

Exhibit No.:
Issue(s): Placeholders, Concurrent Filing,
Capitalized Incentive Compensation,
Non-Qualified Pensions,
Amortization of Regulatory Assets &
Liabilities, True-Up
Witness: Lisa M. Ferguson
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal / True-Up Direct
Testimony
Case No.: GR-2019-0077
Date Testimony Prepared: July 10, 2019

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING

SURREBUTTAL / TRUE-UP DIRECT TESTIMONY

OF

LISA M. FERGUSON

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

CASE NO. GR-2019-0077

*Jefferson City, Missouri
July 2019*

**** Denotes Confidential Information ****

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LISA M. FERGUSON
UNION ELECTRIC COMPANY,
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1 **SURREBUTTAL / TRUE-UP DIRECT TESTIMONY**

2 **OF**

3 **LISA M. FERGUSON**

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

6 **CASE NO. GR-2019-0077**

7 Q. Please state your name and business address.

8 A. Lisa M. Ferguson, 111 N. 7th Street, Suite 105, St. Louis, MO 63101.

9 Q. By whom are you employed?

10 A. I am employed by the Missouri Public Service Commission (“Commission”)

11 as a member of the Auditing Staff (“Staff”).

12 Q Are you the same Lisa M. Ferguson who contributed to Staff’s *Revenue*
13 *Requirement Cost of Service Report* filed April 19, 2019 in this case?

14 A. Yes, I am.

15 Q. What is the purpose of your surrebuttal testimony in this proceeding?

16 A. My surrebuttal testimony will address the rebuttal testimony of Ameren

17 Missouri Witnesses Tom Byrne and Laura M. Moore regarding the following issues:

- 18 • Staff’s Use of “Placeholders”
- 19 • Staff’s Recommendation that the Company be Required to File a
20 Combined Electric/Gas Rate Case
- 21 • Plant In Service and Accumulated Reserve
- 22 • Non-qualified Pension Expense
- 23 • Amortization of Regulatory Assets and Liabilities

1 **STAFF’S USE OF PLACEHOLDERS**

2 Q. On page 3, lines 7-11 of Ameren Missouri witness Tom Byrne’s testimony he
3 discusses Staff’s use of “placeholders” in its direct testimony. What are “placeholders”?

4 A. Placeholders are statements such as “Staff has submitted Data Request Nos. 1
5 and 2 (for example), seeking additional information regarding an issue Staff is auditing...At
6 the time of finalizing direct testimony, Staff has not received the response to the data request.
7 Once received, Staff will review the information and may propose an adjustment during the
8 rebuttal phase of the rate case.” There could be multiple reasons for why this might be
9 necessary. It is also employed on very few issues, typically new items Staff finds during
10 the discovery process. However, Staff does this to give the utility notice of a possible
11 adjustment and to preserve the issue for a later round of testimony. Placeholders are used for
12 transparency purposes.

13 Q. Why has Staff used placeholders in this case and does Staff rely on
14 placeholders for testimony purposes?

15 A. Staff used placeholders in certain sections of its direct testimony mainly due to
16 delay in receiving data request responses from Ameren Missouri prior to internal deadlines for
17 filing its direct testimony on April 19, 2019. Staff does not make it a common practice of
18 inserting placeholders in its testimony; however, Staff is reliant on Ameren Missouri
19 personnel for data and information in order to present its case-in-chief. Ameren Missouri is
20 the gatekeeper of the data and information that Staff seeks. Staff must determine what
21 information it needs, then determine how and what information to request from Ameren
22 Missouri. Staff relies on Ameren Missouri to provide responsive data and information on a
23 timely basis. Staff does have remedies for consistently late receipt of requested information,

1 such as discovery conferences and motions to compel. Staff utilized a discovery conference
2 partially for that purpose on March 6, 2019 in this case.

3 Q. On page 4, lines 3-21 and page 5 lines 1-7 of his rebuttal, Ameren Missouri
4 witness Tom Byrne presents several examples from Staff's direct cost of service report that he
5 describes as such: "...Staff has utilized "placeholders" when it hasn't decided whether to
6 propose disallowances to various components of Ameren Missouri's revenue requirement
7 having nothing to do with true-up data." Is it true that Staff uses "placeholders" because they
8 have not decided whether to propose disallowances?

9 A. Sometimes, but not always. There have been times where Staff has sought
10 information but may not have had the needed information in time to propose its full position
11 in direct testimony. However, Staff has proposed placeholder adjustments in the past where
12 Staff may have formed its position but is unable to propose an exact quantification of
13 that adjustment.

14 Q. If Staff cannot present its full position or quantify that position, why does it
15 even discuss a proposed adjustment in its direct testimony?

