

# Exhibit No. 145

*Exhibit No.:*  
*Issue(s):* *Property Tax Tracker*  
*Revenue Requirement*  
*Corrections*  
*Witness:* *Karen Lyons*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Rebuttal Testimony*  
*Case No.:* *ER-2022-0337*  
*Date Testimony Prepared:* *February 15, 2023*

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL AND BUSINESS ANALYSIS DIVISION**  
**AUDITING DEPARTMENT**

**REBUTTAL TESTIMONY**  
**OF**  
**KAREN LYONS**

**UNION ELECTRIC COMPANY,**  
**d/b/a AMEREN MISSOURI**

**CASE NO. ER-2022-0337**

*Jefferson City, Missouri*  
*February 2023*

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KAREN LYONS  
UNION ELECTRIC COMPANY,  
d/b/a AMEREN MISSOURI  
CASE NO. ER-2022-0337**

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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **KAREN LYONS**

4 **UNION ELECTRIC COMPANY,**  
5 **d/b/a AMEREN MISSOURI**

6 **CASE NO. ER-2022-0337**

7 Q. Please state your name and business address.

8 A. My name is Karen Lyons. My business address is 615 E 13<sup>th</sup> Street,  
9 Kansas City, MO. 64106.

10 Q. By whom are you employed and in what capacity?

11 A. I am the Regulatory Manager in the Auditing Department for the Missouri Public  
12 Service Commission (“Commission”).

13 Q. Are you the same Karen Lyons who filed direct testimony on January 10, 2023,  
14 in this case?

15 A. Yes, I am.

16 **EXECUTIVE SUMMARY**

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

18 A. In this testimony, I will respond to Ameren Missouri’s witness  
19 Mitchell J. Lansford’s direct testimony concerning a property tax tracker. I will also describe  
20 certain revisions to Staff’s revenue requirement calculations. These revisions were made  
21 subsequent to Staff’s January 10, 2023 filing but were reflected in Staff’s January 24, 2023  
22 class cost of service filing.

1 **PROPERTY TAX TRACKER**

2 Q. Was legislation passed in 2022 that allows a utility to track and defer to the  
3 utility's next general rate case the difference between property taxes actually paid and property  
4 taxes included in the revenue requirement used to set rates?

5 A. Yes. Senate Bill 745 states, in part:

6 Electrical corporations, gas corporations, sewer corporations, and water  
7 corporations shall defer to a regulatory asset or liability account any  
8 difference in state or local property tax expense actually incurred, and  
9 those on which the revenue requirement used to set rates in the  
10 corporation's most recently completed general rate proceeding was  
11 based. The regulatory asset or liability account balances shall be  
12 included in the revenue requirement used to set rates through an  
13 amortization over a reasonable period of time in such corporation's  
14 subsequent general rate proceedings. The commission shall also adjust  
15 the rate base used to establish the revenue requirement of such  
16 corporation to reflect the unamortized regulatory asset or liability  
17 account balances in such general rate proceedings. Such expenditures  
18 deferred under the provisions of this section are subject to commission  
19 prudence review in the next general rate proceeding after deferral.<sup>1</sup>

20 Q. Does Ameren Missouri explain in testimony when it intends to begin utilizing  
21 the property tax tracker legislation?

22 A. Yes, Mr. Lansford states in his direct testimony, beginning on page 37, line 20,  
23 "To more easily administer the tracker by starting on the first day of an accounting month, the  
24 Company will begin tracking applicable amounts on September 1, 2022, and include deferrals  
25 made under the tracker in its true-up revenue requirement"

26 Q. Did the Commission establish the level of property tax expense in the  
27 revenue requirement used to set rates in Ameren Missouri's most recently completed general  
28 rate proceeding?

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<sup>1</sup> Section 393.400, RSMo.

