not
13 happen." As it turns out, the "doomsday" prediction of Dr. Marke was sadly very correct.
14 It is not until this issue is raised in the current and previous Ameren Missouri rate cases
15 that 6.9 m/s cut-in speed has now become an important factor when adjustments are
16 being proposed for the underperformance of High Prairie.

17 **Q TURNING YOUR ATTENTION BACK TO THE CURRENT CASE AND THE**
18 **REBUTTAL TESTIMONY OF AMEREN WITNESS JOHN REED, PLEASE**
19 **SUMMARIZE MR. REED'S REBUTTAL TESTIMONY.**

20 A Mr. Reed argues that the adjustments proposed by the Staff and OPC violate several
21 regulatory principles – namely, the prudence standard, used and useful principle, and
22 the economic used and useful principle.

1 **Q PLEASE DISCUSS MR. REED'S PRUDENCE STANDARD.**

2 A Mr. Reed states that traditional cost-based ratemaking permits a utility to include
3 prudently-incurred costs in the revenue requirement used to set its rates. Mr. Reed
4 states the following in his rebuttal testimony at page 6 in addressing imprudence of
5 capital investments:

6 In the case of capital investments, a prudence disallowance would
7 reduce rate base, meaning: 1) no return on the disallowed amount;
8 2) no depreciation expense on the disallowed amount; 3) a lower overall
9 revenue requirement; and 4) a lower rate overall.

10 My proposed adjustment for High Prairie does not qualify as a prudence
11 disallowance as I have proposed a performance adjustment based on the criteria
12 established in the CCN case. I have not proposed any plant investment adjustments
13 as a result of the underperformance of High Prairie. Likewise, I have not adjusted any
14 operating or maintenance expenses to operate High Prairie. I simply am restoring the
15 lost production at High Prairie from its underperformance in 2022.

16 **Q PLEASE DESCRIBE MR. REED'S USED AND USEFUL REGULATORY PRINCIPLE.**

17 A Mr. Reed describes the used and useful principle as providing that the rate base should
18 only include those assets that are used to provide the regulated service and that are
19 useful in the provision of that service.⁹

20 My proposed adjustment makes no claim whether the unit is used and useful
21 and I have not proposed an adjustment on that premise.

⁹Page 8, lines 17-21.

1 **Q PLEASE DESCRIBE MR. REED’S ECONOMIC USED AND USEFUL REGULATORY**
2 **PRINCIPLE.**

3 A Mr. Reed describes the economic used and useful concept as an “after-the-fact,
4 hindsight-based economics test.”¹⁰ From Mr. Reed’s testimony, I believe the economic
5 used and useful test would require another economic evaluation of an investment using
6 current market values. In other words, if the current market values were used, would
7 an investment still be considered an economically viable solution. Again, this
8 regulatory principle does not apply to my adjustment. I have not suggested that the
9 High Prairie decision should be re-evaluated using today’s market conditions. I am
10 simply adjusting for the underperformance of High Prairie based on the assumptions
11 used by Ameren Missouri to justify constructing the facility.

12 **Q IN BOTH THE REBUTTAL TESTIMONIES OF MR. ARORA AND MR. REED, THOSE**
13 **WITNESSES QUOTE THE TESTIMONY OF STAFF WITNESS JAY LUEBBERT**
14 **WHEREIN HE CLAIMS THAT THE RISK OF INVESTMENT RECOVERY**
15 **TRANSFERS FROM SHAREHOLDERS TO RATEPAYERS WHEN THE**
16 **INVESTMENT IS INCLUDED IN THE UTILITY’S BASE RATES.¹¹ PLEASE**
17 **COMMENT.**

18 A I do not support Mr. Luebbert if he is suggesting that ratepayers should shoulder all of
19 the risk associated with the performance of the investment, in this case, High Prairie. I
20 believe my performance adjustment is an example of the risk shareholders may have
21 to address in the context of a wind investment.

¹⁰Page 9, line 8.

¹¹Arora rebuttal, page 18, line 21 through page 19, line 25 and Reed rebuttal, page 17, lines 10-18.

1 Q DO YOU BELIEVE AMEREN MISSOURI IS ALREADY COMPENSATED FOR THE
2 RISK THAT WIND RESOURCES, SUCH AS HIGH PRAIRIE, MAY NOT FULLY
3 OPERATE?

4 A. Yes. Based upon my experience, return on equity analysts determine an appropriate
5 return on equity for a proxy group of companies that exhibit a similar risk profile. Among
6 other points of consideration, the risk factors set forth in the Risk Factor section of a
7 utility's 10-K is especially relevant. In Ameren Missouri's most recent 10-K, filed on
8 February 22, 2022, Ameren Missouri introduces its risk factors with the following
9 caveat: "[i]nvestors should review carefully the following material risk factors." Then
10 Ameren Missouri expressly indicated that the investors should be aware that wind
11 facilities may not produce at full capacity in order to protect wildlife:

12 **"Our electric generation, transmission, and distribution facilities**
13 **are subject to operational risks.**

14 Our financial performance depends on the successful operation of
15 electric generation, transmission, and distribution facilities. Operation
16 of electric generation, transmission, and distribution facilities involves
17 many risks, including:

- 18 • inability to operate wind generation facilities at full capacity
19 resulting from requirements to protect natural resources, including
20 wildlife;"

21 Clearly then, shareholders are already being compensated for the risk that wind
22 facilities may not generate at full capacity due to the need to protect wildlife. While it
23 has already been compensated for this risk, Ameren Missouri now seeks to shift this
24 risk to ratepayers. If Ameren Missouri wants ratepayers to accept this risk, then
25 Ameren Missouri needs to be willing to accept a lower return on equity.