16 A. For the same reason that Mr. Byrne states on page 5 of his rebuttal testimony,
17 lines 18-20. He cites Commission rule 4 CSR 240-2.130(7)(A) that states: "Direct testimony
18 shall include all testimony and exhibits asserting and explaining that party's entire case-in-
19 chief". Staff presents placeholder testimony, sometimes with associated adjustments, in order
20 to be forthright with Ameren Missouri and intervenors about what Staff has reviewed and
21 analyzed and the issues that concern Staff. These "placeholders" are used to give notice to the
22 parties of Staff's concerns and to not withhold key components of Staff's case from the
23 parties. Staff, is the only party in a rate case that attempts to examine every facet of Ameren

1 Missouri's books and records, including items that are not proposed as part of the Company's
2 direct testimony. Staff must complete its review within approximately four months. In fact, it
3 is common for intervenors to rely on Staff's case because Staff has thoroughly examined the
4 issue. While the burden of proof is on the utility, Staff must depend on the utility to provide
5 all information requested, in the format requested and in time for Staff to propose an
6 adjustment, if appropriate. Ameren Missouri is a large utility and sometimes not every single
7 detail can be locked down to line up exactly with the deadline of direct testimony. Staff
8 identifies every issue it believes may require a possible adjustment. If issues are not proposed
9 during the rate case, due to the matching principle, it is impossible to revive those issues later
10 unless an issue meets the informal requirements for deferral. If a proposed placeholder
11 adjustment involves a disallowance, we may propose its exclusion from the cost of service
12 until more support is provided by the Company. However, with proposed annualization and
13 normalization adjustments, an amount cannot always be simply removed (such as the gas
14 facilities discussion where Staff used placeholder language in direct testimony).

15 Q. Has there ever been an occurrence where Ameren Missouri has not presented
16 its case-in-chief entirely in direct testimony?

17 A. Yes. In rate case no. ER-2014-0258, Ameren Missouri first proposed inclusion
18 of it Callaway nuclear licensing extension costs in rate base in the surrebuttal testimony of
19 Laura M. Moore. In fact, this issue continued to have repercussions through the ordering of
20 the stipulation and agreement in that case.

21 Q. Did Staff formally object to allowing ratemaking treatment of that cost in Case
22 No. ER-2014-0370?

1 A. No. While Staff did not agree with including a balance in revenue requirement
2 in that case due to the cost going into service after the true-up cutoff date, Staff was amenable
3 to deferring this cost for inclusion in the next rate case, No. ER-2016-0179.

4 Q. Is Mr. Byrne correct in the characterization of his examples on pages 4 and 5
5 of his rebuttal testimony regarding placeholders?

6 A. Not entirely. I only address the placeholder examples from Auditing Staff.

7 Q. Example 1 (Byrne Rebuttal Page 4, lines 6-12):

8 With respect to the cost of operating facilities, the Staff Report states
9 that ** _____

10 _____

11 _____

12 _____

13 _____

14 _____ **

15 Please explain the situation surrounding the gas facilities discovery.

16 A. Staff included placeholders regarding gas facilities issues and the associated
17 ** _____ ** because Staff was still actively seeking discovery regarding the

18 ** _____
19 _____ . **

20 Staff's goal was to annualize operations costs on a going forward basis and reflect cost
21 savings in the revenue requirement.

22 Staff first learned of the ** _____ ** in the ** _____
23 _____ ** at the end of the last electric rate case.

24 However at that time there were only ** _____ ** where changes were actively being
25 made. ** _____

1 _____

2 _____ ** Ameren Missouri filed its gas rate case on December 3, 2018.

3 Staff notes that none of the issues of ** _____

4 _____ **, was included in Ameren Missouri's direct testimony in

5 this case or Ameren Missouri's direct testimony in the last electric case. Ameren Missouri

6 included direct testimony and costs regarding a distribution operating center that went into

7 service in 2014, but failed to mention in direct testimony that ** _____

8 _____

9 _____

10 _____

11 _____

12 _____ **

13 Q. Does Staff have other concerns regarding its ability to reflect cost savings in
14 rates regarding the ** _____ **?

15 A. Yes. As Staff witness Jason Kunst will describe further in his
16 surrebuttal testimony, Staff originally requested Data Request (DR) No. 0218.2, attached as
17 Schedule LMF-s1, regarding ** _____

18 _____ ** on March 22, 2019. The DR response Staff received
19 on April 15, 2019, four days prior to Staff's direct testimony, stated "We do not track
20 operation and maintenance expenses by FERC account down to the individual facility."

21 However, Staff just received an updated true-up DR response on June 21, 2019
22 with operational costs by type of cost, by facility, by month from the beginning of test year

1 through the true-up period. We clearly would not have received this information in time for
2 our direct testimony.

3 Q. Example 2 (Byrne Rebuttal Page 4, lines 13-16):

4 With respect to corporate allocations, the Staff Report states that “Staff
5 will continue to review data and data request responses to determine if
6 further adjustments need to be made through the true-up cutoff date
7 regarding corporate allocations.”