1           A.     No, it did not. The Commission approved a *Unanimous Stipulation and*  
2 *Agreement* in Case No. ER-2021-0240 that resolved the case<sup>2</sup>, but it did not base the revenue  
3 requirement on a specific level of property tax expense.

4           Q.     Does Staff agree that Ameren Missouri should begin tracking and deferring  
5 property tax as of September 1, 2022?

6           A.     No. As I stated above, the Commission did not base Ameren Missouri's revenue  
7 requirement in its last general rate case upon a specific level of property tax expense. In order  
8 to use the tracker authorized by Section 393.400 of the Missouri Statutes, the Commission must  
9 have established in the utility's prior general rate proceeding a level of property tax expense  
10 upon which it bases the utility's revenue requirement. The Commission did not do this in  
11 Ameren Missouri's prior rate case; therefore, at this time there is nothing to track Ameren  
12 Missouri's actual property tax expenses paid to a base level. Section 393.400, RSMo does not  
13 allow a utility to select an estimated level of property tax expense to use as a base level  
14 unless the Commission ordered a specific base level of property tax expense.

15          Q.     In Case No. ER-2021-0240, is there any reason why the Commission should  
16 have ordered a base level of property taxes to use to track future property taxes incurred by  
17 Ameren Missouri?

18          A.     No. In fact, the effective date of rates for Case No. ER-2021-0240 was  
19 February 28, 2022, six months prior to the effective date of the property tax tracker legislation.

20          It is Staff's position that the base property tax level will be established in the  
21 current proceeding and the deferral of property taxes should begin with the effective date of  
22 rates in this current proceeding. Staff's recommended base level of property tax, that will

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<sup>2</sup> Case No. ER-2021-0240, Unanimous Stipulation and Agreement, approved on December 22, 2021.

1 be used to track future property taxes incurred by Ameren, will be determined in the true up  
2 phase of this rate case.

3 Q. Does Staff have any other recommendations regarding Ameren Missouri's  
4 property tax tracker?

5 A. Yes. Ameren Missouri is allowed to track property taxes related to certain  
6 renewable generating facilities. These property taxes are recovered through its Renewable  
7 Energy Standard Rate Adjustment Mechanism ("RESRAM"). Any current or future property  
8 taxes that are recovered through the RESRAM should not be included in the property tax tracker  
9 established on August 28, 2022.

10 Q. In this case what base level of property tax expense does Ameren Missouri claim  
11 should be used to track the property taxes?

12 A. Ameren Missouri's proposed base level for property taxes is \*\* [REDACTED] \*\*.

13 Q. If the Commission determines that Ameren Missouri is eligible to take  
14 advantage of the property tax tracker as of September 1, 2022, does Staff agree that Ameren  
15 Missouri's base property tax level is \*\* [REDACTED] \*\*?

16 A. No. In Ameren Missouri's last rate case, Staff recommended \$154,468,503 for  
17 property taxes in Staff's true-up accounting schedules. This amount excluded property taxes  
18 for the Meramec generating station. If the Commission determines that Ameren Missouri is  
19 eligible to take advantage of the property tax tracker as of September 1, 2022, Staff recommends  
20 a base level of \$154,052,863.

21 Q. Has Staff calculated what the regulatory asset should be if the Commission  
22 allows Ameren Missouri to start tracking the property taxes as of September 1, 2022 as  
23 proposed by Mr. Lansford?

1           A.     No.    Since Ameren Missouri did not support an adjustment in its direct  
2 filing, Staff is unable to calculate the regulatory asset balance. However, Staff will address  
3 Ameren Missouri’s proposed regulatory asset balance in its surrebuttal/true-true up testimony  
4 that will be filed on March 13, 2023.

5           **DIRECT REVENUE REQUIREMENT CORRECTIONS**

6           Q.     Did Staff revise its recommended revenue requirement for Ameren Missouri,  
7 filed on January 10, 2023?

8           A.     Yes.   Staff made several revisions subsequent to Staff’s filing on  
9 January 10, 2023 which were reflected in Staff’s revised accounting scheduled filed in the  
10 class cost of service filing on January 24, 2023.