1 Q IN YOUR REBUTTAL TESTIMONY, YOU OPPOSED THE RECOVERY OF
2 MITIGATION EXPENDITURES THAT AMEREN MISSOURI WAS EXPERIMENTING
3 WITH MITIGATION PROJECTS TO REDUCE BAT EXPOSURES TO HIGH PRAIRIE.
4 DO YOU HAVE ANY ADDITIONAL INFORMATION THAT WOULD SUGGEST
5 THOSE EXPENSES/INVESTMENTS SHOULD NOT BE CHARGED TO
6 RATEPAYERS?

7 A Yes. In the Third Stipulation and Agreement in Case No. EA-2018-0202 (High Prairie's
8 CCN case), Appendix A to Third Stipulation and Agreement, File No. EA-2018-0202,
9 Item 9 on page 2, reads as follows:

10 9. Prior to commencement of operations at 6.9 meters/second or
11 higher during the active bat season at night when the temperatures
12 are 50 degrees Fahrenheit or above, the Company will in good faith
13 work with MDC toward the goal of reaching agreement on a research
14 plan involving post-construction monitoring for a limited time period
15 (between one and three years) and with appropriate confidentiality
16 protections, to be conducted at the Company's expenses for
17 research purposes as a part of a collaboration between the
18 Company and MDC relating to conservation issues with wind
19 facilities, with such research plan to be implemented if an Incidental
20 Take Permit for bats is not obtained and or the Company operates
21 the Project during the active season at a cut-in speed of 6.9
22 meters/second or higher. [Emphasis added.]

23 Based on that language, I believe most, if not all, of the monitoring costs
24 incurred by Ameren Missouri should be borne by shareholders.

1 Q MR. ARORA MAKES THE CLAIM THAT IN THE EVENT THAT STAFF'S
2 ADJUSTMENT IS ACCEPTED AND SHOULD HIGH PRAIRIE'S PRODUCTION BE
3 SUBSEQUENTLY RESTORED, RATEPAYERS WILL RECEIVE A "WINDFALL" AT
4 THE COMPANY'S EXPENSE.¹² PLEASE COMMENT.

5 A To the extent that these new bat mitigation methods are successful, the Company
6 always has the option of filing for rate relief. Dr. Marke, Ms. Eubanks, nor myself are
7 arguing for a permanent reduction to the Company's revenue requirement. I would
8 again point out that my adjustment is based on the underperformance of High Prairie;
9 should Missouri ratepayers get the performance that they were led to believe they
10 would receive, my adjustment would no longer be required.

11 Q FINALLY, DO YOU HAVE AN ADJUSTMENT REGARDING YOUR PROPOSED
12 RENEWABLE ENERGY CREDIT ("REC") ADJUSTMENT?

13 A Yes. It has come to my attention that the price for RECs has decreased from the source
14 I used to file my rebuttal testimony. In the Boomtown solar case, it was discussed
15 during cross-examination that the price for REC is now in the \$2-\$3 range.¹³ I have
16 adjusted my REC revenue stream to now reflect a \$2.50 price for the RECs. My total
17 adjustment for High Prairie has now declined to \$34.7 million.

18 Q PLEASE SUMMARIZE YOUR ADJUSTMENTS TO HIGH PRAIRIE.

19 A I have prepared a list of adjustments to High Prairie:
20 ➤ As set forth in my rebuttal testimony, I have proposed that energy sales be
21 increased for the underperformance of High Prairie during the 12 months ended
22 November 30, 2022.

¹²Rebuttal testimony of Ajay Arora, page 24, lines 5-8.

¹³See the transcript of the Evidentiary Hearing held on February 7, 2023 in Case No. EA-2022-0245 for the cross-examination of Maurice Brubaker, page 297, lines 1-5.

- 1 ➤ As set forth in my rebuttal testimony, I have proposed that Production Tax Credits
2 ("PTC") be recognized for the underperformance of High Prairie during the 12
3 months ended November 30, 2022.
- 4 ➤ As set forth in my rebuttal testimony and adjusted in my surrebuttal testimony, I
5 have proposed that RECs be recognized for the underperformance of High Prairie
6 during the 12 months ended November 30, 2022.
- 7 ➤ As set forth in my rebuttal and surrebuttal testimonies, I am opposed to recovery of
8 monitoring expenses or mitigation projects from Ameren Missouri's ratepayers.

9 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

10 **A Yes, it does.**