8 Does Staff agree that this is placeholder language?

9 A. No. Staff proposed adjustments to corporate allocations as part of its direct
10 testimony. Staff witness Kunst addresses this further in his surrebuttal testimony.

11 Q. Example 3 (Byrne Rebuttal Page 4, lines 17-21):

12 With respect to board of directors and executive expenses, the Staff
13 Report states: “Staff has submitted Data Request No. 236 seeking
14 additional information on these expenses. Staff may propose further
15 adjustments as part of its true-up audit after reviewing the responses to
16 these data requests.”

17 Does Staff agree that it could have presented its entire case-in-chief in direct testimony
18 regarding board of directors and executive expenses?

19 A. No. Staff witness Jason Kunst will address the data requests related to board
20 of directors and executive expenses further in his surrebuttal testimony; however, I will point
21 out that Staff DR No. 0236 was originally submitted on March 6, 2019; Staff subsequently
22 received a letter from Ameren Missouri counsel on March 18, 2019 requesting an extension
23 until April 2, 2019. Staff did not receive the response from Ameren Missouri until April 22,
24 2019 which was subsequent to Staff’s direct filing deadline of April 19, 2019.

25 In general, Ameren Missouri has requested extensions and has exceeded the requested
26 extensions several times during this rate proceeding. There have also been occurrences where

1 an extension has been requested but with no specific date provided that Staff could expect a
2 response; rather the response stated “Subject to the previously stated objections, the Company
3 will provide a response to this data request as soon as one can be prepared.” Commission
4 rules 4 CSR-2.090(C) and 4 CSR-2.090(E) provide guidelines for the discovery process;
5 specifically that the response time for data requests shall be 20 days after receipt of the data
6 request unless otherwise agreed to by the parties or ordered by the Commission. If the data
7 request recipient asserts an inability to answer the data requests within the twenty day time
8 limit, the recipient shall include the date it will be able to answer the data requests
9 simultaneously with its reasons for its inability to answer. See Schedule LMF-s2 which
10 shows data requests that Auditing submitted to Ameren Missouri along with the number of
11 overdue data requests, the number of data requests for which an extension was sought but
12 either was late or a specific date had not been stated in the objection/extension letter that Staff
13 received from Ameren Missouri council.

14 In fact, Staff brought up the issue of overdue data request responses, among others
15 discussed below, during a discovery conference on March 6, 2019. Staff also voiced concerns
16 regarding other data request responses regarding board and executive expense responses, such
17 as DR No. 0185. Staff was told that only a single employee at Ameren could provide a
18 response to this board expense data request and that employee was out on medical leave.
19 Once that employee returned she did respond to the data request but provided part of the data
20 requested by month and by FERC account, as requested in the data request, but provided other
21 data without that necessary delineation. Staff cannot propose an adjustment without receiving
22 this specific information from the Company. Staff had to ask for further refinement of the
23 data and that caused more delays. Staff originally requested DR No. 0185 on February 2,

1 2019; we received an initial response on March 20, 2019 and then received the refined data on
2 April 18, 2019 – one day before Staff’s direct testimony and accounting schedules were filed.
3 Staff has been very flexible and understanding about employees in new roles and employees
4 with medical issues at Ameren Missouri. Staff believes it is improper for Ameren Missouri
5 to complain about Staff’s case-in-chief when Ameren Missouri had sole control over
6 the information.

7 Q. Example 4 (Byrne Rebuttal Page 5, lines 1-6):

8 With respect to lease expenses the Staff Report states: “Staff has
9 requested what the impact of FASB ASC 842 would have on
10 accounting of Ameren Missouri’s gas operations in Data Request No.
11 262. If there is additional information received by Staff that, through
12 the response, suggests any further changes to the cost of service, Staff
13 may propose further adjustments in this area.”

14 Does Staff believe it is unreasonable to review leases through the true-up cutoff in this case,
15 especially in regards to how changes in Generally Accepted Accounting Principles (GAAP)
16 accounting could affect regulatory treatment of leases?

17 A. No. The Financial Accounting Standards Board (FASB) released new
18 guidance regarding lease accounting during the first quarter of 2019. Staff was unaware new
19 guidance had been released on this topic until it reviewed the Audit and Risk Committee
20 minutes from Ameren’s Board of Directors. Staff submitted DR Nos. 0005 and 0006¹ (as part
21 of our initial standard data requests that Staff requests in every rate case involving Ameren
22 Missouri) on December 10, 2018. These data requests are attached as Schedule LMF-s3. The
23 new guidance was released seven days after Ameren Missouri filed its direct case. Ameren

¹ During the March 6, 2019 discovery conference, there was discussion that DR No. 0005 and 0006 may not have been detailed enough in its language to specifically refer to gas operations. Staff submitted DR No. 0005.1 and 0006.1 to ensure all needed information was included in the request. See Schedule LMF-s3.