11          Q.     How do the revisions effect Staff’s revenue requirement?

12          A.     The revisions effect Staff’s recommendation for the following:

- 13           • Annualized and normalized of purchased power and off-system sales
- 14           • Normalized level of capacity sales and expense.
- 15           • Mark Twain amortization
- 16           • Renewable Energy Standard (“RES”) amortization
- 17           • Build Transfer Agreement (“BTA”) operation and maintenance (“O&M”) costs

18          Q.     What caused Staff to revise its recommended amounts for purchased power and  
19 off-system sales?

20          A.     Subsequent to Staff’s January 10, 2023 filing, Staff became aware of an error in  
21 its fuel modeling inputs. The correction of the inputs changed the modeled output for purchased  
22 power and sales. The change in output necessitated a revision to Staff’s adjustments.



Rebuttal Testimony of  
Karen Lyons

1 Q. What caused Staff to revise its recommended amounts for capacity sales  
2 and expense?

3 A. Subsequent to Staff's January 10, 2023 filing, Staff became aware of an error in  
4 its recommended level of capacity sales and expense. Staff agreed and corrected the error.

5 Q. What caused Staff to revise its recommended amortization for Mark Twain  
6 and RES?

7 A. Staff incorrectly removed the Mark Twain amortization established in Case No.  
8 ER-2021-0240 and incorrectly calculated the accrued interest for the RES amortization.  
9 Staff restated the Mark Twain amortization and corrected the accrued interest for the  
10 RES amortization.

11 Q. What caused Staff to revise its recommended level of BTA O&M costs?

12 A. In its direct filing Ameren proposed an adjustment to eliminate the test year  
13 BTA O&M. In its direct filing, Staff did not eliminate these costs from Ameren Missouri's  
14 cost of service.

15 Q. What are BTA costs?

16 BTA costs are development costs for the Huck Finn and Boomtown projects.  
17 Ameren Missouri requested a Certificate of Convenience and Necessity ("CCN") for  
18 Huck Finn, a 200 Megawatt ("MW") solar generation facility and Boomtown, a 150 MW solar  
19 generation facility. If the Commission approves these projects, the BTA costs will be  
20 capitalized as part of the project costs<sup>3</sup>. Staff agrees that these costs should be eliminated from  
21 Ameren Missouri's cost of service.

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<sup>3</sup> In Case No. EA-2022-0244, a Stipulation and Agreement was filed by the parties to the case for the Huck Finn CCN on January 4, 2023. In Case No. EA-2022-0245, a evidentiary hearing is scheduled for February 6-8 for the Boomtown CCN

Rebuttal Testimony of  
Karen Lyons

1 Q. Did Staff make corrections after filing its direct case on January 10, 2023 that  
2 did not impact Ameren Missouri's revenue requirement?

3 A. Yes. Staff corrected the Renewable Energy Standard Adjustment Mechanism  
4 ("RESRAM") and RES base level. Because of the changes with the fuel model discussed  
5 above, corrections to the RESRAM base level was necessary to be consistent with the  
6 fuel model output. In addition, Staff corrected a formula error in its recommendation for the  
7 RES base level. Staff provided Ameren Missouri the updated base levels in the class cost of  
8 service filing on January 24, 2023.

9 Q. Does this conclude your direct testimony?

10 A. Yes, it does.

**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

**AFFIDAVIT OF KAREN LYONS**

STATE OF MISSOURI        )  
  )        ss.  
COUNTY OF JACKSON     )


**COMES NOW KAREN LYONS** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Karen Lyons*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
KAREN LYONS

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the City of Jackson, State of Missouri, at my office in Kansas City, on this 10<sup>th</sup> day of February 2023.

  
Notary Public



M. RIDENHOUR  
My Commission Expires  
July 22, 2023  
Platte County  
Commission #19603483