1 Missouri requested a blanket extension until January 18, 2019 for the first 124 data requests
2 that Staff submitted on December 10-12, 2018. When Staff received the board documents to
3 review, Staff received no committee documentation as has typically been the case during the
4 most recent Ameren Missouri electric rate cases. Ameren Missouri believed Staff DR
5 Nos. 0005 and 0006 did not request detailed Committee information because that information
6 did not apply to gas. Ameren Corporation's board, leadership teams and committees oversee
7 all of Ameren's regulated affiliate operations, including Ameren Missouri gas and electric.
8 Staff took up this issue during a discovery conference on March 6, 2019 and issued DR Nos.
9 0005.1 and 0006.1 for clarification. Staff was granted access to the documentation. Ameren
10 Missouri gathered the board committee information and provided it to Staff for review
11 beginning March 18, 2019 – approximately one month prior to filing direct testimony. The
12 board materials are voluminous and can take Staff weeks to review, but that is where and
13 when Staff learned of the new GAAP lease accounting requirements. Staff's position and
14 associated adjustments were included in its case-in-chief. However, Staff included
15 placeholder language to cover the possibility Staff would receive further information
16 regarding the new GAAP accounting requirements, possibly affecting Staff's position.

17 Q. On page 7, lines 17-21 of his rebuttal testimony, Ameren Missouri witness
18 Byrne states that "The Commission should not allow adjustments to the revenue requirement
19 that are adverse to the Company when the proponent of the adjustment fails to present the
20 adjustment and the basis for it in its case-in-chief; i.e., in its direct rate case testimony..."
21 How does Staff respond to this statement?

22 A. This statement appears one sided in that Mr. Byrne does not mention not
23 allowing adjustments that benefit the Company when the adjustment is not presented in its

1 case-in-chief. However, Staff made its best effort to present its case-in-chief in direct
2 testimony, it should be pointed out that Ameren Missouri provided several explanations to
3 Staff for its late and delayed DR responses - citing reasons of employees who were absent due
4 to medical issues and new employees who were not familiar with the rate case process. At all
5 times Staff made reasonable attempts to work with the Company in allowing its late DR
6 responses. Ameren's issues with Staff's direct and rebuttal testimony are largely caused by
7 the Company's own lateness in responding to Staff's data requests.

8 **STAFF'S RECOMMENDATION THAT THE COMPANY BE REQUIRED TO FILE**
9 **A COMBINED ELECTRIC/GAS RATE CASE**

10 Q. On page 8, lines 5-14, Ameren Missouri witness Byrne discusses that requiring
11 Ameren Missouri to file a gas rate case concurrent with a future electric rate case is
12 inappropriate and unlawful. Didn't Staff list a number of reasons in its direct testimony that
13 would support a concurrent electric and gas rate case filing?

14 A. Yes. Staff witness Jason Kunst addresses in detail the appropriateness of
15 concurrent filings due to the property tax appeal and software allocations. I address the
16 benefits of this approach regarding the state corporate income tax change.

17 Q. When is Missouri's corporate income tax scheduled to change and what are
18 those changes?

19 A. On June 1, 2018, the Missouri Governor signed Senate Bill 884 into law
20 creating the following changes:

- 21 • For all tax years beginning on or after January 1, 2020, the corporate income
22 tax rate is reduced from 6.25 percent to 4.0 percent
- 23 • For all tax years beginning on or after January 1, 2020, corporations will be
24 required to apportion and allocate income according to a new single sales
25 factor apportionment formula

1 Q. What effect do the state corporate tax changes have on Ameren Missouri gas?

2 A. As far as the change to the state corporate tax rate, if Staff applied the lower
3 state tax rate to its position in direct testimony from this case; the change in the tax rate has an
4 effect of reducing the revenue requirement by approximately \$333,000. Ameren Missouri gas
5 operations have approximately 131,000 customers. This would be a reduction of
6 approximately \$2.54 per year per customer.

7 The second state corporate income tax change simply deals with what specific income
8 is taxable and how that income is apportioned to be taxed when a Missouri corporation has
9 income that is taxable in another state. Staff does not know, and more than likely will not
10 know, the full impact of the new sales factor apportionment formula until the next gas rate
11 case.

12 Q. Are there other general benefits to filing a concurrent electric and gas rate
13 case?

14 A. Yes. In addition to assisting Staff in the examination of joint and common
15 costs amongst electric and gas operations, it would be administratively efficient for the
16 Company, Staff, and intervenors to process both cases concurrently. For example, it would
17 not be necessary for Staff to submit numerous duplicate data requests during discovery. Staff
18 submits standard data requests in a rate case that seeks information that is applicable to both
19 electric and gas operations. Instead of submitting these data requests twice in two separate
20 cases, the data requests can be submitted and responded to by Ameren Missouri once. Also,
21 there may be less rate case expense in general because it would not be necessary to expend
22 money on certain expert witnesses and administrative costs twice. For example, if Ameren
23 Missouri files a separate electric and gas rate case, they will need the services of a rate of

1 return witness twice. If the cases are filed concurrently, an expert witness will only need to be
2 hired once. All rate case expense can then be spread across both electric and gas customers.

3 **PLANT AND SERVICE AND ACCUMULATED RESERVE**

4 Q. On page 2, lines 20-22, of Ameren Missouri Witness Laura M. Moore's
5 rebuttal testimony she states "...it appears Staff has made adjustments to the capitalized
6 incentive compensation without ever mentioning the adjustment or explaining the reasons for
7 the adjustment in the Staff Report." Did Staff include discussion of incentive compensation
8 expense adjustments but erroneously fail to include testimony regarding capitalized incentive
9 compensation?

10 A. Yes. While the capitalized incentive compensation adjustments were included
11 in Staff's direct accounting schedules, Staff erred in not including the related direct testimony.
12 It was Staff's intention to include testimony as it has for every Ameren Missouri rate case
13 since at least the 2008 electric rate case. Staff has proposed adjustments to remove
14 unrecoverable capitalized incentive compensation in other large utilities as well, such as Spire
15 Missouri, Kansas City Power & Light, KCPL Greater Missouri Operations, and Missouri
16 American Water and have been successful with those proposed adjustments.

17 Q. On page 3, lines 1-5, Ameren Missouri witness Laura M. Moore discusses that
18 "...the Company believes no adjustment to incentive compensation is necessary or proper.
19 But since Staff has not explained the reason(s) for its proposed adjustment, I can't specifically
20 rebut the issue." Is this statement true?

21 A. No. In fact, Ameren Missouri proposes the same capitalized incentive
22 adjustments that Staff proposes in this case and has for many past rate cases. There is only

1 one difference in this current case between Ameren Missouri's proposed direct position and
2 Staff's direct position. As Staff witness Jason Kunst will describe in his surrebuttal
3 testimony, the difference between Staff and Ameren Missouri's position are AMS allocation,
4 operations & maintenance, and gas allocation factors. The factors that Staff uses are the
5 companion gas percentage of the allocation and disallowance percentages that were used in
6 each of Ameren Missouri's past electric rate cases. If further testimony is warranted by
7 Ameren Missouri, it can always request to file sur-surrebuttal on the issue; however, this is
8 not a new argument regarding capitalized incentive compensation.

9 Q. On page 3, lines 6-10 of Ameren Missouri witness Laura M. Moore's rebuttal
10 references Ameren Missouri witness Byrne's rebuttal about how the Commission's rule
11 requires Staff to provide evidence for its case-in-chief in direct and how Staff cannot describe
12 this adjustment in the future. Does Staff agree in this circumstance?

13 A. No, especially when this is not a new argument to Ameren Missouri. Staff has
14 only modified Ameren Missouri's proposed adjustments for capitalized incentive
15 compensation to include actual historical allocation factors.

16 **NON-QUALIFIED PENSION EXPENSE**

17 Q. On page 12, lines 13-15, Ameren Missouri witness Laura M. Moore discusses
18 that qualified pension expense is accounted for and included in the revenue requirement using
19 an accrual basis and there is no reason that the non-qualified pension expense be treated
20 differently. Is qualified pension expense included in the cost of service on an accrual basis?

21 A. Yes. Initially Staff includes an accrued amount of qualified pension expense in
22 the cost of service by including the level of qualified pension expense recommended by the

1 actuary. The actuarial amount is more than likely not going to be the actual pension expense
2 experienced by Ameren Missouri. Because of the inherent volatility in pension expense,
3 qualified pension expense is tracked for rate making purposes. This ensures that only the
4 amount actually expended is ultimately included in rates.

5 Q. What is the difference between qualified and non-qualified pension expense,
6 and why is it not appropriate to include in rates the amount of non-qualified pension expense
7 that is stated in the actuarial report?

8 A. Qualified pension plans must meet the standards of the Employee Retirement
9 Income Security Act (ERISA). However non-qualified plans, which can also be called
10 supplemental employee retirement plans (SERP), are supplemental benefits on top of those
11 provided by a company's qualified retirement plans. They are not required to meet ERISA
12 standards regarding eligibility, participation, documentation and vesting. Non-qualified plans
13 are often used as an added incentive for executives. The tax treatment is the main difference
14 between qualified and non-qualified plans. Contributions to a non-qualified plan are not
15 deductible to the employer until the employee takes a withdrawal and is taxed on the income,
16 while contributions to a qualified plan may be deducted immediately. Qualified plans are
17 funded through contributions that are made to a trust fund that is subject to annual
18 contribution limits set by the IRS each year. Contributions to non-qualified plans are
19 unlimited. Qualified plans must be open to all employees over a specified age and service
20 requirement; however, non-qualified plans may be restricted to a small group of employees as
21 a bonus plan.

22 It is inappropriate to include non-qualified pension expense on an accrual basis
23 because that amount will not be the actual expense that will later be experienced by Ameren

1 Missouri. The actuarial amount is in itself an estimate and is not known and measureable.
2 Inclusion of an actuarial amount in no way smooths the level of expense but rather is used by
3 Ameren Missouri to accrue an appropriate amount of money to cover that expense when it
4 occurs. The actual amount experienced by Ameren Missouri will be the payouts that are
5 made to the retired employees. It is not certain who will retire, when someone will retire and
6 what amounts will be paid to that employee in the future. Staff maintains that a normalized
7 amount should be included in the cost of service for unqualified pension expense, because it is
8 based on actual payouts, or actual expense.

9 Q. Did Staff include three and five year averages of non-qualified pension payouts
10 in its direct filing?

11 A. Yes. Staff used a three year average for the 15 year annuity payouts, the
12 lifetime/joint survivor annuity payouts, and the lump sum payouts and used a five year
13 average for 5 year and 10 year annuity payouts. Staff generally uses three to five year
14 averages to smooth out abnormalities in data. Sometimes using data that goes out farther than
15 five years can be considered stale, whereas sometimes Staff does not have enough
16 information to use a five year average.

17 Q. Does Staff agree with Ameren Missouri witness Laura M. Moore that when
18 expenses fluctuate significantly, a longer normalization period will provide the most
19 appropriate level of expenses?

20 A. While more data is definitely preferable to less data when determining an
21 ongoing expense level, for the lump sum nonqualified pension payments in this case, more
22 data will cause an abnormally high average to occur. This is because during ** ____

23 _____

1 _____
2 _____ ** Staff is amenable to including a five year average for the
3 5, 10, 15, and life annuity options. However, Staff does not believe it is appropriate to
4 include a five year average of lump sum payouts because that data includes a very large
5 outlier that is not expected to occur on a regular basis.

6 **AMORTIZATION OF REGULATORY ASSETS AND LIABILITIES**

7 Q. On page 24, lines 8-15 of Ameren Missouri witness Laura M. Moore's rebuttal
8 testimony she proposes two things, calculating the amortization of overcollection of voluntary
9 separation election and involuntary separation program (VSE/ISP) and flotation costs through
10 October 31, 2019 to line up with the operation of law date of November 2, 2019 and offsetting
11 the overcollection with the undercollection amortization of pension and Other
12 Post-Employment Benefits (OPEB) expense. Does Staff agree with these proposals?

13 A. Yes, in part. Staff agrees that the calculation of the overcollection of
14 regulatory assets should be calculated through October 31, 2019. However, Staff disagrees
15 that overcollection should be netted against the pension and OPEB balance that had been set
16 to amortize for five years in the last gas case, GR-2010-0363. Pension and OPEB is a
17 tracking mechanism that has continual regulatory assets or liabilities that result from the
18 tracker and have to be amortized for recovery. These are unique and material costs that
19 should remain pure and not grouped with other non-like costs.

20 **TRUE-UP DIRECT**

21 **Accumulated Deferred Income Tax (ADIT)**

22 Q. How has Staff updated its position regarding ADIT?

1 A. Staff has included accumulated deferred income tax balances as of May 31,
2 2019.

3 **Qualified Pension and OPEB Expense & Tracker**

4 Q. How did Staff true-up qualified pension and OPEB expense, tracker
5 amortization, and rate base balances?

6 A. Staff included the latest Actuarial amounts for pension and OPEB expense.
7 The tracker is reset and a regulatory liability has been established that will amortize over five
8 years. Staff also included regulatory liability balances for pensions and OPEBs in rate base.

9 **Non-Qualified Pension Expense**

10 Q. How did Staff true-up non-qualified pension expense?

11 A. Staff included a five year average of actual historical payments for the 5, 10,
12 15 year and lifetime/joint survivor annuities. Staff also included a three year average of
13 historical lump sum payments.

14 Q. Does this conclude your surrebuttal/true-up direct testimony?

15 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 Increase)
its Revenues for Natural Gas Service) Case No. GR-2019-0077

AFFIDAVIT OF LISA M. FERGUSON

STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS) ss.

COMES NOW LISA M. FERGUSON and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal / True-up Direct Testimony*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.




LISA M. FERGUSON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of St. Louis, State of Missouri, at my office in St. Louis, on this 9th day of July 2019.

VIVIAN KINCAID
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis County
My Commission Expires: June 06, 2022
Commission Number: 14893349



Notary Public

Ameren Missouri's
Response to MPSC Data Request - MPSC
GR-2019-0077

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its
Revenues for Natural Gas Service

No.: MPSC 0218.2

Please refer to the response to Staff Data Request No. 218:

- 1) For any facility that was retired/sold/exited, please provide the non-labor operation and maintenance expense and non-labor administrative and general expense and all other building upkeep and ownership related (mowing, utilities, real and property taxes etc.) costs that were charged to Ameren Missouri gas operations during the 12 months ending June 30, 2018 by facility, by month, by FERC account.
- 2) For any new facility please provide the same costs detailed in item one above that were charged to Ameren Missouri gas operations during July 1, 2017 through May 31, 2019 month, by facility, by month, by FERC account updating as information becomes available.
- 3) For any facility that was combined with another facility please provide the same costs detailed in item one above that were charged to Ameren Missouri gas operations during July 1, 2017 through May 31, 2019 month, by facility, by month, by FERC account updating as information becomes available. Data Request submitted by Jason Kunst.

RESPONSE

Prepared By: Aitor Barrio

Title: Director, Facilities Management & Construction

Date: April 15, 2019

- 1) We do not track operation and maintenance expenses by FERC account down to the individual facility.
- 2) We do not track operation and maintenance expenses by FERC account down to the individual facility.
- 3) Refer to response of MPSC 0228 C.

Ameren Missouri's
Response to MPSC Supplemental - MPSC
GR-2019-0077

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its
Revenues for Natural Gas Service

No.: MPSC 0218.2s1

Please refer to the response to Staff Data Request No. 218:

- 1) For any facility that was retired/sold/exited, please provide the non-labor operation and maintenance expense and non-labor administrative and general expense and all other building upkeep and ownership related (mowing, utilities, real and property taxes etc.) costs that were charged to Ameren Missouri gas operations during the 12 months ending June 30, 2018 by facility, by month, by FERC account.
- 2) For any new facility please provide the same costs detailed in item one above that were charged to Ameren Missouri gas operations during July 1, 2017 through May 31, 2019 month, by facility, by month, by FERC account updating as information becomes available.
- 3) For any facility that was combined with another facility please provide the same costs detailed in item one above that were charged to Ameren Missouri gas operations during July 1, 2017 through May 31, 2019 month, by facility, by month, by FERC account updating as information becomes available. Data Request submitted by Jason Kunst.

RESPONSE

Prepared By: Aitor Barrio

Title: Director, Facilities Management & Construction

Date: 06/18/2019

- 1) See attachment "MPSC_0218.2s1" for details on applicable facilities: Rolla, Centralia.
- 2) See attachment "MPSC_0218.2s1" for details on applicable facilities: Rolla, Moberly.
- 3) See attachment "MPSC_0218.2s1" for details on applicable facilities: Eldon, Centralia.

Ameren Missouri Gas
 GR-2019-0077
 Schedule LMF-s2

Description/Category of Staff Data Requests	No. of Data Requests	Percentage of Data Requests Compared to 353 Total DR's
Total Staff Data Requests Submitted to Ameren Missouri as of July 8, 2019 (Including Supplemental Data Requests)	353	100%
Total Number of Data Requests Responded to Beyond Procedurally Established Timelimits with or without an Extension Request	212	60%
Number of Data Requests Company Requested an Extension	159	45%
Number of Data Request Responses that Ameren Missouri Provided to Staff beyond procedurally established time limits and without filing an Objection or Extension Request	53	15%

Description/Category of Staff Data Requests	No. of Data Requests	Percentage of Data Requests Compared to 159 DR's
Number of Data Requests Company Requested an Extension of Time to Respond the Procedurally Established Time Limits	159	100%
Number of Data Request Responses that Met Ameren Missouri's Requested Extension Date	97	61%
Number of Data Request Responses that Exceeded Ameren Missouri's Requested Extension Date	52	33%
Number of Data Requests that an Extension was Requested and Ameren Missouri provided a time limit or date that they would provide response	145	91%
Number of Data Requests that an Extension was Requested and Ameren Missouri did not provide a time limit or date that they would provide response	14	9%

Ameren Missouri's
Response to MPSC Data Request - MPSC
GR-2019-0077

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its
Revenues for Natural Gas Service

No.: MPSC 0005

1. Please provide a complete copy of or make available for review all Ameren Corporation and Ameren Missouri Board of Director's meeting minutes, Board of Director Committee meeting minutes, all related reports, documents and all accompanying materials or handouts presented or distributed (whether electronic presentations or materials in hardcopy format) pertaining to Ameren Missouri gas operations and Ameren Services activities during the period covering October 1, 2010 updated through May 31, 2019 updating by month when available. 2. Please provide all copies of or make available for review all Ameren Corporation and Ameren Missouri Executive Leadership Team meeting minutes and all related reports, documents and all accompanying materials or handouts presented or distributed (whether electronic presentations or materials in hardcopy format) pertaining to Ameren Missouri gas operations and Ameren Services activities during the period covering October 1, 2010 updated through May 31, 2019, updating when available. DR requested by Paul Amenthor

RESPONSE

Prepared By: Geri A. Best

Title: Paralegal

Date: January 17, 2019

Subject to the Company's objection, these documents may be viewed at Ameren Missouri's St. Louis - GOB office on a mutually agreeable date and time. Please contact Geri Best at AmerenMoService@ameren.com to schedule.

Ameren Missouri's
Response to MPSC Data Request - MPSC
GR-2019-0077

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its
Revenues for Natural Gas Service

No.: MPSC 0006

Please provide all copies of or make available for review all Ameren Corporation and Ameren Missouri officer meeting minutes and all related reports, documents and all accompanying materials or handouts presented or distributed (whether electronic presentations or materials in hardcopy format) pertaining to Ameren Missouri gas operations and Ameren Services activities during the period covering October 1, 2010 updated through May 31, 2019, updating by month as available. DR requested by Paul Amenthor

RESPONSE

Prepared By: Geri A. Best

Title: Paralegal

Date: January 18, 2019

Subject to the Company's objection, these documents may be viewed at Ameren Missouri's St. Louis - GOB office on a mutually agreeable date and time. Please contact Geri Best at AmerenMOService@ameren.com to schedule.

Ameren Missouri's
Response to MPSC Data Request - MPSC
GR-2019-0077

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its
Revenues for Natural Gas Service

No.: MPSC 0005.1

This supplemental data request is intended to clarify Staff's expectation of the Company's response to Staff Data Request Nos. 5 in Case No. GR-2019-0077. Based upon a meeting between Staff and Ameren Missouri on March 12, 2019, it is Staff's understanding that by March 20, 2019, the Company will make available for review: 1) all Ameren Corporation and Ameren Missouri Board of Director's meeting minutes, Board of Director Committee meeting minutes, all related reports, documents and all accompanying materials or handouts presented or distributed (whether electronic presentations or materials in hardcopy format) pertaining to Ameren Corporation, Ameren Services, and Ameren Missouri (electric and gas) operations for the period covering October 1, 2010 updated through May 31, 2019 updating by month when available; and 2) Company will make available for review all Ameren Corporation, Ameren Services and Ameren Missouri Executive Leadership Team meeting minutes and all related reports, documents and all accompanying materials or handouts presented or distributed (whether electronic presentations or materials in hardcopy format) pertaining to Ameren Corporation, Ameren Services and Ameren Missouri (electric and gas) operations and activities during the period covering October 1, 2010 updated through May 31, 2019, updating when available. Staff understands that it will receive information that has been completed and approved through March 2019 for this initial review. Staff will conduct a review of the remainder of the information through May 31, 2019 when the Company makes it available. Please confirm that Staff will receive from the Company all of the information requested above by March 20, 2019. Data Request submitted by Lisa Ferguson (lisa.ferguson@psc.mo.gov).

RESPONSE

Prepared By: Marlene Wade
Title: Executive Assistant
Date: March 15, 2019

These documents have been scheduled to be viewed at Ameren Missouri's St. Louis - GOB office on Tuesday, March 19th and Wednesday, March 20th, 2019.

Ameren Missouri's
Response to MPSC Data Request - MPSC
GR-2019-0077

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its
Revenues for Natural Gas Service

No.: MPSC 0006.1

This supplemental data request is intended to clarify Staff's expectation of the Company's response to Staff Data Request No. 6 in Case No. GR-2019-0077. As the result of a meeting between Staff and Ameren Missouri on March 12, 2019, it is Staff's understanding that all Ameren Corporation, Ameren Services and Ameren Missouri officer meeting minutes (SLT and ALT) and all related reports, documents and all accompanying materials or handouts presented or distributed (whether electronic presentations or materials in hardcopy format) pertaining to Ameren Corporation, Ameren Services and Ameren Missouri (electric and gas) during the period covering October 1, 2010 updated through May 31, 2019, updating by month as available will be provided by March 20, 2019. Staff understands that it will receive information that has been completed and approved through March 2019 for this initial review. Staff will conduct a review of the remainder of the information through May 31, 2019 when the Company makes it available. Please confirm that Staff will receive from the Company all of the information requested above by March 20, 2019. Data Request submitted by Lisa Ferguson (lisa.ferguson@psc.mo.gov).

RESPONSE

Prepared By: Geri Best
Title: Paralegal
Date: March 15, 2019

These documents have been scheduled to be viewed at Ameren Missouri's St. Louis - GOB office on Tuesday, March 19th and Wednesday, March 20th, 2019